

Press Release

Fortune REIT Records Historic High Revenue and Net Income DPU up 13.8% Year-on-year

*18.2% portfolio rental reversion
5.1%¹ annualised dividend yield*

Financial Results Overview

	1H2013	1H2012	% Change	2Q2013	2Q2012	% Change
Revenue (HK\$ million)	609.2	537.4	13.4%	307.9	278.2	10.7%
Net property income (HK\$ million)	437.6	382.1	14.5%	219.6	196.8	11.6%
Income available for distribution (HK\$ million)	307.0	268.3	14.4%	153.7	136.5	12.6%
Distribution per unit (HK cents)	18.00	15.82	13.8%	9.00	8.04	11.9%

15 July 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 six months ended 30 June 2013 (“1H2013” or “Reporting Period”).

Three core strategies continued to empower profitable growth. Fortune REIT achieved a spectacular performance for 1H2013, with its revenue and net property income surging by 13.4% and 14.5% year-on-year to historical highs of HK\$609.2 million and HK\$437.6 million respectively, continuing last year's strong momentum. The exceptional financial performance was attributed to the strong rental reversions across its enlarged portfolio; the full period income contribution from Provident Square and Belvedere Square acquired in February 2012; as well as remarkable returns from the completed asset enhancement initiatives (“AEIs”).

Distributable income for the Reporting Period amounted to HK\$307.0 million, a year-on-year increase of 14.4%. The distribution per unit (“DPU”) was 18.00 Hong Kong cents, 13.8% higher than the DPU of 15.82 Hong Kong cents from the corresponding period in 2012. This represents an annualised distribution yield of 5.1%¹.

Leasing momentum remained strong amid external volatilities. Against the background of a volatile external market, Fortune REIT's private housing estate retail portfolio has continued to deliver solid asset performance. As at 30 June 2013, Fortune REIT's portfolio occupancy remained healthy at 97.8%, amidst a quick recovery upon completion of AEIs at Fortune City One (“FCO”) and Jubilee Square. A strong rental reversion of 18.2% was registered for renewals during the Reporting Period. Consequently, portfolio passing rent rose by 7.0% to HK\$33.1 per sq ft year-on-year.

Completed AEIs delivered impressive returns. Fortune REIT has achieved impressive returns for its completed AEIs. During the Reporting Period, both AEIs at FCO and Jubilee Square have been fully completed with a return on investment (“ROI”) of more than 25%. In particular, the monthly rental of Jubilee Square was boosted significant by 34%² with occupancy quickly recovering to 97.3% as at 30 June 2013.

¹ Based on HK\$ 7.10, the average closing unit price in Singapore and Hong Kong, as of 28 June 2013.

² Comparing the monthly rental before and after AEIs (i.e. March 2012 and June 2013).

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AEIs in the pipeline ready to contribute growth. The AEIs at Fortune City One Market has commenced in June 2013 and is expected to be completed by the end of 2013. With a capital expenditure of approximately HK\$18 million, the target ROI for the project is expected to reach 15%. At nearly the same time, the AEIs at Ma On Shan Plaza ("MOSP") which involves the reconfiguration of a 59,000 sq ft space from anchor tenants will start in August 2013 and will be completed by the end of 2013. With a capital expenditure of approximately HK\$17 million, the ROI is expected to be at least 15%.

A healthy balance sheet with high certainty of interest cost. As at 30 June 2013, Fortune REIT's portfolio of 16 retail properties was appraised at HK\$22,188 million, an increase of 9.8% from HK\$20,208 million as at 31 December 2012. The higher valuation reflects Fortune REIT's improved asset performance, while its gearing was further lowered to 20.9%. The interest cost for approximately 76% of Fortune REIT's debt exposure has been hedged to fixed rates with the effective interest cost maintained at a low level of 2.81%. The interest rate risks of Fortune REIT have been well managed. The interest coverage ratio stands at a comfortable 5.9 times. Fortune REIT's weighted average term to maturity for its outstanding loan is approximately 2.5 years with no refinancing needs until 2015.

Mr Anthony Ang, Chief Executive Officer of the Manager, "The record-breaking results achieved represent another leap for Fortune REIT, proving the resilience of its private housing estate retail portfolio. Despite the unstable external economic environment, the retail sentiment in Hong Kong remains positive. We remain cautiously optimistic about the prospects of domestic retail sales and we believe Fortune REIT can continue to benefit from the healthy retail environment."

Ms Justina Chiu, Deputy Chief Executive Officer of the Manager concluded, "Moving forward, Fortune REIT will continue to roll out other planned AEIs in the pipeline. We expect that a full year contribution of Belvedere Square and Provident Square, as well as the completed AEIs at FCO and Jubilee Square will add further growth to Fortune REIT. Fortune REIT will remain committed in driving revenue growth by implementing AEI projects, as well as through effective leasing and tenant repositioning strategies. At the same time, we will continue to evaluate acquisition opportunities as they arise. We are confident that Fortune REIT will continue to sustain its long-term growth and deliver stable returns to Unitholders."

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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, Caribbean Square, Provident 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.

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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