

Press Release

Fortune REIT Records Strong DPU Growth of 12.0% for the First Half of 2015

22.1% Portfolio Rental Reversion
6.0% Dividend Yield

Financial Results Overview

	1H2015	1H2014	% Change	2Q2015	2Q2014	% Change
Revenue (HK\$ million)	922.6	813.5	13.4%	463.8	409.6	13.2%
Net property income (HK\$ million)	654.4	581.0	12.6%	329.3	291.9	12.8%
Income available for distribution (HK\$ million)	440.3	390.5	12.8%	221.5	196.6	12.7%
Distribution per unit (HK cents)	23.38	20.88	12.0%	11.75	10.50	11.9%

Hong Kong and Singapore 27 July 2015. 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 six months ended 30 June 2015 ("1H2015" or the "Reporting Period").

Outstanding results driven by organic growth and acquisition. Fortune REIT has once again achieved an outstanding financial performance for 1H2015, with total revenue and net property income increasing by 13.4% and 12.6% year-on-year to HK\$922.6 million and HK\$654.4 million respectively. The robust performance was mainly attributed to a solid rental reversion across the portfolio as well as the additional income contribution from Laguna Plaza acquired in January 2015.

Income available for distribution for the Reporting Period amounted to HK\$440.3 million, representing a year-on-year increase of 12.8%. Accordingly, the distribution per unit ("DPU") for 1H2015 increased by 12.0% year-on-year to 23.38 HK cents, representing an annualised dividend yield of 6.0%¹.

Solid operational results despite the market challenges. Fortune REIT's portfolio of private housing estate retail properties remained resilient in the face of the slowdown in overall retail sales in Hong Kong. Portfolio occupancy was at 97.3% as at 30 June 2015, despite frictional vacancies due to on-going asset enhancement initiatives ("AEIs") at Belvedere Square. Rental reversion for renewals in the first half of 2015 remained solid at 22.1% with portfolio passing rent at HK\$38.4 per sq. ft. as at 30 June 2015, up by 9.5% year-on-year for the existing portfolio excluding Laguna Plaza and Nob Hill Square.

AEIs are on track to drive further growth. The HK\$80 million AEIs project at Belvedere Square has progressed well during the Reporting Period. The first phase of the renovation has been completed and the second phase has commenced in March 2015. Approximately 80,000 sq.ft. has been closed down during the second phase of the AEIs which is expected to be completed in phases by the end of 2015. The targeted return on investment for the project is 15%.

¹ Based on HK\$7.795, the average closing unit price in Singapore and Hong Kong, as at 30 June 2015.

Press Release

Two accretive transactions to create added unitholder value. During the Reporting Period, Fortune REIT completed the acquisition of Laguna Plaza, for HK\$1,918.5 million at 4.7% net property yield, as well as the disposal of Nob Hill Square, for HK\$648 million at 2.9% net property yield. Laguna Plaza was Fortune REIT's first-ever acquisition from an independent third party while Nob Hill Square was the first asset disposal since our listing in 2003. The two transactions were significant milestones for Fortune REIT and successfully enhanced value to our Unitholders.

Enhanced financial position to pursue better-yielding opportunities. Upon the completion of the disposal of Nob Hill Square in April 2015, HK\$638.0 million has been used for the repayment of existing loan facilities. With the subsequently lower gearing, Fortune REIT now has greater financial flexibility to pursue better-yielding opportunities as they arise. As at 30 June 2015, Fortune REIT's gearing ratio and aggregate leverage was 30.6% (31 December 2014: 29.4%) with an average all-in cost of debt of 2.04% (31 December 2014: 2.17%).

Ms. Justina Chiu, Chief Executive Officer of the Manager said, "The strong DPU growth, healthy rental reversions across the portfolio and high occupancy delivered in the first half of 2015 once again demonstrated the resilience of our retail properties amidst the uncertain market sentiment during the Reporting Period. As our planned AEs continue to be on track, we expect that our portfolio will continue to benefit from necessity shopping demand in Hong Kong. We are also committed to maximising returns on our properties while maintaining an efficient capital management with improved financial flexibility. Through the execution of our three core growth strategies of asset investment, asset management and asset enhancement, we are confident that we can drive sustained growth of our portfolio and create satisfactory returns to our unitholders over the long term."

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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 currently holds a portfolio of 17 private housing estate retail properties in Hong Kong, comprising of 3.18 million sq.ft. of retail space and 2,713 car parking spaces. The retail properties are Fortune City One, Fortune Kingswood, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Laguna Plaza, Belvedere Square, Waldorf Avenue, Caribbean Square, Provident Square, Jubilee Square, Smartland, Tsing Yi 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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