

This announcement is issued in connection with the transaction relating to the acquisition of certain commercial portions of Belvedere Garden and Provident Centre and related matters, in compliance with the REIT Code, the Singapore Listing Manual and the Singapore Property Funds Appendix, and should not be used for any other purpose.

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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 authorised as a collective investment scheme under section 286 of the Securities and Futures Act, Chapter 289 of Singapore)

(a collective investment scheme authorised 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

MAJOR ACQUISITION AND CONNECTED PARTY TRANSACTIONS RELATING TO THE PROPOSED ACQUISITION OF THE BELVEDERE GARDEN PROPERTY AND THE PROVIDENT CENTRE PROPERTY, CONTINUING CONNECTED PARTY TRANSACTIONS AND RELATED MATTERS

**Independent Financial Advisers to the
Independent Board Committee and the Audit Committee of the Manager,
the independent Unitholders and the Trustee**



**CIMB BANK BERHAD (13491-P)
Singapore Branch**

(Incorporated in Malaysia)

*(in its capacity as the independent financial adviser
for the purposes of Chapter 9 of the Singapore Listing Manual)*

CIMB SECURITIES (HK) LIMITED

*(in its capacity as the independent financial adviser
for the purposes of paragraph 10.10(p) of the Code on
Real Estate Investment Trusts)*

Meanings of defined terms may be found in the section headed "Definitions" on pages 56 to 73 of this Announcement.

On 28 December 2011, the Trustee and the Vendors entered into the following Purchase Agreements in relation to the acquisition of the Belvedere Garden Property and the Provident Centre Property:

- (a) the Share Purchase Agreements in respect of the Belvedere Garden (Substantial Portion) Property being:
 - (i) the Master Share Purchase Agreement, pursuant to which the Recoup Vendor has agreed to procure the sale, transfer and assignment to the Trustee (or its nominee) the Target Company Shares with the rights attaching to them as at and from the Completion Date (including but not limited to the right to receive dividends and other distributions relating to income), as well as the Existing Vendor Loans; and
 - (ii) the Minority Interests Share Purchase Agreements, pursuant to which the Minority Shareholders have agreed to sell, transfer and assign to the Trustee (or its nominee) the Minority Shareholders Shares with the rights attaching to them as at and from the Completion Date (including but not limited to the right to receive dividends and other distributions relating to income);
- (b) the Asset Purchase Agreements in respect of the Belvedere Garden (Remaining Portion) Property and the Provident Centre Property being:
 - (i) the Belvedere Garden (Remaining Portion) Asset Purchase Agreement, pursuant to which the Belvedere Garden (Remaining Portion) Vendor has agreed to sell the Belvedere Garden (Remaining Portion) Property to the Trustee; and
 - (ii) the Provident Centre Asset Purchase Agreement, pursuant to which the Provident Centre Vendor has agreed to sell the Provident Centre Property to the Trustee.

The transactions contemplated under the Purchase Agreements will take place upon Completion, after which Fortune REIT will hold all the legal and economic interest in the Belvedere Garden Property and the Provident Centre Property.

The Total Consideration payable by the Trustee for the Belvedere Garden Property and the Provident Centre Property is HK\$1,900.0 million (subject to customary adjustments for the net current assets and/or net current liabilities of the Target Company Group and Quebostar¹, as applicable, at Completion), which may be broken down as follows:

- (a) HK\$1,250.0 million in respect of the Belvedere Garden Property, comprising:
 - (i) HK\$1,042,146,616 payable under the Master Share Purchase Agreement;

¹ Quebostar is part of the Belvedere Garden (Substantial Portion) property which is 65% indirectly owned by the Recoup Vendor and 35% owned by the Minority Shareholders.

- (ii) HK\$81,941,362 payable under the Hollingshead Share Purchase Agreement;
 - (iii) HK\$61,456,022 payable under the CK Share Purchase Agreement; and
 - (iv) HK\$64,456,000 payable under the Belvedere Garden (Remaining Portion) Asset Purchase Agreement.
- (b) HK\$650.0 million in respect of the Provident Centre Property, payable under the Provident Centre Asset Purchase Agreement,

The Total Consideration is payable on Completion, and will be financed by first drawing down on the term loan facility under the New Facility, with the revolving credit facility of the Existing Facility and internally generated funds being used to finance the remainder of the Total Consideration.

The Acquisition is considered to be (a) a major acquisition and connected party transaction for Fortune REIT under the REIT Code, (b) an Interested Person Transaction (as defined herein) under the Singapore Listing Manual and (c) an Interested Party Transaction (as defined herein) under the Singapore Property Funds Appendix, and is therefore subject to, amongst other things, approval by the independent Unitholders at the EGM.

Further, if the Acquisition is completed, and assuming that various transactions and arrangements in relation to the New Properties will continue to be conducted with the CKH Group, the Manager Group and/or the Trustee Connected Persons, more continuing connected party transactions will arise. The Acquisition will increase the scale of the continuing connected party transactions with the CKH Group and/or the Manager Group, beyond the annual limits specified in the Existing CKH/Manager CPT Waiver. Accordingly, in addition to the Transaction, the Manager would like to take the opportunity of the EGM for Unitholders to approve a waiver in respect of certain continuing connected party transactions between Fortune REIT Group on the one hand and the CKH Group and/or the Manager Group on the other hand. The Manager intends to propose a 2011 Continuing Connected Party Transactions waiver package (being the 2011 CKH/Manager CPT Waiver) that: (a) takes into account the new and/or additional continuing connected party transactions that will arise as a result of the Acquisition; and (b) replaces the Existing CKH/Manager CPT Waiver so that the three-year waiver duration can commence afresh.

A Fortune REIT Circular containing, among other things: (1) a letter from the Board to the Unitholders containing details of, among other things, the Transaction and the 2011 Continuing Connected Party Transactions, (2) a letter from the Independent Board Committee and the Audit Committee to Unitholders in relation thereto, (3) a letter from the Independent Financial Advisers containing their advice to the Independent Board Committee, the Audit Committee, the independent Unitholders and the Trustee in relation thereto, and (4) the EGM Notice, has been issued on the date hereof and will be sent to the Unitholders as soon as practicable.

Terms used herein shall bear the same respective meanings as set out in the Definitions section of this announcement.

As the Transaction may or may not complete, unitholders of and prospective investors of Fortune REIT are advised to exercise caution when dealing in the units of Fortune REIT.

THE TRANSACTION

A. PROPOSED ACQUISITION OF BELVEDERE GARDEN PROPERTY

1. Property Description

Fortune REIT proposes to acquire Belvedere Garden Property (the “**Belvedere Garden Property**”), which forms part of the development known as “**Belvedere Garden**” (the “**Belvedere Garden Development**”). While Fortune REIT will be acquiring all of the Belvedere Garden Property, the remainder of the Belvedere Garden Development which Fortune REIT will not be acquiring will continue to be owned by other owners. The Belvedere Garden Property comprises of three phases, as shown in the table below:

Belvedere Garden Property

Phase I Comprises all of the commercial areas (shops, clinics and a kindergarten), 15 motorcycle parking spaces and 66 carparks in Belvedere Garden Development Phase I (“**Belvedere Garden Property Phase I**”)

Phase II Comprises all of the commercial areas (shops and a kindergarten), except for a shop on the ground floor which has been assigned to The Financial Secretary Incorporated of Hong Kong⁽¹⁾, 52 carparks and common areas⁽²⁾ in Belvedere Garden Development Phase II (“**Belvedere Garden Property Phase II**”)

Phase III Comprises all of the commercial areas (shops, market, and a kindergarten) and 196 carparks and common areas⁽²⁾ in Belvedere Garden Development Phase III (“**Belvedere Garden Property Phase III**”)

Such components of the Belvedere Garden Property represent (among other things) all the commercial areas in Belvedere Garden Development Phase I and Belvedere Garden Development Phase III, and all of the commercial areas (except for one shop representing 3.7% of the undivided shares of the commercial area) of Belvedere Garden Development Phase II.

Notes:

(1) Please see section 2.5 of Appendix 8 to the Fortune REIT Circular for further information regarding this shop. The shop accounts for 3.7% of the undivided shares of the commercial area of Belvedere Garden Development Phase II, while Belvedere Garden Property Phase II accounts for the remaining 96.3% of the undivided shares of the commercial area of Belvedere Garden Development Phase II.

(2) The common areas of Belvedere Garden Development Phase II and Belvedere Garden Development Phase III and the undivided shares allocated thereto are held by Ling Fung Development Limited, Quebostar and Wilmington Land Company Limited, as trustee on behalf of all the owners of Belvedere Garden Development Phase II and Belvedere Garden Development Phase III respectively under the relevant deed of mutual covenant or an instrument of a similar nature (which is an agreement between the co-owners to regulate their respective

rights and obligations as co-owners of the land and building(s) and to provide for the building's effective maintenance and management) (“DMC”). The common areas generate no income and have no commercial value.

The table below sets out certain key information on the Belvedere Garden Property as at 30 September 2011, unless otherwise indicated.

Address	Nos 530-590, 620 and 625 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong
Gross Rentable Area (excluding parking lots)	276,862 sq. ft.
Year and month of completion	Phase I – July 1987 Phase II – October 1989 Phase III – April 1991
Occupancy rate⁽¹⁾	98.7% ^{(2) (3)}

Notes:

- (1) The occupancy rate is calculated based on leased Gross Rentable Area in sq. ft., excluding the parking lots as at 30 September 2011.
- (2) The percentage of total Gross Rentable Area leased to Connected Persons as at 30 September 2011 was 19.8%.
- (3) The percentage of total Gross Rental Income from Connected Persons for the month ended 30 September 2011 was 16.4%.

2. Current Holding Structure

The Belvedere Garden Property is nominally divided into two parts for the purposes of the Acquisition:

- (i) Belvedere Garden (Substantial Portion) Property; and
- (ii) Belvedere Garden (Remaining Portion) Property.

The Belvedere Garden (Substantial Portion) Property includes:

- (a) Belvedere Garden Property Phase IA³ which comprises all but one of the shops in Belvedere Garden Development Phase I (with such excluded shop forming part of Belvedere Garden Property Phase IB), as well as all clinics, a kindergarten and 15 motorcycle carparks within

³ Belvedere Garden Property Phase IA and Belvedere Garden Property Phase 1B collectively form Belvedere Garden Property Phase I.

Belvedere Garden Development Phase I. Bysean Limited⁴ is the registered legal owner of, and entitled to all the economic interest in, Belvedere Garden Property Phase IA. In turn, Bysean Limited is indirectly held by the Recoup Vendor. By certain assignments dated 30 November 2009, Caratal Company Limited transferred its undivided shares and interest in Belvedere Garden Property Phase IA to Bysean Limited. Both Caratal Company Limited and Bysean Limited are wholly-owned by Cactus Holdings Limited and held Belvedere Garden Property Phase IA as tenants in common prior to the abovementioned assignments;

- (b) Belvedere Garden Property Phase II which comprises all of the commercial areas (shops and a kindergarten), except for a shop on the ground floor which has been assigned to The Financial Secretary Incorporated of Hong Kong⁵, 52 carparks and common areas in Belvedere Garden Development Phase II, and Belvedere Garden Property Phase IIIA⁶ which comprises 19 carparks within Belvedere Garden Development Phase III. The registered legal owners of Belvedere Garden Property Phase II and Belvedere Garden Property Phase IIIA are Wilmington Land Company Limited⁷ (as to 17.81%), Ling Fung Development Limited⁸ (as to 31.50%) and Quebostar⁹ (as to 50.69%) who are tenants in common. Based on a shareholders agreement in relation to Quebostar dated 12 November 1987 and board resolutions of these companies dated 6 November 1989, despite the allocation of such proportions or shares of ownership, all the economic interest (the economic or de facto ownership, enjoyment or actual receipt of the sale proceeds and rental income and other income of whatsoever nature from such properties) in Belvedere Garden Property Phase II and Belvedere Garden Property Phase IIIA is held by Quebostar; and
- (c) Belvedere Garden Property Phase IIIB which comprises shops, a market, a kindergarten and common areas within Belvedere Garden Development Phase III. The registered legal owners of Belvedere Garden Property Phase IIIB are Wilmington Land Company Limited (as to 17.81%), Ling Fung Development Limited (as to 31.50%) and Quebostar (as to 50.69%) who are tenants in common. Based on the shareholders agreement and board resolutions referred to in subparagraph (b) above, despite the allocation of such proportions or shares of ownership, all the economic interest (as defined in subparagraph (b) above) in Belvedere Garden Property Phase IIIB is held by Fullforce Limited¹⁰ (as to 36.13%) and Bysky Limited¹¹ (as to 63.87%).

⁴ Bysean Limited is an indirect wholly-owned subsidiary of the Recoup Vendor.

⁵ The shop accounts for 3.7% of the undivided shares of the commercial area of Belvedere Garden Development Phase II, while Belvedere Garden Property Phase II accounts for the remaining 96.3% of the undivided shares of the commercial area of Belvedere Garden Development Phase II.

⁶ Belvedere Garden Property Phase IIIA, Belvedere Garden Property Phase IIIB and Belvedere Garden Property Phase IIIC collectively form Belvedere Garden Property Phase III.

⁷ Wilmington Land Company Limited is an indirect wholly-owned subsidiary of the Recoup Vendor.

⁸ Ling Fung Development Limited is an indirect wholly-owned subsidiary of the Recoup Vendor.

⁹ Quebostar is 65% indirectly owned by the Target Company and 35% owned by the Minority Shareholders.

¹⁰ Fullforce Limited is an indirect wholly-owned subsidiary of Recoup Vendor.

¹¹ Bysky Limited is an indirect wholly-owned subsidiary of Recoup Vendor.

The Belvedere Garden (Remaining Portion) Property includes:

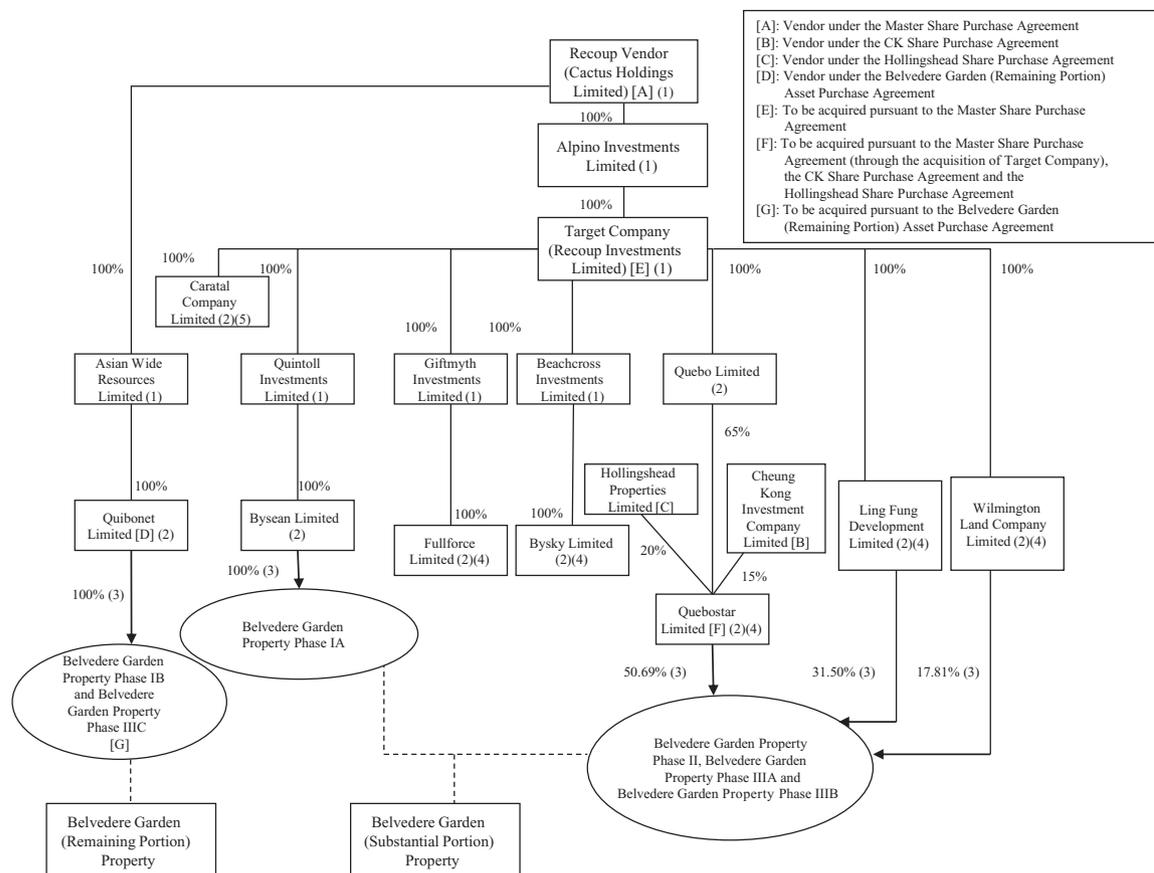
- (i) Belvedere Garden Property Phase IB which comprises the one remaining shop in Belvedere Garden Development Phase I as well as 66 carparks within Belvedere Garden Development Phase I; and
- (ii) Belvedere Garden Property Phase IIIC which comprises 177 carparks within Belvedere Garden Development Phase III.

