

## Press Release

# Fortune REIT's net property income and DPU up 17.6% and 15.7% respectively

*19.5% portfolio rental reversion  
Occupancy rate improved to 98.6%  
5.3%<sup>1</sup> annualised dividend yield*

### Financial Results Overview

	1Q2013	1Q2012	% Change
Revenue (HK\$ million)	301.4	259.2	16.3%
Net property income (HK\$ million)	217.9	185.3	17.6%
Income available for distribution (HK\$ million)	153.3	131.8	16.3%
Distribution per unit (HK cents)	9.00	7.78	15.7%

**9 May 2013.** 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 three months ended 31 March 2013 ("1Q2013" or "Reporting Period").

**Continued success through executing the three core strategies.** Fortune REIT has recorded another strong set of results for 1Q2013. Revenue and net property income grew by 16.3% and 17.6% year-on-year to HK\$301.4 million and HK\$217.9 million respectively. The stellar growth was attributed to strong rental reversions, higher portfolio occupancy, remarkable returns from completed asset enhancement initiatives ("AEIs") as well as the full-quarter income contribution from Belvedere Square and Provident Square acquired on 17 February 2012. In addition, the AEIs at Fortune City One ("FCO") and Jubilee Square began to contribute positively to the portfolio.

Consequently, income available for distribution was HK\$153.3 million, up 16.3% from last year. The distribution per unit ("DPU") for 1Q2013 increased by 15.7% year-on-year to 9.00 HK cents, representing an annualised dividend yield of 5.3%<sup>1</sup>.

**Strong reversion and high occupancy amid economic uncertainties.** Fortune REIT's private housing estate retail portfolio demonstrates its resilience again by delivering a solid asset performance against the backdrop of a highly uncertain global economy. A strong rental reversion of 19.5% was registered across the portfolio while passing rent for the 16 properties went up by 10.0% year-on-year to a historical high of HK\$32.9 per sq.ft.. Leasing momentum remained robust with the occupancy rate improving to 98.6%, the highest level in more than two years amidst strong operational statistics across the portfolio and a quick recovery upon completion of AEIs.

<sup>1</sup> Based on HK\$6.885, the average closing unit price in Singapore and Hong Kong, as of 28 March 2013.

## Press Release

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**Rolling AEs fuelled further success.** The completed AEs at FCO contributed to boosting the portfolio income during the Reporting Period. New shops created on the flat roof of the second floor will provide more prime retail space to cope with the strong leasing demand. With a capital expenditure of approximately HK\$100 million, the AEs accomplished a ROI of not less than 20%. Furthermore, the HK\$15 million AEs project at Jubilee Square is progressing well for completion by the second quarter of 2013. Higher paying new tenants, including a Chinese restaurant, a household goods store and several education centres have started business since the beginning of 2013. The project is expected to achieve a ROI of more than 25%.

**A robust balance sheet with high certainty of interest cost.** As at 31 March 2013, Fortune REIT's balance sheet remains healthy with a gearing of 23.1% and available revolving credit facilities of HK\$430 million. The interest cost for approximately 76% of Fortune REIT's debt exposure has been hedged to fixed rates with the effective interest cost sustained at a low level of 2.76%. The interest rate risks of Fortune REIT have been well managed. The interest coverage ratio stands at a comfortable 6.0 times. Fortune REIT's weighted average term to maturity for its outstanding loan is approximately 2.7 years with no refinancing needs until 2015.

**Mr Anthony Ang**, Chief Executive Officer of the Manager commented, "We are pleased to report a set of remarkable results in the beginning of the year. Fortune REIT has continued to deliver exceptional performance and achieved record high figures in revenue, net property income and distributable income. These can be attributed to the solid asset performance and additional income stream from assets acquired last year. Looking ahead, consumer sentiment in Hong Kong remains positive, but we are cautious about Hong Kong's economic outlook given the unresolved Euro-zone debt crisis and the softening growth in China. Notwithstanding, Fortune REIT's portfolio of necessity shopping malls has proven its resilience amidst uncertainties."

**Ms Justina Chiu**, Deputy Chief Executive Officer of the Manager concluded, "The AEs results at FCO and Jubilee Square have been encouraging. We shall embark on more AEs projects this year in order to unlock hidden value from our properties. Besides planning forward to commence the AEs at Belvedere Square by the end of 2013, we are also looking to roll out other opportunistic AEs at Ma On Shan Plaza and Fortune City One Market in the second half of the year. Furthermore, both Belvedere Square and Provident Square acquired last year have now been fully let, in which we have turned around the operational performance in less than a year's time. These track records have once again demonstrated our ability to bring about enhanced returns and sustainable growth to our unitholders."

## 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 1,984 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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### Media and investor contacts

#### ARA Asset Management (Fortune) Limited

Justina Chiu  
Deputy Chief Executive Officer  
[justinachiu@ara.com.hk](mailto:justinachiu@ara.com.hk)  
+852 2169 0928

Jenny Hung  
Director, Investment and Investor Relations  
[jennyhung@ara.com.hk](mailto:jennyhung@ara.com.hk)  
+852 2169 0928

#### Strategic Financial Relations Limited

Mandy Go  
[mandy.go@sprg.com.hk](mailto:mandy.go@sprg.com.hk)  
+852 2864 4812

Maggie Au  
[maggie.au@sprg.com.hk](mailto:maggie.au@sprg.com.hk)  
+852 2864 4815