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FORTUNE REAL ESTATE INVESTMENT TRUST

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

(constituted in the Republic of Singapore pursuant to a trust deed dated 4 July 2003 (as amended))

(Stock Code: Hong Kong: 778)

Managed by



ARA Asset Management (Fortune) Limited

(1) RETIREMENT AND APPOINTMENT OF TRUSTEE AND (2) SUBMISSION IN RESPECT OF PARAGRAPH 7.5(d) OF THE REIT CODE

Reference is made to the announcement made on 19 September 2019 (the "**Announcement**") in which ARA Asset Management (Fortune) Limited, as manager of Fortune Real Estate Investment Trust ("**Fortune REIT**", and the manager of Fortune REIT, the "**Manager**"), had announced the retirement of HSBC Institutional Trust Services (Singapore) Limited as trustee of Fortune REIT and the appointment of HSBC Institutional Trust Services (Asia) Limited as the new trustee of Fortune REIT. Capitalised terms used herein, which are not otherwise defined, shall have the same meanings as given to them in the Announcement.

A. RETIREMENT AND APPOINTMENT OF TRUSTEE

Further to the Announcement, the Manager wishes to announce that: (a) the Conditions Precedent have been satisfied; and (b) (i) the retirement of HSBC Institutional Trust Services (Singapore) Limited as trustee of Fortune REIT, and the appointment of HSBC Institutional Trust Services (Asia) Limited as the new trustee of Fortune REIT; and (ii) the New Trustee CPT Waiver, and the cessation of the Existing Trustee CPT Waiver, has taken effect today.

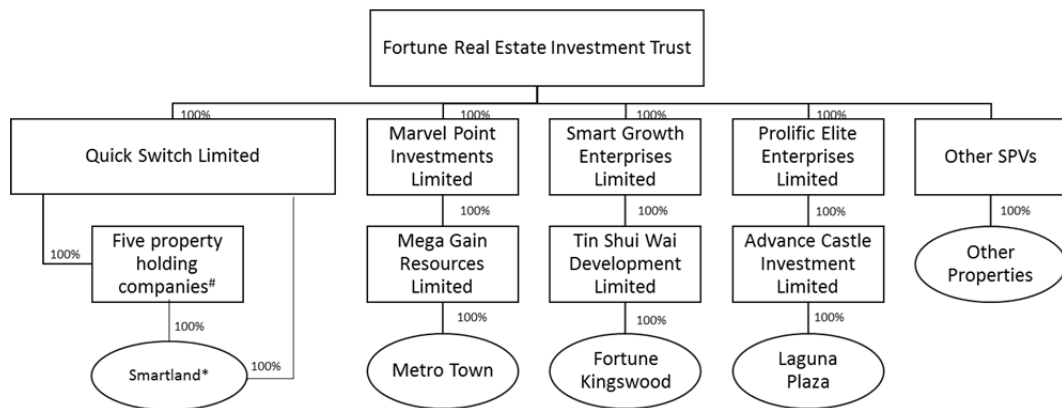
B. SUBMISSION IN RESPECT OF PARAGRAPH 7.5(d) OF THE REIT CODE

Paragraph 7.5(d) of the REIT Code provides that a REIT may hold real estate through special purpose vehicles ("SPVs") only if the REIT has no more than two layers of SPVs. Under the note to that paragraph, The Securities and Futures Commission of Hong Kong (the "SFC") has the discretion to allow a REIT to have additional layers of SPVs if justified by the particular circumstances.

