

Press Release

Fortune REIT Disposes Nob Hill Square for HK\$648 million at 2.9% yield 48% premium to Valuation

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Successfully Unlock Value with HK\$200 million Disposal Gain

11 February 2015. **ARA Asset Management (Fortune) Limited** (the “**Manager**”), the manager of Fortune Real Estate Investment Trust (“**Fortune REIT**,” SEHK: 778; SGX: F25U), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of Fortune REIT, has entered into an agreement with an independent third party in respect of the disposal of Nob Hill Square (盈暉薈) for HK\$648 million (the “**Divestment**”). This is Fortune REIT’s first ever asset divestment in its 11 years of operating history.

Strategic divestment to unlock value for our Unitholders. The Divestment is part of the Manager’s proactive strategies to unlock value from the portfolio. The sale price of HK\$648 million represents a 48% premium over the appraised value of HK\$438 million¹ of the Property. A disposal gain of approximately HK\$200 million is expected to be recorded from the Divestment upon completion. The Divestment is accretive to the net asset value of Fortune REIT and it enables the Manager to streamline its operations and allocate resources more efficiently.

2.9% Property Yield. Nob Hill Square (盈暉薈), located in Kwai Chung, New Territories, is the commercial podium of Nob Hill (盈暉臺) and has a total gross rentable area of 91,779 sq.ft. with 43 commercial car parking spaces. As part of Fortune REIT’s initial portfolio when it was listed in Singapore in 2003, the Property constitutes 2.8% of Fortune REIT’s portfolio by area. The sale price is 2.8 times the original purchase price² of the Property by Fortune REIT and translates to a 2.9% yield based on the net property income of the Property for the year ended 31 December 2014. The Divestment is expected to be completed in April 2015.

Enhanced financial position to fuel future growth. Net proceeds from the Divestment will be used for the repayment of existing loan. Upon completion, Fortune REIT’s gearing ratio is expected to be reduced to approximately 31.8%. A lower gearing will provide Fortune REIT with greater financial flexibility to pursue better-yielding opportunities as they arise.

Ms Justina Chiu, Chief Executive Officer of the Manager, said, “We constantly review our portfolio and strive to derive the maximum returns and best value for our unitholders. We are pleased that our first-ever divestment will realize a disposal gain of approximately HK\$200 million and therefore unlock value from our portfolio. With a greater financial flexibility after the Divestment, Fortune REIT will be in a better position to pursue growth opportunities. We maintain our commitment to drive our portfolio growth and create greater value for our unitholders in the long run.”

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¹ Valuation as at 31 December 2014 by Jones Lang LaSalle Limited, an independent valuer.

² Fortune REIT acquired the Property at HK\$233 million in 2003.

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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 currently holds a portfolio of 18 private housing estate retail properties in Hong Kong, comprising of 3.27 million sq.ft. of retail space and 2,756 car parking spaces. The retail properties are Fortune City One, Fortune Kingswood, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Laguna Plaza, Belvedere Square, Waldorf Avenue, Caribbean Square, Provident Square, Jubilee Square, Smartland, Centre de Laguna, Tsing Yi Square, Nob Hill Square, 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, Asia's premier integrated real estate fund manager which is listed on the Main Board of the Singapore Exchange Securities Trading Limited since November 2007. 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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