The Belvedere Garden (Remaining Portion) Vendor is the registered legal owner of the Belvedere Garden (Remaining Portion) Property. In turn, the Belvedere Garden (Remaining Portion) Vendor is indirectly held by the Recoup Vendor.

As a condition precedent to the share purchase agreement entered into between the Recoup Vendor, the Trustee and HWL (as a guarantor) for the purpose of the Trustee acquiring the Target Company Shares (the “**Master Share Purchase Agreement**”), to ensure that the Trustee is able to acquire the entire Belvedere Garden (Substantial Portion) Property through its acquisition of the entire issued share capital of the Target Company (the “**Target Company Shares**”), the Recoup Vendor will procure the transfer of the entire issued share capital of Caratal Company Limited¹², Ling Fung Development Limited and Wilmington Land Company Limited to Target Company (being the “**Reorganisation**”). Below is a chart showing the expected holding structure of the Belvedere Garden Property immediately after the proposed Reorganisation.

¹² In light of the recent assignment by Caratal Company Limited, the Trustee intends to acquire Caratal Company Limited (through its acquisition of the Target Company Shares) to assist and ensure that Fortune REIT will upon Completion hold the entire legal and beneficial interest in Belvedere Garden Property Phase IA.

Expected Holding Structure of the Belvedere Garden Property immediately following the proposed Reorganisation



Notes:

- (1) Incorporated in the British Virgin Islands.
- (2) Incorporated in Hong Kong.
- (3) These percentages reflect the registered legal ownership percentages in respect of the relevant property.
- (4) Ling Fung Development Limited, Quebostar and Wilmington Land Company Limited are, as tenants in common in the proportions as are shown in the chart above, the registered legal owners of Belvedere Garden Property Phase II, Belvedere Garden Property Phase IIIA and Belvedere Garden Property Phase IIIB. Based on a shareholders agreement in relation to Quebostar dated 12 November 1987 and board resolutions of these companies dated 6 November 1989, despite the allocation of such proportions or shares of ownership, all the economic interest in Belvedere Garden Property Phase II and Belvedere Garden Property Phase IIIA referred to above is held by Quebostar. Based on the same shareholders agreement and board resolutions despite the allocation of the proportions or shares of registered legal ownership noted above, all the economic interest in Belvedere Garden Property Phase IIIB is held by and among Fullforce Limited (as to 36.13%) and Bysky Limited (as to 63.87%). For this purpose, “economic interest” means the economic or de facto ownership, enjoyment or actual receipt of the sale proceeds and rental income and other income of whatsoever nature from the relevant properties.

- (5) By certain assignments dated 30 November 2009, Caratal Company Limited transferred its undivided shares and interest in Belvedere Garden Property Phase IA to Bysean Limited, of which Bysean Limited is currently the registered legal owner.

In light of the Economic Benefit Sharing Arrangement and other factors and arrangements relating to the Belvedere Garden Property as described in sections 2(a) to 2(c) above, and after conducting its due diligence in respect of such arrangements, the Manager considers it desirable for Fortune REIT to acquire all the members of the Target Company Group to ensure that Fortune REIT will upon Completion hold the entire legal, beneficial and economic interest in the Belvedere Garden Property. In support of such acquisition, Fortune REIT will have the benefit of both customary and specific taxation and other representations, warranties and indemnities from the Recoup Vendor and the CK Minority Shareholder in connection with its acquisition of the Target Company Group (including in relation to the Economic Benefit Sharing Arrangement). Please see sections headed “The Purchase Agreements – Representations and Warranties, Several Liability / Deeds of Tax Covenant / Deeds of Undertaking and Indemnity / Deposits Deeds of Indemnity” below for further information.

3. Summary of the Belvedere Garden Property Purchase Agreements

Fortune REIT proposes to acquire:

- (a) the Belvedere Garden (Substantial Portion) Property from:
- (i) the Recoup Vendor, in respect of the Recoup Vendor’s interest in the Belvedere Garden (Substantial Portion) Property, being the Target Company Shares, pursuant to the Master Share Purchase Agreement (as described in the section headed “Purchase Agreements – Master Share Purchase Agreement” below); and
 - (ii) the Minority Shareholders, in respect of the Minority Shareholders’ interest in the Belvedere Garden (Substantial Portion) Property, being the Minority Shareholders Shares, pursuant to the share purchase agreements entered into between each of the Minority Shareholders and the Trustee (the “**Minority Interests Share Purchase Agreements**”) (as described in the section headed “Purchase Agreements – Minority Interests Share Purchase Agreements” below),

and after acquiring the Target Company Shares and the Minority Shareholders Shares, and the due completion of the Reorganisation, Fortune REIT will hold the entire legal and economic interest in the Belvedere Garden (Substantial Portion) Property.

- (b) the Belvedere Garden (Remaining Portion) Property from the Belvedere Garden (Remaining Portion) Vendor pursuant to a sale and purchase agreement entered into between the Belvedere Garden (Remaining Portion) Vendor and the Trustee, pursuant to which the Trustee intends to nominate the Belvedere Garden (Remaining Portion) Holding Company to acquire the Belvedere Garden (Remaining Portion) Property (the “**Belvedere Garden (Remaining Portion) Asset Purchase Agreement**”),

and after acquiring the Belvedere Garden (Substantial Portion) Property and the Belvedere Garden (Remaining Portion) Property in accordance with the above, Fortune REIT will hold the entire legal and economic interest in the Belvedere Garden Property.

B. PROPOSED ACQUISITION OF PROVIDENT CENTRE PROPERTY

1. Property Description

Fortune REIT proposes to acquire the Provident Centre Property, which forms part of the development known as “**Provident Centre**” (being the “**Provident Centre Development**”). While Fortune REIT will be acquiring all of the Provident Centre Property, the remainder of the Provident Centre Development which Fortune REIT will not be acquiring will continue to be owned by other owners.

The Provident Centre Development comprises a shopping centre on the basement, ground floor and upper ground floor, residential units, a sub-basement and two swimming pools. The Provident Centre Property comprises the shopping centre at the basement, ground floor, upper ground floor (but excluding carparks, driveways and the appurtenant areas, the common areas and facilities thereof and therein) and the sub-basement of the Provident Centre Development. The Provident Centre Property represents the entire commercial area and sub-basement of the Provident Centre Development.

The table below sets out certain key information on the Provident Centre Property as at 30 September 2011, unless otherwise indicated.

Address	Nos 21-53 Wharf Road, North Point, Hong Kong
Gross Rentable Area (excluding parking lots)	180,238 sq. ft.
Year and month of completion	May 1984
Occupancy rate⁽¹⁾	92.3% ⁽²⁾ ⁽³⁾

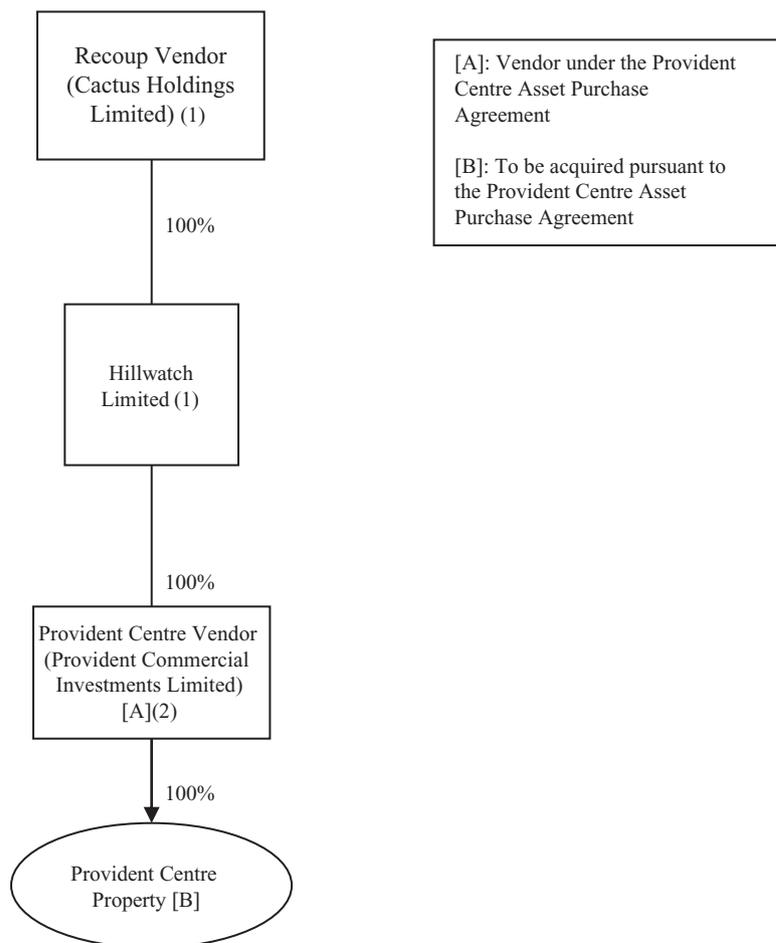
Notes:

- (1) The occupancy rate is calculated based on leased Gross Rentable Area in sq. ft. as at 30 September 2011.
- (2) The percentage of total Gross Rentable Area leased to Connected Persons as at 30 September 2011 was 40.2%.
- (3) The percentage of total Gross Rental Income from Connected Persons for the month ended 30 September 2011 was 41.3%.

2. Current Holding Structure

The Provident Centre Vendor is the registered legal owner of the Provident Centre Property. In turn, the Provident Centre Vendor is indirectly held by the Recoup Vendor. Below is a chart showing the current holding structure of the Provident Centre Property.

Current Holding Structure of the Provident Centre Property



Notes:

- (1) Incorporated in the British Virgin Islands.
- (2) Incorporated in Hong Kong.

3. Summary of the Provident Centre Property Purchase Agreement

Fortune REIT proposes to acquire the Provident Centre Property from the Provident Centre Vendor pursuant to a sale and purchase agreement entered into between the Provident Centre Vendor and the Trustee pursuant to which the Trustee intends to nominate the Provident Centre Holding Company to acquire the Provident Centre Property (the “**Provident Centre Asset Purchase Agreement**”) (as described in the section headed “Purchase Agreements – Provident Centre Asset Purchase Agreement” below).

C. PURCHASE AGREEMENTS

On 28 December 2011, the Trustee and the Vendors entered into the following Purchase Agreements in relation to the acquisition of the Belvedere Garden Property and the Provident Centre Property:

- (a) the Share Purchase Agreements in respect of the Belvedere Garden (Substantial Portion) Property being:
 - (i) the Master Share Purchase Agreement, pursuant to which the Recoup Vendor has agreed to procure the sale, transfer and assignment to the Trustee (or its nominee) the Target Company Shares with the rights attaching to them as at and from the Completion Date (including but not limited to the right to receive dividends and other distributions relating to income), as well as the Existing Vendor Loans; and
 - (ii) the Minority Interests Share Purchase Agreements, pursuant to which the Minority Shareholders (being the Hollingshead Minority Shareholder and the CK Minority Shareholder) have agreed to sell, transfer and assign to the Trustee (or its nominee) the Minority Shareholders Shares with the rights attaching to them as at and from the Completion Date (including but not limited to the right to receive dividends and other distributions relating to income);
- (b) the Asset Purchase Agreements in respect of the Belvedere Garden (Remaining Portion) Property and the Provident Centre Property being:
 - (i) the Belvedere Garden (Remaining Portion) Asset Purchase Agreement, pursuant to which the Belvedere Garden (Remaining Portion) Vendor has agreed to sell the Belvedere Garden (Remaining Portion) Property to the Trustee; and
 - (ii) the Provident Centre Asset Purchase Agreement, pursuant to which the Provident Centre Vendor has agreed to sell the Provident Centre Property to the Trustee.

The transactions contemplated under the Purchase Agreements will take place upon Completion, after which Fortune REIT will hold all the legal and economic interest in Belvedere Garden Property and Provident Centre Property.

Each of the Vendors, except the Hollingshead Minority Shareholder, is (i) a Connected Person; (ii) an Interested Person; and (iii) an Interested Party, and accordingly the Acquisition and consummation of the transactions contemplated under the Purchase Agreements (except the Hollingshead Share Purchase Agreement) constitute (a) connected party transactions of Fortune REIT under paragraph 8.5 of the REIT Code; (b) Interested Person Transactions of Fortune REIT under Chapter 9 of the Singapore Listing Manual; and (c) Interested Party Transactions under paragraph 5 of the Singapore Property Funds Appendix.

1. Master Share Purchase Agreement

Pursuant to the Master Share Purchase Agreement, the Recoup Vendor has agreed to procure the sale, transfer and assignment to the Trustee (or its nominee) on the Completion Date (as defined herein) of the Target Company Shares with the rights attaching to them as at and from the Completion Date (including but not limited to the right to receive dividends and other distributions relating to income), as well as the Existing Vendor Loans¹³.

The purchase consideration under the Master Share Purchase Agreement is HK\$1,042,146,616, subject to a customary adjustment for:

- (a) the net current assets (such as all receivables, refundable utility and other deposits placed with relevant authorities or suppliers, all cash and deposits at bank and all prepaid operating expenses); and/or
- (b) the net current liabilities (such as all security deposits, all rental/licence fees received in advance in relation to the Belvedere Garden (Substantial Portion) Property, all payments due to creditors and accruals of property and other relevant expenses and all provision for taxation),

of the Target Company and its subsidiaries (the “**Target Company Group**”) as at Completion but excluding (i) the Existing Vendor Loans and (ii) the aggregate amount standing to the credit of the Target Company current account immediately prior to Completion as being an amount held on behalf of the Target Company by Hutchison Whampoa Properties Limited, a company incorporated in Hong Kong (“**HWPL**”), being HK\$28,240,757 as at 30 November 2011, being the latest practicable date for ascertaining such amount (the “**HWPL Receivable**”), as well as (iii) any deferred tax liabilities or deferred tax assets of the Target Company Group. The Master Share Purchase Agreement provides that prior to Completion, the Recoup Vendor must procure that any amounts owed to or extended from any member of the Target Company Group to persons outside the Target Company Group are consolidated, repaid or transferred, as applicable, so that the only outstanding loans owed to or from any member of the Target Company Group to persons outside the Target Company Group as at completion are the Existing Vendor Loans and the HWPL Receivable. Accordingly, upon Completion, all amounts due from (to) fellow subsidiaries and intermediate holding companies will become zero except for the Existing Vendor Loans and the HWPL Receivable.

The adjustment for the net current assets/liabilities of the Target Company Group will: (a) exclude 35% of the net current assets/liabilities of Quebostar; and (b) be set out in a pro forma completion balance sheet to be provided by the Recoup Vendor to the Trustee shortly prior to

¹³ “**Existing Vendor Loans**” means the unsecured and interest bearing loans advanced by, HWP Finance (Hong Kong) No. 2 Limited to the Belvedere Garden (Substantial Portion) Holding Companies and the unsecured, interest free and repayable on demand loans advanced by HWP Finance Limited to the Target Company, the aggregated total of which being HK\$421,202,713 as at 30 November 2011, being the latest practicable date for ascertaining such amount.