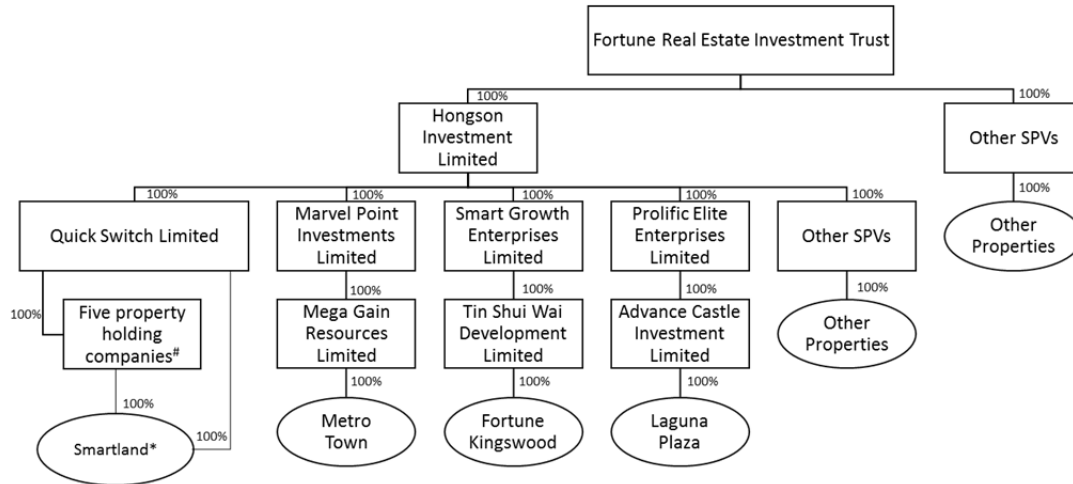
As the Change of Trustee required changing legal ownership of various SPVs of Fortune REIT, the Manager has contemporaneously restructured the manner in which Fortune REIT holds its SPVs, by interposing a new SPV, Hongson Investment Limited, between the New Trustee and various other SPVs of Fortune REIT (the "Restructuring"), which will provide flexibility and facilitate any future group reorganisations at any level of the SPVs. The Manager confirms that the Restructuring would not have any material adverse impact on Fortune REIT and the Unitholders.

Below sets out a simplified version of, respectively: (a) the holding structure of the properties of Fortune REIT immediately prior to commencement of the Restructuring; and (b) the holding structure of the properties of Fortune REIT immediately following completion of the Restructuring (the "New Holding Structure"). The New Holding Structure will result in Fortune REIT holding certain properties (namely, the properties known as Smartland, Metro Town, Fortune Kingswood and Laguna Plaza, and such properties collectively, the "Relevant Properties") through more than two layers of SPVs.

(a) Holding Structure before Restructuring:



(b) New Holding Structure:



Legend:

The five property holding companies are: Star Eastern Limited, Star Chance Limited, East Star Properties Limited, Star Leader Properties Limited and Star Treasure (Hong Kong) Limited.

*The registered owners of Shop Nos. A205, A206, A246, A247 and A253 on the 1st Floor of Smartland are Star Eastern Limited, Star Chance Limited, East Star Properties Limited, Star Leader Properties Limited and Star Treasure (Hong Kong) Limited, respectively and the registered owner of the remaining section is Quick Switch Limited.

The use of no more than three layers of SPVs in respect of the Relevant Properties as set out in the New Holding Structure has been allowed by the SFC subject to the completion of the Restructuring and the condition that there will be no change to the maximum number of layers of SPVs used by Fortune REIT in respect of the Relevant Properties without further approval of the SFC.

By order of the board of directors of
ARA Asset Management (Fortune) Limited
(in its capacity as manager of Fortune Real Estate Investment Trust)
Chiu Yu, Justina
Chief Executive Officer

Hong Kong, 24 October 2019

The Directors of the Manager as at the date of this announcement are Mr. Chui Sing Loi (alias Tsui Sing Loi) as Chairman and Independent Non-executive Director; Dr. Chiu Kwok Hung, Justin, Mr. Lim Hwee Chiang, Ms. Yeung, Eirene and Mr. Ma Lai Chee, Gerald as Non-executive Directors; Ms. Chiu Yu, Justina as Executive Director; Ms. Cheng Ai Phing, Ms. Yeo Annie (alias Yeo May Ann) and Ms. Koh Poh Wah as Independent Non-executive Directors.