

21 January 2009

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**Revenue and DPU improved by 3.6% and 5.4% respectively**  
**Portfolio occupancy climbed to 96.0% and passing rent improved by 7.1 %**

**21 January 2009.** ARA Asset Management (Singapore) Limited (“ARASL” or “Manager”), as manager of Fortune Real Estate Investment Trust (“Fortune REIT”), is pleased to announce the results for Fortune REIT for the quarter (“4Q08”) and year ended 31 December 2008 (“FY08”).

“We are pleased to report another quarter of strong results for Fortune REIT’s portfolio of suburban retails malls, making this the fifth consecutive year of growth since our IPO in 2003. The total revenue and Distribution Per Unit (“DPU”) rose some 3.6% and 5.4% respectively for FY08 over the previous year. These results underscore the defensive nature of the Hong Kong suburban retail sector in general and Fortune REIT in particular. Under the current volatile market conditions, the management will focus on sustaining organic growth through pro-actively managing our portfolio of assets, prudent cost management and successful execution of our on-going asset enhancement initiatives.” Stephen Chu, Chief Executive Officer of ARASL commented.

**Overview of Fortune REIT Financial Results**

	<b>4Q08</b>	<b>4Q07</b>	<b>Variance</b>	<b>FY08</b>	<b>FY07</b>	<b>Variance</b>
Total revenue (HK\$'000)	166,180	158,136	5.1%	637,038	614,757	3.6%
Net property income <sup>1</sup> (HK\$'000)	121,339	113,568	6.8%	463,144	450,055	2.9%
Income available for distribution (HK\$'000)	80,779	77,592	4.1%	302,855	284,876	6.3%
DPU (HK\$)	0.0986	0.0956	3.1%	0.3702	0.3512	5.4%

Notes:

1. After Manager's performance fee

**Continued growth in DPU.** DPU for FY08 was 37.02 Hong Kong cents, an increase of 5.4% from a year ago. It represents a tax-exempt yield of 18.6%, based on the Unit price of HK\$1.99 as at 31 December 2008. Strong organic growth at City One Shatin Property and Ma On Shan Plaza and excellent results from the completed asset enhancement works at Waldorf Garden Property continued to drive the overall gross revenue and Net Property Income (“NPI”) growth. 4Q08 total revenue grew 5.1% year-on-year to HK\$166.2 million while NPI increased 6.8% to HK\$121.3 million. FY08 total revenue and NPI were up 3.6% and 2.9% respectively to HK\$637.0 million and HK\$463.1 million.

**Solid underlying performance for a resilient portfolio.** Fortune REIT’s portfolio of eleven suburban retail properties serve a captive population catchment and caters to non-discretionary spending in daily necessities and services. Such resilient nature in particular allows the portfolio to stand reasonable well throughout an economic downturn, as compared to the prime retail sector. Amidst a tougher market condition, the portfolio continued to record strong leasing commitments in 4Q08 as a result of our pro-active communication with tenants. As at 31 December 2008, the portfolio occupancy improved to 96.0% from 92.1% a year earlier. Overall tenant retention was maintained at a healthy 83.6% in 2008. In addition, a strong rental reversion of 18.8% was achieved for renewals in 2008. Portfolio passing rent also climbed to a record high of HK\$27.03 psf as at 31 December 2008, an improvement of 7.1% over a year ago.

**Prudent capital management.** Under the current volatile capital market, Fortune REIT stands out from its peers as one of the lowest geared REITs in the region. With a conservative gearing of 26.4%, a healthy interest cover of 4.4 times and no immediate refinancing pressure, Fortune REIT remains well positioned to weather the tightening of credit markets. We have no material exposure to interest rate risk as the term loan of HK\$2,349 million only expires in June 2010, and its associated interest rate is fully hedged through plain vanilla swaps of various maturities.

**Asset enhancement works continues.** Asset enhancement continues to be one of the fundamental drivers to improve Unitholder’s return. Asset enhancement initiatives to improve revenue and shopping experience are in progress with major initiatives at City One Shatin Property, the largest property in the portfolio. In addition, various energy saving measures have been put in place to rationalize the operating costs throughout the portfolio, thereby improving the net income for the REIT.

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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 by the Amending and Restating Deed dated 29 June 2005 and a 2<sup>nd</sup> Supplemental Deed dated 20 April 2006) made between ARA Asset Management (Singapore) 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 on 12 August 2003.

Fortune REIT holds a portfolio of eleven retail malls in Hong Kong, spread across Kowloon and the New Territories, through the ownership of property companies (“the Property Companies”), worth approximately HK\$8.6 billion. The retail malls are City One Shatin Property, Ma On Shan Plaza, The Metropolis Mall, Waldorf Garden Property, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property. Together they house a total of 840 tenants as at 31 December 2008 from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers. Notable tenants include Park’N Shop, 7-Eleven, Aji Ichiban, Maxim’s Chinese Restaurant, Watson’s, Mannings, Modern Beauty Salon, Fortress, McDonald’s, Kentucky Fried Chicken, Watami Japanese Restaurant, Centaline Property Agency, Midland Realty, DBS Bank, Standard Chartered Bank, HSBC, Japan Home Centre, Jumpin Gym U.S.A., International Christian School the Hong Kong Jockey Club. More information can be found at [www.fortunereit.com](http://www.fortunereit.com).

## **About ARASL, the Manager**

Fortune REIT is managed by ARA Asset Management (Singapore) Limited, a wholly owned subsidiary company of ARA Asset Management Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). More information can be found at [www.ara-asia.com](http://www.ara-asia.com).

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