

This announcement is issued in connection with the transaction relating to the acquisition of the Property in Hong Kong and related matters, in compliance with the REIT Code, the Singapore Listing Manual and the Singapore Property Funds Appendix, and should not be used for any other purpose.

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FORTUNE REAL ESTATE INVESTMENT TRUST

(constituted in the Republic of Singapore pursuant to a trust deed dated 4 July 2003 (as amended) and authorized as a collective investment scheme under section 286 of the Securities and Futures Act, Chapter 289 of Singapore)

(a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: Singapore: F25U and Hong Kong: 778)

Managed by



ARA Asset Management (Fortune) Limited

DISCLOSEABLE TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF THE PROPERTY

On 5 December 2014, the Purchaser (a special purpose vehicle wholly-owned by Fortune REIT) and the Vendor (a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding in property), an independent third party, entered into the Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, and the Vendor agreed to assign and the Purchaser agreed to take the assignment of the Existing Borrowings. The Sale Shares represent the entire issued share capital of the Target Company. The Target Company directly wholly owns the entire issued shares of the Subsidiary, which in turn owns Laguna Plaza (麗港城商場).

The Consideration payable by the Purchaser for the sale and purchase of the Sale Shares and the assignment of the Existing Borrowings pursuant to the Agreement shall be the Acquisition Value of HK\$1,918,500,000 plus the Assumed Adjusted Net Asset Value of HK\$6,600,000 (the sum of the Acquisition Value plus the Assumed Adjusted Net Asset Value is referred to as the "Pre-Adjustment Consideration"), subject to Adjustment Payment to be determined after Completion. Completion is expected to take place on 9 January 2015 (or such other date as may be agreed between the Vendor and the Purchaser).

The Purchaser has paid the Deposit of HK\$95,925,000 to the Vendor upon signing of the Agreement on 5 December 2014, and will pay to the Vendor, at Completion, a sum equivalent to the Pre-Adjustment Consideration (less the Deposit of HK\$95,925,000). After Completion, the Vendor or the Purchaser (as the case may be) will be required to pay the Adjustment Payment to the other party in accordance with the terms of the Agreement.

The Pre-Adjustment Consideration represents approximately: (a) 13.39% of the total market capitalisation of Fortune REIT, based on the average closing price of Fortune REIT on the Hong Kong Stock Exchange for the five business days immediately preceding the date of the Agreement; and (b) 5.83% of the total assets of Fortune REIT as at 30 September 2014 (as disclosed in Fortune REIT's third quarter results announcement, less distribution payable and after taking into account the valuation of Fortune REIT's portfolio as adjusted as at 31 October 2014), which does not exceed 15% of the gross asset of Fortune REIT.

The Acquisition constitutes: (a) discloseable transaction of Fortune REIT under the REIT Code and (b) discloseable transaction under Chapter 10 of the Singapore Listing Manual. The Manager is satisfied that no Unitholders' approval is required for the Purchaser to enter into the Acquisition. Based on the information and confirmation given by the Manager to the Trustee, the Trustee is also satisfied that no Unitholder's approval is required for the Purchaser to enter into the Acquisition. The Manager has made a submission to the SFC regarding paragraph 7.5(d) of the REIT Code in relation to Fortune REIT's holding of the Property through more than two layers of Special Purpose Vehicles upon Completion.

As the Acquisition may or may not proceed to Completion, Unitholders of and prospective investors of Fortune REIT are advised to exercise caution when dealing in the Units.

A. PROPOSED ACQUISITION OF THE PROPERTY

1. Asset to be acquired and description of the Property

The Sale Shares to be acquired by the Purchaser under the Acquisition constitute the entire issued share capital of the Target Company, and the Existing Borrowings to be assigned to the Purchaser under the Acquisition constitute all borrowings owing by the Target Company to the Vendor at Completion. The Target Company directly wholly owns the entire issued shares of the Subsidiary, which in turn owns the Property. To the best of the knowledge, information and belief of the Manager having made all reasonable enquiries, the Target Company does not have any business other than holding the shares of the Subsidiary, which, apart from holding the Property, does not have any other business.

The Property, a shopping centre in Hong Kong, comprises the whole of the commercial development, known as Laguna Plaza (麗港城商場), of the Estate. Based on the Valuation Report, the Property has a gross rentable area of approximately 163,203 square feet and 150 car park lots.

The table below sets out certain key information on the Property.

