

Press Release

Fortune REIT Achieves a Decade of Continuous Growth Revenue up 18.3% year-on-year

*20.4% portfolio rental reversion
5.8% dividend yield*

Financial Results Overview

	For the Year Ended 31 December			For the 3 Months Ended 31 December		
	FY2013	FY2012	% Change	4Q2013	4Q2012	% Change
Revenue (HK\$ million)	1,317.5	1,113.7	18.3%	392.6	291.6	34.6%
Net property income (HK\$ million)	928.3	788.3	17.8%	275.2	206.9	33.0%
Income available for distribution (HK\$ million)	642.4	549.5	16.9%	182.1	142.5	27.8%
Distribution per unit (HK cents)	36.00	32.35	11.3%	9.72	8.37	16.1%

24 January 2014. ARA Asset Management (Fortune) Limited (the “Manager”), the 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 2013 (“FY2013” or “Reporting Year”).

Ten consecutive years of continuous growth. Fortune REIT achieved another set of record-breaking results for FY2013, with total revenue and net property income increasing by 18.3% and 17.8% year-on-year to HK\$1,317.5 million and HK\$928.3 million respectively. This sustained performance was underpinned by its commitment to excellence in the three core competencies of *investment, asset management and asset enhancement*. During the Reporting Year, Fortune REIT has continued to achieve strong operational performance: portfolio occupancy further rose to 98.7% as at 31 December 2013 while a solid 20.4% rental reversion was recorded for renewals, reflecting strong demand. The remarkable returns from completed asset enhancement initiatives (“AEIs”), additional income contributed by Fortune Kingswood acquired in October 2013, as well as the full-year income from Belvedere Square and Provident Square have all led to Fortune REIT’s exceptional results.

Income available for distribution increased by 16.9% year-on-year to HK\$642.4 million for FY2013. The DPU for FY2013 was 36.00 HK cents (FY2012: 32.35 HK cents), representing a distribution yield of 5.8%¹.

The largest acquisition since inception of Fortune REIT brings robust growth. Fortune REIT completed the acquisition of Fortune Kingswood in October 2013, representing the largest and most significant acquisition in its history. The addition of Fortune Kingswood has not only increased Fortune REIT’s total gross rentable area by 27.2% to 3.11 million sq. ft, but has also enabled Fortune REIT to capitalize on robust demand for retail space in northwest New Territories, helping spur further growth.

¹ Based on HK\$6.215, the average closing unit price in Singapore and Hong Kong as at 31 December 2013.

Press Release

Thanks to proactive leasing strategies and seamless integration into Fortune REIT's portfolio, Fortune Kingswood has already seen some operational improvements within three months after its acquisition. Its occupancy rate as at 31 December 2013 has notably improved to 99.0% when compared with its occupancy rate of 95.5% as at 30 June 2013. Fortune Kingswood is expected to further benefited from the enhanced infrastructure linkage with Mainland China's border as well as other parts of Hong Kong.

Reaping the benefits of AEs. All three asset enhancement projects at Fortune City One ("FCO"), Ma On Shan Plaza and Jubilee Square have been completed on schedule with enormous success during the Reporting Year. All have outperformed their respective return on investment ("ROI") target, reinforcing Fortune REIT's strong track record.

The last phase of FCO's AEs, which involved the FCO Market, was completed in October 2013. Occupancy at FCO Market improved significantly to almost 100% from 75% previously. The HK\$20 million AEs have achieved a ROI of more than 25% and marked the successful debut of the first-ever wet market AEs. Renovation of the three floors at Jubilee Square was completed in June 2013. The HK\$15 million AEs have yielded a ROI of more than 25%. The net property income of Jubilee Square for the Reporting Year was boosted significantly by 57.4% year-on-year as a result. In December 2013, the HK\$15 million AEs at Ma On Shan Plaza was also completed. Total monthly rental income from the 59,000 sq.ft. renovated zone has improved by more than 70% and thus provided a spectacular ROI of 60%.

Mr. Anthony Ang, Chief Executive Officer of the Manager, said, "We are very pleased to witness Fortune REIT's significant leap forward over the past decade. Although Hong Kong's economy is forecast to grow in 2014 supported by resilient domestic consumption, the global economic environment remains fragile and uncertain. Notwithstanding the uncertainties, we are confident that Fortune REIT's resilient retail portfolio and healthy financial position will continue to provide a strong foundation for the delivery of stable returns, leading to another decade of successes and achievements."

Ms. Justina Chiu, Deputy Chief Executive Officer of the Manager, added, "Through proactive management of our asset portfolio, AEs and acquiring properties that generate long-term benefits, Fortune REIT has managed to deliver continuous growth. Looking ahead, we are planning to embark on the next major AEs at Belvedere Square in 2014, in which Phase 3, with a gross rentable area of approximately 133,750 sq.ft., will be fully upgraded to offer an enhanced shopping ambiance, and therefore attract more shoppers and retailers. At the same time, we intend to continue our pursuit of strategic acquisition opportunities and asset management that focus on enhancing the tenant mix, thus creating greater value for our Unitholders and ensuring further advancements."

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Press Release

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 seventeen retail properties in Hong Kong, comprising approximately 3.11 million sq ft of retail space and 2,606 car parking lots. The retail properties are Fortune City One, Fortune Kingswood, 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, Hampton Loft, Centre de Laguna, 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.

Media and investor contacts

ARA Asset Management (Fortune) Limited

Justina Chiu
Deputy Chief Executive Officer
justinachiu@ara.com.hk
+852 2169 0928

Jenny Hung
Director, Investment and Investor Relations
jennyhung@ara.com.hk
+852 2169 0928

Strategic Financial Relations Limited

Mandy Go
mandy.go@sprg.com.hk
+852 2864 4812

Maggie Au
maggie.au@sprg.com.hk
+852 2864 4815