

Press Release

Fortune REIT Disposes Provident Square for HK\$2.0 Billion at 1.8% Yield Exceeds Appraised Value by More Than 88%

* * * *

Successfully Unlocks Value with HK\$921 Million Disposal Gain

19 December 2017. **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 Fortune REIT, through a wholly-owned subsidiary, has entered into an agreement with an independent third party in respect of the disposal of Provident Square (和富薈) for HK\$2.0 billion (the “Divestment”). It represents an annualised yield of 1.8% based on the net property income for the six months ended 30 June 2017.

Disposal at over 3 times of purchase price and 88.5% over appraised value. With a gross rentable area of 180,238 sq ft, Provident Square (和富薈), is the commercial podium of Provident Centre (和富中心) in North Point, Hong Kong. Provident Square was added to Fortune REIT’s portfolio in 2012 at a purchase price of HK\$650 million. During its five-year holding period, the Manager has created tremendous value for Provident Square via active asset management and asset enhancement initiatives, as the Property has been sold at over 3 times its purchase price and 88.5% over its appraised value¹ as at 30 November 2017. Completion is expected to take place on 28 February 2018. Provident Square contributed 2.5% of Fortune REIT’s net property income for the six months ended 30 June 2017.

Strategic divestment unlocks asset’s value. The Divestment is part of the Manager’s proactive asset management strategy to optimise returns for Unitholders. With a disposal gain of approximately HK\$921 million upon completion, the Divestment not only unlocks the value of the asset, but also brings accretion to the net asset value of Fortune REIT. Proceeds would be used for potential asset enhancement and investment opportunities, in addition to general working capital purposes including debt repayment.

Ms. Justina Chiu, Chief Executive Officer of the Manager, said, “As a responsible Manager, we constantly review our portfolio and strive to maximise return for our Unitholders. With a reduced gearing of approximately 25.6% upon completion, Fortune REIT will also have no refinancing needs until 2020 and greater financial capability to pursue higher-yielding opportunities going forward. We maintain our commitment to drive our portfolio growth and create greater value for our Unitholders in the long run.”

End

¹ Provident Square was appraised at HK\$1,061 million as at 30 November 2017 by Knight Frank Petty Limited.

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 is primary listed on The Stock Exchange of Hong Kong Limited and secondary listed on the Singapore Exchange Securities Trading Limited. Fortune REIT is 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 3.18 million sq.ft. of retail space and 2,713 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, Tsing Yi 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, a premier integrated real estate fund manager driven by a vision to be the best-in-class Asian real estate fund management company focused on the management of real estate investment trusts (REITs) and private real estate funds. 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.

Media and investor contacts

ARA Asset Management (Fortune) Limited

Justina Chiu
Chief Executive Officer
justinachiu@ara.com.hk

Jenny Hung
Director, Investments and Investor Relations
jennyhung@ara.com.hk

Ivan Hui
Manager, Investor Relations and Research
ivanhui@ara.com.hk

Strategic Financial Relations Limited

Mandy Go
mandy.go@sprg.com.hk
+852 2864 4812

Maggie Au
maggie.au@sprg.com.hk
+852 2864 4815