

Press Release

Fortune REIT Proposes to Acquire Belvedere Garden Property and Provident Centre Property at a Yield of 5.2% and 4.8% respectively For a Total Consideration of HK\$1,900 million

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Increase Portfolio Size by 23%

(28 December 2011) – **ARA Asset Management (Fortune) Limited** (the “**Manager**”), manager of Fortune Real Estate Investment Trust (“**Fortune REIT**”; SEHK: 778; SGX: F25U), is pleased to announce Fortune REIT has today entered into conditional purchase agreements to acquire two retail properties in Hong Kong, namely the Belvedere Garden Property and the Provident Centre Property (the “**New Properties**”), for a total consideration of HK\$1,900 million.

The purchase consideration for Belvedere Garden Property and Provident Centre Property are HK\$1,250 million and HK\$650 million respectively, both at a discount to their respective independent valuations¹. According to the valuation report done by Knight Frank Pretty Limited (“**Knight Frank**”), an independent property valuer, Belvedere Garden Property had an appraised value of HK\$1,300 million as at 30 September 2011, with an estimated net property yield of 5.2%; while Provident Centre Property had an appraised value of HK\$680 million as at 30 September 2011, with an estimated net property yield of 4.8%.

The acquisition of the New Properties (the “**Acquisition**”) will increase Fortune REIT’s gross rentable area by 23% and will be beneficial to the Unitholders. Based on the pro-forma financials for the six months ended 30 June 2011², the Distribution Per Unit (“**DPU**”) of the enlarged portfolio would be 13.66 HK cents, an increase of 6.7% from the DPU of 12.80 HK cents of the existing portfolio.

The Acquisition will be funded by Fortune REIT’s available bank facilities and internally generated funds. Fortune REIT will efficiently utilize its existing available revolving credit facility of HK\$970 million bearing a low interest margin of 0.91% per annum above HIBOR, while a new loan facility of HK\$1,400 million will be secured at an interest margin of 2.0% per annum above HIBOR. Following the Acquisition, the gearing ratio will remain prudent at approximately 26.3%. (as at 30 September 2011: 20.1%)

Mr. Chiu Kwok Hung, Justin, Chairman of the Manager, said, “Starting with five retail malls in 2003, Fortune REIT has delivered eight consecutive years of growth in total revenue, net income and distributable income as our property portfolio expanded to 14 malls over the years. The Acquisition again demonstrates that we can sustain this growth story by acquiring another two quality assets of a total area of 457,100 sq. ft. through efficiently utilizing our available debt headroom, thus optimizing the financing cost of the Acquisition and bringing about increased returns to our Unitholders.”

¹ Two independent property valuers, namely Knight Frank Pretty Limited (“**Knight Frank**”) and Savills Valuation and Professional Services Limited (“**Savills**”), were appointed to conduct valuation for the New Properties. According to the valuation report by Savills, Belvedere Garden Property had an appraised value of HK\$1,340 million as at 30 September 2011, with an estimated net property yield of 5.0%; while Provident Centre Property had an appraised value of HK\$680 million as at 30 September 2011, with an estimated net property yield of 4.8%.

² Assuming the New Properties had been acquired by Fortune REIT since 1 January 2011.

Press Release

“The New Properties provides Fortune REIT with an additional source of stable and growing rental income, as well as a more diversified income and tenant mix. With a strong asset enhancement initiatives (AEIs) track record of achieving a return on investment of 22% at Fortune City One Plus and 73% at Ma On Shan Plaza in the past two years, we are confident that there is plenty of room for enhancement of these two assets under a more efficient management and future renovation plans. The Manager remains positive about the outlook of the Hong Kong retail market and the Acquisition provides Unitholders with an opportunity to capitalize on growing retail demand. Looking ahead, we will continue to achieve growth by evaluating potential acquisition opportunities and commencing AEIs at suitable properties.”