Completion. Such adjustment will be audited within 90 days after Completion with a view to making any final post-completion adjustments that may be applicable either in favour of the Trustee or the Recoup Vendor.

The above form of adjustment is the result of commercial negotiations between the parties and is consistent with the approach on adjustments taken by the Trustee on other transactions in the past. The purchase consideration payable under the Master Share Purchase Agreement as adjusted in the manner described above shall on Completion be applied: (1) firstly, as payment on a dollar-for-dollar basis for the assignment to the Trustee (or a nominee of the Trustee) of the Existing Vendor Loans, where such payment is reduced by the amount of the HWPL Receivable to be assumed by the Trustee (or a nominee of the Trustee) as a liability to be repaid to the Target Company and (2) thereafter, as payment for the transfer of the Target Company Shares.

The Manager does not contemplate any adjustments for non-current assets and liabilities, as there are no material non-current assets/liabilities (other than the New Properties) and the Master Share Purchase Agreement contains specific covenants in terms consistent with market practice that give a significant degree of negative control to the Trustee in relation to the operation of the Target Company Group during the period between signing of the Purchase Agreements and Completion. For example, the Master Share Purchase Agreement contains covenants that, among others: (a) require members of the Target Company Group not to carry on any business other than in the ordinary course, without the prior written consent of the Trustee; (b) restrict members of the Target Company Group from entering into any agreement or incurring any commitment involving material expenditure, without the prior written consent of the Trustee; and (c) restrict members of the Target Company Group from incurring additional borrowing and any other indebtedness otherwise than in the ordinary course of business, without the prior written consent of the Trustee. These contractual protections mitigate the risk to the Trustee of any possible adverse changes to the assets and liabilities of the Target Company Group arising from acts or omissions of the Recoup Vendor.

Pursuant to the Master Share Purchase Agreement and the Borrowings Assignment and Debt Transfer Deed, part of the purchase consideration (such part being equal to the aggregate amount of the Existing Vendor Loans less the amount of the HWPL Receivable) will be paid upon Completion by the Trustee to the Existing Vendor Loan Lenders who will then assign these loans on a dollar-for-dollar basis to the Trustee or any nominee of the Trustee upon Completion while the Trustee (or a nominee of the Trustee) will assume the liability to repay the HWPL Receivable to the Target Company. The remaining amount will be paid upon Completion by the Trustee to the Recoup Vendor for the Target Company Shares.

2. Minority Interests Share Purchase Agreements

Pursuant to the Minority Interests Share Purchase Agreements, each of the Minority Shareholders has agreed to sell, transfer and assign to the Trustee (or its nominee) on the Completion Date its respective Minority Shareholders Shares with the rights attaching to them as at and from the Completion Date (including but not limited to the right to receive dividends and other distributions relating to income).

The aggregate purchase consideration under the Minority Interests Share Purchase Agreements is HK\$143,397,384, subject to a customary adjustment for the net current assets/ liabilities of Quebostar as at Completion and excluding any deferred tax liabilities or deferred tax assets of Quebostar, and payable upon Completion.

The adjustment for the net current assets/liabilities of Quebostar will (a) take into consideration the fact that the Hollingshead Minority Shareholder owns only 20% of the issued share capital of Quebostar and the CK Minority Shareholder owns only 15% of the issued share capital of Quebostar; and (b) be set out in a pro forma completion balance sheet to be provided by the CK Minority Shareholder to the Trustee shortly prior to Completion. Such adjustment will be audited within 90 days after Completion with a view to making any final post-completion adjustments that may be applicable either in favour of the Trustee or the Minority Shareholders.

The above form of adjustment is the result of commercial negotiations between the parties and is consistent with the approach on adjustments taken by the Trustee on other transactions in the past.

The Manager does not contemplate any adjustments for non-current assets and liabilities, as there are no material non-current assets/liabilities (other than the New Properties) and the CK Share Purchase Agreement contains specific covenants in terms consistent with market practice that give a significant degree of negative control to the Trustee in relation to the operation of Quebostar during the period between signing of the Purchase Agreements and Completion. For example, the CK Share Purchase Agreement contains covenants that, among others: (a) require Quebostar not to carry on any business other than in the ordinary course, without the prior written consent of the Trustee; (b) restrict Quebostar from entering into any agreement or incurring any commitment involving material expenditure, without the prior written consent of the Trustee; and (c) restrict Quebostar from incurring additional borrowing and any other indebtedness otherwise than in the ordinary course of business, without the prior written consent of the Trustee. These contractual protections mitigate the risk to the Trustee of any possible adverse changes to the assets and liabilities of Quebostar arising from acts or omissions of the CK Minority Shareholder.

3. Belvedere Garden (Remaining Portion) Asset Purchase Agreement

Pursuant to the Belvedere Garden (Remaining Portion) Asset Purchase Agreement, the Belvedere Garden (Remaining Portion) Vendor has agreed to sell the Belvedere Garden (Remaining Portion) Property to the Trustee for a purchase consideration of HK\$64,456,000, payable upon Completion.

As from but exclusive of the Completion Date, the rents and profits attributable to Fortune REIT in respect of the Belvedere Garden (Remaining Portion) Property will be received and all outgoing attributable to Fortune REIT in respect of that property will be discharged by or on behalf of Fortune REIT.

4. Provident Centre Asset Purchase Agreement

Pursuant to the Provident Centre Asset Purchase Agreement, the Provident Centre Vendor has agreed to sell the Provident Centre Property to the Trustee for a purchase consideration of HK\$650.0 million, payable upon Completion.

As from but exclusive of the Completion Date, the rents and profits attributable to Fortune REIT in respect of the Provident Centre Property will be received and all outgoings attributable to Fortune REIT in respect of that property will be discharged by or on behalf of Fortune REIT.

5. Total Consideration

The aggregate purchase consideration (being the “**Total Consideration**”) for the Belvedere Garden Property and the Provident Centre Property is HK\$1,900.0 million (subject to customary adjustments for the net current assets/liabilities of the Target Company Group and Quebostar, as applicable, as at Completion), which may be broken down as follows:

- (a) HK\$1,250.0 million in respect of the Belvedere Garden Property, comprising:
 - (i) HK\$1,042,146,616 payable under the Master Share Purchase Agreement;
 - (ii) HK\$81,941,362 payable under the Hollingshead Share Purchase Agreement;
 - (iii) HK\$61,456,022 payable under the CK Share Purchase Agreement; and
 - (iv) HK\$64,456,000 payable under the Belvedere Garden (Remaining Portion) Asset Purchase Agreement.
- (b) HK\$650.0 million in respect of the Provident Centre Property, payable under the Provident Centre Asset Purchase Agreement.

The final purchase consideration for the New Properties shall be announced by the Manager as soon as practicable following the determination of such adjustments, together with the quantum of the adjustment amounts. The Total Consideration is payable on Completion.

The purchase consideration for each of the New Properties has been arrived at on a willing buyer and a willing seller in an arm's length transaction basis after taking into account the valuations of the New Properties by the Independent Property Valuers. Such valuations for the New Properties as at 30 September 2011 are summarised in the table below.

<u>The New Properties</u>	<u>Appraised Value</u>		<u>Purchase Consideration</u> <i>(HK\$ million)</i>
	<u>by Knight Frank</u> <u>(appointed by the Trustee)</u> <i>(HK\$ million)</i>	<u>by Savills</u> <u>(appointed by the Manager)</u> <i>(HK\$ million)</i>	
Belvedere Garden Property	1,300	1,340	1,250 ⁽¹⁾
Provident Centre Property	680	680	650
Total	1,980	2,020	1,900⁽¹⁾

Note:

(1) Before adjustment for the net current assets/liabilities of the Target Company Group and Quebostar, as applicable, as at Completion.

The Total Consideration is to be financed by (a) the term loan facility of HK\$1,100 million under the New Facility; (b) a HK\$970 million revolving credit facility (tranche B facility) made available to the Existing Facility Borrowers by a syndicate of banks for whom Standard Chartered Bank acts as facility and security agent under the Existing Facility; and (c) internally generated funds. The term loan facility under the New Facility will be drawn down first, with the revolving credit facility of the Existing Facility and internally generated funds being used to finance the remainder of the Total Consideration.

On Completion, the Manager will be entitled, under clause 15.2.1 of the Trust Deed, to receive an acquisition fee of HK\$19.0 million, which is equal to 1.0% of the acquisition price (i.e. HK\$1,900 million) for the New Properties (the “**Acquisition Fee**”) and shall be paid to the Manager in Units (the “**Acquisition Fee Units**”) as soon as practicable after Completion. The Acquisition Fee will not be subject to customary adjustments for the net current assets/ liabilities of the Target Company Group and Quebostar.

As the Acquisition is an Interested Party Transaction under the Singapore Property Funds Appendix, the Manager is required to receive the Acquisition Fee in Units. In accordance with paragraph 5.6 of the Singapore Property Funds Appendix, the Units to be issued as payment of the Acquisition Fee are not to be sold within one year from their date of issuance.

In accordance with the Trust Deed, the Manager shall receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the prevailing market price on the SGX-ST (in respect of Units which the Manager elects to receive as Units listed on the SGX-ST) or the prevailing market price on the Hong Kong Stock Exchange (in respect of Units which the Manager elects to receive as Units listed on the Hong Kong Stock Exchange), as the case may be, at the time of the issue of such Units. The Manager has elected to receive the Acquisition Fee Units as Units listed on the SGX-ST, at the prevailing market price on the SGX-ST.

As soon as practicable after the issuance of the Acquisition Fee Units, the Manager will issue an announcement setting out the number and nature of the Acquisition Fee Units issued to the Manager.

6. Completion

Completion shall take place on the date following 14 days after the conditions precedent to Completion (“**Conditions**”) under the Purchase Agreements, as set out below have been met (or such other date as the parties may agree but not later than the date that falls three months after the date of the Purchase Agreements, or such other date as the Recoup Vendor, the Minority Shareholders, the Belvedere Garden (Remaining Portion) Vendor or the Provident Centre Vendor (as the case may be) and the Trustee may agree in writing) (the “**Long Stop Date**”) (the “**Completion Date**”). As soon as practicable following Completion, the Manager will issue an announcement to inform Unitholders that Completion has occurred. Such announcement will, among other things, contain further details regarding the Main Nominee, the Belvedere Garden (Remaining Portion) Holding Company and the Provident Centre Holding Company.

Completion of each Purchase Agreement is conditional upon completion of each of the other Purchase Agreements.

7. Conditions Precedent

Completion is subject to and conditional upon satisfaction of the following Conditions:

- (a) no event or circumstance arising that prohibits or materially restricts the sale and purchase of the Target Company Shares and/or the New Properties pursuant to the REIT Code, the Securities and Futures Act, Chapter 289 of Singapore and/or the Code on Collective Investment Schemes (including the Singapore Property Funds Appendix) issued by the Monetary Authority of Singapore;
- (b) no statute, regulation or decision which would prohibit, restrict or materially delay or adversely affect the sale and purchase of the Target Company Shares or the operation of the Target Company’s subsidiaries having been proposed, enacted or taken by any governmental or official authority;

- (c) no statute, regulation or decision which would prohibit, restrict or materially delay or adversely affect the sale and purchase of the Belvedere Garden (Remaining Portion) Property and the Provident Centre Property having been proposed, enacted or taken by any governmental or official authority;
- (d) the passing of the EGM Resolution;
- (e) the licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals necessary or desirable for or in respect of the Acquisition having been obtained from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to the Trustee and remaining in full force and effect;
- (f) the obtaining of the New Facility (as defined herein) and the New Facility being in place at Completion;
- (g) completion of each Purchase Agreement is conditional upon completion of each of the other Purchase Agreements; and
- (h) the: (i) due completion by the Recoup Vendor of the Reorganisation to the satisfaction of the Trustee; and (ii) such consolidation, repayment or transfer, as applicable, of any amounts owed to or from any member of the Target Company Group to persons outside the Target Company Group as are required to ensure that the only outstanding loans owed to or extended from any member of the Target Company Group to persons outside the Target Company Group immediately prior to Completion are the Existing Vendor Loans and the HWPL Receivable, respectively.

The Trustee may waive all or any of the Conditions at any time by notice in writing to the Recoup Vendor, the Minority Shareholders, the Belvedere Garden (Remaining Portion) Vendor or the Provident Centre Vendor, as appropriate (other than the conditions mentioned in paragraphs (a) and (d) above), although the waiver of the Conditions mentioned in paragraphs (f) and (g) will require the written consent of both the Trustee and the relevant Vendor. In the event that any of the Conditions shall not have been fulfilled (or waived) prior to the Long Stop Date, then neither the Trustee nor the relevant Vendor shall be bound to proceed with the Acquisition and all Purchase Agreements shall terminate.

Each of the Master Share Purchase Agreement, the Asset Purchase Agreements and the CK Share Purchase Agreement also provides the Trustee with the right to terminate the Purchase Agreement by notice in writing to the relevant Vendor, if prior to Completion the government or other competent authority shall acquire or give notice of acquisition or resumption or intended acquisition or resumption of whole or a substantial part of the underlying property.

Further, each of the Master Share Purchase Agreement and the CK Share Purchase Agreement provides the Trustee with the right to terminate the relevant Share Purchase Agreement by notice in writing to the Recoup Vendor and/or the CK Minority Shareholder (as the case may be), if

prior to Completion it shall be found that any of the warranties under the relevant Share Purchase Agreement was, when given, or will be or would be, at Completion not complied with or otherwise untrue or misleading in any material respect, and which will have a material adverse effect on the financial condition, earnings, business or assets of the Target Company Group and/or the Belvedere Garden (Substantial Portion) Property, taken as a whole, in the case of the Master Share Purchase Agreement, and, of Quebostar and/or such part of the Belvedere Garden (Substantial Portion) Property as is owned by Quebostar, in the case of the CK Share Purchase Agreement.

In the event of such termination, the Master Share Purchase Agreement and/or any or both of the Asset Purchase Agreements (as the case may be) will terminate (save for certain provisions such as confidentiality which shall remain binding as between the parties) and no party shall have any claims against the other.

8. Representations and Warranties, Several Liability

The Share Purchase Agreements contain certain representations and warranties made by the Recoup Vendor or the Minority Shareholders (as the case may be) although the Hollingshead Share Purchase Agreement contains more limited representations and warranties (limited as to title to, and freedom from, encumbrances of the Hollingshead Minority Shareholder Shares) in light of its limited involvement in the day to day operations of Quebostar.

The Recoup Vendor (being the indirect majority shareholder of Quebostar) is de facto liable in relation to any potential warranty or indemnity claims under the Master Share Purchase Agreement, both in respect of its own 65% shareholding in Quebostar and the 20% shareholding of the Hollingshead Minority Shareholder. Further, the Master Share Purchase Agreement contains a full set of comprehensive warranties in respect of each member of the Target Company Group including Quebostar.

Among others, the Share Purchase Agreements contain representations and warranties in respect of the Target Company, Quebostar and Belvedere Garden (Substantial Portion) Property, as applicable, including that the Target Company Shares, the Minority Shareholders Shares and the Belvedere Garden (Substantial Portion) Property respectively shall at Completion be free and clear of all encumbrances.

The Master Share Purchase Agreement and the CK Share Purchase Agreement set out limitations on the liability of the Recoup Vendor or the CK Minority Shareholder (as the case may be) in respect of any breach of warranties. The maximum aggregate liability of the Recoup Vendor or the CK Minority Shareholder (as the case may be) in respect of all claims under the relevant Share Purchase Agreement shall not exceed the aggregate of the consideration payable by the Trustee under the relevant Share Purchase Agreement. The Trustee shall not be entitled to recover from the Recoup Vendor or the CK Minority Shareholder (as the case may be) under the relevant Share Purchase Agreement more than once in respect of the same damage suffered. The Master Share Purchase Agreement and the CK Share Purchase Agreement also provide for a limitation period of 21 months from the Completion Date for all claims (other than claims relating to

tax-related warranties, in which case the limitation period is seven years). Such limitation period is the result of arm's length negotiations between the relevant parties and is consistent with other transactions that Fortune REIT has entered in the past.

