

## Press Release

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# Fortune REIT Celebrates Fortune City One Piazza Grand Opening as Second Phase of AEIs at Fortune City One is Completed Third Phase on Schedule to be Completed by 2012

**16 July 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 grand opening of Fortune City One Piazza, marking the completion of the second phase of Assets Enhancement Initiatives ("AEIs") at Fortune City One ("FCO").

FCO is located at the heart of City One Shatin Estate and is the only shopping center of the estate serving necessities to 52 residential blocks housing a residential population exceeding 50,000. City One Shatin was developed in the 1980s as one of the earliest satellite towns in the New Territories, and it is still the fourth largest residential development in Hong Kong. The huge population FCO serves makes it one of the two flagship malls under the Fortune Malls assets brand.

Central Park of FCO has been serving as a valuable amenity for the residents and public in the area. Besides maximising the return and enhancing the shopping experience, improving the Central Park and other amenities is also a core part of FCO's AEIs, for the community to live up to Fortune Malls' standard of excellence. To underscore its role as an integral part of FCO, Central Park has been re-named as **Fortune City One Piazza**. As a benefit of the renovation, Fortune City One Piazza is to have an enhanced greenery area, and more leisure spaces and seating incorporated for the public's enjoyment and thus become a public leisure centre for the neighboring community.

The renovation of Fortune City One Piazza is just one of the many green initiatives adopted by Fortune REIT. To follow the green theme of the piazza and the shopping mall, natural elements have been placed throughout both areas. Natural lighting has been introduced through the skylights in the shopping mall, and the atrium design has been embellished with natural elements. At the same time, Fortune REIT has sought to adopt environmentally friendly practices in FCO AEIs and other AEIs projects at Fortune Malls to minimise the impact on the environment, with an aim to raise public awareness about environmental issues and build a sustainable community.

**Mr Justin Chiu**, Chairman of the Manager said, "We are happy that Fortune REIT's AEIs while enhancing returns and enriching the shopping experience, have also brought in green elements and better amenities to the neighborhood. The new Fortune City One Piazza should be the preferred gathering point for the neighborhood and further strengthen the bond between FCO and the community it is serving. We believe, through our AEIs and efforts to balance the interests of stakeholders, tenants, shoppers as well as the neighborhood community, Fortune Malls is set to become one of the most embraced property brands in Hong Kong."

Encouraged by the superb AEIs results recorded from Fortune City One Plus, completed in 2010, Fortune REIT launched the first full scale renovation at FCO. Covering an area of 200,000 sq ft, the AEIs project at FCO is the largest project ever within Fortune REIT's portfolio with a total investment expenditure of about HK\$100 million. The three phase - project is to be completed by the end of 2012 with the targeted overall return on investment ("ROI") of not less than 15%. The first phase, commenced in October 2011, covers an area of approximately 74,000 sq ft spreading across three levels of Fortune City One. Approximately 98% of the renovated spaces were pre-committed during the enhancement works. A ROI exceeding 20% has

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been recorded. Fuelled by the completed AEIs, higher rentals have started to contribute from 1Q12 onwards. Net property income generated from FCO increased by 13.0% for 1Q12 compared with the corresponding period last year.

Soon following the completion of phase one, the second phase of FCO's AEIs were launched and completed in July 2012 which enhanced the shopping ambience. More retail stores, and food and beverage tenants have been introduced to cope with the large demand arising from the surrounding community. Overall customer flow throughout the shopping mall has improved. As the AEIs were carried out in phases, tenants' operations have not been affected and disruption was minimised during the actual renovation works. Occupancy has been sustained above 90%.

Besides, several AEIs projects are to be carried out in other Fortune Malls in the next two years. One of which is the planned AEIs at Jubilee Square. The initiatives will cover an area of 55,000 sq ft to upgrade three levels of the mall and to enhance the trade mix. The targeted ROI remains at about 15%. To maximise the profit contribution from the newly acquired Belvedere Square, Fortune REIT is now undergoing a feasibility study and evaluating lease expiries in planning for AEIs in 2013 or 2014.

**Ms Justina Chiu**, Deputy Chief Executive Officer of the Manager said, "We are delighted that the first two phases of AEIs at FCO have been completed on schedule and have delivered better-than expected returns. Riding on our remarkable growth derived from AEIs at Fortune City One Plus, Ma On Shan Plaza, and Waldorf Avenue, we are confident that the AEIs at FCO will continue the impressive track record after completion of all three phases. Looking ahead, we are studying the feasibility of AEI projects for the portfolio currently under management, as well as continuing the execution of the two other growth engines, namely active leasing management and yield-accretive acquisitions. At the same time, usage of the area would be optimised for both business and the neighbourhood to increase the attraction and raise the brand profile of Fortune Malls."

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**Mr Justin Chiu**, Chairman (on the right) and **Ms Justina Chiu**, Deputy Chief Executive Officer (on the left) of ARA Asset Management (Fortune) Limited today celebrated the grand opening of Fortune City One Piazza at Fortune City One.



**Mr Justin Chiu**, Chairman (third from the left in the second row) and **Ms Justina Chiu**, Deputy Chief Executive Officer (third from the right in the second row) of ARA Asset Management (Fortune) Limited officially opened the Fortune City One Piazza with guests and the little green pioneers.



The renovated Central Park has been re-named as **Fortune City One Piazza** which serves as a valuable amenity for the residents and public in the area.

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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 sixteen retail properties in Hong Kong, comprising approximately 2.45 million sq ft of retail space and 1,989 car parking lots. The retail properties are Fortune City One, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Belvedere Square, Waldorf Avenue, Provident Square, 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](http://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](http://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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