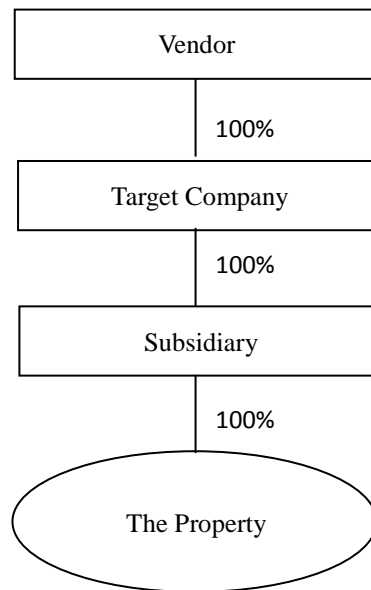
Address	Laguna Plaza, 88 Cha Kwo Ling Road, Kwun Tong, Kowloon, Hong Kong
Gross rentable area (excluding car park lots)	163,203 square feet
Number of car park lots	150
Year and month of completion	May 1991

Occupancy	<p>Based on the information provided by the Vendor, the occupancy rate of the Property was 72.7% as at 31 October 2014. Taking into account the existing leases and new leases entered into as at the date of announcement, the committed occupancy rate of the Property as at the date of announcement is approximately 96.7%.</p>
Tenancies	<p>Based on the information provided by the Vendor, as at 31 October 2014, there were 77 tenancies.</p> <p>The Property has an existing diversified tenant mix including food and beverages, homewares, supermarkets and fashion and shoes.</p>
Valuation	<p>The valuation of the Property as assessed by the Independent Property Valuer as at 31 October 2014 was HK\$2,080 million. According to the Valuation Report, the estimated monthly rental income (excluding management fees but including car park income) was approximately HK\$7,529,700 as at 31 October 2014 and correspondingly the estimated net property yield was approximately 4.3%.</p>
Government Lease expiry; undivided shares	<p>The Property is held under Conditions of Exchange No.12004 from the Government of Hong Kong for the term of years extended until 30 June 2047 by virtue of Section 6 of the New Territories Leases (Extension) Ordinance, Cap. 150 of the Laws of Hong Kong.</p> <p>All those 2,580/52,361 undivided shares allocated to the Property under the Deed of Mutual Covenant relating to the Estate, which represent 100% of the undivided shares allocated to the Commercial Development (as referred to in the Deed of Mutual Covenant) of the Estate, are solely owned by the Target Company (which will, after Completion, be wholly-owned by the Purchaser).</p> <p>The Estate comprises of residential and commercial developments. The remaining 49,781/52,361 undivided shares of the Estate, which comprises of residential blocks, kindergartens and carparks, represent the undivided shares allocated to the other portions of the Estate. The remainder of the Estate which Fortune REIT will not be acquiring will continue to be owned by other owners.</p> <p>The Manager is satisfied that, after Completion, it will have full operational control over the management of the Property.</p>

2. Current and Expected Holding Structure

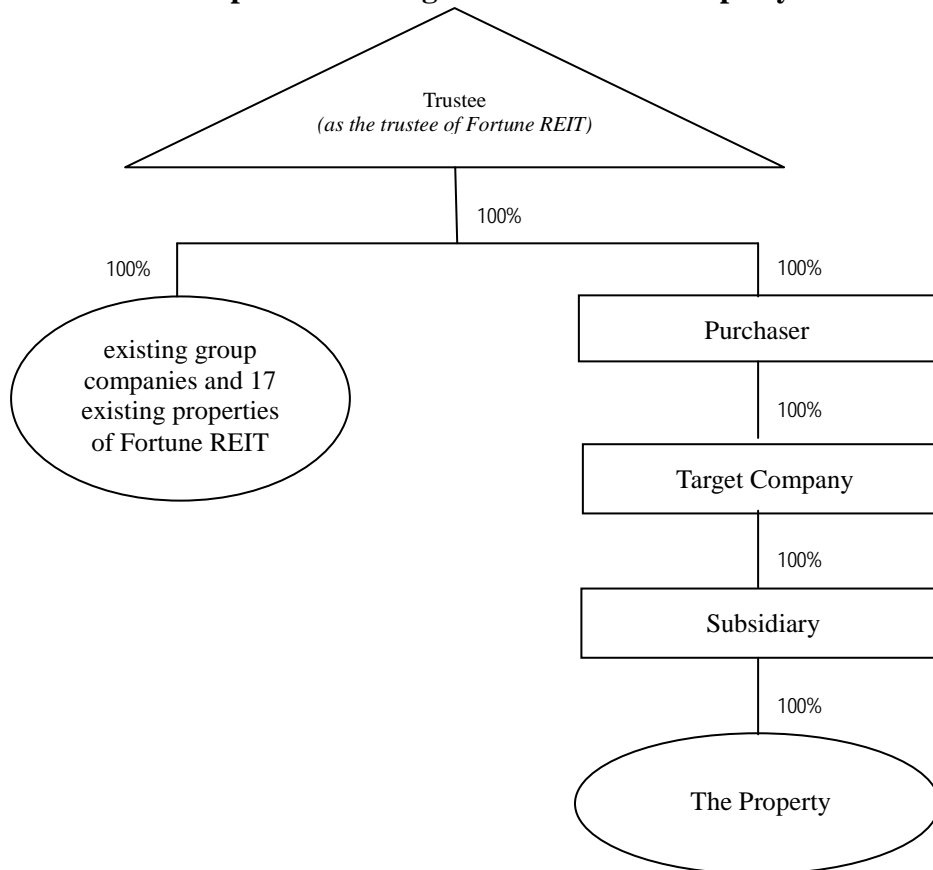
Below is a chart showing the current holding structure of the Property as at the date of this announcement:

