

**Media Release**

**28 July 2009**

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**Total revenue up 8.2% year-on-year**  
**1H09 distribution per Unit increased by 5.9% to 19.60 HK cents**  
**Portfolio valuation rose to HK\$8,900 million**

**28 July 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 half year ended 30 June 2009 (“1H09” or “Reporting Period”).

“We are pleased to report another set of sustained results for 1H09. Fortune REIT’s portfolio of eleven retail malls continued to deliver a stable and sustainable growth in 1H09 amid the challenging market conditions. The total revenue and income available for distribution rose 8.2% and 7.1% respectively in 1H09 over the same period last year. Fortune REIT’s property portfolio was valued at HK\$8,900 million as at 30 June 2009, an increase of 3.5% from 31 December 2008. Going forward, we remain focused on retaining quality tenants and at the same time, continue to step up our 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**

	<b>1H09</b>	<b>1H08</b>	<b>Variance</b>
Total revenue (HK\$’000)	334,314	308,941	8.2%
Net property income (“NPI”) <sup>1</sup> (HK\$’000)	238,415	228,963	4.1%
Income available for distribution (HK\$’000)	161,698	150,916	7.1%
Distribution per Unit (“DPU”) (HK\$)	0.1960	0.1851	5.9%

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<sup>1</sup> After Manager’s performance fee

**Continued growth in DPU.** DPU for 1H09 was 19.60 Hong Kong cents, an increase of 5.9% from a year ago. It represents an annualised tax-exempt yield of 10.6%, based on the closing Unit price of HK\$3.74 as at 30 June 2009. Higher rental rates at City One Shatin Property, Ma On Shan Plaza and The Metropolis Mall were the main drivers of revenue growth. Total revenue for 1H09 grew 8.2% year-on-year to HK\$334.3 million as a result. Despite a higher property operating expenses for the Reporting Period (mainly due to higher advertising and promotion expense as well as repair and maintenance expenditure), NPI continued to hold up at a respectable HK\$238.4 million, an increase of 4.1% year-on-year. Borrowing costs for the Reporting Period amounted to HK\$43.9 million, 17.3% lower than the same period last year, with an effective interest rate of 3.73%.

**Positive rental reversion continued.** Amidst tough market conditions, the portfolio occupancy was at 92.1% with passing rent up 4.0% over a year ago to HK\$27.6 psf as at 30 June 2009. A healthy rental reversion of 4.0% was registered for renewals in 1H09.

**Strong balance sheet.** Fortune REIT's property portfolio was valued at HK\$8,900 million as at 30 June 2009, a 3.5% increase compared with 31 December 2008. Fortune REIT maintains a strong balance sheet with a gearing ratio of 25.7% and an interest cover of 5.0 times. The Manager has been in discussion with various banks on the refinancing of the term loan due in June 2010 with an aim to secure funding in advance of the debt expiry.

**Market Outlook.** Against the backdrop of a contracting economy and slowing consumption expenditure, the near term outlook of the retail market is expected to remain challenging. Nevertheless, non-discretionary retail sales in Hong Kong proved to be less affected and still registered a growth for the first five months of 2009<sup>2</sup>. 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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<sup>2</sup> According to Census and Statistics Department, the value of total retail sales for the first five months of 2009 registered a decrease of 6.2% over the same period last year. Big-ticket items like motor vehicles (-35.5%) and furniture and fixtures (-7.7%) continued to slide; while non-discretionary spending items such as supermarkets (+5.8%) and food and drinks (+3.3%) 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 2<sup>nd</sup> 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\$8.9 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 839 tenants as at 30 June 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](http://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](http://www.ara-asia.com).

## **Media and investor contacts**

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