



Manager of



Media Release

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6 May 2009. ARA Asset Management (Singapore) Limited (“Manager” or “ARASL”), 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 2009 (“1Q09”).

“We are pleased to report another set of robust financial results for Fortune REIT amid the challenging market conditions. Fortune REIT’s income available for distribution was HK\$82.8 million for 1Q09, which is HK\$11.3 million or 15.8% higher compared with the same period last year. Total revenue and net property income rose some 10.4% and 8.0% respectively over the previous year. These results underscore the defensive nature of the Hong Kong suburban retail sector in general and Fortune REIT in particular. The Manager will continue to negotiate leases with tenants well in advance and will, at the same time, intensify marketing and promotion activities in order to assist tenants in keeping up their sales momentum.” Justina Chiu, Chief Operating Officer of ARASL commented.

Summary of Fortune REIT Financial Results

	1Q09	1Q08	Variance
Total revenue (HK\$’000)	168,249	152,383	10.4%
Net property income (“NPI”) ¹ (HK\$’000)	123,133	114,008	8.0%
Income available for distribution (HK\$’000)	82,828	71,528	15.8%
Distribution Per Unit (“DPU”) (HK\$)	0.1006	0.0879	14.4%

¹ After Manager’s performance fee

Continued growth in DPU. DPU for 1Q09 was 10.06 Hong Kong cents, an increase of 14.4% from a year ago. It represents an annualised tax-exempt yield of 15.3%, based on the closing Unit price of HK\$2.67 as at 31 March 2009. Higher occupancies and rental rates at City One Shatin Property, Ma On Shan Plaza and The Metropolis Mall as well as the completion of asset enhancement works at Waldorf Garden Property were the main drivers of revenue growth. Total revenue grew 10.4% year-on-year to HK\$168.2 million while NPI increased 8.0% to HK\$123.1 million.

Positive rental reversion and strong occupancy. Amidst tough market conditions, portfolio occupancy remained solid at 95.5% with passing rent up 3.6% to HK\$27.09 psf as at 31 March 2009 over a year ago. A healthy rental reversion of 4.9% was registered for renewals in 1Q09. We remain focus on retaining quality tenants and strive to commit expiring leases early for the remaining quarters of 2009.

Prudent capital management. With a conservative gearing of 26.6%, an interest cover of 5.2 times and no immediate refinancing pressure, Fortune REIT stands out from its peers as one of the lowest geared REITs in the region and 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. Borrowing costs for the period amounted to HK\$23.5 million, 12.8% lower than the same quarter last year, with an effective interest rate of 4.06%.

Market Outlook. 2009 is expected to be a challenging year given the global financial and economic crisis. Nevertheless, non-discretionary retail sales in Hong Kong proved to be less affected and still registered a growth for the first three months of 2009². Fortune REIT's portfolio of eleven suburban retail properties serve a captive population catchment and mainly caters to non-discretionary spending in daily necessities and services. Such resilient nature allows the portfolio to stand reasonably well throughout an economic downturn. The Manager will continue to proactively manage the portfolio with an aim to deliver regular and stable returns to the Unitholders of Fortune REIT.

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² According to Census and Statistics Department, the value of total retail sales for the first three months of 2009 registered a decrease of 3.9% over the same period last year. Big-ticket items like motor vehicles (-34.7%) fell by the most; while non-discretionary spending items such as supermarkets (+6.3%) and food and drinks (+4.1%) still recorded a growth.

About Fortune REIT

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 2nd Supplemental Deed dated 20 April 2006) made between ARA Asset Management (Singapore) Limited (“ARASL”), 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 (“SGX-ST”) 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 833 tenants as at 31 March 2009 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, Watsons, Mannings, Modern Beauty Salon, Fortress, McDonald’s, Kentucky Fried Chicken, Watami Japanese Restaurant, Centaline Property Agency, Midland Realty, DBS Bank, Bank of China (Hong Kong), HSBC, Japan Home Centre, Jumpin Gym U.S.A., International Christian School and the Hong Kong Jockey Club. More information can be found at www.fortunereit.com.

About ARASL, the Manager

Fortune REIT is managed by ARASL, a wholly owned subsidiary company of ARA Asset Management Limited, which is listed on the Mainboard of the SGX-ST. More information can be found at www.ara-asia.com.

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