The Belvedere Garden (Remaining Portion) Property and the Provident Centre Property are sold on an "as-is" basis and subject to the existing tenancies and licences.

9. Deeds of Tax Covenant

Pursuant to the Master Share Purchase Agreement and the CK Share Purchase Agreement, each of the relevant Vendors and HWL or Cheung Kong (both as guarantors) (as the case may be) will enter into a deed of tax covenant in favour of the Trustee (the "**Deeds of Tax Covenant**"). Pursuant to each Deed of Tax Covenant, the relevant Vendor will covenant to indemnify the Trustee in respect of (among others):

- (1) any liability for taxation resulting from any payment, utilisation of loss or relief, transaction or occurrence of whatever nature occurring on or before Completion or in respect of any gross receipts, economic interest, income, profits or gains earned, accrued or received by a member of the Target Company Group, in the case of the Deed of Tax Covenant with the Recoup Vendor, and by Quebostar, in the case of the Deed of Tax Covenant with the CK Minority Shareholder, on or before Completion;
- (2) potential liability for taxation in relation to accounting re-classification from trading stock to investment property, of the Belvedere Garden (Substantial Portion) Property, in the case of the Deed of Tax Covenant with the Recoup Vendor, and of such part of the Belvedere Garden (Substantial Portion) Property as is owned by Quebostar, in the case of the Deed of Tax Covenant with the CK Minority Shareholder, on or after Completion;
- (3) potential liability for taxation that may not arise but for the Economic Benefit Sharing Arrangement or additional liability for taxation arising as a result of any taxation authority disregarding (wholly or partly) the Economic Benefit Sharing Arrangement, provided that in each case the Economic Benefit Sharing Arrangement is not altered and provided also that the CK Minority Shareholder's liability shall be limited to 15% of the liability attributable to Quebostar only; and
- (4) all reasonable costs and expenses properly incurred (including legal and professional fees) and payable by any member of the Target Company Group or the Trustee in connection with a successful claim under the Deeds of Tax Covenant provided that the CK Minority Shareholder's liability shall be limited to 15% of the reasonable costs and expenses properly incurred (including legal and professional fees) by Quebostar only.

In addition, under the Deed of Tax Covenant related to the Master Share Purchase Agreement, the Recoup Vendor has represented to the Trustee that up to and as at the date of Completion, the Economic Benefit Sharing Arrangement has not (among others) been challenged by any taxation authority.

The limitation period in relation to for claims each Deed of Tax Covenant is seven years from the Completion Date.

Under the Deed of Tax Covenant to be entered into with the Recoup Vendor, in respect of liability for taxation to which Quebostar is subject (the “**Quebostar Liability for Taxation**”) shall be limited to the sum of (1): 20% of the indemnified amount payable by the Recoup Vendor in relation to the Quebostar Liability for Taxation subject to the Hollingshead Maximum Cap; and (2) 65% of the indemnified amount payable by the Recoup Vendor in relation to the Quebostar Liability for Taxation which shall not be subject to a maximum cap.

Under the Deed of Tax Covenant to be entered into with the CK Minority Shareholder, the CK Minority Shareholder shall be liable for 15% of the indemnified amount payable in relation to the Quebostar Liability for Taxation under that Deed of Tax Covenant. For the avoidance of doubt, the Deed of Tax Covenant to be entered into with the Recoup Vendor shall be with respect to the Target Company Group and the Deed of Tax Covenant to be entered into with the CK Minority Shareholder shall be with respect to Quebostar only.

10. Deeds of Undertaking and Indemnity

Pursuant to the Master Share Purchase Agreement and the CK Share Purchase Agreement, the relevant Vendor and HWL or Cheung Kong (both as guarantors) (as the case may be) will, at Completion, each enter into a deed of undertaking and indemnity in favour of the Trustee, Ling Fung Development Limited, Quebostar Limited and Wilmington Land Company Limited (the “**Deeds of Undertaking and Indemnity**”).

Pursuant to each Deed of Undertaking and Indemnity, the relevant Vendor shall undertake to indemnify and keep Ling Fung Development Limited, Quebostar Limited and Wilmington Land Company Limited fully indemnified against:

- (1) all consent fees, waiver fees, administrative fees, tolerance fees, fines, penalties whatsoever imposed or which may be imposed by the Director of Lands / District Lands Officer TW/KT and/or other competent Government authority for the use of any part of Belvedere Garden Property Phase II as Elderly Homes at any time during the Indemnity Period and interest thereon; and
- (2) all reasonable costs for the termination of the Affected Tenancy and expenses reasonably incurred by the Registered Owners for the eviction of the relevant tenant under the Affected Tenancy and any legal proceedings or settlements in connection therewith and interests thereon

(together the “**Indemnified Amount**”)

The Affected Tenancies comprise the tenancies of (i) Shops 101 to 108 on the First Floor and Portion on the Ground Floor of Belvedere Garden Property Phase II and (ii) Shops 123-124 and 126-151 on the First Floor of Belvedere Garden Property Phase II, the tenants of which are using

the tenanted premises or parts thereof for purposes of Elderly Homes (each an “**Affected Tenancy**”). For the month ended 30 September 2011, the gross rental income of the Affected Tenancies represented 6.5% of the gross rental income of the Belvedere Garden Property, and the gross rentable area of the Affected Tenancies is about 41,737 sq. ft., representing 15.1% of the gross rentable area of the Belvedere Garden Property.

Under the Deed of Undertaking and Indemnity to be entered into with the Recoup Vendor, the Recoup Vendor shall be liable for 85% of the Indemnified Amount, however 20% of such Indemnified Amount shall (taken together with the indemnified amounts payable under the Hollingshead Tax Indemnity Portion) be limited to a maximum amount equal to the Hollingshead Consideration. In the event that such aggregate maximum cap is reached, the Recoup Vendor’s ongoing liability shall be limited solely to 65% of such Indemnified Amount. Under the Deed of Undertaking and Indemnity to be entered into with CK Minority Shareholder, the CK Minority Shareholder shall be liable for 15% of the Indemnified Amount under that deed.

Save and except as described above regarding the limitation as to time and amount, the indemnification obligations of the Recoup Vendor and the CK Minority Shareholder under the Deeds of Undertaking and Indemnity are not limited as to time or amount.

11. Deposits Deeds of Indemnity

The Belvedere Garden (Remaining Portion) Asset Purchase Agreement sets out that as a condition for the transfer of rental deposits (held by the Belvedere Garden (Remaining Portion) Vendor under the tenancy and licence agreements of the Belvedere Garden (Remaining Portion) Property) to the Belvedere Garden (Remaining Portion) Holding Company on completion of the sale and purchase of the Belvedere Garden (Remaining Portion) Property, the Belvedere Garden (Remaining Portion) Holding Company is required to execute a deed of indemnity in favour of the Belvedere Garden (Remaining Portion) Vendor in respect of any losses and damages suffered by the Belvedere Garden (Remaining Portion) Vendor if the Belvedere Garden (Remaining Portion) Holding Company fails to refund such deposits to the relevant tenants and licensees in accordance with such tenancy and licence agreements.

Similarly, the Provident Centre Asset Purchase Agreement sets out that as a condition for the transfer of rental deposits (held by the Provident Centre Vendor under the tenancy and licence agreements of the Provident Centre Property) to the Provident Centre Holding Company on completion of the sale and purchase of the Provident Centre Property, the Provident Centre Holding Company is required to execute a deed of indemnity in favour of the Provident Centre Vendor in respect of any losses and damages suffered by the Provident Centre Vendor if the Provident Centre Holding Company fails to refund such deposits to the relevant tenants and licensees in accordance with such tenancy and licence agreements.

The amount of rental deposits held by the Belvedere Garden (Remaining Portion) Vendor under the tenancy and licence agreements of the Belvedere Garden (Remaining Portion) Property and the Provident Centre Vendor under the tenancy and licence agreements of the Provident Centre Property would be determined as at the date of Completion. For illustrative purposes however, the

amount of rental deposits in relation to the Belvedere Garden (Remaining Portion) Property and the Provident Centre Property as at 30 November 2011 were HK\$221,793 and HK\$7,095,754 respectively.

12. Borrowings Assignment and Debt Transfer Deed

The Recoup Vendor is an indirect holding company of the Existing Vendor Loan Borrowers. Each of the Existing Vendor Loan Borrowers is indebted to each of the relevant Existing Vendor Loan Lenders. Pursuant to the Master Share Purchase Agreement, the Recoup Vendor has agreed to procure each of the Existing Vendor Loan Lenders to assign its respective portion of the Existing Vendor Loans to the Trustee (or a nominee of the Trustee) on a dollar for dollar basis upon Completion.

HWPL is indebted to the Target Company in relation to the HWPL Receivable. Pursuant to the Master Share Purchase Agreement, the Recoup Vendor has agreed to procure that HWPL will transfer and the Trustee has agreed to assume (directly or through a nominee) the HWPL Receivable in consideration for a corresponding reduction in the consideration payable by the Trustee to the Existing Vendor Loan Lenders for the assignment of the Existing Vendor Loans. Accordingly, at Completion, (1) each of the Existing Vendor Loan Lenders will assign their respective rights, title, interest and benefit in the Existing Vendor Loans to a company nominated by the Trustee; and (2) HWPL will transfer the HWPL Receivable to a company nominated by the Trustee, in accordance with the Borrowings Assignment and Debt Transfer Deed.

The aggregate purchase consideration payable under the Master Share Purchase Agreement (subject to the adjustments referred to sections C1 and C2 above), includes the consideration for the assignment of the Existing Vendor Loans less the amount of the HWPL Receivable referred to in section C1 above.

13. Guarantee of Recoup Vendor's Obligations and Guarantee of the CK Minority Shareholder's Obligations

Hutchison Whampoa Limited, a company incorporated in Hong Kong (“**HWL**”), has unconditionally and irrevocably guaranteed to the Trustee the due and punctual payment of all amounts payable by the Recoup Vendor under the Master Share Purchase Agreement, the relevant Deed of Tax Covenant and the relevant Deed of Undertaking and Indemnity and the due and punctual performance and observance by the Recoup Vendor of all its obligations, commitments, undertakings, warranties and indemnities under or pursuant to the Master Share Purchase Agreement, the relevant Deed of Tax Covenant and the relevant Deed of Undertaking and Indemnity.

Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong (“**Cheung Kong**”) has unconditionally and irrevocably guaranteed to the Trustee the due and punctual payment of all amounts payable by the CK Minority Shareholder under the CK Share Purchase Agreement, the relevant Deed of Tax Covenant and the relevant Deed of Undertaking and Indemnity and the due and punctual performance and observance by the CK Minority Shareholder of all its obligations,

commitments, undertakings, warranties and indemnities under or pursuant to the CK Share Purchase Agreement, the relevant Deed of Tax Covenant and the relevant Deed of Undertaking and Indemnity.

The Hollingshead Minority Shareholder is giving limited warranties as to title to and freedom from encumbrances of the Hollingshead Minority Shareholder Shares due to the Hollingshead Minority Shareholder not being involved in the operations of Quebostar. Given the limited nature of the warranties, it has been commercially agreed that no guarantor is required under the Hollingshead Share Purchase Agreement.

14. Deeds of Ratification and Accession

Upon Completion, the operation, maintenance, management and marketing of the New Properties will be managed by the Property Manager, which is an indirect wholly-owned subsidiary of Cheung Kong, subject to the overall management by the Manager pursuant to and in accordance with the terms of the Property Management Agreement entered into by the Trustee, the Manager and the Property Manager, as provided by the Deeds of Ratification and Accession as entered into between each of the Belvedere Garden (Substantial Portion) Holding Companies, the Belvedere Garden (Remaining Portion) Holding Company (collectively, the “**Belvedere Garden Holding Companies**”), the Provident Centre Holding Company, the Trustee, the Manager and the Property Manager.

The fees payable to the Property Manager under the Property Management Agreement (which has not been changed since the listing of Fortune REIT on the SGX-ST in August 2003) are as follows:

- (a) property management and lease management fee of 3.0% per annum of Gross Property Revenue¹⁴; and
- (b) commission of: (i) one month’s base rent for securing a tenancy of three years or more; (ii) one-half month’s base rent for securing a tenancy of less than three years; (iii) one-half month’s base rent for securing a renewal of tenancy irrespective of duration of the lease term; and (iv) 10.0% of the total license fee for securing a license for a duration of less than 12 months (excluding licences for use as a show flat granted or to be granted to a member of the CKH Group).

15. Arm’s Length Terms

The Purchase Agreements were entered into by the parties thereto on normal commercial terms following arm’s length negotiations.

¹⁴ “**Gross Property Revenue**” means Gross Revenue less Charge-Out Collections (which comprises air conditioning charges, management fees, promotional charges, government rates, government rents, utilities charges, cleaning and other charges payable by the tenants and licensees of the Properties) and car park revenues.

The Manager has conducted, and is satisfied with the results of, due diligence in respect of the New Properties carried out in accordance with the relevant provisions of the REIT Code and the Manager's compliance manual, that Fortune REIT will hold good marketable legal and economic title to the New Properties immediately upon Completion.

D. FINANCING OF THE ACQUISITION

The Total Consideration is to be financed by (a) the term loan facility of HK\$1,100 million under the New Facility; (b) a HK\$970 million revolving credit facility (tranche B facility) made available to the Existing Facility Borrowers by a syndicate of banks for whom Standard Chartered Bank acts as facility and security agent under the Existing Facility; and (c) internally generated funds. The term loan facility under the New Facility will be drawn down first, with the revolving credit facility of the Existing Facility and internally generated funds being used to finance the remainder of the Total Consideration.

1. The New Facility

The Manager has on 28 December 2011 accepted a letter of commitment from Australia and New Zealand Banking Group Limited, DBS Bank and Standard Chartered Bank for the New Facility, which consists of a term loan and revolving credit facility.

The New Facility will consist of a Hong Kong dollar 3-year term loan and revolving credit facility of up to an aggregate principal amount of HK\$1,400 million, comprising (a) a HK\$1,100 million term loan facility; and (b) a HK\$300 million revolving credit facility. The New Facility will bear an interest margin of 2.0% per annum over HIBOR, and will mature and become payable three years from the date of the agreement of the New Facility.

The New Facility will be secured by an assignment of rentals, deposits, proceeds and all other income generated from the properties held by the New Property Companies, Full Belief and Genuine Joy, an assignment of the rights in the insurance policies and in the tenancy agreements relating to the respective properties held by the New Property Companies, Full Belief and Genuine Joy, share mortgages over the shares of the New Property Companies, Full Belief, Genuine Joy and relevant intermediate holding companies, legal charges over properties held by the New Property Companies, Full Belief and Genuine Joy, and charge over all other assets of the New Property Companies, Full Belief, Genuine Joy and relevant intermediate holding companies. In addition, it is expected that the Trustee, the New Property Companies, Full Belief, Genuine Joy and relevant intermediate holding companies will provide an unconditional and irrevocable guarantee in favour of the lenders under the facility agreement subject to the recourse of lenders being limited to the Deposited Property of Fortune REIT.

The above HK\$1,100 million term loan facility is intended to be drawn down at Completion and will be used to finance the payment of part of the Total Consideration.

The terms and conditions of the New Facility described in this announcement are indicative only, and may be subject to change, depending on the market conditions at the time the New Facility is finalised and signed, and do not represent the complete set of the actual terms and conditions. The actual terms and conditions of the New Facility may differ from, or may comprise additional or less terms and conditions as compared with the indicative terms and conditions described in this announcement. To the extent that there are any material changes to the indicative terms and conditions described in this announcement, the Manager will issue an announcement to provide details of such changes.

