

Press Release

Fortune REIT's Revenue up 34.0% year-on-year

*26.5% portfolio rental reversion
7.1% dividend yield*

Financial Results Overview

	1Q2014	1Q2013	% Change
Revenue (HK\$ million)	403.9	301.4	34.0%
Net property income (HK\$ million)	289.2	217.9	32.7%
Income available for distribution (HK\$ million)	193.9	153.3	26.5%
Distribution per unit (HK cents)	10.38	9.00	15.3%

8 May 2014. 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 2014 ("1Q2014" or "Reporting Period").

Continued Success through Strong Organic Growth and Strategic Acquisition. Fortune REIT has recorded another strong set of results for 1Q2014, with total revenue and net property income increasing by 34.0% and 32.7% year-on-year to HK\$403.9 million and HK\$289.2 million respectively. The exceptional financial performance was attributed to the strong rental reversions achieved by its entire portfolio, remarkable returns from completed asset enhancement initiatives ("AEIs") and additional income contributions from Fortune Kingswood, which was acquired in October 2013.

Income available for distribution was HK\$193.9 million, an increase of 26.5% from the same quarter last year. The distribution per unit ("DPU") for 1Q2014 increased by 15.3% year-on-year to 10.38 HK cents, representing an annualised dividend yield of 7.1%¹.

Solid Operating Performance – High Occupancy with Strong Rental Reversions. Fortune REIT continued to deliver solid operating results in the first quarter of 2014. Portfolio occupancy was 99.3% as at 31 March 2014, the highest level in more than three years. Rental reversion for renewals in 1Q2014 climbed to 26.5%, driven by strong rental growth at Fortune Kingswood. Portfolio passing rent was HK\$33.9 per sq. ft. as at 31 March 2014. Excluding Fortune Kingswood, passing rent for the original portfolio has increased by 7.0% year-on-year.

¹ Based on HK\$ 5.94, the average closing unit price in Singapore and Hong Kong, as of 31 March 2014.

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A Healthy Balance Sheet. Fortune REIT's balance sheet remains healthy with a gearing of 32.9% as at 31 March 2014. During the Reporting Period, the Manager has stepped up its effort to mitigate the impact of interest rate fluctuations. As at 31 March 2014, the interest cost for approximately 55% of Fortune REIT's outstanding debt has been hedged through interest rate swaps and caps, with the average all-in cost of debt sustained at a low level of 2.22%. The Manager will continue to closely monitor interest rate movements and may, depending on market conditions, consider putting in place additional hedging arrangements.

Subsequent to the Reporting Period, Fortune REIT has proactively refinanced its existing loan facilities of HK\$1,400 million at a lower cost ahead of its maturity in February 2015. The interest margin is substantially lowered to 1.40% over HIBOR (from 2% per annum over HIBOR under the existing facilities). The new facilities, which will be due by April 2019, will extend the weighted average term to maturity of Fortune REIT's debt to 3 years. Further, the enhanced revolving credit facility of HK\$700 million will act as standby funding for general corporate exercise and value-added AELs in the pipeline.

Planned AELs at Belvedere Square. The planned AELs at Belvedere Square is on track to commence in the second half of 2014. Works will be carried out in phases to minimize rental disruption. A refreshing and enhanced shopping ambiance with more retail offerings can be expected by the end of 2015. The project cost is estimated to be HK\$80 million, targeting a 15% return on investment.

Mr. Anthony Ang, Chief Executive Officer of the Manager, said, "As the manager of Fortune REIT, we are constantly monitoring the credit market as we are committed to lowering its financing cost. Such efforts have duly paid off as we have refinanced the HK\$1,400 million existing loan facility well ahead of its maturity date, capitalizing on present credit market opportunities. Consequently, Fortune REIT will have no refinancing needs until 2016, and during this time, will be in a very healthy financial position with increased funding flexibility to achieve future growth."

Ms. Justina Chiu, Deputy Chief Executive Officer of the Manager, added, "We are very pleased to achieve sustainable growth right from the beginning of the year – the result of higher occupancy rates, strong rental growth and additional contribution from our recent acquisition of Fortune Kingswood. We will continue to optimize our asset portfolio by implementing AELs as well as other tenant repositioning strategies, thus creating greater value for our Unitholders and ensuring further advancements."

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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. Listed on 12 August 2003 on the Singapore Exchange Securities Trading Limited ("SGX-ST") with a dual primary listing on The Stock Exchange of Hong Kong Limited on 20 April 2010, Fortune REIT was Asia's first cross-border REIT and also the first REIT to hold assets in Hong Kong.

Fortune REIT currently holds a portfolio of 17 private housing estate retail properties in Hong Kong, comprising of 3.11 million Sq.ft. of retail space and 2,606 car parking spaces. 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 ("ARA"). ARA is a real estate fund management company listed on the main board of SGX-ST. 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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