

## Press Release

### Fortune REIT's Revenue Hit Historic High, up 33.5% Year-on-year

*21.2% portfolio rental reversion*  
*6.2%<sup>1</sup> annualised dividend yield*

#### Financial Results Overview

	1H2014	1H2013	% Change	2Q2014	2Q2013	% Change
Revenue (HK\$ million)	<b>813.5</b>	609.2	<b>33.5%</b>	<b>409.6</b>	307.9	<b>33.0%</b>
Net property income (HK\$ million)	<b>581.0</b>	437.6	<b>32.8%</b>	<b>291.9</b>	219.6	<b>32.9%</b>
Income available for distribution (HK\$ million)	<b>390.5</b>	307.0	<b>27.2%</b>	<b>196.6</b>	153.7	<b>27.9%</b>
Distribution per unit (HK cents)	<b>20.88</b>	18.00	<b>16.0%</b>	<b>10.50</b>	9.00	<b>16.7%</b>

**25 July 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 six months ended 30 June 2014 ("1H2014" or "Reporting Period").

**Outstanding financial performance thanks to the successful implementation of three core strategies.**

Fortune REIT has once again achieved an outstanding financial performance for 1H2014, with revenue and net property income rising by 33.5% and 32.8% year-on-year to historical highs of HK\$813.5 million and HK\$581.0 million respectively. Such exceptional performance was attributed to the success of Fortune REIT's three core strategies: 1) strong rental reversions across its enlarged portfolio; 2) satisfactory returns from completed asset enhancement initiatives ("AEIs") and 3) additional income contributions from Fortune Kingswood acquired in October 2013.

Income available for distribution for the Reporting Period amounted to HK\$390.5 million, a year-on-year increase of 27.2%. The distribution per unit ("DPU") for 1H2014 increased by 16.0% year-on-year to 20.88 HK cents, representing an annualised dividend yield of 6.2%<sup>1</sup>.

**Solid operational results achieved with high occupancy and strong rental reversions.** Fortune REIT's private housing estate retail portfolio has again demonstrated its resilience by delivering a solid performance amidst a softening of overall retail sales in Hong Kong. Active leasing management and the completed AEIs continued to drive the revenue growth of the portfolio. Portfolio occupancy remained strong at 99.1% as at 30 June 2014 (30 June 2013: 97.8%).

<sup>1</sup> Based on HK\$6.785, the average closing unit price in Singapore and Hong Kong, as of 30 June 2014.

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A solid rental reversion of 21.2% was recorded for renewals during the Reporting Period, driven by the strong rental growth at Fortune Kingswood. Consequently, portfolio passing rent stood at HK\$34.2 per sq.ft..

**Proven AEs track record laid solid foundation for future growth.** Fortune REIT continued its success in executing and delivering good returns from its AEs. The two AEs at Ma On Shan Plaza and Fortune City One Market were successfully completed in the fourth quarter of 2013 with return on investment of 60% and 27% respectively. The two AEs began to fully contribute during the Reporting Period.

Following the success of various AEs that Fortune REIT implemented in the past years, the Manager will commence the AEs at Belvedere Square as planned in the second half of 2014 which are scheduled for completion by the end of 2015.

**Enhanced financial position to capture future growth opportunities.** As at 30 June 2014, the valuation of Fortune REIT's 17 retail properties was appraised at HK\$30,880 million, an increase of 5.3% from HK\$29,338 million as at 31 December 2013. The higher valuation reflects Fortune REIT's improved asset performance which also has resulted in a revaluation gain of HK\$1,512.7 million for the Reporting Period.

Fortune REIT's financial position further strengthened during the Reporting Period as the Manager proactively refinanced its existing loan facilities of HK\$1,400 million at a lower cost ahead of their maturity in February 2015 capitalising on an opportunity in Hong Kong's credit market. The interest margin under the new facilities has been lowered to 1.4% per annum over HIBOR (down from 2% per annum over HIBOR). The new facilities, which is due in April 2019, will also extend Fortune REIT's weighted average term to maturity of debt with no refinancing needs until 2016. The enlarged revolving credit facility of HK\$700 million, on the other hand, provides Fortune REIT with a strong foundation to deliver stable returns and pursue growth opportunities when they arise.

**Mr. Anthony Ang**, Chief Executive Officer of the Manager, said, "Although Hong Kong's economic growth moderated in the first quarter of 2014, retail sales related to local consumption, such as supermarkets, food and beverage, held firm as supported by the still positive local consumer sentiment amid full employment. As more than 60% of Fortune REIT's tenants cater to the non-discretionary and necessity type of spending, Fortune REIT's portfolio of 17 private housing estate retail properties should continue to benefit from the healthy local consumption environment. Nevertheless, we will continue to closely monitor operating expenses and adopt energy-saving measures as part of Fortune REIT's green policy."

**Ms. Justina Chiu**, Deputy Chief Executive Officer of the Manager, added, "We are very pleased to achieve another set of strong financial results in the first half of 2014 with higher occupancy rates, strong rental growth and additional income contribution from our acquisition of Fortune Kingswood. We will maintain our commitment to drive revenue growth by implementing AEs, as well as effective leasing and tenant repositioning strategies."

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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](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 ("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](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