2. The Existing Facility

Under the terms of the Existing Facility, the Existing Facility Borrowers¹⁵ will draw down the tranche B facility (which is a revolving credit facility in the amount of HK\$970 million under the Existing Facility) prior to or upon Completion to finance the payment of part of the Total Consideration. Such tranche B facility bears interest at a rate of 0.91% above HIBOR¹⁶, and will mature and become payable on 11 April 2016.

3. Expected Gearing Ratio and Aggregate Leverage

Taking into consideration (1) the Total Consideration; (2) the debt headroom of Fortune REIT with a Gearing Ratio/Aggregate Leverage of 20.1% as at 30 September 2011; and (3) the Existing Facility available and the New Facility that will be available to Fortune REIT, the Manager is able to finance the Transaction using available bank facilities and internally generated funds. Based on the pro forma capitalisation table as stated in the Fortune REIT Circular, Fortune REIT's Gearing Ratio/Aggregate Leverage is expected to increase to approximately 26.3% immediately after the Transaction.

E. REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Manager believes that the Transaction will bring the following key benefits to the Unitholders:

1. Based on the pro forma financials, assuming that the New Properties had been acquired by Fortune REIT since 1 January 2011, the pro forma enlarged distribution per Unit (“DPU”) of 13.66¹⁷ HK cents represents a 6.7% increase from Fortune REIT's DPU of 12.80¹⁸ HK cents for the six months ended 30 June 2011.

¹⁵ “Existing Facility Borrowers” means the Group Companies which are borrowers under the Existing Facility, including Ace Courage Limited, Art Full Resources Limited, Million Nice Development Limited, Partner Now Limited, Poko Shine Limited, Proven Effort Limited, Quick Switch Limited, Team Challenge Limited, Vision Million Limited, Waldorf Realty Limited and Yee Pang Realty Limited.

¹⁶ “HIBOR” means the rate of interest offered on Hong Kong dollar loans by banks in the Hong Kong interbank market for a specified period ranging from overnight to one year.

¹⁷ Computed based on the distributable income of the Enlarged Group for the period ended 30 June 2011 over the number of Units issued and issuable by the Enlarged Group as at 30 June 2011.

¹⁸ Actual DPU of Fortune REIT for the six months ended 30 June 2011.

2. The New Properties will provide Fortune REIT with additional stable and growing rental cash flow, which will be beneficial to the Unitholders. The Acquisition supports the Manager's acquisition growth strategy of owning commercial properties with high occupancy and long term growth potential.
3. The Acquisition provides Unitholders with an opportunity to capitalise on the growing Hong Kong retail market while enhancing Fortune REIT's existing property portfolio through the acquisition of two high quality assets in strategic locations. It also represents an opportunity for Fortune REIT to acquire income-producing properties below their independent valuations.
4. The Acquisition will further enhance the income diversification of Fortune REIT and reduce the reliance of Fortune REIT's income stream on any one single property. As a result of the Acquisition, the maximum contribution to Fortune REIT's Net Property Income by any single property within Fortune REIT's property portfolio will decrease from 27.1% to 24.0%¹⁹.
5. The Manager believes that by leveraging on Fortune REIT's strong balance sheet and the support of its core financing banks, Fortune REIT is able to efficiently utilise its available debt headroom to acquire the New Properties without having to raise new equity.

Please refer to the Fortune REIT Circular for further discussion of the reasons and benefits of the Transaction to Fortune REIT.

F. FINANCIAL EFFECTS OF THE TRANSACTION ON FORTUNE REIT

The following information is presented for illustrative purposes only and is based on the assumptions outlined below. The Manager considers these assumptions to be appropriate and reasonable as at the date of the Fortune REIT Circular. However, Unitholders should consider the information outlined below in the light of such assumptions and make their own assessment of the future performance of Fortune REIT.

Based on the pro forma financial effects of the Acquisition as stated in section 4.1 as well as Appendix 3 to the Fortune REIT Circular which provides a more detailed illustration of the financial effects of the Transaction, the Manager does not foresee any other material adverse impact on the financial position of Fortune REIT as a result of the Transaction.

1. Pro Forma Financial Effects of the Acquisition

The pro forma financial effects of the Transaction presented below are strictly for illustrative purposes only and were prepared based on:

- the audited financial statements of Fortune REIT for the year ended 31 December 2010;
- the unaudited financial statements of Fortune REIT for the six months ended 30 June 2011;

¹⁹ Based on the audited financials for the year ended 31 December 2010 and assuming the New Properties were acquired on 1 January 2010.

- the unaudited financial position of Fortune REIT as at 30 September 2011; and
- the audited financial statements of Target Company Group and the portion of Quebostar represented by the Minority Shareholders Shares for the year ended 31 December 2010 and for the six months ended 30 June 2011 as set out in Appendix 2 of the Fortune REIT Circular.

and assuming:

- Fortune REIT had acquired the New Properties on the dates as indicated and that they were valued at the Total Consideration on these dates;
 - the Total Consideration is HK\$1,900.0 million;
 - the Total Consideration will be funded by the New Facility and the Existing Facility at an annual interest rate of HIBOR plus 2.00% and HIBOR plus 0.91% respectively and internally generated funds; and
 - 5.3 million Units will be issued to the Manager in payment of the Acquisition Fee at HK\$3.58 per Unit being the closing market price per Unit of Fortune REIT quoted from SGX-ST as at the Latest Practicable Date.
- (i) Financial Year ended 31 December 2010**

Pro forma DPU

The pro forma financial effects of the Acquisition on the DPU for the financial year ended 31 December 2010, as if Fortune REIT had purchased the New Properties on 1 January 2010, and held and operated the New Properties through to 31 December 2010, are as follows:

	<u>Before the Acquisition</u>	<u>After the Acquisition</u>
Distributable income (<i>HK\$'000</i>)	406,487 ⁽¹⁾	430,265
Units in issue and to be issued (<i>'000</i>)	1,671,600 ⁽²⁾	1,678,499 ⁽³⁾
DPU (<i>HK cents</i>)	24.35 ⁽⁴⁾	25.63 ⁽⁵⁾

Notes:

- Based on audited financial statements of Fortune REIT for the financial year ended 31 December 2010.
- Number of issued and issuable Units as at 31 December 2010.
- Includes (i) approximately 5.3 million new Units issued as Acquisition Fee Units; and (ii) approximately 1.6 million new Units issued as part payment for the Manager's management fee for the New Properties for the financial year ended 31 December 2010, both at an assumed issue price of HK\$3.58 per Unit.

- (4) Actual DPU of Fortune REIT for the period from 1 January 2010 to 31 December 2010.
- (5) Computed based on the distributable income of Fortune REIT, the Target Company, the portion of Quebostar represented by the Minority Shareholders Shares, the Belvedere Garden (Remaining Portion) Holding Company and the Provident Centre Holding Company (collectively, the “**Enlarged Group**”) for the financial year ended 31 December 2010 over the number of Units issued and issuable by the Enlarged Group as at 31 December 2010.

(ii) As at 31 December 2010

Pro forma NAV per Unit

The pro forma financial effects of the Acquisition on the net asset value (“NAV”) per Unit as at 31 December 2010, as if Fortune REIT had purchased the New Properties on 31 December 2010, are as follows:

	<u>Before the Acquisition</u>	<u>After the Acquisition⁽¹⁾</u>
NAV (HK\$'000)	10,333,688 ⁽²⁾	10,303,688 ⁽³⁾
Units in issue and to be issued ('000)	1,671,600	1,676,907 ⁽⁴⁾
NAV per Unit (HK\$)	6.18	6.14

Notes:

- (1) The financial position of the Enlarged Group is based on: (a) the audited financial position of Fortune REIT, the Target Company and the portion of Quebostar represented by the Minority Shareholders Shares as at 31 December 2010; and (b) assuming the acquisition of the Belvedere Garden (Remaining Portion) Property and the Provident Centre Property was completed on 31 December 2010.
- (2) Based on the audited financial statements for the financial year ended 31 December 2010.
- (3) The decrease in net asset value is attributed to the costs related to the Acquisition including stamp duty, advisory fees, professional fees and expenses (estimated to be HK\$30.0 million) which will be paid in cash.
- (4) Includes approximately 5.3 million new Units issued as Acquisition Fee Units, at an assumed issue price of HK\$3.58 per Unit.

Pro forma capitalisation

The following table sets forth the pro forma capitalisation of Fortune REIT as at 31 December 2010, as if Fortune REIT had purchased the New Properties on 31 December 2010.

	<u>As at 31 December 2010</u>	
	<u>Actual</u>	<u>Pro forma</u>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Short-term debt:		
Unsecured	–	–
Secured	<u>79,000</u>	<u>386,579</u>
Total short-term debt	<u>79,000</u>	<u>386,579</u>
Long-term debt:		
Unsecured	–	–
Secured	<u>2,828,700</u>	<u>3,928,700</u>
Total long-term debt	<u>2,828,700</u>	<u>3,928,700</u>
Total debt	2,907,700	4,315,279
Net assets attributable to Unitholders	<u>10,333,688</u>	<u>10,303,688</u>
Total capitalisation	<u><u>13,241,388</u></u>	<u><u>14,618,967</u></u>
Gearing Ratio/Aggregate Leverage	21.0%	28.3%

(iii) Six Months ended 30 June 2011

Pro forma DPU

The pro forma financial effects of the Acquisition on the DPU for the six months ended 30 June 2011, as if Fortune REIT had purchased the New Properties on 1 January 2011, and held and operated the New Properties through to 30 June 2011, are as follows:

	<u>Before the</u>	<u>After the</u>
	<u>Acquisition</u>	<u>Acquisition</u>
Distributable income (<i>HK\$'000</i>)	214,805 ⁽¹⁾	230,010
Units in issue and to be issued (<i>'000</i>)	1,677,297 ⁽²⁾	1,683,401 ⁽³⁾
DPU (<i>HK cents</i>)	12.80 ⁽⁴⁾	13.66 ⁽⁵⁾

Notes:

- (1) Based on unaudited financial statements of Fortune REIT for the six months ended 30 June 2011.
- (2) Number of issued and issuable Units as at 30 June 2011.
- (3) Includes (i) approximately 5.3 million new Units issued as Acquisition Fee Units; and (ii) approximately 0.8 million new Units issued as part payment for the Manager's management fee for the New Properties for the six months ended 30 June 2011, both at an assumed issue price of HK\$3.58 per Unit.
- (4) Actual DPU of Fortune REIT for the period from 1 January 2011 to 30 June 2011.
- (5) Computed based on the distributable income of the Enlarged Group for the six months ended 30 June 2011 over the number of Units issued and issuable by the Enlarged Group as at 30 June 2011.

(iv) As at 30 September 2011

Pro forma NAV per Unit

The pro forma financial effects of the Acquisition on the NAV per Unit as at 30 September 2011, as if Fortune REIT had purchased the New Properties on 30 September 2011, are as follows:

	<u>Before the Acquisition</u>	<u>After the Acquisition⁽¹⁾</u>
NAV (HK\$'000)	12,572,655 ⁽²⁾	12,542,655 ⁽³⁾
Units in issue and to be issued ('000)	1,680,696	1,686,003 ⁽⁴⁾
NAV per Unit (HK\$)	7.48	7.44

Notes:

- (1) The financial position of the Enlarged Group is based on: (a) the unaudited financial position of Fortune REIT as at 30 September 2011; (b) the audited financial position of the Target Company and the portion of Quebostar represented by the Minority Shareholders Shares as at 30 June 2011; and (c) assuming the acquisition of the Belvedere Garden (Remaining Portion) Property and the Provident Centre Property was completed on 30 September 2011.
- (2) Based on the unaudited financial position of Fortune REIT as at 30 September 2011.
- (3) The decrease in net asset value is attributable to the costs related to the Acquisition including stamp duty, advisory fees, professional fees and expenses (estimated to be HK\$30.0 million) which will be paid in cash.
- (4) Includes approximately 5.3 million new Units issued as Acquisition Fee Units, at an assumed issue price of HK\$3.58 per Unit.

Pro forma capitalisation

The following table sets forth the pro forma capitalisation of Fortune REIT as at 30 September 2011, as if Fortune REIT had purchased the New Properties on 30 September 2011.

	<u>As at 30 September 2011</u>	
	<u>Actual</u>	<u>Pro forma</u>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Short-term debt:		
Unsecured	—	—
Secured	<u>520,000</u>	<u>820,000</u>
Total short-term debt	<u>520,000</u>	<u>820,000</u>
Long-term debt:		
Unsecured	—	—
Secured	<u>2,830,000</u>	<u>3,930,000</u>
Total long-term debt	<u>2,830,000</u>	<u>3,930,000</u>
Total debt	3,350,000	4,750,000
Net assets attributable to Unitholders	<u>12,572,655</u>	<u>12,542,655</u>
Total capitalisation	<u>15,922,655</u>	<u>17,292,655</u>
Gearing Ratio/Aggregate Leverage	20.1%	26.3%

G. CONNECTED PARTY TRANSACTIONS AS A RESULT OF THE TRANSACTION

In connection with or following the Transaction, the following transactions with certain Connected Persons of Fortune REIT have been or will be entered into by the Manager, the Trustee or the Property Companies:

1. the Purchase Agreements (other than the Hollingshead Share Purchase Agreement);
2. the Deeds of Tax Covenant;
3. the Deeds of Undertaking and Indemnity;
4. the Deposits Deeds of Indemnity;
5. the Borrowings Assignment and Debt Transfer Deed;
6. the Deeds of Ratification and Accession; and
7. various pre-existing agreements that certain of the New Property Companies have entered into with the CKH Group, the Manager Group and the HSBC Group in relation to the New Properties, that will continue to subsist after Completion.

Further details of these transactions will be set out in the Fortune REIT Circular.

H. 2011 CONTINUING CONNECTED PARTY TRANSACTIONS OF FORTUNE REIT

1. Connected Persons of Fortune REIT

The Fortune REIT Group has entered or will enter into continuing transactions (which will constitute continuing connected party transactions of Fortune REIT within the meaning of the REIT Code) with the following Connected Persons:

(a) CKH Group

For the purpose of the REIT Code, Cheung Kong is a Significant Holder²⁰ (that is, a holder of 10% or more of the outstanding Units) of Fortune REIT, and is therefore a connected person of Fortune REIT under paragraph 8.1(d) of the REIT Code.

Any person who is connected to Cheung Kong as described in paragraphs 8.1(e), (f) or (g) of the REIT Code is also a connected person of Fortune REIT, and these persons include: (i) any director, senior executive or officer of Cheung Kong; (ii) any associate (as defined in the REIT Code) of Cheung Kong or of any director, senior executive or officer of Cheung Kong;

²⁰ “Significant Holder” has the meaning ascribed to this term in the REIT Code.

and (iii) any controlling entity, holding company, subsidiary or associated company (as defined in the REIT Code) of Cheung Kong (collectively, and together with Cheung Kong, the “**CKH Group**”).

(b) Manager Group

The Manager is a connected person of Fortune REIT under paragraph 8.1(a) of the REIT Code.

Any person who is connected to the Manager as described in paragraphs 8.1(e), (f) or (g) of the REIT Code is also a connected person of Fortune REIT, and these persons include: (i) any director, senior executive or officer of the Manager; (ii) any associate (as defined in the REIT Code) of any director, senior executive or officer of the Manager; and (iii) any controlling entity, holding company, subsidiary or associated company (as defined in the REIT Code) of the Manager (collectively, and together with the Manager, the “**Manager Group**”).

(c) Trustee Connected Persons

The Trustee and companies within the same group of, or otherwise “**associated**” with, the Trustee are each also within the definition of a connected person in the REIT Code (the “**Trustee Connected Persons**”). As a result, the list of Connected Persons of Fortune REIT will include HSBC Holdings plc, and other members of its group (including The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited and their respective subsidiaries) (the “**HSBC Group**”) because the Trustee is an indirect wholly-owned subsidiary of HSBC Holdings plc.

