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Fortune Real Estate Investment Trust

(constituted in the Republic of Singapore pursuant to a trust deed dated 4 July 2003 (as amended) and authorized as a collective investment scheme under section 286 of the Securities and Futures Act, Chapter 289 of Singapore)

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: Singapore: F25U and Hong Kong: 778)

Managed by

ARA Asset Management (Fortune) Limited

IN-PRINCIPAL APPROVAL FOR PROPOSED CONVERSION IN LISTING STATUS ON THE MAIN BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Manager (as defined herein) has received in-principle approval from The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the proposed conversion in listing status on the Main Board of the SGX-ST from a primary listing to a secondary listing while maintaining its primary listing status on The Stock Exchange of Hong Kong Limited (the "**SEHK**").

Unitholders and potential investors in the units of Fortune REIT should note that the Proposed Conversion is subject to Unitholders' approval. There is no guarantee that such approval will be obtained from the Unitholders. ACCORDINGLY, UNITHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE UNITS OF FORTUNE REIT.

1. INTRODUCTION

The board of directors (the "**Board**") of ARA Asset Management (Fortune) Limited (the "**Manager**"), as manager of Fortune Real Estate Investment Trust ("**Fortune REIT**"), wishes to announce that Fortune REIT has been exploring the possibility of changing its listing status on the Main Board of the SGX-ST from a primary listing to a secondary listing whilst retaining its primary listing on the SEHK (the "**Proposed Conversion**").

2. THE PROPOSED CONVERSION

2.1 The Manager has taken into account, *inter alia*, the following principal considerations in deciding to proceed with the Proposed Conversion:

2.1.1 Compliance costs

Since its dual primary listing on the SGX-ST and the SEHK, Fortune REIT has had to comply with the stricter requirements of the two exchanges. The cost of compliance of both the SGX-ST Listing Manual and the Hong Kong Listing Rules have increased since Fortune REIT's dual listing in 2010 and significant resources have to be devoted for such compliance, of which such compliance burden and costs have to be borne by all unitholders of Fortune REIT (the "**Unitholders**"). The Manager considers that the Proposed Conversion will reduce legal and compliance costs for Fortune REIT, as well as free up resources for other critical aspects of Fortune REIT's growth and operations.

2.1.2 Migration of Unitholders from Singapore to Hong Kong

Fortune REIT has experienced a continuous migration of its Unitholders from Singapore to Hong Kong since its dual-listing in 2010. As at 31 July 2015, 74.3% of the units of Fortune REIT (the "**Units**") are Hong Kong registered and only 25.7% of the Units are Singapore registered.

2.1.3 Trading Volume

The trading liquidity of the Units on the SEHK has been generally been better than Singapore and the Unit prices have consistently closed higher in Hong Kong versus Singapore. As Fortune REIT's operations are mainly carried out in Hong Kong, the Manager expects a continuing trend where a large proportion of trades are executed on the SEHK rather than the SGX-ST.

2.1.4 Concentration of Fortune REIT's assets in Hong Kong

Fortune REIT's properties are all located in Hong Kong and the listing currency is Hong Kong dollars. The Manager considers that the maintaining of the primary listing on the SEHK and the reclassification of the listing on the SGX-ST as a secondary listing would better reflect the geographical asset profile of Fortune REIT.

2.2 Details of the abovementioned principal considerations will be provided in the circular to Unitholders (the "**Circular**").

2.3 Accordingly, the Manager had submitted an application to the SGX-ST to seek a ruling in relation to the Proposed Conversion and the SGX-ST has given its approval in principal to the Proposed Conversion. The conditions are set out below.

2.4 The Manager considers that the Unitholders in Singapore and Hong Kong would not be adversely affected by the Proposed Conversion and it would not change the Unitholders' rights, irrespective of where the Unitholders hold their Units. The Manager believes that the Unitholders' ability to trade the Units on both the SGX-ST and the SEHK would not be in any way prejudiced. In addition, Fortune REIT will still be required to comply with the Code on Real Estate Investment Trusts (the "**REIT Code**") and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

3. IN-PRINCIPAL APPROVAL FROM THE SGX-ST

The in-principle approval given by the SGX-ST for the Proposed Conversion is subject to, among others, the following conditions:

(a) Unitholders' approval on the Proposed Conversion;

(b) compliance with the SGX-ST's listing requirements and other such requirements that the SGX-ST may impose from time to time;

