



Media Release

24 August 2009

Manager of



**Fortune REIT secures refinancing and proposes to acquire
Metro Town, Caribbean Bazaar and Hampton Loft in Hong Kong**

- No refinancing needs until 2013
- Increased flexibility with HK\$2.1 billion of assets unencumbered upon refinancing
- Assets under management will increase to HK\$11.0 billion, with a total gross rentable area of 2.0 million square feet

24 August 2009. ARA Asset Management (Singapore) Limited, as manager of Fortune Real Estate Investment Trust (“Fortune REIT” and, as manager of Fortune REIT, the “Manager”), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of Fortune REIT (the “Trustee”), has by itself and through special purpose vehicles of Fortune REIT, entered into agreements for the following transactions (the “Transactions”) to strengthen Fortune REIT’s capital structure and to enlarge its investment portfolio:

- the proposed acquisition of three suburban retail properties in Hong Kong, namely Metro Town, Caribbean Bazaar and Hampton Loft (collectively, the “Properties” and the acquisitions of the Properties, the “Acquisitions”) for HK\$2,039.0 million¹;
- the securing of debt facilities of up to HK\$3,100.0 million for four years maturing in 2013 to refinance the existing term loan facility due in June 2010 and to part finance the Acquisitions (the “Debt Facilities”); and
- a fully underwritten and renounceable rights issue to raise gross proceeds of HK\$1,889.0 million (the “Rights Issue”).

“We are pleased to secure the banks’ commitment for the refinancing well ahead of the debt maturing in 2010. In addition, following the Transactions, Fortune REIT will have HK\$2.1 billion of quality assets unencumbered upon refinancing. These initiatives underscore Fortune REIT’s proactive and prudent capital management strategy.” said Ms. Justina Chiu, Chief Operating Officer of the Manager.

¹ Before adjustment for the consolidated net current assets or net current liabilities of MPI and Mega Gain as at completion,

The Acquisitions, together with other resolutions², will be subject to the approval of Unitholders at an extraordinary general meeting (“EGM”) to be convened on 11 September 2009.

The Acquisitions

The Trustee has today, by itself and through special purpose vehicles of Fortune REIT, entered into sale and purchase agreements to acquire Metro Town, Caribbean Bazaar and Hampton Loft from their respective Vendors³ for an aggregate purchase consideration of HK\$2,039.0 million. The Properties comprise a total gross rentable area (“GRA”) of 318,574 sq.ft.

Each of the Properties has been appraised by two independent valuers, Knight Frank Petty Limited and Savills Valuation and Professional Services Limited, and their aggregate valuations of the Properties as at 30 June 2009 are HK\$2,073.0 million and HK\$2,070.0 million respectively.

The Acquisitions are in line with the Manager’s acquisition growth strategy of owning retail properties with high occupancies and long term growth potential. The Manager believes that this is a good opportunity for Fortune REIT to strengthen and grow its portfolio of retail properties in Hong Kong. Following the Acquisitions, Fortune REIT’s portfolio is expected to grow by 19.1% and 23.3% in GRA and asset value respectively.

The Debt Facilities

The Trustee has today accepted letters of commitment from DBS Bank Ltd and Standard Chartered Bank (Hong Kong) Limited for a term loan and revolving credit facility comprising the following:

- (i) A HK\$480.0 million facility (the “Acquisition Facility”) due on 28 June 2010, which along with the Rights Issue net proceeds, will be used to finance the Acquisitions;
- (ii) A HK\$2,830.0 million facility to be drawn down on or before 28 June 2010 to refinance the existing term loan facility of HK\$2,348.7 million due on 28 June 2010 and the Acquisition Facility; and
- (iii) A HK\$270.0 million revolving loan facility (the “New Revolving Facility”) to be used for general corporate funding purposes.

The Debt Facilities have a term of four years from the loan agreement date and bear an interest margin of 2.0% per annum over the Hong Kong Interbank Offer Rate.

² There are two other resolutions seeking Unitholders’ approval during the EGM: (i) the proposed whitewash resolution relating to the Rights Issue and (ii) the proposed trust deed amendment to facilitate equity fund raisings.

³ Being Mcbride International Limited in the case of Metro Town, MTR Corporation Limited in the case of Caribbean Bazaar and Global Coin Limited in the case of Hampton Loft. Mcbride International Limited and Natisone Investments Limited are the respective subsidiaries of Cheung Kong (Holdings) Limited (“Cheung Kong”) and Nan Fung Development Limited, while Global coin Limited is a subsidiary of Cheung Kong.

