

Press Release

Fortune REIT demonstrates robust growth with revenue and net property income up 19.4% and 20.7% respectively

Occupancy rate climbed to all time high at 98.7%;
Distribution yield at 6.1%¹

Financial Results Overview

	For the year ended 31 December			For the 3 months ended 31 December		
	FY2010	FY2009	% Change	4Q2010	4Q2009	% Change
Revenue (HK\$ million)	837.3	701.4	+19.4%	217.7	199.6	+9.1%
Net property income (HK\$ million)	596.8	494.7	+20.7%	152.4	137.7	+10.7%
Income available for distribution (HK\$ million)	406.5	337.8	+20.3%	105.7	94.9	+11.3%
Distribution per unit (HK cents)	24.35	30.20		6.32	5.71	

25 Jan 2011. 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 year ended 31 December 2010 ("FY2010").

Fortune REIT continued to deliver a strong set of results, demonstrating its growth potential. Revenue and net property income grew by 19.4% and 20.7% to HK\$837.3 million and HK\$596.8 million respectively. The rise in financial performance was mainly attributed to income contributions from three new properties acquired in October 2009, as well as an overall increase in occupancy and rental rates for the 11 existing properties. Income available for distribution rose by 20.3% compared to 2009, achieving a record high of HK\$406.5 million.

The distribution per unit ("DPU") for FY2010 was HK 24.35 cents (FY2009: HK 30.20 cents). The lower DPU was due to an enlarged unit base as a result of the rights issue in October 2009. The DPU for FY2010 represents a distribution yield of 6.1%¹. Leasing momentum remained robust as the occupancy rate climbed to an all time high of 98.7%, with 8 out of the 14 properties fully occupied.

Mr Justin Chiu, Chairman of the Manager said, "2010 was a pivotal year for Fortune REIT as it was successfully listed on the Stock Exchange of Hong Kong Limited as a dual primary listing. We are very proud of delivering on our promise by bringing Fortune REIT back to its natural home. The rebound of consumer confidence and the strong economic recovery has resulted in a boom in the local retail sales market. Hong Kong retail sales for the first eleven months of 2010 registered an increase of 18.2% in value over the same

¹ Based on HK\$4.01, the average closing unit price in Singapore and Hong Kong, as at 31 December 2010.

Press Release

period a year ago. Along with the Manager's proactive leasing strategies, occupancy rate climbed to an all time high of 98.7% despite some frictional vacancies at City One Shatin Property due to tenant repositioning. Passing rent also reached a new high of HK\$28.7 per sq.ft. with healthy rental reversion of 10.8% in FY2010. These contributed to the rise in revenue during the year."

Solid financials for future expansion. Fortune REIT's portfolio was appraised at HK\$13,300 million² as at 31 December 2010, representing an increase of 15.7% over the previous year. The revaluation surplus not only reflects Fortune REIT's improved asset performance, but also further lowered its gearing ratio to 21.0%, making it one of the lowest geared REITs in the region. With a debt headroom of approximately HK\$3.0 billion, the Manager enjoys debt flexibility as well as sufficient financial resources for future acquisition activities. The Manager will continue to look for acquisition opportunities leveraging on a strong balance sheet and capital structure to address the long-term interests of Fortune REIT's Unitholders.

Enhanced operational efficiency allows sustainable growth. Fortune REIT's geographically diverse portfolio continued to demonstrate strong leasing commitment. Leasing activities were buoyant during the year with 8 out of the 14 retail properties fully occupied. In view that leases which account for 35.7% of the gross rental income of Fortune REIT's portfolio will expire in 2011, the Manager will continue to focus on retaining quality tenants and upgrade the tenant mix for a sustainable organic growth, particularly in Ma On Shan Plaza and The Metropolis Mall, where around 50% of the tenants will be up for renewal in 2011.

The Asset Enhancement Initiatives (AEIs) brings better return. The upgrading of Ngan Shing Commercial Centre ("NSCC") at City One Shatin Property was completed in September 2010. With all renovated space fully leased even prior to works completion, the enhancement achieved a 22% return on investment.

The next phase of AEIs is expected to begin this year at the other side of the property - City One Plaza, which has already seen retailers competing for prime spaces ahead of the actual renovation work. It will be one of our major enhancement projects in 2011 and an important revenue growth driver going forward.

"The Manager is positive that the local retail market will remain prosperous in the year ahead. The general well-being of the non-discretionary retail sectors will continue to present growth opportunities for Fortune REIT's portfolio of private housing estate retail properties. Barring any unforeseen circumstances, we expect Fortune REIT to perform satisfactorily in 2011." concluded Ms Justina Chiu, Deputy Chief Executive Officer of the Manager.

END

² By Savills Valuation and Professional Services Limited

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 fourteen retail properties in Hong Kong, spread across Kowloon and the New Territories, comprising approximately 2.0 million square feet of retail space and 1,660 car parking lots. The retail properties are City One Shatin Property, Ma On Shan Plaza, Metro Town, The Metropolis Mall, Waldorf Garden Property, Caribbean Bazaar, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Hampton Loft, Lido Garden Property and Rhine Garden Property. 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
Senior Manager, 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