

Press Release

Fortune REIT to Acquire Laguna Plaza (麗港城商場) for HK\$1,918.5 million At 4.3% Yield

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The First Acquisition from an Independent Third Party
Potential Synergies with Centre de Laguna and Stronger Retail Presence in Kowloon East

(8 December 2014) – **ARA Asset Management (Fortune) Limited** (the “**Manager**”), manager of Fortune Real Estate Investment Trust (“**Fortune REIT**”; SEHK: 778; SGX: F25U), has announced today that Fortune REIT (through a wholly-owned subsidiary) entered into a sale and purchase agreement to acquire Laguna Plaza (麗港城商場) in Kwun Tong, Hong Kong (“the Property”), for HK\$1,918.5 million¹ (“the Acquisition”). The purchase price represents a 7.8% discount to the valuation conducted by an Independent Valuer, with a yield of 4.3%. **This marks Fortune REIT’s first-ever acquisition from an independent third party.**

About Laguna Plaza. The Property is located at 88 Cha Kwo Ling Road, Laguna City, Kwun Tong, Kowloon, Hong Kong. The Property has a gross rentable area of 163,203 sq.ft. and 150 car parking lots. As at 31 October 2014, the committed occupancy was 96.7%.

Located in Kwun Tong, in the heart of Kowloon East, Laguna Plaza is fortuitously situated within the large scale private housing estate, Laguna City. It benefits from an immediate large residential catchment of 8,000 units within Laguna City and another 4,000 units in Sceneway Garden. Built in 1991 as the major commercial component of Laguna City, it is just a convenient five-minute walk from the Lam Tin MTR station through a covered footbridge and walkway. As at 31 October 2014, the Property had an appraised value of HK\$2,080 million by Jones Lang LaSalle Limited, an independent property valuer.

To create synergies and add value to the existing portfolio. The Acquisition is a perfect fit with Fortune REIT’s investment strategy as the Property, with high occupancy and long term growth potential, mainly serves the non-discretionary spending needs of nearby residents. The Property reinforces and complements our foothold in the catchment – the combination of Laguna Plaza with our nearby Centre de Laguna together forms a substantial commercial component of Laguna City, thus providing Fortune REIT with the potential to streamline operations and further optimise the tenant mix in the future. By creating such synergies, the growth potential of both properties is expected to be further enhanced.

Yield-enhancing acquisition with 3.3% DPU accretion. Assuming Laguna Plaza had been acquired by Fortune REIT on 1 January 2013, the pro-forma Distribution Per Unit (“DPU”) of the enlarged portfolio would have increased by 3.3% to 37.20 HK cents from the actual DPU of 36.00 HK cents of the existing portfolio for the 12 months ended 31 December 2013.

Mr. Anthony Ang, Chief Executive Officer 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 in identifying an ideal target to expand our portfolio of retail malls. The Manager is positive that the vibrant transformation of the Kowloon East area into a new CBD can bring further growth prospects for this property. On the other hand, leveraging our robust AEI track record and the potential synergies of the Acquisition with our existing portfolio, we are confident that the full growth potential of Laguna Plaza will be maximised.”

¹ Subject to adjustment by reference to current assets less current liabilities at completion.

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The Acquisition will be fully funded by debt and the gearing ratio is expected to increase to 33.9%. Upon completion of the Acquisition, Fortune REIT will hold a portfolio of 18 private housing estate retail properties with a total gross rentable area of 3.27 million square feet. Completion is expected to take place on 9 January 2015.

Mr. Ang concluded, "This first acquisition from an independent third party is a significant milestone for Fortune REIT and demonstrates our commitment in enhancing returns for unitholders with yield-accretive acquisitions. We are delighted as the Acquisition further advances Fortune REIT's position as the leading investor and manager of private housing estate shopping malls in Hong Kong."

The exterior and interior of Laguna Plaza



Location Map of Laguna Plaza and Centre de Laguna



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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. Listed on 12 August 2003 on the Singapore Exchange Securities Trading Limited with a dual primary listing on The Stock Exchange of Hong Kong Limited on 20 April 2010, Fortune REIT was Asia's first cross-border REIT and also the first REIT to hold assets in Hong Kong.

Fortune REIT currently holds a portfolio of 17 private housing estate retail properties in Hong Kong, comprising of 3.11 million sq ft of retail space and 2,606 car parking spaces. The retail properties are Fortune City One, Fortune Kingswood, 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, Hampton Loft, Centre de Laguna, 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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