The Belvedere Garden Property - Enjoys a catchment of approximately 30,000. Located in Tsuen Wan, the Belvedere Garden Property is the only retail mall of its scale within the area which comprise a large residential population of approximately 30,000 people. The Manager sees asset enhancement opportunities in this mall by optimizing the tenant mix and refreshing its image with a primary focus towards supporting the necessity shopping needs of the nearby population.



About Belvedere Garden Property

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| Location | Tsuen Wan, Hong Kong |
| Gross Rentable Area (excluding car parking lots) | 276,862 sq. ft. |
| Number of car parking lots | 329 |
| Occupancy rate (as at 30 September 2011) | 98.7% |
| Purchase Consideration | HK\$1,250 million (HK\$4,515 per sq. ft.) |
| Valuation by Independent Valuers (as at 30 September 2011) | By Knight Frank: HK\$1,300 million - estimated net property yield of 5.2% By Savills: HK\$1,340 million - estimated net property yield of 5.0% |

Press Release

The Provident Centre Property – First foray into Hong Kong Island. As Fortune REIT's first property acquisition on the Hong Kong Island, the Provident Centre Property will not only diversify the portfolio geographically but also allows Fortune REIT to leverage on the growing spending power in the North Point neighborhood. The occupancy rate of the Provident Centre Property was 92.3% as at 30 September 2011. The Manager is confident of increasing the occupancy within a reasonable period which will immediately enhance the overall income from this property. In a longer term, the Manager is positive that the vibrant reshaping of the North Point area arising from the upcoming redevelopment on the Oil Street site as well as the Ex-North Point Estate Site will bring further growth prospect for this property.



About Provident Centre Property

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| Location | North Point, Hong Kong |
| Gross Rentable Area (excluding car parking lots) | 180,238 sq. ft. |
| Occupancy rate (as at 30 September 2011) | 92.3% |
| Purchase Consideration | HK\$650 million (HK\$3,606 per sq. ft.) |
| Valuation by Independent Valuers (as at 30 September 2011) | By Knight Frank and Savills: HK\$680 million - estimated net property yield of 4.8% |

The Acquisition will be subject to the approval of independent Unitholders at an extraordinary general meeting which is expected to be held on 19 January 2012.

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Press Release

About Fortune REIT. Fortune Real Estate Investment Trust ("Fortune REIT") is a real estate investment trust constituted by a Trust Deed entered into on 4 July 2003 (as amended) made between ARA Asset Management (Fortune) Limited, 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 and The Stock Exchange of Hong Kong Limited on 12 August 2003 and 20 April 2010 respectively.

Fortune REIT holds a portfolio of fourteen retail properties in Hong Kong, spread across Kowloon and the New Territories, comprising approximately 2.0 million square feet of retail space and 1,660 car parking lots. The retail properties are Fortune City One (formerly known as City One Shatin Property), Ma On Shan Plaza, Metro Town, Fortune Metropolis (formerly known as The Metropolis Mall), Waldorf Avenue (formerly known as Waldorf Garden Property), Caribbean Square (formerly known as Caribbean Bazaar), Smartland, Tsing Yi Square (formerly known as Tsing Yi Square Property), Jubilee Square (formerly known as Jubilee Court Shopping Centre), Nob Hill Square (formerly known as The Household Center), Centre de Laguna (formerly known as Centre de Laguna Property), Hampton Loft, Lido Avenue (formerly known as Lido Garden Property) and Rhine Avenue (formerly known as Rhine Garden Property). They house tenants from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers. More information can be found at www.fortunereit.com.

About ARA Asset Management (Fortune) Limited, the Manager. Fortune REIT is managed by ARA Asset Management (Fortune) Limited, a wholly-owned subsidiary of ARA Asset Management Limited, which is listed on the Main Board of the Singapore Exchange Securities Trading Limited. More information can be found at www.ara-asia.com.

Disclaimer. The information contained in this press release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for Units in Fortune REIT in Hong Kong, Singapore or any other jurisdiction.

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