Current Holding Structure of the Property



The expected holding structure of the Property immediately after Completion is as follows:

Expected Holding Structure of the Property



B. THE AGREEMENT

Date: 5 December 2014

Parties: (a) the Purchaser (a special purpose vehicle wholly-owned by Fortune REIT); and
(b) the Vendor

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, and the Vendor agreed to assign and the Purchaser agreed to take the assignment of the Existing Borrowings.

To the best of the knowledge, information and belief of the Manager having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of and not a connected person of Fortune REIT.

1. Consideration

The Consideration has been arrived at on a willing buyer and a willing seller on an arm's length transaction basis, after taking into account the quality of the Property and by reference to the valuation of the Property assessed by the Independent Property Valuer. The Consideration payable by the Purchaser in cash for the sale and purchase of the Sale Shares and the assignment of the Existing Borrowings pursuant to the Agreement shall be the Acquisition Value of HK\$1,918,500,000 plus the Assumed Adjusted Net Asset Value of HK\$6,600,000 (the sum of the Acquisition Value plus the Assumed Adjusted Net Asset Value is referred to as the "Pre-Adjustment Consideration"), subject to Adjustment Payment to be determined after Completion.

The Purchaser has paid in cash the Deposit of HK\$95,925,000 (representing 5% of the Acquisition Value) to the Vendor upon signing of the Agreement.

At Completion, the Purchaser shall pay in cash a sum equivalent to the Pre-Adjustment Consideration less the Deposit.

After Completion, Completion Balance Sheet and Adjustment Statement shall be prepared by the Vendor and finalised between the Vendor and the Purchaser in accordance with procedures set out in the Agreement, including the engagement of Deloitte Touche Tohmatsu (or such other firm of accountants as agreed in writing between the Vendor and the Purchaser), if necessary.

Within 14 days after (and exclusive of) the date of receipt by the Purchaser of the Adjustment Statement, the Vendor or the Purchaser (as the case may be) will be required to pay the Adjustment Payment to the other party in accordance with the finalised Adjustment Statement.

The above form of adjustment is the result of commercial negotiations between the parties.

The Manager will make a further announcement when the Consideration is finally determined according to the Completion Balance Sheet and Adjustment Statement.

The appraised value of the Property assessed by the Independent Property Valuer as at 31 October 2014 is HK\$2,080 million. The Acquisition Value of HK\$1,918,500,000 represents approximately 92.2% of (or 7.8% discount to) the appraised value of the Property.

2. Completion

Subject to the fulfilment (or where applicable, waiver (with or without conditions) in accordance with the Agreement) of the Conditions under the Agreement, Completion is expected to take place on 9 January 2015 (or such other date as may be agreed between the Vendor and the Purchaser in writing).

The Manager will make a further announcement upon Completion having taken place.

3. Conditions

Completion is subject to and conditional upon satisfaction of the following Conditions:

- (a) no event or circumstance arising that prohibits the transactions contemplated under the Transaction Documents pursuant to the REIT Code, the Securities and Futures Act, Chapter 289 of Singapore, the listing rules of the SGX-ST and/or the Code on Collective Investment Schemes issued by the MAS;
- (b) there being no Resumption of the whole of the Property or any material part thereof;
- (c) there being no material adverse change in the business and/or financial condition of any member of the Target Group or the legal, physical or financial aspects of the Property (save for such material adverse change in the valuation of the Property directly resulted from the increase in interest rate in the United States of America) up to and including the date of Completion;
- (d) no statute, code, rule, regulation, decision, or publicly announced policy of the Government of Hong Kong, or government decision which would prohibit the transactions contemplated under the Transaction Documents including the sale and purchase of the Sale Shares and/or the assignment of the Existing Borrowings or the ownership or operation of the Property or the Target Group having been enacted or otherwise having taken effect between the signing of the Agreement and Completion;
- (e) the Purchaser having been provided with copies of the documents specified in the Agreement in relation to the Renovation Works in a form agreed by the Purchaser;
- (f) the Purchaser having been provided with evidence to its satisfaction that the Subsidiary has and is capable of giving good marketable legal and beneficial title to the Property free from Encumbrances provided that upon the signing of the Agreement, the Purchaser is deemed to have accepted that the Subsidiary has and is capable of giving good marketable legal and beneficial title to the Property free from Encumbrances except to the extent relating to (1) any title deeds and documents of the Property which is required to show and give title to the Property under section 13 and section 13A of the Conveyancing and Property Ordinance (Cap. 219, Laws of Hong Kong) but have not been disclosed to nor been made available for inspection by the Purchaser on or prior to the signing of the Agreement; and (2) any Encumbrance having been created or arising between the period starting from the signing of the Agreement and ending on Completion;