2. Existing Waivers in respect of Chapter 8 of the REIT Code

(a) Continuing Transactions with the CKH Group and/or the Manager Group

In 2010, the SFC had granted a waiver (being the “**Existing CKH/Manager CPT Waiver**”), subject to certain terms and conditions, from strict compliance with the disclosure and unitholders’ approval requirements under Chapter 8 of the REIT Code in respect of certain continuing connected party transactions (being the “**Existing Continuing Connected Party Transactions**”) between the Fortune REIT Group on the one hand, and the CKH Group or the Manager Group (as the case may be) on the other hand. For additional information regarding the Existing CKH/Manager CPT Waiver, please see section 17.2.1 of the Introduction Listing Document.

(b) Continuing Transactions with the Trustee Connected Persons

In 2010, the SFC also granted a waiver (being the “**Existing Trustee CPT Waiver**”), subject to certain terms and conditions, from strict compliance with the disclosure and unitholder’s approval requirements under Chapter 8 of the REIT Code, in respect of certain continuing

connected party transactions between the Fortune REIT Group on the one hand, and the Trustee Connected Persons on the other hand. As at the date of the Fortune REIT Circular, such waiver remains in place. For further details of the waiver and the conditions that apply to it, please see section 17.2.2 of the Introduction Listing Document.

3. Reasons for New Waiver Request in respect of Chapter 8 of the REIT Code

If the Acquisition is completed, and assuming that various transactions and arrangements in relation to the New Properties will continue to be conducted with the CKH Group, the Manager Group and/or the Trustee Connected Persons, more continuing connected party transactions will arise.

In respect of the resulting continuing transactions with the CKH Group and/or the Manager Group, the nature of such transactions will be the same as the Existing Continuing Connected Party Transactions in respect of which the Existing CKH/Manager CPT Waiver was granted. The Acquisition will accordingly increase the scale of the continuing connected party transactions with the CKH Group and/or the Manager Group, beyond the annual limits specified in the Existing CKH/Manager CPT Waiver.

As is the case for the Existing Continuing Connected Party Transactions, the Manager considers that it will be unduly burdensome and not in the interests of the Unitholders, for Fortune REIT to be subject to strict compliance with the requirements under Chapter 8 of the REIT Code with respect to such transactions in relation to the New Properties, on each and every occasion when they arise.

Accordingly, the Manager would like to take the opportunity of the EGM for Unitholders to approve a waiver in respect of certain continuing connected party transactions between Fortune REIT on the one hand and the CKH Group and/or the Manager Group on the other hand, as further described in the Fortune REIT Circular. The Manager proposes a 2011 Continuing Connected Party Transactions waiver package (being the 2011 CKH/Manager CPT Waiver) that: (a) takes into account the new and/or additional continuing connected party transactions that will arise as a result of the Acquisition; and (b) replaces the Existing CKH/Manager CPT Waiver so that the three-year waiver duration can commence afresh.

The proposed 2011 CKH/Manager CPT Waiver is subject to Completion and the approval of the SFC. In the event that the EGM Resolution is not approved by the independent Unitholders, the Existing CKH/Manager CPT Waiver will continue to apply for the remainder of its duration.

For completeness, in respect of the resulting continuing transactions with the Trustee Connected Persons, the nature of such transactions will be the same as the transactions in respect of which the Existing Trustee CPT Waiver was granted. However, as the Existing Trustee CPT Waiver is not subject to an annual cap or time limitation, no new waiver packages in respect of the subject transactions are required to be proposed to Unitholders.

4. 2011 Continuing Connected Party Transactions

The 2011 Continuing Connected Party Transactions are connected party transactions entered into or to be entered into between the Fortune REIT Group on the one hand, and the CKH Group and/or the Manager Group (as the case may be) on the other hand, which may be categorised as being revenue or expenditure in nature.

(a) Revenue Transactions

(1) Leasing/Licensing Transactions

As part of the Fortune REIT Group's ordinary and usual course of business, each of the Property Companies which is the direct owner of a property, is either already a party to, or may from time to time enter into, leases or licences with members of the CKH Group (the "**CKH Group Leases/Licences**") or members of the Manager Group (the "**Manager Group Leases/Licences**") and together with the CKH Group Leases/Licences, the "**CKH/Manager Group Leases/Licenses**") in respect of its properties.

All the CKH/Manager Group Leases/Licences subsisting are on normal arm's length commercial terms and at market levels.

Details of the CKH/Manager Group Leases/Licences in respect of the New Properties (being the Related Tenancy and Licence Agreements) are set out in the Fortune REIT Circular. Details of the CKH/Manager Group Leases/Licences in respect of the Existing Properties are set out in Fortune REIT's latest Annual Reports.

(b) Expenditure Transactions

In addition, there are various categories of continuing connected party transactions with members of the CKH Group which have been entered into relating to property management, estate management and other operational transactions in respect of Fortune REIT and its assets and operations. This has resulted and may in the future result in expenditures being paid by Fortune REIT to the CKH Group, comprising the following:

(1) Property Management Transactions

Under the Property Management Agreement dated 7 July 2003 entered into between the Trustee, the Manager and the Property Manager, the Manager has delegated the property and lease management and marketing functions in respect of Fortune REIT's real estate assets to the Property Manager, which is an indirect wholly-owned subsidiary of Cheung Kong.

Pursuant to a property management extension letter from the Property Manager to the Trustee and the Manager dated 1 August 2008, the Property Management Agreement has been extended for a further term of five years to 11 August 2013. As noted in the

Fortune REIT Circular, the parties to the Purchase Agreements intend to extend the scope of the property management services so as to include the New Properties pursuant to the Deeds of Ratification and Accession.

Under the Property Management Agreement, the Property Manager is entitled to a fee of 3.0% per annum of the Gross Property Revenue for the provision of property and lease management services. In addition, the Property Manager is also entitled to commissions for the provision of marketing services, such commissions are derived at by reference to the duration of the relevant leases/licences entered into or renewed and the total rental/licence fees paid. For further details regarding the Property Management Agreement, please refer to the section headed “**Material and Other Agreements Relating to Fortune REIT – Property Management Agreement**” in the Introduction Listing Document.

(2) *Third Party Services*

Under the Property Management Agreement, the Property Manager, as agent for the relevant Property Companies, has entered into, and will continue to enter into contracts with third-party service providers for the provision of, among other things, cleaning, maintenance, security, carpark management and other ancillary services in respect of the properties held by Fortune REIT. Some of these third party service providers are and may be members of the CKH Group. In consideration for such services, Fortune REIT will pay fees to such contractors. The anticipated amounts of these fees will form part of the 2011 Continuing Connected Party Transactions.

It is the current intention of the parties that after Completion, the Property Manager, as agent for the New Property Companies, will enter into contracts with such third party service providers which may include members of the CKH Group in respect of the provision of property management-related services in connection with the New Properties. Those third party service providers may include those companies who have been providing such services in respect of the New Properties.

(3) *Deeds of Mutual Covenant*

Each Property Company will, where applicable, be bound by the terms of the deed of mutual covenant applicable to the property owned by it. The deed of mutual covenant binds the manager under the deed of mutual covenant (the DMC manager) and all the owners of a development and their successors-in-title, irrespective of whether they are original parties to the deed of mutual covenant. Some of the DMC managers in respect of properties held by Fortune REIT are members of the CKH Group. These include the DMC managers of Ma On Shan Plaza, Fortune Metropolis, Nob Hill Square, Centre de Laguna, Hampton Loft, Lido Avenue, Rhine Avenue and one of the DMC managers of the Belvedere Garden Property mentioned below. Further, there may also be situations

arising where one or more members of the CKH Group may own other parts of the development of which the property owned by Fortune REIT forms part, and therefore technically the deed of mutual covenant constitutes a contract between them.

As noted in the Fortune REIT Circular, Cayley Property Management Limited, a member of the CKH Group, is a party to the Belvedere Garden (Phase I) DMC as the DMC manager of Belvedere Garden Development Phase I. Additionally, Cayley Property Management Limited is a party to the Belvedere Garden Phase III Deed as the sub-agent for the management of common areas and common services exclusively serving the commercial units of Belvedere Garden Development Phase III. Upon Completion, Fortune REIT will be also a party to the Belvedere Garden (Phase I) DMC and Belvedere Garden (Phase III) Deed through its acquisition and ownership of the relevant Belvedere Garden Holding Companies.

(4) Back-Office Support Services

Some members of the CKH Group currently provide back-office support services to the Manager. Such support takes the form of full-time or part-time secondment of staff, or may be in other forms such as service-level arrangements for back-office support services such as accounting and corporate secretarial services with charge-back arrangements on arm's length normal commercial terms.

5. Request for 2011 Continuing Connected Party Transactions Waiver

For the above reasons, the Manager has requested that the SFC grant a waiver (the “**2011 CKH/Manager CPT Waiver**”) to Fortune REIT from strict compliance with the disclosure and unitholders’ approval requirements under Chapter 8 of the REIT Code, in respect of the 2011 Continuing Connected Party Transactions, subject to and conditional upon Completion taking place, and subject to (among other things) the conditions summarised in the section headed “**2011 Continuing Connected Party Transactions of Fortune REIT – Review, Disclosure and other Control Measures**” below.

6. Extensions or amendments

The 2011 CKH/Manager CPT Waiver applied for is in respect of a period which commences as from the date of Completion and continues until 31 December 2014 (being the “**Initial CPT Waiver Period**”).

The 2011 CKH/Manager CPT Waiver may be extended beyond the Initial CPT Waiver Period (or any extension thereof), and/or the conditions of the 2011 CKH/Manager CPT Waiver may be modified from time to time, provided that:

- (a) the approval of Unitholders other than those who have a material interest in the relevant transactions, within the meaning of paragraph 8.11 of the REIT Code (being the independent Unitholders) is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or amendment of the 2011 CKH/Manager CPT Waiver, as the case may be, shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the 2011 CKH/Manager CPT Waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Fortune REIT after the date on which the approval referred to in (a) above becomes effective.

7. Annual Limits

The 2011 CKH/Manager CPT Waiver will apply to the 2011 Continuing Connected Party Transactions as categorised, and up to the annual monetary limits stated in the table below (the “**New Annual Caps**”):

<u>Categories of 2011 Continuing Connected Party Transactions</u>	<u>Connected person</u>	<u>Proposed annual limits under the 2011 CKH/ Manager CPT Waiver</u>		
		<u>For the financial year ending 31 December 2012</u>	<u>For the financial year ending 31 December 2013</u>	<u>For the financial year ending 31 December 2014</u>
		<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
I. Revenue				
Leasing/licensing transactions	CKH Group	275,000	344,000	430,000
Leasing/licensing transactions	Manager Group	11,500	13,200	15,200
II. Expenditure				
Property management arrangements, third party services and other operational transactions	CKH Group	101,000	136,000	183,000

(1) In respect of CKH Group Leases/Licences

The proposed annual caps for the year ending 31 December 2012 have been determined with general reference to the historical data for the last three years, and based on the anticipated aggregate value of such transactions during the relevant financial years subsequent to the

completion of the Acquisition (i.e., including the Related Tenancy and Licence Agreements), with an appropriate buffer for contingencies such as changes in rental or other market conditions.

The increase of the annual cap for the financial year ending 31 December 2012 from HK\$202 million (pursuant to the Existing CKH/Manager CPT Waiver) to HK\$275 million (pursuant to the 2011 CKH/Manager CPT Waiver) is mainly due to the new CKH Group Leases/Licences to be taken up at the Belvedere Garden Property and the Provident Centre Property upon completion of the Acquisition. In addition, the increment has also taken into account the inflation, together with an appropriate buffer for contingencies (e.g. changes in rental or other market conditions) and possible additional leasing or licensing transactions with the CKH Group tenants at the Existing Properties. The proposed annual caps for each of the financial years ending 31 December 2013 and 2014 have been determined by applying a 25% increment to the figure proposed for the immediately preceding financial year, with some minor rounding up of figures. The 25% increment factor has been applied after taking into account the inflation, with an appropriate buffer for contingencies, possible increase in the number of premises under the CKH Group Leases/Licences during the Initial CPT Waiver Period.

(2) In respect of the Manager Group Leases/Licences

The Manager Group does not currently have any lease/license of premises at the portfolio of properties of Fortune REIT. However, it is possible that such leases/licenses may be entered into at some time during the proposed waiver period including the Initial CPT Waiver Period.

The proposed annual caps have been determined after taking into account the inflation, together with an appropriate buffer for contingencies, for instance, the change in rental or other market conditions and possible leasing or licensing transactions with the Manager Group during the relevant period. Although there has been no previous leasing/licensing transaction with the Manager Group, the proposed annual caps could be substantially utilized once transactions are entered into with the Manager Group.

(3) In respect of property management arrangements, third party services and other operational transactions

The proposed annual caps for the financial year ending 31 December 2012 have been determined with general reference to the historical data for the last three years, and based on the anticipated aggregate value of such transactions during the relevant financial years subsequent to the completion of the Acquisition, with an appropriate buffer for contingencies.

The increase of the annual cap for the financial year ending 31 December 2012 from HK\$62 million (pursuant to the Existing CKH/Manager CPT Waiver) to HK\$101 million (pursuant to the 2011 CKH/Manager CPT Waiver) is mainly taking into account the new operating expenses from the Belvedere Garden Property and the Provident Centre Property upon completion of the Acquisition. The increment is also attributable to account for inflation,

possible increase in costs and wages, together with an appropriate buffer for contingencies, for instance, possible additional marketing services fees as a result of additional leasing activities, additional property management related services and additional landlord's fitting out provisions, or building facilities maintenance and improvement works being carried out by the CKH Group during the relevant period.

The proposed annual caps for each of the financial years ending 31 December 2013 and 2014 have been determined by applying a 35% increment to the figure proposed for the immediately preceding financial year, with some minor rounding up of figures. The 35% increment factor has been applied after taking into account: (i) the general economic environment in Hong Kong including the inflation, possible increase in costs and wages, and specifically, the anticipated increase in management expenses; and (ii) the resulting anticipated increase in the property management fees and marketing service fees payable by Fortune REIT to the Property Manager, during the Initial CPT Waiver Period.

8. Review, Disclosure and other Control Measures

The 2011 CKH/Manager CPT Waiver stipulates the following additional conditions in relation to the 2011 Continuing Connected Party Transactions:

(a) Disclosure in Interim and Annual Reports

Details of the relevant continuing connected party transactions shall be disclosed in Fortune REIT's interim and annual reports, as required under paragraph 8.14 of the REIT Code.

(b) Auditors' Review Procedures

In respect of each relevant financial year, the Manager will engage and agree with the auditors of Fortune REIT to perform certain review procedures on the 2011 Continuing Connected Party Transactions. The auditors will then report to the Manager on the factual findings based on the work performed by them (and a copy of such report shall be provided to the SFC), confirming whether all such 2011 Continuing Connected Party Transactions:

- (1) have received the approval of the board of directors of the Manager (including its independent non-executive Directors);
- (2) are in accordance with the pricing policies of Fortune REIT where applicable;
- (3) have been entered into in accordance with the terms of the agreements (if any) governing the transactions; and
- (4) the total value in respect of which has not exceeded the respective annual cap amount (where applicable) as set out above.

(c) Review by the Independent Non-Executive Directors of the Manager

The independent non-executive Directors of the Manager shall review the 2011 Continuing Connected Party Transactions annually, and confirm in Fortune REIT's annual report for the relevant financial year that such transactions have been entered into:

- (1) in the ordinary and usual course of business of Fortune REIT;
- (2) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Fortune REIT than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreement and the Manager's internal procedures governing them, if any, on terms that are fair and reasonable and in the interests of the independent Unitholders, as well as the Unitholders as a whole.

(d) Auditors' Access to Books and Records

The Manager shall allow, and shall procure the counterparty to the relevant continuing connected party transactions to allow, the auditors of Fortune REIT sufficient access to their records for the purpose of reporting on the transactions.

(e) Notification to the SFC

The Manager shall promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors and/or the independent non-executive Directors will not be able to confirm the matters set out in sections (b) and (c) above respectively.

