

Press Release

Fortune REIT Enters into Memorandum of Understanding to Acquire Kingswood Ginza Property at a Purchase Consideration of HK\$5.8 billion

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Capturing the Growing Demand from Expanding Population in Hong Kong's Northwest New Territories and Mainland Visitors

(30 July 2013) **ARA Asset Management (Fortune) Limited** (the “**Manager**”), manager of Fortune Real Estate Investment Trust (“**Fortune REIT**”; SEHK: 778; SGX: F25U), announced today that Fortune REIT has entered into a memorandum of understanding (the “**MOU**”) to acquire Kingswood Ginza Property (the “**Property**”) in Tin Shui Wai, Hong Kong, at a purchase consideration of HK\$5,849 million (the “**Acquisition**”).

Benefits of the Acquisition

- ✓ **The acquisition is expected to be yield-accretive¹ and provides strong growth potential through asset enhancement initiatives (“AEIs”)**
- ✓ **A quality income-producing retail asset that has high occupancy and serves a large immediate catchment with a diversified trade mix of over 200 tenants, providing additional stable income stream to Fortune REIT**
- ✓ **Strategically located in the center of Tin Shui Wai residential area and being the largest shopping mall in the Yuen Long district, the Property is in good position to capture the growing demand from mainland China visitors as well as the expanding residential population in the area**
- ✓ **The Acquisition expands Fortune REIT portfolio, enhances its income diversification and increases economies of scale**

Description of the Acquisition

Located in Tin Shui Wai, New Territories, the largest new town in Hong Kong that comprises a number of private, as well as public and home ownership scheme housing estates, Kingswood Ginza Property is the largest shopping center in the Yuen Long district. The Property serves a catchment of close to 288,000 populations and the hotel residents of the 1,102-rooms Harbour Plaza Resort City, as well as many visitors from mainland China due to its close proximity to the mainland border.

Kingswood Ginza Property enjoys a large immediate catchment and thus the majority of its tenants are engaged in supplying daily necessities for the neighborhood. The **high occupancy of 95.5%²** and the **diversified tenant base** of more than 200 tenants are expected to provide Fortune REIT with a **stable cash flow from its income**. The Property also **increases Fortune REIT's gross rentable area from the current 2.45 million sq ft by 665,244 sq ft**, and provides a **more diversified income stream**. It will also increase the economies of scale for the operations and management of Fortune REIT.

¹ Further details regarding the accretive effect of the Acquisition will be set out in the circular to Unitholders in relation to, among others, the Acquisition.

² The occupancy rate is calculated based on leased Gross Rentable Area in sq. ft., excluding the parking lots and ancillary spaces as at 30 June 2013.

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Apart from the densely populated residential area in Tin Shui Wai as well as its close proximity to mainland China border, Kingswood Ginza Property is also expected to benefit from the well developed infrastructure and on-going development in the northwest New Territories. The MTR West Rail Line connects major areas of the northwest New Territories with many areas of Kowloon, while the Hong Kong-Shenzhen Western Corridor strengthens the integration of mainland China and the northwest New Territories. The Lok Ma Chau cross border control point in Yuen Long also enhances its accessibility with mainland China. In addition, the Property will also benefit from the proposed Hung Shui Kiu New Development Area which will house around 218,000 people. Kingswood Ginza Property is therefore well-positioned to capture the growing demand from the visitors of mainland China as well as the expanding residential area nearby.

Dr. Chiu Kwok Hung, Justin, Chairman of the Manager, said, "Acquiring quality assets is one of the key growth strategies of Fortune REIT and the Acquisition once again proves our ability to identify an ideal target and expand our portfolio of retail malls. The Manager is positive that the increasing population surrounding Tin Shui Wai as well as rising number of visitors from Mainland China will bring further growth prospects for the Property. We are confident to leverage on our strong track record of proactive asset management and enhancement plans to maximise the full potential of Kingswood Ginza Property."

The Manager expects to finance the consideration of the Acquisition amounting to HK\$5,849 million by (a) drawing down approximately HK\$5,085 million under new bank facilities, and (b) using the net proceeds of approximately HK\$764 million from a proposed unit placement (gross proceeds: HK\$780 million). Following the drawdown of the new facilities, the gearing ratio will increase to approximately 34.5% which is within the borrowing limits under the Singapore Property Funds Appendix and the Hong Kong REIT Code.

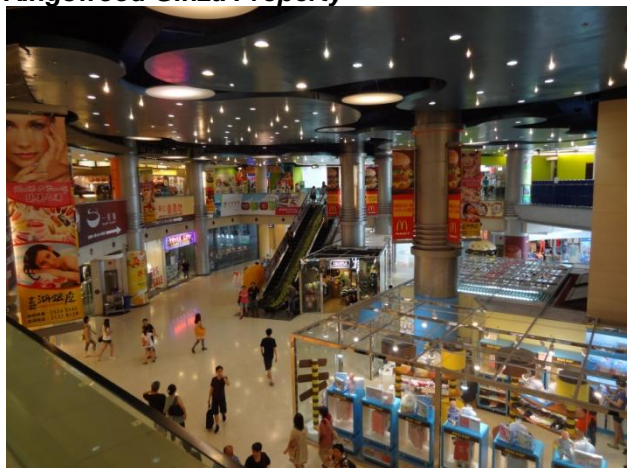
Mr. Anthony Ang, Chief Executive Officer of the Manager, concluded, "The Manager's prudent capital management enables the Acquisition to be financed through an efficient utilisation of our available loan facility while maintaining a reasonable gearing. Looking ahead, we will continue to capitalise on the growing retail demand in Hong Kong by evaluating potential acquisition opportunities and executing AEs to maintain our good growth track records."

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About Kingswood Ginza Property

Location	Tin Shui Wai, Yuen Long District, New Territories, Hong Kong
Gross Rentable Area (excluding car parking lots)	665,244sq. ft.
Number of Tenants	206
Number of parking lots	622
Monthly rental per leased sq. ft. ³	HK\$27.4
Occupancy Rate as at 30 June 2013	95.5%
Net Property Income for the 6 Months Ended 30 June 2013	HK\$110.4 million
Purchase Consideration	HK\$5,849 million
	HK\$5,858 million, by <i>Jones Lang LaSalle Limited</i>
Appraised value as at 30 June 2013	HK\$5,850 million, by <i>Savills Valuation and Professional Services Limited</i>

Kingswood Ginza Property



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³ The monthly rental per leased sq. ft. is calculated by dividing gross rental income for the month ended 30 June 2013 by leased gross rentable area as at 30 June 2013

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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 sixteen retail properties in Hong Kong, comprising approximately 2.45 million sq ft of retail space and 1,984 car parking lots. The retail properties are Fortune City One, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Belvedere Square, Waldorf Avenue, Caribbean Square, Provident Square, Jubilee Square, Smartland, Tsing Yi Square, Nob Hill Square, Centre de Laguna, Hampton Loft, Lido Avenue and Rhine Avenue. 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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