Upon the refinancing of the existing term loan facility and the Acquisition Facility, the Debt Facilities referred to in (ii) and (iii) will be secured by the Existing Properties of Fortune REIT⁴ and the Properties will be left unencumbered. This will provide greater financial flexibility for Fortune REIT in terms of capital management going forward.

The Rights Issue

The Manager proposes to issue 824,879,427 units (“Rights Units”) through a fully underwritten and renounceable Rights Issue on a basis of one Rights Unit for every one existing Unit at an issue price of HK\$2.29 per Rights Unit (“the Rights Issue Price”) to raise gross proceeds of HK\$1,889.0 million. The Rights Issue Price is at an attractive discount of 44.1% to the last traded price (“Closing Price”) of HK\$4.10 per Unit on 20 August 2009 and 28.3% to the theoretical ex-rights price (“TERP”) of HK\$3.20 per Unit.

The net proceeds of the Rights Issue will be used mainly to part finance the Acquisitions. The balance of the net proceeds will be used for working capital, debt related costs in relation to the Debt Facilities and general corporate purposes, as well as asset enhancement initiatives.

Eligible Unitholders⁵ who do not wish to subscribe for the Rights Units may choose to renounce or trade their pro-rata entitlements to the Rights Units (“Rights Entitlements”) during the “nil-paid” rights trading period and are eligible to apply for excess Rights Units.

To demonstrate its continued support for Fortune REIT, Cheung Kong (together with its subsidiaries and associated companies) has committed to subscribe for up to 50.0% of the total size of the Rights Issue including its pro-rata entitlement under the Rights Issue based on its stake of approximately 31.9%.

Rationale for the Acquisitions

The Manager believes that the Acquisitions will bring the following key benefits to Unitholders:

- Enlarged exposure to Hong Kong suburban retail;
- Acquisition of quality assets with high occupancy and strategic location;
- Enhanced portfolio diversification and increased economies of scale; and
- Increased liquidity through attractive funding from the Rights Issue.

⁴ Existing Properties of Fortune REIT include 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.

⁵ Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and such Unitholders who the Manager, on behalf of Fortune REIT, and in consultation with the Joint Lead managers and Underwriters determine, may be offered Rights Units without breaching applicable securities laws. Market Day refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

Effects of the Transactions

Following the completion of the Transactions, Fortune REIT's assets under management is expected to increase to HK\$11.0 billion with a total gross rentable area of 2.0 million square feet. The Aggregate Leverage⁶ is expected to decrease from 25.7% to 24.9%⁷, with HK\$2.1 billion of assets unencumbered upon the refinancing of the existing term loan facility due on 28 June 2010.

"The Acquisitions are in line with our strategy to expand and diversify Fortune REIT's portfolio in Hong Kong, which will seek to grow our income stream. We believe the Transactions provide Fortune REIT with a strengthened financial platform for future growth and will enhance overall value to Unitholders," concluded Mr. Justin Chiu, Chairman of the Manager.

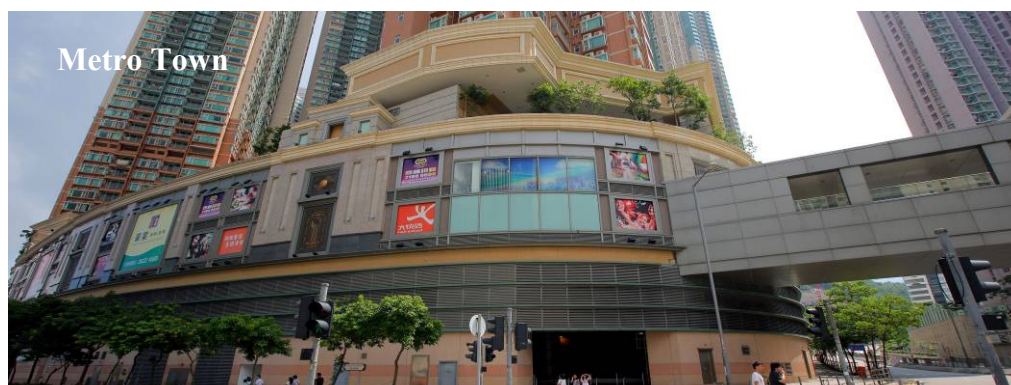
Fortune REIT has today issued the Unitholders' circular to convene an EGM to seek Unitholders' approval for the Acquisitions and other resolutions. Please refer to the Unitholders' circular for more details.

