



Asset Management (Singapore) Limited

6 May 2008

Manager of

**FORTUNE**  
置富產業信託 **REIT**

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**Committed occupancy at 94.2%**  
**Strong rental reversions of 13.9% in 1Q08**  
**Attractive tax exempt annualised yield of 7.0%**

**6 May 2008.** 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 ended 31 March 2008 (“1Q08”).

“Demand in Fortune REIT’s portfolio of eleven retail malls was healthy in 1Q08 as committed occupancy improved to 94.2% as at end of March 2008 coupled with strong rental reversions of approximately 13.9% on a portfolio basis. Our proactive asset management strategies in conjunction with exciting promotional events in the malls will provide stability whilst asset enhancement initiatives will contribute to longer term growth.” Stephen Chu, Chief Executive Officer of ARASL commented.

**Committed occupancy reached 94.2%** Total revenue was lower by 2.3% for 1Q08 over 1Q07 due to progressive repositioning of tenant mix in The Metropolis Mall and Jubilee Court Shopping Centre. Although the actual occupancy as at quarter end was 90.7%, the committed occupancy had risen to 94.2% as proactive leasing efforts from the leasing team had secured tenants’ pre-commitments well ahead of tenancy commencement. Renewals within the quarter were also healthy led by strong rental reversions of 13.9% across the portfolio.

**Fortune REIT quarterly results**

	1Q 08	1Q 07	Variance
Total revenue (HK\$'000)	152,383	155,951	-2.3%
Net property income <sup>1</sup> (HK\$'000)	114,008	116,130	-1.8%
Income available for distribution (HK\$'000)	71,528	73,375	-2.5%
Tax-Exempt distribution per unit (HK\$)	0.0879 <sup>2</sup>	0.0907 <sup>3</sup>	-3.1%
Tax-Exempt distribution yield	7.0% <sup>2</sup>	6.3% <sup>3</sup>	-

Notes:

1. After Manager's performance fee
2. Based on the closing Unit price of HK\$5.11 on 31 March 2008 and Units in issue of 813.7 million
3. Based on the closing Unit price of HK\$5.85 on 31 March 2007 and Units in issue of 808.6 million

**Cost-to-revenue ratio<sup>4</sup> remained stable.** The Manager will continue to focus on prudent cost rationalization efforts in order to maintain a stable cost-to-revenue ratio that commensurates with a quality facility to tenants and visitors. The cost-to-revenue ratio for the portfolio was 22.9% for 1Q08, which was lower than the 23.2% recorded for the same period last year. This was mainly due to the waiver of government rates and lower utilities expense in the first quarter.

**Generous tax-exempt yield of 7.0%.** Fortune REIT delivered a healthy annualised tax-exempt yield of 7.0%<sup>5</sup> as of 31 March 2008. This is equivalent to a 8.5% yield on a pre-tax basis. As Fortune REIT properties are held directly under local companies in Hong Kong, the portfolio's income had been subject to Hong Kong taxes and hence distributed net of tax in Singapore.

**Portfolio average rent improves to HK\$26.15 psf.** Fortune REIT's portfolio of eleven retail properties achieved an average rental rate of HK\$26.15 psf as of 1Q08, improved by 10% over a year ago. Close to 100,000 sf of leases which had expired in 1Q08 were renewed on strong rental reversions of about 13.9%.

**Asset enhancement works continues.** Asset enhancement initiatives to improve revenue and shopping experience are in progress. The Manager had appointed retail mall consultants for City One Plaza Shatin and The Metropolis Mall to refine the physical enhancements and tenant mix. Asset enhancement works are planned systematically to minimise interim volatility to the revenue stream and to lessen the impact of rent void periods.

**Portfolio gearing at a low 23.6%.** Fortune REIT's low gearing of 23.6% provides management with debt flexibility of more than HK\$1.7 billion for opportunistic acquisitions, before a credit rating and before the statutory borrowing limit of 35% is reached.

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<sup>5</sup> Based on a Unit price of HK\$5.11 as at 31 March 2008

## **About Fortune REIT**

Fortune Real Estate Investment Trust (“Fortune REIT”) was established under a Trust Deed dated 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 Manager, and HSBC Institutional Trust Services (Singapore) Limited, as Trustee. Fortune REIT was listed on Singapore Exchange Securities Trading Limited on 12 August 2003.

Fortune REIT now 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\$9.7 billion. The retail malls are City One Shatin Property, The Metropolis Mall, Ma On Shan Plaza, Waldorf Garden Property, The Household Center, Smartland, Jubilee Court Shopping Centre, Tsing Yi Square Property, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property. Together they house a total of 807 tenants as at 31 March 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, KFC, 3G Shop, GOME, Bank of China (Hong Kong), DBS Bank, Standard Chartered Bank, Citibank, HSBC, Japan Home Centre, Jumpin Gym U.S.A., International Christian School Limited and 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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