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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 authorised as a collective investment scheme under section 286 of the Securities and Futures Act, Chapter 289 of Singapore)

(a Hong Kong 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

- (1) COMPLETION OF DISCLOSEABLE TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF THE PROPERTY**
- (2) DRAWDOWN UNDER THE FACILITY**
- (3) CONTINUING CONNECTED PARTY TRANSACTIONS**
- (4) PAYMENT OF ACQUISITION FEE BY CASH TO THE MANAGER**

Reference is made to the announcement made by Fortune REIT dated 8 December 2014 in relation to the proposed acquisition of the Property.

The Board is pleased to announce that the Acquisition was completed on 9 January 2015. The Purchaser has paid in cash the balance of the Pre-Adjustment Consideration of HK\$1,829,175,000 (being a sum equivalent to the Pre-Adjustment Consideration less the Deposit) upon Completion.

Upon Completion, various existing transactions in respect of the Property conducted with CKH Group and/or the Trustee Connected Persons continued to subsist. As each of the annual income and annual expenditure for the CKH (Laguna) CCP Transactions for the Relevant Period is less than 5% of the latest net asset value of Fortune REIT as at 31 December 2013 and adjusted taking into account the valuation of Fortune REIT's portfolio as at 31 October 2014, Unitholders' prior approval for the CKH (Laguna) CCP Transactions is not required.

The Board also announces that on 9 January 2015, the Acquisition Fee of HK\$19,185,000 was paid to the Manager in cash in accordance with terms of the Trust Deed.

This announcement is made to the Unitholders pursuant to paragraph 8.14 and Chapter 10 of the REIT Code and Rule 704(30) of the Singapore Listing Manual.

Reference is made to the announcement made by Fortune REIT dated 8 December 2014 in relation to the Acquisition (the “**Acquisition Announcement**”). Unless the context requires otherwise, terms used in this announcement shall have the same meaning as those defined in the Acquisition Announcement.

(1) COMPLETION OF THE ACQUISITION

The Board is pleased to announce that all the Conditions have been satisfied and the Acquisition was completed on 9 January 2015.

The Purchaser has paid in cash the balance of the Pre-Adjustment Consideration of HK\$1,829,175,000 (being a sum equivalent to the Pre-Adjustment Consideration less the Deposit) upon Completion. The Vendor will, within 90 days after Completion, prepare and deliver to the Purchaser the Completion Balance Sheet, which will be finalised between the Vendor and the Purchaser in accordance with procedures set out in the Agreement, with a view to making any final adjustments to reflect the final adjusted net asset value of the Target Group (such adjustments may be applicable either in favour of the Purchaser or the Vendor). The Adjustment Statement shall be prepared by the Vendor and delivered to the Purchaser within 5 business days after the date on which the Completion Balance Sheet is finalized in accordance with the procedures set out in the Agreement. 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 Manager will make a further announcement when the Consideration is finally determined according to the Completion Balance Sheet and Adjustment Statement.

As mentioned in the Acquisition Announcement, 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. Such holding has been allowed by the SFC, 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 without further approval of the SFC.

(2) DRAWDOWN UNDER THE FACILITY

On 9 January 2015, a total amount of HK\$1,865,000,000 was drawn down in relation to the Facility and the existing available banking facilities, which had been used in part to finance the balance of the Pre-Adjustment Consideration and the remaining of which will be used for general corporate funding purpose.

The Facility comprises of: (a) a HK\$1,200 million 5-year secured term loan facility provided to Prolific Rainbow Limited (a wholly-owned subsidiary of Fortune REIT), which is secured by, among other things, a mortgage over the Property held by the Subsidiary as the property owner and a composite share mortgage over the shares of the Subsidiary and the Target Company; and (b) a HK\$400 million 2-year unsecured revolving credit facility provided to Lion Year Holdings Limited, a wholly-owned subsidiary of Fortune REIT, both granted by United Overseas Bank Limited as lender and the Trustee as guarantor.

(3) CONTINUING CONNECTED PARTY TRANSACTIONS

(a) Connected Persons of Fortune REIT

(1) CKH Group

For the purpose of the REIT Code, Cheung Kong is a Significant Holder (that is, a holder of 10% or more of the outstanding Units) of Fortune REIT, and is therefore a connected person (“**Connected Person**”, the term having the meaning ascribed to it in the REIT Code) of Fortune REIT under paragraph 8.1(d) of the REIT Code.

Any person who is connected to Cheung Kong as described in paragraphs 8.1(e), (f) or (g) of the REIT Code is also a Connected Person of Fortune REIT, and these persons include: (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 (collectively, and together with Cheung Kong, the “**CKH Group**”).