⁶ "Aggregate Leverage" refers to the ratio of the value of total borrowings and deferred payments (if any) 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.

⁷ Assuming the New Revolving Facility is not drawn down.

Overview of the Properties

	Metro Town	Caribbean Bazaar	Hampton Loft
Location	Tseung Kwan O	Tung Chung	West Kowloon
GRA	180,822 sq.ft.	63,018 sq.ft.	74,734 sq.ft.
Occupancy (as at 30 Jun 09)	93.1%	97.5%	100.0%
Valuation ⁸ (as at 30 Jun 09)	HK\$1,480.0m HK\$1,481.0m	HK\$430.0m HK\$431.0m	HK\$160.0m HK\$161.0m
Purchase Consideration	HK\$1,452.0m ⁹	HK\$428.0m	HK\$159.0m



⁸ There are two independent valuations carried out by Knight Frank Petty Limited and Savills Valuation and Professional Services Limited respectively.

⁹ Before adjustment for the consolidated net current assets or net current liabilities of MPI and Mega Gain as at completion.

Key terms of the Rights Issue

Offer Structure	<ul style="list-style-type: none">• 1-for-1 Rights Issue• Fully underwritten and renounceable Rights Issue• Gross proceeds of HK\$1,889.0 million• 824,879,427 Rights Units to be issued
Rights Issue Price	<ul style="list-style-type: none">• HK\$2.29 per Rights Unit, representing:<ul style="list-style-type: none">- 44.1% discount to Closing Price of HK\$4.10 per Unit- 28.3% discount to TERP of HK\$3.20 per Unit- 54.0% discount to NAV of HK\$4.98 per Unit
Pro Forma FY2008 Yield	10.0% based on Rights Issue Price of HK\$2.29 and proforma FY2008 DPU of 22.97 HK cents.
Distribution	The Rights Units will be entitled to any distribution which may accrue from 1 July 2009.
Sponsor's Commitment	Cheung Kong, through its subsidiary Focus Eagle Investments Limited, is committed to subscribe up to 43.2% of the total Rights Issue size, including undertaking to fully subscribe for its provisional allotment of 31.9%. In addition, a Cheung Kong's associate Hutchison Whampoa Limited, through its subsidiary Ballston Profits Limited, is undertaking to fully subscribe for its provisional allotment of 6.8%.
Joint Lead Managers and Underwriters	Cazenove & Co. (Singapore) Pte. Limited (a Standard Chartered group company) ¹⁰ and DBS Bank Ltd

¹⁰ Cazenove & Co.(Singapore) Pte. Limited is a wholly-owned subsidiary of Cazenove Asia Limited and a Standard Chartered group company. The mark "Cazenove" and marks containing "Cazenove" are trade marks of Cazenove IP Limited and are used under limited licence. Cazenove Asia Limited, Cazenove & Co. (Singapore) Pte. Limited, its subsidiaries and affiliates companies are now subsidiaries or affiliated companies of Standard Chartered Bank (Hong Kong) Limited, and are not affiliated with JPMorgan Cazenove Limited, Cazenove Inc., or their subsidiaries.

Indicative Timeline¹¹ for the Rights Issue

Event	Date and Time
Announcement of Rights Issue	24 August 2009
Last Date and time to lodge proxy forms	9 September 2009, 2.30 p.m.
EGM	11 September 2009, 2.30 p.m.
Rights Issue Books Closure Date	17 September 2009, 5.00 p.m.
Commencement of “nil-paid” rights trading period	23 September 2009
Close of “nil-paid” rights trading period	1 October 2009
Close of Rights Issue	7 October 2009
Expected date of issue of Rights Units	15 October 2009
Expected date of commencement of trading of the Rights Units on Singapore Exchange Securities Trading Limited (the “SGX-ST”)	16 October 2009

END

¹¹ The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manger's absolute discretion.

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\$8.9 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.

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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Important Notice

The value of Fortune REIT units (“Units”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Fortune REIT is not necessarily indicative of the future performance of Fortune REIT.

This press release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses, including employee wages, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

This document is not an offer of securities for sale in the United States or elsewhere. The securities of Fortune REIT are not being registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. There will be no public offering of the securities in the United States