- (g) the Subsidiary has not, after the signing of the Agreement, taken any step to terminate any key tenancies to the Target Group in the Property prior to the date of Completion (save for such terminations the circumstances of which are permitted under the Agreement); and
- (h) there being no subsisting material breach of any of the warranties of the Agreement as at Completion which will result in a material adverse effect on the financial position of the Target Group as shown in the unaudited consolidated balance sheet for the Target Group as at Completion and will result in the Purchaser being entitled to make a claim under the Agreement.

The Vendor shall use all reasonable endeavours to procure the fulfilment of the Conditions set out in paragraphs (c), (e), (f), (g) and (h) above on or before Completion Date. None of the Conditions shall be waived unless written consent for such waiver from the Purchaser is obtained, with the exception of Conditions set out in paragraphs (a), (d) and (f) above which cannot be waived.

If before the Completion Date, there is any Resumption of: (a) the whole or a material part of the Property, the Purchaser may in its discretion rescind the Agreement before Completion and the Vendor shall refund the Deposit to the Purchaser in accordance with the terms of the Agreement; or (b) the whole or only part of the common areas of the Property, the Purchaser and the Vendor shall be obliged to effect Completion.

If the Conditions are not satisfied or (where applicable) waived in accordance with the Agreement on or before the Completion Date, the Agreement (except the Surviving Clauses) shall lapse and no party to the Agreement shall have any claim against the other party under this Agreement (except the Surviving Clauses), and the Vendor shall refund the Deposit (without interest accrued thereon) in full to the Purchaser in accordance with the terms of the Agreement.

4. Warranties and Indemnities

The Agreement contains customary terms of representations, warranties and indemnities for transactions of this nature and scale, including that the Sale Shares and the Existing Borrowings shall at Completion be free from encumbrance.

The Property is sold subject to the existing tenancies and licences.

5. Deed of Tax Covenant

Pursuant to the Agreement, the Vendor and the Purchaser will enter into a deed of tax covenant in favour of the Purchaser at Completion. Pursuant to the Deed of Tax Covenant, the Vendor will covenant to indemnify the Purchaser in respect of, among other things, any liability for taxation of any Target Group Companies resulting from, *inter alia*, income or events before Completion.

6. Fees Payable by Fortune REIT to the Manager and the Trustee in relation to the Acquisition

On Completion, the Manager will be entitled under clause 15.2.1 of the Trust Deed to receive an acquisition fee of approximately HK\$19.2 million, which is equal to 1.0% of the Acquisition Value of the Property (the “**Acquisition Fee**”). The Acquisition Fee shall be paid to the Manager in the form of cash as soon as practicable after Completion.

After Completion, the Manager will be entitled under the Trust Deed to receive from the Deposited Property (as defined in the Trust Deed), management fees attributable to the Property comprising: (i) a base fee of 0.3% per annum of the value of the Property; and (ii) a performance fee of 3.0% per annum of the Net Property Income (as defined in the Trust Deed) attributable to the Property. The Trustee will receive a fee at the current rate of 0.035% per annum of the value of the Property.

The Manager and the Trustee will be entitled to such fees attributable to the Property in the future for so long as the Property continues to form part of the Deposited Property. Other than the fees mentioned above, no other fees are payable to the Trustee and no agency fee is payable in connection with the Acquisition.

At this stage, the Manager has no capital expenditure planned for the Property shortly after Completion.

C. FINANCIAL INFORMATION RELATING TO THE TARGET GROUP

The financial information of the Target Group has been prepared in accordance with Hong Kong Financial Reporting Standards.

Based on the unaudited consolidated accounts of the Target Group provided by the Vendor, (i) the net asset value of the Target Group as at 31 December 2013 was approximately HK\$1,268.0 million; and (ii) the net profit before, and after, taxation of the Target Group were approximately HK\$12.4 million and HK\$10.4 million respectively for the period from 4 July 2012 (date of incorporation) to 31 December 2012; and approximately HK\$48.4 million and HK\$40.4 million respectively for the year ended 31 December 2013.

D. FINANCING OF THE ACQUISITION

The Consideration is to be financed by drawing down the Facility up to an amount of HK\$1,600 million and existing available banking facilities.

Expected Gearing Ratio and Aggregate Leverage

Upon Completion, based on the unaudited consolidated financial position of Fortune REIT as at 30 September 2014 (as disclosed in the results announcement of Fortune REIT for the nine months ended 30 September 2014), the Gearing Ratio and Aggregate Leverage of Fortune REIT is expected to increase from 29.9% to approximately 33.9%, after taking into account (i) the valuation of Fortune REIT’s portfolio of 17 retail properties as at 31 October 2014, (ii) the Acquisition Value of the Property and (iii) the financing for the Acquisition.

