

Press Release

Fortune REIT achieves another year of robust growth with NPI and DPU up 7.6% and 8.0% respectively

**Occupancy rate remained healthy at 97.0%;
Passing rent climbed to all time high at HK\$32.2 psf;
Dividend yield at 7.0%¹**

Financial Results Overview

	For the Year Ended 31 December			For the 3 Months Ended 31 December		
	FY2011	FY2010	% Change	4Q2011	4Q2010	% Change
Revenue (HK\$ million)	909.4	837.3	8.6%	231.9	217.7	6.5%
Net property income (HK\$ million)	642.1	596.8	7.6%	162.0	152.4	6.3%
Income available for distribution (HK\$ million)	442.3	406.5	8.8%	115.1	105.7	9.0%
Distribution per unit (HK cents)	26.30	24.35	8.0%	6.82	6.32	7.9%

30 January 2012. 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 year ended 31 December 2011 (“FY2011”).

Fortune REIT has delivered a particularly robust set of results for FY2011. Revenue and net property income grew by 8.6% and 7.6% to HK\$909.4 million and HK\$642.1 million respectively, backed by a better underlying portfolio asset performance and prudent capital management. Fortune City One has demonstrated exceptional growth with net property income notably increasing by 14.9% from the previous year, after the successful completion of the renovation at Fortune City One Plus in September 2010, thus helping to drive the overall revenue growth for the portfolio.

Consequently, income available for distribution achieved a record high of HK\$442.3 million, up 8.8% from last year. The distribution per unit (“DPU”) for FY2011 increased by 8.0% year-on-year to HK 26.30 cents (FY2010: HK 24.35 cents), representing a dividend yield of 7.0%¹.

Fortune REIT’s portfolio of 14 retail properties was appraised at HK\$16,388 million² as at 31 December 2011, an increase of 23.2% from HK\$13,300 million recorded a year ago. The higher valuation reflects Fortune REIT’s improved asset performance, while its gearing ratio and aggregate leverage was further lowered to 18.8%. (as at 31 December 2010: 21.0%). It remains one of the lowest geared REITs in the region.

Strong operational matrix enables sustainable growth. Leasing momentum remained robust with the occupancy rate maintained at a healthy 97.0%, despite frictional vacancies due to ongoing asset enhancement initiatives (“AEIs”). Rental reversion improved to 15.2%, as passing rent rose by 12.2% from last year, reaching an all-time high of HK\$32.2 per sq. ft.

¹ Based on HK\$3.775, the average closing unit price in Singapore and Hong Kong, as of 30 December 2011.

² By Knight Frank Petty Limited.

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AEIs in the pipeline with proven track record. Yield-enhancing AEIs have been launched at our two largest properties namely Fortune City One ("FCO") and Ma On Shan Plaza ("MOSP") during FY2011. The subdivision work of a 50,000 sq ft space in MOSP, which was previously used for a Chinese restaurant, has been completed during the year, achieving an impressive return on investment ("ROI") of 73% with a capital expenditure of approximately HK\$12 million. On the other hand, the AEIs at FCO commenced in October 2011 and are scheduled to be completed in phases by the end of 2012. This HK\$100 million AEIs project is on the largest scale ever within our portfolio with a target ROI of 15%. The mall will be transformed into a more refreshing ambience and a more efficient layout, thus offering a more welcoming retail environment for the customers.

Proactive capital management to lower interest cost. The Manager has successfully refinanced Fortune REIT's only loan well ahead of its maturity with more favourable terms in April 2011. The interest margin under the new facilities of HK\$3,800 million is substantially lowered to 0.91% per annum over HIBOR. Maturity of the loan was also extended to April 2016, with the revolving credit facility extended to HK\$970 million. This refinancing exercise provides further funding flexibility for acquisition opportunities and yield-enhancing AEIs.

Acquisition of 2 retail properties duly approved. On 28 December 2011, Fortune REIT announced the proposed acquisition of two retail properties ("The Acquisition") in Hong Kong, Belvedere Garden Property and Provident Centre Property. Fully funded by debt, this immediately yield-accretive acquisition has been duly approved in the extraordinary general meeting ("EGM") on 19 January 2012. Fortune REIT's portfolio will be enlarged by 23% while as Fortune REIT's first foray into Hong Kong Island, Provident Centre Property will also further diversify the portfolio. The Acquisition is expected to be completed no later than 28 March 2012.

"We are pleased that following the steady growth in total revenue, net property income and distributable income over the past seven years, Fortune REIT is again able to deliver strong results for FY2011. While we remain cautious about Hong Kong's economic outlook as the Eurozone debt issue and the weak US economic recovery continue to affect the regional economy, we believe Fortune REIT will continue to benefit from the general well-being of the non-discretionary retail sectors given its portfolio of necessity shopping malls catering mainly for day-to-day shopping needs. With a strengthened capital structure, a much bigger and more diversified portfolio, a well-defined brand identity and fresh growth drivers from AEIs, Fortune REIT is in a good position to weather any unfavourable economic circumstances," commented **Mr. Anthony Ang**, Chief Executive Officer of the Manager.

Ms. Justina Chiu, Deputy Chief Executive Officer of the Manager concluded, "We are pleased to have secured the approval of 100% of the Unitholders who voted for The Acquisition at the recent EGM. With this transaction, we are now firing up all three engines of our growth strategy; comprising active lease management, asset enhancements and yield-accretive acquisitions. Backed by our solid track record, we remain committed to generating revenue growth by undertaking various yield-enhancing AEIs to upgrade our assets and thus improve the rental income of the portfolio. Looking ahead, apart from AEIs, the Manager continues to evaluate acquisition opportunities to achieve growth. In 2012, following the completion of the acquisition of Belvedere Garden Property and Provident Centre Property, we expect our Unitholders to enjoy a larger distribution income and a more stable income stream through the enlarged portfolio."

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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 Fortune City One, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Waldorf Avenue, Caribbean Square, Smartland, Tsing Yi Square, Jubilee Square, Nob Hill Square, Centre de Laguna, Hampton Loft, Lido Avenue and Rhine Avenue. 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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