(f) Subsequent Increases in Annual Caps with Independent Unitholders' Approval

If necessary, for example, where there are further asset acquisitions by Fortune REIT thereby increasing the scale of its operations generally, or where there are changes in market or operating conditions, the Manager may, from time to time in the future, seek to increase one or more of the annual cap amounts referred to above, provided that:

- (1) the approval of independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (2) disclosure of details of the proposal to increase the relevant cap amount(s) shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (3) the requirements referred to in sections (a) to (e) shall continue to apply to the relevant transactions, save that the relevant increased annual cap amount(s) shall apply.

9. Paragraph 8.14 of the REIT Code

The Manager shall comply with all requirements under paragraph 8.14 of the REIT Code where there is any material change to the terms of the relevant connected party transactions or where there is any subsequent change to the REIT Code which may impose stricter requirements in respect of disclosure and/or Unitholders' approval.

Details of the connected party transactions will be disclosed in the interim and annual report of Fortune REIT in the relevant financial year as required under paragraph 8.14 of the REIT Code. The independent non-executive Directors will review the connected party transactions annually and confirm whether such transactions are carried out in the ordinary and usual course of business of Fortune REIT based on normal commercial terms and in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Unitholders.

10. Opinion of the Board

The Board (including all the independent non-executive Directors) confirms that:

- (1) in its opinion, the New Annual Caps, and the basis for the New Annual Caps, are fair and reasonable having regard to the interests of the independent Unitholders, as well as the Unitholders as a whole;
- (2) in its opinion, each of the 2011 Continuing Connected Party Transactions subsisting as at the Completion Date has been entered into: (i) in the ordinary and usual course of business of Fortune REIT; and (ii) on terms which are normal commercial terms at arm's length and are fair and reasonable and in the interests of the independent Unitholders, as well as the Unitholders as a whole; and
- (3) in its opinion, that each of the 2011 Continuing Connected Party Transactions to be entered into after Completion shall be: (i) in the ordinary and usual course of business of Fortune REIT; and (ii) on terms which are normal commercial terms and at arm's length and are fair and reasonable and in the interests of independent Unitholders, as well as the Unitholders as a whole.

I. IMPLICATIONS OF THE TRANSACTION UNDER THE REIT CODE AND THE TRUST DEED

1. Transaction

Clause 16.2.1 of the Trust Deed requires any connected party transaction to be carried out in accordance with the provisions of the REIT Code and any conditions (including conditions of any waiver or exemption from the operation of the REIT Code granted by the SFC from time to time) imposed by the SFC from time to time. Under paragraph 8.1 of the REIT Code, Connected Persons of Fortune REIT include, among others, a Significant Holder (that is, a holder of 10% or

more of the outstanding Units) and associated companies. Cheung Kong owns more than 10% of the Units and therefore is a Significant Holder of Fortune REIT (for further details in respect of the Unit holdings of Cheung Kong, please refer to the Fortune REIT Circular). The CK Minority Shareholder (being one of the Minority Shareholders) is a member of the CKH Group. HWL is an “associated company” of Cheung Kong within the meaning of the REIT Code. Each of the Recoup Vendor, the Belvedere Garden (Remaining Portion) Vendor and the Provident Centre Vendor is a wholly-owned subsidiary of HWL. As a result, HWL, the Recoup Vendor, the Belvedere Garden (Remaining Portion) Vendor, the Provident Centre Vendor and the CK Minority Shareholder are each a Connected Person of Fortune REIT within the meaning of the REIT Code. Accordingly, each of the following constitutes a connected party transaction of Fortune REIT under paragraph 8.5 of the REIT Code:

- (1) the Acquisition and the consummation of the transactions contemplated under the Purchase Agreements (other than the Hollingshead Share Purchase Agreement);
- (2) the entering into and performance of the Deeds of Tax Covenant;
- (3) the entering into and performance of the Deeds of Undertaking and Indemnity;
- (4) the entering into and performance of the Deposits Deeds of Indemnity;
- (5) the entering into and performance of the Borrowings Assignment and Debt Transfer Deed;
and
- (6) the entering into and performance of the Deeds of Ratification and Accession.

As the Total Consideration or value of the Transaction exceeds 5.0% of the latest net asset value of Fortune REIT, as disclosed in its latest published audited accounts, and adjusted for any subsequent transaction since their publication, pursuant to paragraph 8.11 of the REIT Code and the Trust Deed, each of the above transactions will require independent Unitholders’ approval by way of an Ordinary Resolution at the EGM.

In addition, as the Total Consideration represents 30.7% of the total market capitalisation of Fortune REIT, based on the average closing price of Fortune REIT in the Hong Kong Stock Exchange for the five Business Days immediately preceding 23 December 2011, the Transaction also constitutes a major acquisition by Fortune REIT for the purpose of the REIT Code.

2. 2011 Continuing Connected Party Transactions

The Directors propose to adopt a new waiver package for the 2011 Continuing Connected Party Transactions (being the 2011 CKH/Manager CPT Waiver) that will accommodate the increase in size and the number of varieties of the continuing connected party transactions of Fortune REIT following the Acquisition. Fortune REIT will obtain the approval of independent Unitholders for the 2011 Continuing Connected Party Transactions.

3. Ordinary Resolution

The Manager takes the view that: (a) the Transaction; (b) the takeover of the Related Tenancy and Licence Agreements; and (c) the 2011 Continuing Connected Party Transactions are interdependent and linked to each other and part and parcel of a significant proposal, as (b) and (c) only arise from the consummation of the Transaction and will not be required but for the entering into of the agreements underlying the Transaction.

Please refer to the EGM Notice for the proposed EGM Resolution in relation to the Transaction and the 2011 Continuing Connected Party Transactions. As soon as practicable after the EGM, the Manager will issue an announcement setting out the results of the EGM, including whether the proposed EGM Resolution has been passed.

4. Restrictions on Voting

Paragraph 9.9(f) of the REIT Code provides that where a Unitholder has a material interest in the resolution tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting.

Further, under paragraph 2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the resolution tabled for approval at a general meeting of the Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting its Units or being counted in the quorum for the general meeting.

Members of the CKH Group, the Manager Group and the HWL Group are parties to one or more of the Transactions, the Related Tenancy and Licence Agreements and the 2011 Continuing Connected Party Transactions, and as such, have a material interest in the relevant EGM Resolution. The Acquisition, if completed, will increase the scale of the continuing connected party transactions with such persons.

Pursuant to the REIT Code and the Trust Deed, Cheung Kong has agreed that it will abstain, and will procure that each member of the CKH Group and their respective associates to abstain, from voting on the EGM Resolution.

Similarly, HWL has undertaken that it will abstain, and will procure that each member of the HWL Group and their respective associates will abstain, from voting on the EGM Resolution.

Also, ARA (being the holding company of the Manager) has undertaken that it will abstain, and will procure that each member of the Manager Group and their respective associates will abstain, from voting on the EGM Resolution.

To the best of the Manager's knowledge, information and belief, after having made reasonable enquiries, the Manager takes the view that save as disclosed above, no other Unitholders are required to abstain from voting at the EGM in respect of the EGM Resolution.

Please refer to the Fortune REIT Circular for further details in relation to the implications under the REIT Code and the Trust Deed.

J. IMPLICATIONS OF THE TRANSACTION UNDER THE SINGAPORE LISTING MANUAL AND THE SINGAPORE PROPERTY FUNDS APPENDIX

1. Interested Person Transaction under Chapter 9 of the Singapore Listing Manual

Under Chapter 9 of the Singapore Listing Manual, where Fortune REIT proposes to enter into a transaction with an Interested Person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of Fortune REIT's latest audited net tangible assets ("NTA"), Unitholders' approval is required in respect of the transaction.

Each of the Recoup Vendor, the Belvedere Garden (Remaining Portion) Vendor and the Provident Centre Vendor is a wholly-owned subsidiary of HWL. The CK Minority Shareholder (being one of the Minority Shareholders) is a member of the CKH Group. Cheung Kong, through its subsidiaries, holds approximately 49.9% of HWL and HWL is therefore an associate of Cheung Kong. As at the Latest Practicable Date, Cheung Kong is deemed to hold an aggregate indirect interest in 525,630,684 Units (comprising 31.3% of the existing Units), of which (i) 413,074,684 Units are held by Focus Eagle Investments Limited (a wholly-owned subsidiary of Cheung Kong) and (ii) 112,556,000 Units are held by Ballston Profits Limited (a wholly-owned subsidiary of HWL, which in turn is 49.9% owned by Cheung Kong). As Cheung Kong has an interest in more than 15% of all outstanding Units and HWL is an associate of Cheung Kong, Cheung Kong and HWL is considered an Interested Person of Fortune REIT for the purposes of Chapter 9 of the Singapore Listing Manual.

Based on the audited financial statements of Fortune REIT for the financial year ended 31 December 2010, the audited NAV/NTA was HK\$10,333.7 million as at 31 December 2010. Accordingly, if the value of a transaction which is proposed to be entered into by Fortune REIT with an Interested Person is, in the current financial year, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000 or HK\$604,820 based on the exchange rate of S\$1 = HK\$6.0482 as at 3 January 2011²¹) entered into with the same Interested Person during the current financial year, equal to or in excess of HK\$516.7 million, such a transaction would have to be subjected to Unitholders' approval. Given the Total Consideration of HK\$1,900.0 million (subject to customary adjustments for the net current assets/liabilities of the Target Company Group and Quebostar, as applicable, as at Completion) (which comprises 18.4% of the audited NAV/NTA of Fortune REIT as at 31 December 2010), the aggregate value of the Acquisition exceeds the said threshold. As such, the Acquisition is subject to Unitholders' approval under Chapter 9 of the Singapore Listing Manual.

²¹ Exchange rate obtained from Bloomberg.

2. Existing Interested Person Transactions

As at the Latest Practicable Date, Fortune REIT had entered into several Interested Person Transactions with certain entities within the CKH Group and the HWL Group during the course of the current financial year. The aggregate value of the existing Interested Person Transactions amounts to HK\$80.0 million (which comprises 0.77% of the audited NAV/NTA of Fortune REIT as at 31 December 2010). Details of these existing Interested Person Transactions are set out in Appendix A to this Announcement.

These existing Interested Person Transactions have been subject to the internal control procedures established by the Manager to ensure that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of Fortune REIT or its minority Unitholders. These procedures include the review and approval of such transactions by the Audit Committee. These transactions reported comply with the requirements of Chapter 9 of the Singapore Listing Manual.

3. Related Tenancy and Licence Agreements

As at the Latest Practicable Date, the Belvedere Garden (Substantial Portion) Holding Companies and the Belvedere Garden (Remaining Portion) Vendor or the Provident Centre Vendor (as the case may be) under the Asset Purchase Agreements had entered into several Related Tenancy and Licence Agreements. The aggregate rental and licence fees derived or to be derived from the Related Tenancy and Licence Agreements is estimated at HK\$97.4 million (which comprises 0.94% of the audited NAV/NTA of Fortune REIT as at 31 December 2010). Please refer to the Fortune REIT Circular for details of the Related Tenancy and Licence Agreements.

4. Interested Party Transaction under Paragraph 5 of the Singapore Property Funds Appendix

Paragraph 5 of the Singapore Property Funds Appendix also imposes a requirement to obtain Unitholders' approval for an Interested Party Transaction by Fortune REIT whose value exceeds 5.0% of Fortune REIT's latest audited NAV.

As a person who holds, directly or indirectly, 15.0% or more of the nominal amount of Units or who in fact exercises control over Fortune REIT ("**2011 Controlling Unitholder**"), Cheung Kong is considered to be an Interested Party of Fortune REIT. HWL, as an associate of Cheung Kong, would also be considered to be an Interested Party of Fortune REIT. Based on the audited financial statements for the financial year ended 31 December 2010, the NAV of Fortune REIT was HK\$10,333.7 million as at 31 December 2010. Accordingly, if the value of a transaction which is proposed to be entered into by Fortune REIT with an Interested Party is equal to or greater than HK\$516.7 million, such a transaction would be subject to Unitholders' approval. Given the Total Consideration of HK\$1,900.0 million (subject to customary adjustments for the net current assets/liabilities of the Target Company Group and Quebostar, as applicable, at Completion) (which comprises 18.4% of the NAV of Fortune REIT as at 31 December 2010), the aggregate value of the Acquisition exceeds the said threshold.

As such, the Acquisition is also subject to Unitholders' approval under Paragraph 5 of the Singapore Property Funds Appendix.

5. Approval by Unitholders

In approving the Transaction, Unitholders are deemed to have approved the Related Tenancy and Licence Agreements and the agreement to include the relevant New Properties as part of the properties to be managed by the Property Manager, upon Completion. These agreements are, therefore, not subject to Rules 905 and 906 of the Singapore Listing Manual (which require Fortune REIT to make an announcement or obtain the approval of Unitholders depending on the materiality of the Interested Person Transactions) insofar as there are no subsequent changes to the rental, rates and/or basis of the fees charged thereunder which will adversely affect Fortune REIT. Future renewal or extension of the agreements will be subject to Rules 905 and 906 of the Singapore Listing Manual.

6. Restrictions on Voting

Rule 919 of the Singapore Listing Manual prohibits related parties and their associates (as defined in the Singapore Listing Manual) from voting on a resolution, or accepting appointments as proxies unless specific instructions as to voting are given, in relation to a matter in respect of which such persons are interested in the EGM. Given that Cheung Kong is a 2011 Controlling Unitholder, Cheung Kong has undertaken that it will abstain, and will procure that each member of the CKH Group to abstain, from voting on the EGM Resolution. In addition, Cheung Kong has undertaken that it will not, and will procure that each member of the CKH Group will not, accept appointments as proxies unless specific instructions as to voting are given. Similarly, HWL has undertaken that it will abstain, and will procure that each member of the HWL Group to abstain, from voting on the EGM Resolution. In addition, HWL has undertaken that it will not, and will procure that each member of the HWL Group will not, accept appointments as proxies unless specific instructions as to voting are given.

Please refer to the Fortune REIT Circular for further details on relation to the implications under the Singapore Listing Manual and the Singapore Property Funds Appendix.

7. Independent Board Committee and Audit Committee Statement

The Independent Board Committee and the Audit Committee has obtained opinion from the Independent Financial Advisers before coming to their view on the Acquisition, and this opinion is set out in the Fortune REIT Circular.

8. Relative Figures Computed on the Basis set out in Rule 1006

The relative figures computed on the following bases set out in Rule 1006(a), 1006(b) and 1006(c) of the Singapore Listing Manual are as follows:

- (1) the net profit attributable to the assets acquired, compared with Fortune REIT's net profit; and
- (2) the aggregate value of the consideration given, compared with Fortune REIT's market capitalisation.

Comparison of:	New Properties	Fortune REIT	Relative figure (%)
Profits (<i>HK\$ million</i>)	79.3 ⁽¹⁾	615.3 ⁽²⁾	12.9
Consideration against market capitalisation (<i>HK\$ million</i>)	1,900.0	6,126.1 ⁽³⁾	31.0

Notes:

- (1) Based on Net Property Income for the financial year ended 31 December 2010 of Target Company, the Belvedere Garden (Remaining Portion) Property and the Provident Centre Property (before the Manager's Performance Fee).
- (2) Based on Net Property Income for the financial year ended 31 December 2010 of Fortune REIT (before the Manager's Performance Fee).
- (3) Based on HK\$3.645, the average closing unit price in Singapore of HK\$3.58 and Hong Kong HK\$3.71 as of the Latest Practicable Date.

The Manager is of the view that the Transaction is in the ordinary course of Fortune REIT's business and is therefore not subject to Chapter 10 of the Singapore Listing Manual.

K. DISCLOSURE OF INTERESTS IN UNITS

The total number of issued Units as at the Latest Practicable Date is 1,680,695,942 units.