E. REASON FOR, AND BENEFITS OF, THE ACQUISITION

The Acquisition fits the Manager's investment strategy of owning commercial properties with high occupancy (96.7% committed as at 31 October 2014) and long term growth potential.

The Acquisition is expected to be yield accretive and improve the earning and distribution per Unit to existing Unitholders. Based on the pro forma financials, if the Acquisition was completed on 1 January 2013 and based on the other assumptions set out in paragraph F, Fortune REIT's pro forma DPU (which does not constitute a profit forecast) would have increased by 3.3% from HK36.00 cents to HK37.20 cents for the 12 months ended 31 December 2013.

The Manager believes that the Property will add value to Fortune REIT's existing portfolio and there is potential for further growth for the Property, given:

- the Property is strategically located within a residential catchment area in East Kowloon with good public transport accessibility;
- the Property has a high occupancy rate (96.7% committed as at 31 October 2014) and a diversified trade mix that mainly cater to the daily necessities of the catchment population; and
- there are operating synergies with Fortune REIT's shopping malls in the Kowloon East area, in particular, Centre de Laguna.

F. FINANCIAL EFFECTS OF THE ACQUISITION ON FORTUNE REIT

The pro forma financial effects of the Acquisition presented below are strictly for illustrative purpose only and do not reflect the actual financial position of Fortune REIT following the completion of the Acquisition, and do not constitute a profit forecast. They have been prepared based on the audited consolidated financial statement of Fortune REIT and the unaudited consolidated financial statement of the Target Group for the year ended 31 December 2013, assuming that Fortune REIT had acquired the Property on the dates as indicated and that it was valued at the Acquisition Value on these dates and the Consideration was funded by the Facility and existing available banking facilities.

(i) *Pro forma DPU for the financial year ended 31 December 2013*

The pro forma DPU for the financial year ended 31 December 2013, as if Fortune REIT had purchased the Target Group on 1 January 2013, and held and operated the Property through to 31 December 2013 will be increased to HK37.20 cents from HK36.00 cents.

(ii) *Pro forma NAV per Unit as at 31 December 2013*

The pro forma NAV per Unit as at 31 December 2013, as if Fortune REIT had purchased the Target Group on 31 December 2013 will remain unchanged at HK\$10.26.

G. IMPLICATIONS OF THE ACQUISITION UNDER THE REIT CODE

1. Discloseable transaction

The Pre-Adjustment Consideration represents approximately: (a) 13.39% of the total market capitalisation of Fortune REIT, based on the average closing price of Fortune REIT on the Hong Kong Stock Exchange for the five business days immediately preceding the date of the Agreement; and (b) 5.83% of the total assets of Fortune REIT as at 30 September 2014 (as disclosed in Fortune REIT's third quarter results announcement less distribution payable and after taking into account the valuation of Fortune REIT's portfolio as adjusted as at 31 October 2014), which does not exceed 15% of the gross asset of Fortune REIT. The Acquisition constitutes a discloseable transaction of Fortune REIT under the REIT Code. The Manager is satisfied that no Unitholders' approval is required for the Purchaser to enter into the Acquisition. Based on the information and confirmation given by the Manager to the Trustee, the Trustee is also satisfied that no Unitholder's approval is required for the Purchaser to enter into the Acquisition.

2. Submission in relation to the number of layers of Special Purpose Vehicles

The Manager has made a submission to the SFC regarding paragraph 7.5(d) of the REIT Code in relation to Fortune REIT's holding of the Property through more than two layers of Special Purpose Vehicles, subject to the Completion taking place and the condition that there will be no change to the maximum number of layers of special purpose vehicles used by Fortune REIT for holding the Property without further approval of the SFC.

3. New continuing connected party transactions

As at the date of this announcement, CKH Group and/or the Trustee Connected Persons have various existing transactions and arrangements in relation to leases and licences in the Property, if such transactions and arrangements continue to subsist after Completion, they will become continuing connected party transactions of Fortune REIT. Please refer to the section headed "I. Continuing Connected Party Transactions" in this announcement for details of such transactions and other new continuing connected party transactions.

H. IMPLICATIONS OF THE ACQUISITION UNDER THE SINGAPORE LISTING MANUAL AND THE SINGAPORE PROPERTY FUNDS APPENDIX

1. Relative Figures Computed on the Bases set out in Rule 1006

The relative figures computed on the following bases set out in Rule 1006(b) and 1006(c) of the Listing Manual of the SGX-ST are set out below:

- (i) the net profits attributable to the assets acquired, compared with Fortune REIT's net profits; and
- (ii) the aggregate value of the consideration given, compared with Fortune REIT's market capitalisation.

