

Press Release

**Fortune REIT demonstrates robust growth
with revenue and DPU up 4.6% and 5.5% respectively**

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**Passing rent up 7.6% year-on-year with occupancy rate sustained at 97.8%;
Distribution yield at 7.0%¹**

Financial Results Overview

	1Q2011	1Q2010	% Change
Revenue (HK\$ million)	218.8	209.1	+4.6%
Net property income (HK\$ million)	161.0	155.8	+3.3%
Income available for distribution (HK\$ million)	112.8	106.2	+6.2%
Distribution per unit ("DPU") (HK cents)	6.73	6.38	+5.5%

3 May 2011. ARA Asset Management (Fortune) Limited (the "Manager"), as manager of Fortune Real Estate Investment Trust ("Fortune REIT"; SEHK: 778; SGX: F25U), is pleased to announce the financial results of Fortune REIT for the first quarter ended 31 March 2011 ("1Q2011").

Fortune REIT continued to deliver strong results, demonstrating its growth potential. Revenue and net property income grew by 4.6% and 3.3% to HK\$218.8 million and HK\$161.0 million respectively. The rise in financial performance was mainly attributed to a broad-based improvement in both occupancies and rental rates across the entire portfolio compared to a year ago. Asset performance remained robust as the portfolio occupancy sustained at a high level of 97.8% while the portfolio passing rent recorded a growth of 7.6% compared to a year ago to reach HK\$29.4 per sq ft. Backed by prudent capital management and a strong financial position, the DPU for 1Q2011 registered a 5.5% growth year-on-year. The 1Q2011 DPU of Hong Kong 6.73 cents represents an annualised distribution yield of 7.0%¹.

A solid operating performance – high occupancy with positive rental reversion. Fortune REIT continued to maintain a solid portfolio occupancy of 97.8% as at 31 March 2011. Rental reversion for renewals in 1Q2011 stood firmly at 17.4%. Portfolio passing rent increased 7.6% year-on-year to HK\$29.4 per sq ft. The Manager will continue to focus on retaining quality tenants and upgrade the tenant mix for a sustainable organic growth, particularly in Ma On Shan Plaza and The Metropolis Mall, where around 50% of the tenants are up for renewal during 2011.

¹ Based on HK\$3.88, the average closing unit price in Singapore (HK\$3.84) and Hong Kong (HK\$3.92), as at 31 March 2011.

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Even stronger financial position for future expansion. Fortune REIT successfully refinanced its entire loan facilities of HK\$3,100 million on 15 April 2011. The new facilities at an aggregate principal amount of HK\$3,800 million, comprising a HK\$2,830 million term loan facility and a HK\$970 million revolving credit facility, bear an interest margin of 0.91% per annum over HIBOR, and will mature on 11 April 2016. The positive impact to the distributable income resulted from the lower interest margin under the new facilities (0.91% per annum over HIBOR under the new facilities compared with 2% per annum over HIBOR previously) will kick in from second half of 2011 onwards². The enhanced revolving credit facility of HK\$970 million will also provide flexibility to allow for potential acquisition opportunities and value-added asset enhancement initiatives in the pipeline. Together with cash on hand of HK\$366 million and HK\$2.5 billion worth of unencumbered assets, Fortune REIT has ample financial resources to respond quickly to acquisition opportunities.

Planned asset enhancement initiatives (AEIs) are on track. The planned AEIs at City One Plaza of City One Shatin Property are expected to commence in third quarter this year. Works will be carried out in phases to minimise rental disruption. A refreshing more attractive new face of the property could be expected by the end of 2012. The cost of the project is estimated to be HK\$100 million, targeting a 15% return on investment.

“The Manager is positive that the local retail market will remain prosperous in the year ahead. The general well-being of the non-discretionary retail sectors will continue to present growth opportunities for Fortune REIT’s portfolio of private housing estate retail properties. To capitalise on the upturn of the retail market, the Manager will be focusing on maintaining a high level of occupancy and respectable rental rates as well as driving revenue growth by implementing various asset enhancement initiatives and tenant repositioning strategies,” concluded Ms Justina Chiu, Deputy Chief Executive Officer of the Manager.

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² While there will be immediate interest saving due to the lower interest margin under the new facilities, its impact on the FY2011 distributable income will be largely offset by an one-time write-off of unamortized commitment fee of HK\$12.9 million arising from the early pre-payment of the previous facilities in 2Q2011.

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About Fortune REIT. Fortune Real Estate Investment Trust ("Fortune REIT") is a real estate investment trust constituted by a Trust Deed entered into on 4 July 2003 (as amended) made between ARA Asset Management (Fortune) Limited, as the Manager of Fortune REIT, and HSBC Institutional Trust Services (Singapore) Limited, as the Trustee of Fortune REIT. Fortune REIT was listed on the Singapore Exchange Securities Trading Limited and The Stock Exchange of Hong Kong Limited on 12 August 2003 and 20 April 2010 respectively.

Fortune REIT holds a portfolio of fourteen retail properties in Hong Kong, spread across Kowloon and the New Territories, comprising approximately 2.0 million square feet of retail space and 1,660 car parking lots. The retail properties are City One Shatin Property, Ma On Shan Plaza, Metro Town, The Metropolis Mall, Waldorf Garden Property, Caribbean Bazaar, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Hampton Loft, Lido Garden Property and Rhine Garden Property. They house tenants from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers. More information can be found at www.fortunereit.com.

About ARA Asset Management (Fortune) Limited, the Manager. Fortune REIT is managed by ARA Asset Management (Fortune) Limited, a wholly-owned subsidiary of ARA Asset Management Limited, which is listed on the Main Board of the Singapore Exchange Securities Trading Limited. More information can be found at www.ara-asia.com.

Disclaimer. The information contained in this press release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for Units in Fortune REIT in Hong Kong, Singapore or any other jurisdiction.

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