(c) Fortune REIT maintaining its primary listing on the SEHK;

(d) submission of a written undertaking from the Manager that in the event that Fortune REIT is delisted from the Official List of the SGX-ST within three (3) years of the Proposed Conversion:

  (i) Fortune REIT would offer a reasonable exit alternative, which should normally be in cash, to the (a) Unitholders and (b) holders of any other classes of the listed securities to be delisted; and

  (ii) Fortune REIT should normally appoint an independent financial adviser to advise on the exit offer;

(e) proper disclosure in the Circular that the requirement for a reasonable exit offer to be provided to the Unitholders and holders of any other classes of the listed securities is not applicable should Fortune REIT decide to delist after three (3) years of the Proposed Conversion;

(f) submission of a written undertaking from the Manager that it would comply with the following as set out in Rule 217 of the SGX-ST Listing Manual:

  (i) to release all information and documents in English to the SGX-ST via SGXNET at the same time as they are released to the SEHK;

  (ii) to inform the SGX-ST of any issue of additional Units and the decision of the SEHK on the listing and quotation of the additional Units issued by Fortune REIT; and

  (iii) to comply with such other listing rules as may be applied by the SGX-ST from time to time (whether before or after listing);

(g) submission of a written undertaking from the Manager that Fortune REIT would comply the following as set out in Rule 751 of the SGX-ST Listing Manual:

  (i) maintain its primary listing on the SEHK;

  (ii) be subject to all the applicable listing rules of the SEHK (unless a waiver has been obtained for any non-compliance); and

  (iii) provide an annual certification in the form prescribed at Appendix 7.6 of the SGX-ST Listing Manual that it has complied with the applicable continuing listing obligations in the SGX-ST Listing Manual;

(h) submission of a written undertaking from the Manager that an announcement via SGXNET will be made as soon as there is any change in the law of Singapore where Fortune REIT is established, which may affect or change Unitholders' rights or obligations in relation to its securities, including:

  (i) the right to speak, vote at Unitholders' meetings and the right to appoint proxies;

  (ii) the right to receive rights offering and any other entitlements;

  (iii) withholding taxes on its securities;

  (iv) stamp duties on its securities; and

  (v) obligations to file documents or make declarations in respect of its securities;

(i) submission of a written undertaking from the Manager that in the event of a need for a trading halt in the Units, the Manger would request for a trading halt on all exchanges at the same time; and

(j) submission of an undertaking from the Manager in the form set out at Appendix 2.3.2 of the SGX-ST Listing Manual.

Please note that the in-principal approval received from the SGX-ST is not to be taken as an indication of the merits of the Proposed Conversion, Fortune REIT, the Manager or its subsidiaries or their securities. Further announcement(s) in relation to the Proposed Conversion will be made as and when appropriate.

A Circular containing, among other things, further details on the Proposed Conversion, proposed amendments on the trust deed (if any) and view of the trustee, together with a notice of the extraordinary general meeting to be convened by the Manager for the purpose of seeking Unitholders' approval in connection with the Proposed Conversion will be despatched to the Unitholders in due course.

This announcement is made to the Unitholders pursuant to Chapter 10.3 of the REIT Code.

Unitholders and potential investors in the Units should note that the Proposed Conversion is subject to Unitholders' approval. There is no guarantee that such approval will be obtained from the Unitholders. ACCORDINGLY, UNITHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE UNITS OF FORTUNE REIT.

In the meantime, the Manager wishes to advise Unitholders to exercise caution in their dealings in Units and to refrain from taking any action in relation thereto, until they have sought their own financial and legal advice where appropriate. Persons who are in doubt as to any of the matters referred to in this announcement and/or the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

By order of the board of directors of
ARA Asset Management (Fortune) Limited
(in its capacity as manager of Fortune Real Estate Investment Trust)
Chiu Yu, Justina
Chief Executive Officer

Singapore, Hong Kong, 6 October 2015

The Directors of the Manager as at the date of this announcement are Dr. Chiu Kwok Hung, Justin (Chairman), Mr. Lim Hwee Chiang, Ms. Yeung, Eirene and Mr. Ma Lai Chee, Gerald as Non-executive Directors; Ms. Chiu Yu, Justina and Mr. Ang Meng Huat, Anthony as Executive Directors; Mr. Lim Lee Meng, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Dr. Lan Hong Tsung, David as Independent Non-executive Directors.