Based on the net property income for the financial year ended 31 December 2013 of Fortune REIT and the Target Group, the relative figure for the basis of comparison set out in subparagraph (i) above in relation to the same period is approximately 8.2%.

Based on the Acquisition Value and Fortune REIT's market capitalisation, based on the number of Units in issue multiplied by the volume weighted average price of HK\$7.5671 per Unit on the SGX-ST on 4 December 2014, being the market day preceding the signing of the Agreement, the relative figure for the basis of comparison set out in sub-paragraph (ii) above is approximately 13.54%.

Accordingly, the Acquisition constitutes a discloseable transaction under Chapter 10 of the Singapore Listing Manual.

2. Interested Person Transactions

The Target Group has entered into various leases or licences with Interested Persons or Interested Parties in respect of the Property which continue to subsist post-completion ("**New Interested Person Transactions**"). This New Interested Person Transactions will be aggregated with Fortune REIT's existing Interested Person Transactions ("**Existing Interested Person Transactions**") for the purpose of computing the threshold under Rules 905 and 906 of the Singapore Listing Manual and interested party transactions under paragraph 5.2 of the Singapore Property Funds Appendix respectively.

I. CONTINUING CONNECTED PARTY TRANSACTIONS

If the Acquisition is completed, it is expected that (i) various existing transactions and arrangements in relation to leases and licences in the Property conducted with members of the CKH Group and/or the Trustee Connected Persons will continue to subsist after Completion and (ii) various expenditure transactions relating to property management, estate management and other operational transactions in respect of the Property will be conducted with members of the CKH Group upon Completion. Such transactions would constitute continuing connected party transactions of Fortune REIT. The Manager will at Completion comply with the relevant requirements under Chapter 8 of the REIT Code and (if applicable) the relevant waiver. The Manager will make further announcement regarding details of such transactions in accordance with the REIT Code.

J. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

To the best of the Board's knowledge, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 7,077,998 Units. Save as disclosed above and based on the information available to the Manager as at the date of this announcement, none of the Directors or the substantial unitholders have an interest, direct or indirect, in the Acquisition.

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

K. CONFIRMATION BY THE MANAGER

The Manager has conducted, and is satisfied with the results of, due diligence in respect of the Property carried out in accordance with the relevant provisions of the REIT Code and the Manager's compliance manual, that Fortune REIT (through the Purchaser) will hold good marketable legal and beneficial title to the Property immediately upon Completion.

L. OPINION OF THE BOARD

The Board is satisfied that the Acquisition, and the terms and conditions of the Agreement are at arm's length, on normal commercial terms, fair and reasonable and in the interests of Fortune REIT and the Unitholders as a whole. Further, the Board is satisfied that no Unitholders' approval is required for the Acquisition.

M. OPINION OF THE TRUSTEE

Based and in sole reliance on the opinion of the Board, the Valuation Report and the other information in this announcement, together with the information and assurances provided by the Manager to the Trustee, the Trustee is satisfied that: (i) the Acquisition is consistent with Fortune REIT's investment policy and in compliance with the REIT Code and the Trust Deed; and (ii) no Unitholder's approval is required for the Acquisition; and the Trustee has no objection to the Manager proceeding with the Acquisition.

N. DOCUMENTS FOR INSPECTION

A copy of the following documents is available for inspection (i) during normal business hours (by prior appointment only) at the Singapore registered office of the Manager at 6 Temasek Boulevard, #16-02, Suntec Tower Four, Singapore 038986, and also (ii) during normal business hours from 9:00 a.m. to 5:00 p.m. on business days (by prior appointment only) at the office of the Manager in Hong Kong at Units 5508-5510, 55/F., The Center, 99 Queen's Road Central, Hong Kong, for a period of three months commencing from the date of this announcement:

- (i) the Agreement; and
- (ii) the Valuation Report.

O. FURTHER ANNOUNCEMENTS

The Manager will make an announcement on Completion. The Manager will also make an announcement when the Consideration is finally determined according to the Completion Balance Sheet and Adjustment Statement. Further announcement(s) will be made by the Manager as and when required under the REIT Code.

DEFINITIONS

In this announcement, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, these defined terms are not included in the table below:

Acquisition	The proposed acquisition by the Purchaser from the Vendor of the Target Company pursuant to the Agreement.
Acquisition Value	HK\$1,918,500,000, being the value attributed to the Property as agreed between the Vendor and the Purchaser.

