

## Press Release

# Fortune REIT sustains strong growth DPU up 23.1% year-on-year

*20.1% portfolio rental reversion  
5.4%<sup>1</sup> annualised dividend yield*

### Financial Results Overview

	YTD 3Q12	YTD 3Q11	% Change	3Q12	3Q11	% Change
Revenue (HK\$ '000)	822,109	678,989	21.1	284,728	232,152	22.6
Net property income (HK\$ '000)	581,387	481,680	20.7	199,278	162,153	22.9
Income available for distribution (HK\$ '000)	406,988	327,141	24.4	138,661	112,336	23.4
Distribution per unit (HK cents)	23.98	19.48	23.1	8.16	6.68	22.2

**30 October 2012.** ARA Asset Management (Fortune) Limited (the "Manager"), as manager of Fortune Real Estate Investment Trust ("Fortune REIT"; SEHK: 778; SGX: F25U), has announced the financial results of Fortune REIT for the quarter ended 30 September 2012 ("3Q12").

**Continues Robust Performance Trend.** Fortune REIT has continued to deliver record-breaking results following the first half-year interim results. For the first nine months of 2012 ("YTD 3Q12"), revenue and net property income surged by 21.1% and 20.7% year-on-year to another historic high of HK\$822.1 million and HK\$581.4 million respectively, sustaining the trend of one of the highest growth rates recorded in its nine-year operating history. The stunning results were mainly attributed to the successful execution of its three core growth strategies: active leasing management, the yield-accretive acquisition of Provident Square and Belvedere Square and the remarkable returns derived from the asset enhancement initiatives ("AEI") at Fortune City One ("FCO") and Ma On Shan Plaza ("MOSP").

Distributable income amounted to HK\$407.0 million, a year-on-year increase of 24.4% adding to the growth momentum reinforced by the strong financial results. The distribution per unit ("DPU") was 23.98 HK cents, 23.1% higher than the corresponding period last year, representing an annualised distribution yield of 5.4%<sup>1</sup>.

**Solid asset performance amidst slower economic growth.** Fortune REIT has maintained a solid portfolio occupancy rate of 96.1% despite some frictional vacancies resulting from renovation at FCO and Jubilee Square. Rental reversion for renewals in YTD 3Q12 remained at a strong 20.1%. Portfolio passing rent for the original portfolio was up by 8.4% year-on-year. Fortune REIT continues to see active leasing momentum and keen interest in lease renewal.

<sup>1</sup> Based on HK\$5.91, the closing unit price in Singapore and Hong Kong, as of 28 September 2012.

## Press Release

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**AEIs fuelled growth at the two largest malls.** The AEIs at FCO has been progressing well and is on schedule to be completed by the end of 2012. The project is more than 80% completed with most of the renovated space already re-opened and contributing an increased rental. Fortune REIT continues to see a strong demand for the remaining space resulting from the AEIs and the Manager remains optimistic of achieving a ROI of at least 15% for the project. The total expenditure for the FCO project is approximately HK\$100 million.

Capitalising on the increasing demand within the immediate catchment, AEIs to renovate three levels of Jubilee Square commenced in 2Q12. The project is scheduled to be completed by the first half of 2013 with capital expenditure of about HK\$15 million. The progress of leasing has been encouraging thus far with more than half of the space already committed. The ROI for the project is targeted to be around 15%.

**Two newly acquired malls have enjoyed notable improvement.** Provident Square saw its occupancy significantly boosted to 99.9% as at 30 September 2012 (30 September 2011: 92.3%) after it was integrated into Fortune REIT's portfolio. At the same time, leasing activities in Belvedere Square saw notable progress. Up to the end of September 2012, leases of about 35% of gross rentable area have been renegotiated with a double-digit rental reversion while the tenant and trade mix has been broadened with the introduction of a few retail shops and food and beverage outlets. These two new properties should continue to present growth opportunities for Fortune REIT.

**Strong financial position.** As at 30 September 2012, the gearing ratio of Fortune REIT remained healthy at 24.6%. The weighted average effective cost of borrowing was 2.76% for the nine months ended September 2012. Fortune REIT's financial position has been diversified and further strengthened with a new facility. The refinancing risk has been kept to the minimum in the medium term with no loan facility expiring until 2015.

**Mr Anthony Ang**, Chief Executive Officer of the Manager, "We are pleased that Fortune REIT continues to deliver impressive results guided by efficient management and careful execution of our three core growth strategies. Looking ahead, we believe the consumption practice of both locals and tourists will gradually shift from traditional shopping hot spots to nearby community shopping malls. With a presence in 16 residential estate areas, Fortune Malls should directly benefit from this trend. Thus, we are optimistic that Fortune REIT's proven resilience should enable it to shine amidst global economic uncertainties."

**Ms Justina Chiu**, Deputy Chief Executive Officer of the Manager concluded, "We are delighted by the already substantial contributions delivered by the newly acquired properties. To tap the opportunity presented by the change of consumption pattern, we have embarked on AEIs at Jubilee Square to create another comfortable shopping mall for this populous area. In the future, the Manager will actively examine other AEIs possibilities at Fortune Malls, as well as yield-accretive acquisitions for delivering long-term sustainable returns to the Unitholders."

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## Press Release

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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, Jubilee Square, Smartland, Tsing Yi 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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