(2) 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 “**Trustee Connected Persons**”). As the Trustee is an indirect wholly-owned subsidiary of HSBC Holdings plc., HSBC Holdings plc and other members of its group (including The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited and their respective subsidiaries) (the “**HSBC Group**”) are also Connected Persons of Fortune REIT.

(b) Continuing Connected Party Transactions with CKH Group

The Target Group has entered into transactions with the CKH Group in respect of the Property that continued to subsist after Completion and constitute continuing connected party transactions of Fortune REIT (“**CKH (Laguna) CCP Transactions**”).

Details of the CKH (Laguna) CCP Transactions with annual income for the period from 10 January 2015 (being the date immediately after the Completion Date) to 31 December 2015 (the “**Relevant Period**”) that exceeds HK\$1 million are set out in the table below:-

Name of connected party	Nature of transaction	Gross floor area of the lease (sq. ft.)	Lease term expiry date	Income for the Relevant Period (HK\$'000)
A.S. Watson Retail (HK) Limited (Note 1)	Leasing and licensing transactions	2,680	30 November 2016	1, 842
PARKnSHOP (HK) Limited (Note 1)	Leasing and licensing transactions	33,858	30 November 2018	19,556

Note 1: The tenant is a subsidiary of Hutchison Whampoa Limited, an associate (as defined under the REIT Code) of Cheung Kong.

(c) Continuing Connected Party Transactions with the Trustee Connected Persons

The Target Group has also entered into a lease with the HSBC Group in respect of the Property that continued to subsist after Completion and such leasing transaction constitutes a continuing connected party transaction of Fortune REIT (the “**Trustee (Laguna) Transaction**”). In 2010, the SFC granted a waiver (the “**Trustee CPT Waiver**”), subject to certain terms and conditions, from strict compliance with the disclosure and unitholders’ approval requirements under Chapter 8 of the REIT Code, in respect of certain continuing connected party transactions between the Fortune REIT and companies or entities held or controlled by it (collectively, the “**Fortune REIT Group**”) on the one hand, and the Trustee Connected Persons on the other hand. As at the date of this announcement, the Trustee CPT Waiver remains in place and the relevant waiver conditions, where applicable, have been satisfied. For further details of the Trustee CPT Waiver and the terms and conditions that apply to it, please see section 17.2.2 of the listing document (the “**Introduction Listing Document**”) dated 31 March 2010 of Fortune REIT issued in connection with the listing of the Units by way of introduction on the SEHK. The nature of the Trustee (Laguna) Transaction is the same as the transactions in respect of which the Trustee CPT Waiver were granted.

The board of directors (including the independent non-executive directors) of the Manager is of the view that the CKH (Laguna) CCP Transactions and the Trustee (Laguna) Transaction (i) have been entered into in the ordinary and usual course of business and are consistent with the investment objectives and strategy of Fortune REIT; (ii) have been entered into at arm’s length and on normal commercial terms; and (iii) are fair and reasonable and in the interest of Fortune REIT and the Unitholders (including independent Unitholders) as a whole.

(d) Implications of the Continuing Connected Party Transactions under the REIT Code

As each of the annual income and annual expenditure for the CKH (Laguna) CCP Transactions for the Relevant Period is less than 5% of the latest net asset value of Fortune REIT as at 31 December 2013 and adjusted taking into account the valuation of Fortune REIT’s portfolio as at 31 October 2014, Unitholders’ prior approval for the CKH (Laguna) CCP Transactions is not required.

Details of the CKH (Laguna) CCP Transactions will be disclosed in Fortune REIT’s interim and annual reports, in accordance with applicable requirements under paragraph 8.14 of the REIT Code.

As at the date of this announcement, the waiver (the “**Existing CKH Waiver**”) granted by the SFC from strict compliance with the disclosure and unitholders’ approval requirements under Chapter 8 of the REIT Code in respect of certain continuing connected party transactions conducted with the CKH Group in the existing properties (not including the Property) owned by the Fortune REIT Group, remains in place. For the details of the Existing CKH Waiver, please refer to two circulars of Fortune REIT dated on 28 August 2013 and on 28 December 2011 respectively and the Introduction Listing Document. In view of the expiry of Existing CKH Waiver on 31 December 2015, the Manager intends to make (where appropriate and/or necessary) an application to the SFC for the modification, extension and/or renewal of the Existing CKH Waiver in respect of all properties of the Fortune REIT Group before 31 December 2015.

(4) PAYMENT OF ACQUISITION FEE TO THE MANAGER BY WAY OF CASH

The Board also announces that on 9 January 2015, the Acquisition Fee of HK\$19,185,000 was paid to the Manager in cash in accordance with terms of the Trust Deed.

GENERAL

This announcement is made to the Unitholders pursuant to paragraph 8.14 and Chapter 10 of the REIT Code and Rule 704(30) of the Singapore Listing Manual.

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, 9 January 2015

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.