Adjusted Completion Net Asset Value	The adjusted net asset value of the Target Group (on a consolidated basis) as at Completion and set forth in the Completion Balance Sheet, but such adjustment shall exclude the Acquisition Value, all capital expenditures on the Property and unamortized loan arrangement fee.
Adjustment Payment	An amount (if any) (a) by which the Adjusted Completion Net Asset Value is less than the Assumed Adjusted Net Asset Value, which the Vendor shall pay to the Purchaser; or (b) by which the Adjusted Completion Net Asset Value exceeds the Assumed Adjusted Net Asset Value, which the Purchaser will pay to the Vendor (which, in the case of (b), will not exceed HK\$100,000,000 in any event).
Adjustment Statement	A statement setting out the Adjustment Payment.
Aggregate Leverage	The ratio of the value of total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or in Units) to the value of the gross assets of Fortune REIT, including all its authorized investments held or deemed to be held under the Trust Deed. This definition is consistent with the definition of “ aggregate leverage ” set out in the Singapore Property Funds Appendix.
Agreement	A sale and purchase agreement entered into between the Vendor and the Purchaser on 5 December 2014.
Assumed Adjusted Net Asset Value	A sum of HK\$6,600,000.
Board	The board of directors of the Manager.
Cheung Kong	Cheung Kong (Holdings) Limited.
CKH Group	Together with Cheung Kong, any person who is connected to Cheung Kong (as described in paragraphs 8.1(e), (f) or (g) of the REIT Code) and these persons include: <ul style="list-style-type: none"> (i) any director, senior executive or officer of Cheung Kong; (ii) any associate (as defined in the REIT Code) of Cheung Kong or of any director, senior executive or officer of Cheung Kong; and (iii) any controlling entity, holding company, subsidiary or associated company (as defined in the REIT Code) of Cheung Kong.
Completion	The completion of the Acquisition pursuant to the Agreement.

Completion Balance Sheet	A balance sheet of the Target Group (on a consolidated basis) as at the date of Completion to be prepared based on the format of the pro forma balance sheet together with the principles for calculating the Adjusted Completion Net Asset Value.
Completion Date	9 January 2015 (or such other date as may be agreed between the Vendor and the Purchaser in writing).
Conditions	The conditions precedent to Completion.
Consideration	The total consideration payable in cash by the Purchaser to the Vendor for the sale and purchase of the Sale Shares and the assignment of the Existing Borrowings pursuant to the Agreement, as described more fully in the sub-section headed “ <i>1. Consideration</i> ” under the section headed “ <i>B. THE AGREEMENT</i> ” in this announcement.
Deed of Mutual Covenant	the Deed of Mutual Covenant in relation to the Estate registered in the Land Registry by Memorial No.UB4798833.
Deed of Tax Covenant	The deed of covenant against taxation to be entered into between the Vendor and the Purchaser at Completion, the details of which are set out in sub-section headed “ <i>5. Deed of Tax Covenant</i> ” under the section headed “ <i>B. THE AGREEMENT</i> ” in this announcement.
Deposit	A sum of HK\$95,925,000 paid in cash by the Purchaser to the Vendor upon signing of the Agreement.
Deposited Property	The value of all the gross assets of Fortune REIT, including the existing properties held in Fortune REIT’s portfolio.
DPU	Distribution per Unit.
Encumbrance	Any charge, mortgage, security, lien (including retention of title claims), option, equity, trust arrangement, power of sale, hypothecation, third party right or interest, retention of title, right to acquire, right of pre-emption, right of first refusal, security interest of any kind (including any created by law), pledge, encumbrance and any agreement or legally binding obligation to create or grant any of the aforesaid.
Estate	The entire residential and commercial development on all that piece or parcel of ground registered in the Land Registry as NEW KOWLOON INLAND LOT NO. 6055 on which the Property is situated, now known as “LAGUNA CITY” (麗港城).

Existing Borrowings	The aggregate amount (whether principal, interest or otherwise) which the Target Company owes to the Vendor as at Completion.
Facility	On 2 December 2014, the Manager has received a commitment letter from a bank to provide banking facilities up to an amount of HK\$1,600 million.
Fortune REIT	Fortune Real Estate Investment Trust, a real estate investment trust established under the laws of Singapore pursuant to the Trust Deed and the Units of which are listed on Singapore Exchange Securities Trading Limited and the Hong Kong Stock Exchange.
Gearing Ratio	The aggregate borrowings of Fortune REIT (as calculated under the Trust Deed) as a percentage of the total gross asset value of the Deposited Property as set out in Fortune REIT's latest published audited accounts immediately prior to such borrowing being effected (as adjusted by (a) the amount of any proposed distribution declared by the Manager since the publication of such accounts; and (b) where appropriate the latest published valuation of the assets of Fortune REIT if such valuation is published after the publication of such accounts). Pursuant to the Trust Deed and in compliance with paragraph 7.9 of the REIT Code, the Gearing Ratio of Fortune REIT shall not at any time exceed 45%.
HK\$	Hong Kong dollars, the lawful currency of Hong Kong.
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China.
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.
Independent Property Valuer	Jones Lang LaSalle Limited, the current Principal Valuer (as defined in the REIT Code) of Fortune REIT, who is an independent property valuer within the meaning of Chapter 6 of the REIT Code.
Interested Party/ Interested Person	Means: <ul style="list-style-type: none"> (i) a director, chief executive officer or controlling shareholder of the Manager, the Manager, the Trustee or controlling Unitholder of Fortune REIT; or (ii) an associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee or any controlling Unitholder of Fortune REIT.

Manager	ARA Asset Management (Fortune) Limited, in its capacity as manager of Fortune REIT.
Material Adverse Effect	Material adverse effect on the business, earnings, undertaking or assets or financial or other condition of the Target Group or material adverse effect on Property.
MAS	Monetary Authority of Singapore.
NAV	Net asset value.
Pre-Adjustment Consideration	A sum of HK\$1,925,100,000 (being the Acquisition Value, plus the Assumed Adjusted Net Asset Value).
Property	Comprises the whole of the commercial development (the “ Building ”) of the Estate including but not limited to 150 car parking spaces on basement 2, market, shops and service vehicle car parking spaces on basement 1, shops on ground floor level, shops on first floor level, restaurants on second floor level and landscaped garden on roof level of the Building and the commercial common service facilities and commercial garage common service facilities of or in the Building, all open areas within the Building, and any flat roofs and roofs and all outer walls of the Building.
Purchaser	Prolific Elite Enterprises Limited, a company incorporated in the British Virgin Islands, which is a special purpose vehicle wholly-owned by the Trustee.
REIT Code	The Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being.
Renovation Works	All works carried or to be carried out in the Property as contemplated in the renovation works contracts as described in the Agreement.
Resumption	A resumption which has been approved, authorized or sanctioned for implementation in accordance with applicable laws and notice of such resumption has been given in the manner required by applicable laws, but a “Resumption” shall not include the resumption of any sub-stratum which has no Material Adverse Effect on the Property.
Sale Shares	The entire issued capital of the Target Company.
SEHK	The Stock Exchange of Hong Kong Limited.

SFC	The Securities and Futures Commission of Hong Kong.
SFC-Authorised REIT	A collective investment scheme in the nature of a real estate investment trust authorised by the SFC under Section 104 of the SFO.
SGX-ST	Singapore Exchange Securities Trading Limited.
Singapore Listing Manual	The Listing Manual of the SGX-ST.
Singapore Property Funds Appendix	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS, as amended, supplemented or otherwise modified for the time being.
Special Purpose Vehicle	The special purpose vehicle(s) that is (are) owned and controlled by Fortune REIT in accordance with the REIT Code.
Subsidiary	LGF Investment Limited, a company incorporated in Hong Kong.
Surviving Clauses	Certain clauses as specifically set out in the Agreement and provisions which are expressed to survive the termination, rescission or lapse of the Agreement, and any provisions of the Agreement necessary for its interpretation or enforcement.
Target Company	Aqualand Investment Ltd, a company incorporated in the Cayman Islands.
Target Group	Collectively the Target Company and the Subsidiary, and “ Target Group Company ” shall mean either one of them.
Transaction Documents	The Agreement, a deed of assignment in respect of the Existing Borrowings, the Deed of Tax Covenant and any other documents contemplated in the transaction under the Agreement.
Trust Deed	The Trust Deed dated 4 July 2003 entered into between the Trustee and the Manager constituting Fortune REIT (as amended, varied and supplemented from time to time).
Trustee	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of the Fortune REIT.

Trustee Connected Persons	The Trustee and companies within the same group of, or otherwise “associated” with, the Trustee are each also within the definition of a Connected Person in the REIT Code. The list of Connected Persons of Fortune REIT will include HSBC Holdings plc, and other members of its group (including HSBC Group) because the Trustee is an indirect wholly-owned subsidiary of HSBC Holdings plc.
Unit	A unit in Fortune REIT.
Unitholder	Any person registered as holding a Unit.
Valuation Report	Valuation report on the Property dated 27 November 2014 prepared by the Independent Property Valuer for the purpose of the Acquisition.
Vendor	Jadeland Investment Ltd, a company incorporated in the Cayman Islands.

By order of the board of directors of
ARA Asset Management (Fortune) Limited
(in its capacity as manager of Fortune Real Estate Investment Trust)
Ang Meng Huat, Anthony
Executive Director and Chief Executive Officer

Singapore, Hong Kong, 8 December 2014

The Directors of the Manager as at the date of this announcement are Dr. Chiu Kwok Hung, Justin (Chairman), Mr. Lim Hwee Chiang, Mr. Ip Tak Chuen, Edmond and Ms. Yeung, Eirene as Non-executive Directors; Mr. Ang Meng Huat, Anthony and Ms. Chiu Yu, Justina as Executive Directors; Mr. Lim Lee Meng, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Dr. Lan Hong Tsung, David as Independent Non-executive Directors; and Mr. Ma Lai Chee, Gerald as Alternate Director to Mr. Ip Tak Chuen, Edmond.