Holdings of Significant Unitholders and Other Unitholders

As at the Latest Practicable Date, each of the following persons was considered a “significant Unitholder”, and hence a Connected Person of Fortune REIT, for the purpose of the REIT Code:

<u>Name</u>	<u>Direct interest</u>		<u>Deemed interest</u>	
	<u>Number of Units held long position</u>	<u>Percentage of Unitholdings</u>	<u>Number of Units held long position</u>	<u>Percentage of Unitholdings</u>
Focus Eagle Investments Limited ⁽¹⁾	413,074,684	24.58%	–	–
Cheung Kong ⁽¹⁾	–	–	525,630,684	31.27%
Schroders Plc ⁽²⁾	–	–	168,779,000	10.04%

In addition to the significant Unitholders as disclosed above, each of the following persons held, or was deemed to hold 5% or more of the issued Units as at Latest Practicable Date:

<u>Name</u>	<u>Direct interest</u>		<u>Deemed interest</u>	
	<u>Number of Units held long position</u>	<u>Percentage of Unitholdings</u>	<u>Number of Units held long position</u>	<u>Percentage of Unitholdings</u>
Ballston Profits Limited ⁽¹⁾	112,556,000	6.70%	–	–
HWL ⁽¹⁾	–	–	112,556,000	6.70%
DBS Bank Ltd. ⁽³⁾	90,070,000	5.36%	–	–
DBS Group Holdings Ltd. ⁽³⁾	–	–	90,070,000	5.36%
The Real Return Group Limited ⁽⁴⁾	–	–	91,950,961	5.47%

Notes:

(1) Focus Eagle Investments Limited was an indirect wholly-owned subsidiary of Cheung Kong; and Ballston Profits Limited was an indirect wholly-owned subsidiary of HWL, an associate of Cheung Kong. Therefore, Cheung Kong was deemed to hold 525,630,684 Units, of which: (i) 413,074,684 Units were held by Focus Eagle Investments Limited; and (ii) 112,556,000 Units were held by Ballston Profits Limited; HWL was deemed to hold 112,556,000 Units, which were held by its indirect wholly-owned subsidiary, Ballston Profits Limited.

(2) Schroders Plc was deemed to be interested in 168,779,000 Units of which:

(a) 94,007,000 Units were held by Schroder Investment Management Limited;

(b) 54,058,000 Units were held by Schroder Investment Management (Singapore) Limited;

- (c) 20,505,000 Units were held by Schroder Investment Management (Hong Kong) Limited; and
 - (d) 209,000 Units were held by Schroder (C.I.) Limited.
- (3) DBS Group Holdings Ltd. was deemed to be interested in 90,070,000 Units held by its wholly-owned subsidiary, DBS Bank Ltd.
- (4) The Real Return Group Limited was deemed to be interested in 91,950,961 Units of which:
- (a) 90,523,961 Units were held by Veritas Asset Management (UK) Ltd; and
 - (b) 1,427,000 Units were held by Veritas Asset Management AG.

Interests of the Manager

As at the Latest Practicable Date, the Manager held 3,399,646 Units, or approximately 0.20% of the issued Units of Fortune REIT.

Interests of the Directors and Senior Executives

Details of the unitholding interests of the Directors and senior executives in Fortune REIT as at the Latest Practicable Date were as follows:

<u>Name of Directors</u>	<u>Direct interest</u>		<u>Deemed interest</u>	
	<u>Number of Units held long position</u>	<u>Percentage of Unitholdings</u>	<u>Number of Units held long position</u>	<u>Percentage of Unitholdings</u>
Lim Hwee Chiang ⁽¹⁾	–	–	5,499,646	0.33%
Sng Sow-Mei (alias Poon Sow Mei)	220,000	0.01%	–	–

Note:

- (1) Mr. Lim Hwee Chiang was deemed to be interested in a total of 5,499,646 Units of which:
- (a) 3,399,646 Units were held by the Manager (a wholly-owned subsidiary of ARA), Mr. Lim was deemed to be interested in these Units by virtue of his direct and indirect holding of one third or more of shareholding interest in a chain of corporations including ARA; and;
 - (b) 2,100,000 Units are held by Citibank Nominees Singapore Pte. Ltd. (as nominee for JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr. Lim is the settlor of JL Charitable Settlement.

Save as disclosed above, none of the Manager, the Directors and the chief executive of the Manager was interested (or deemed to be interested) in Units, or hold any short position in Units, and the Manager is not aware of any Connected Persons of Fortune REIT who were interested (or deemed to be interested) in Units as at the Latest Practicable Date.

L. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at no charge during normal business hours at the offices of the Manager from 9:00 a.m. to 5:00 p.m. on Business Days²², from the date of the Fortune REIT Circular, up to and including the date of the EGM:

- (a) the Purchase Agreements (and the attachments thereto, and all material contracts relating to the Acquisition mentioned in the Fortune REIT Circular);
- (b) the consolidated audited accounts of Fortune REIT for the period from 1 January 2010 to 31 December 2010, and the consolidated unaudited accounts of Fortune REIT for the period from 1 January 2011 to 30 June 2011;
- (c) the Accountants' Report;
- (d) the unaudited pro forma financial information of the Enlarged Group disclosed under Appendix 3 to the Fortune REIT Circular;
- (e) the Letter from the Independent Board Committee and the Audit Committee;
- (f) the Letter from the Independent Financial Advisers;
- (g) the Market Consultant's Report;
- (h) the Independent Property Valuers' New Properties Valuation Reports;
- (i) the Introduction Listing Document;
- (j) the written consents of the Independent Financial Advisers;
- (k) the written consents of the Independent Property Valuers;
- (l) the written consent of the Market Consultant;
- (m) the written consent of Auditors and Reporting Accountants;

²² "Business Day" means any day (other than a Saturday, Sunday or gazetted public holiday) on which (i) commercial banks are open for business in Singapore and the SGX-ST is open for trading, and (ii) for so long as Fortune REIT is a SFC-Authorised REIT, commercial banks are open for business in Hong Kong and the SEHK is open for trading.

- (n) this announcement dated 28 December 2011 made by the Manager in relation to the Transaction; and
- (o) all material contracts disclosed under section 8 of Appendix 10 of the Fortune REIT Circular.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Fortune REIT continues to be in existence.

M. GENERAL

A Fortune REIT Circular containing, among other things: (1) a letter from the Board to the Unitholders containing details of, among other things, the Transaction and the 2011 Continuing Connected Party Transactions, (2) a letter from the Independent Board Committee and the Audit Committee to Unitholders in relation thereto, (3) a letter from the Independent Financial Advisers containing their advice to the Independent Board Committee, the Audit Committee, the independent Unitholders and the Trustee in relation thereto, and (4) the EGM Notice, has been issued on the date hereof and will be sent to the Unitholders as soon as practicable.

Unitholders who do not receive the Fortune REIT Circular within a week from the date of this announcement may obtain a copy of the same from (a) the Singapore Unit Registrar, Boardroom Corporate & Advisory Services Pte. Limited, at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 (for Singapore Unitholders); or (b) the Hong Kong Unit Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Unitholders), during office hours and subject to availability.

N. NOTICE OF BOOK CLOSURE PERIOD

In connection with the EGM, the register of Unitholders will be closed from 13 January 2012 to 19 January 2012, both days inclusive, to determine which Unitholders will qualify to attend and vote at the EGM, during which period no transfer of Units will be effected. For those Unitholders who are not already on the register of Unitholders, in order to qualify and vote at the EGM, all Unit certificates accompanied by the duly completed transfers must be lodged with the Hong Kong Unit Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Unitholders) for registration by 4:30 p.m. on 12 January 2012, or to the Singapore Unit Registrar, Boardroom Corporate & Advisory Services Pte. Limited, at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 (for Singapore Unitholders) for registration by 5:00 p.m. on 12 January 2012.

O. INDICATIVE TIMETABLE

Please see below an indicative timetable showing the key dates of the relevant events for this Transaction:

Event	Date and Time
Latest date and time for lodging transfers of Units to qualify for attending the EGM	: 12 January 2012 (4:30 p.m. for Hong Kong Unitholders / 5:00 p.m. for Singapore Unitholders)
Record date for the EGM	: Close of business on 12 January 2012
Latest date and time for lodging proxy forms for the EGM	: 17 January 2012 at 3:00 p.m. ²³
Date and time of the EGM	: 19 January 2012 at 3:00 p.m.
If the approvals sought at the EGM are obtained	
Target date for Completion	: To be determined by the Manager (but in any event no later than 28 March 2012)

Further announcement(s) will be made by the Manager in relation to those events which are scheduled to take place after the EGM as and when appropriate in accordance with applicable regulatory requirements.

As the Transaction may or may not complete, unitholders of and prospective investors of Fortune REIT are advised to exercise caution when dealing in the units of Fortune REIT.

²³ Proxy forms have to be lodged not less than 48 hours before the time set for the EGM.

DEFINITIONS

In this announcement, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, these defined terms are not included in the table below:

2011 CKH/Manager CPT Waiver	The conditional waiver, that Fortune REIT has applied to the SFC for, from strict compliance with the disclosure and unitholders' approval requirements under Chapter 8 of the REIT Code, as referred to in the section headed " 2011 Continuing Connected Party Transactions of Fortune REIT " in this announcement.
2011 Continuing Connected Party Transactions	The continuing connected party transactions of Fortune REIT which are described in the section headed " 2011 Continuing Connected Party Transactions of Fortune REIT – 2011 Continuing Connected Party Transactions " in this announcement.
2011 Controlling Unitholder	A person who holds, directly or indirectly, 15.0% or more of the nominal amount of Units or in fact exercises control over Fortune REIT.
Acquisition	The proposed acquisition by the Trustee, (1) from the Recoup Vendor of the Target Company pursuant to the Master Share Purchase Agreement; (2) from the CK Minority Shareholder of the CK Minority Shareholder Shares pursuant to the CK Share Purchase Agreement; (3) from the Hollingshead Minority Shareholder of the Hollingshead Minority Shareholder Shares pursuant to the Hollingshead Share Purchase Agreement; (4) from the Belvedere Garden (Remaining Portion) Vendor of the Belvedere Garden (Remaining Portion) Property pursuant to the Belvedere Garden (Remaining Portion) Asset Purchase Agreement; and (5) from the Provident Centre Vendor of the Provident Centre Property pursuant to the Provident Centre Asset Purchase Agreement.
Acquisition Fee	The acquisition fee which the Manager will be entitled to receive from Fortune REIT upon completion of the Acquisition.
Acquisition Fee Units	The Units which will be issued to the Manager as a form of payment of the Acquisition Fee.

Affected Tenancies	The Affected Tenancies comprise the tenancies of (i) Shops 101 to 108 on the First Floor and Portion on the Ground Floor of Belvedere Garden Property Phase II and of (ii) Shops 123-124 and 126-151 on the First Floor of Belvedere Garden Property Phase II, the tenants of which are using the tenanted premises or parts thereof for purposes of Elderly Homes (each an “ Affected Tenancy ”). For the month ended 30 September 2011, the gross rental income of the Affected Tenancies represented 6.5% of the gross rental income of the Belvedere Garden Property, and the gross rentable area of the Affected Tenancies is about 41,737 sq. ft., representing 15.1% of the gross rentable area of the Belvedere Garden Property.
Aggregate Leverage	The ratio of the value of total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or in Units) to the value of the gross assets of Fortune REIT, including all its authorised investments held or deemed to be held under the Trust Deed. This definition is consistent with the definition of “ aggregate leverage ” set out in the Singapore Property Funds Appendix.
Asset Purchase Agreements	The Belvedere Garden (Remaining Portion) Asset Purchase Agreement and the Provident Centre Asset Purchase Agreement (each an “ Asset Purchase Agreement ”).
Audit Committee	The audit committee of Fortune REIT comprising Mr. Lim Lee Meng, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Lan Hong Tsung, David.
Belvedere Garden Development	The development comprising Belvedere Garden Development Phase I, Belvedere Garden Development Phase II and Belvedere Garden Development Phase III.
Belvedere Garden Holding Companies	The Belvedere Garden (Substantial Portion) Holding Companies and the Belvedere Garden (Remaining Portion) Holding Company.
Belvedere Garden Property	Comprises shops, clinics, kindergartens, a market and 329 parking lots which form the commercial portion of the Belvedere Garden Development.
Belvedere Garden Property Phase I	Comprises all of the commercial areas (shops, clinics and a kindergarten), 15 motorcycle parking spaces and 66 carparks in Belvedere Garden Development Phase I.

Belvedere Garden Property Phase IA	Comprises all but one of the shops in Belvedere Garden Development Phase I (with such excluded shop forming part of Belvedere Garden Property Phase IB), as well as all clinics, a kindergarten and 15 motorcycle carparks within Belvedere Garden Development Phase I. Together with Belvedere Garden Property Phase IB comprises the entire Belvedere Garden Property Phase I.
Belvedere Garden Property Phase IB	Comprises one shop in Belvedere Garden Development Phase I as well as 66 carparks within Belvedere Garden Development Phase I. Together with Belvedere Garden Property Phase IA comprises the entire Belvedere Garden Property Phase I.
Belvedere Garden Property Phase II	Comprises all of the commercial areas (shops and a kindergarten), except for a shop on the ground floor which has been assigned to the Financial Secretary Incorporated of Hong Kong, 52 carparks and common areas in Belvedere Garden Development Phase II.
Belvedere Garden Property Phase III	Comprises 11 of the commercial areas (shops, market, and a kindergarten) and 196 carparks and common areas in Belvedere Garden Development Phase III.
Belvedere Garden Property Phase IIIA	Comprises 19 carparks within Belvedere Garden Development Phase III. Together with Belvedere Garden Property Phase IIIB and Belvedere Garden Property Phase IIIC comprises the entire Belvedere Garden Property Phase III.
Belvedere Garden Property Phase IIIB	Comprises shops, a market, a kindergarten and common areas within Belvedere Garden Development Phase III. Together with Belvedere Garden Property Phase IIIA and Belvedere Garden Property Phase IIIC comprises the entire Belvedere Garden Property Phase III.
Belvedere Garden Property Phase IIIC	Comprises 177 carparks within Belvedere Garden Development Phase III. Together with Belvedere Garden Property Phase IIIA and Belvedere Garden Property Phase IIIB comprises the entire Belvedere Garden Property Phase III.
Belvedere Garden (Remaining Portion) Asset Purchase Agreement	A sale and purchase agreement entered into between the Belvedere Garden (Remaining Portion) Vendor and the Trustee, pursuant to which the Trustee intends to nominate the Belvedere Garden (Remaining Portion) Holding Company to acquire the Belvedere Garden (Remaining Portion) Property.

Belvedere Garden (Remaining Portion) Holding Company	A special purpose vehicle of Fortune REIT, to be incorporated by the Main Nominee in the British Virgin Islands, being the Property Company that will directly hold the Belvedere Garden (Remaining Portion) Property.
Belvedere Garden (Remaining Portion) Property	Comprises Belvedere Garden Property Phase IB and Belvedere Garden Property Phase IIIC. Together with the Belvedere Garden (Substantial Portion) Property comprises the entire Belvedere Garden Property.
Belvedere Garden (Remaining Portion) Vendor	Quibonet Limited, a wholly-owned subsidiary of the Recoup Vendor and a company incorporated in Hong Kong.
Belvedere Garden (Substantial Portion) Holding Companies	(1) The Belvedere Garden (Substantial Portion) Registered Owners; (2) Bysky Limited; and (3) Fullforce Limited, which together hold all the legal and economic interest in the Belvedere Garden (Substantial Portion) Property. Each of the Belvedere Garden (Substantial Portion) Holding Companies is a company incorporated in Hong Kong.
Belvedere Garden (Substantial Portion) Property	Comprises Belvedere Garden Property Phase IA, Belvedere Garden Property Phase II, Belvedere Garden Property Phase IIIA and Belvedere Garden Property Phase IIIB. Together with the Belvedere Garden (Remaining Portion) Property comprises the entire Belvedere Garden Property.
Belvedere Garden (Substantial Portion) Registered Owners	(1) Bysean Limited; (2) Ling Fung Development Limited; (3) Quebostar; and (4) Wilmington Land Company Limited. Each of the Belvedere Garden (Substantial Portion) Registered Owners is a company incorporated in Hong Kong.
Board	The board of Directors.
Borrowings Assignment and Debt Transfer Deed	The borrowings assignment and debt transfer deed to be entered into by the Existing Vendor Loan Lenders, HWPL, the relevant Existing Vendor Loan Borrowers and the Trustee (or a nominee of the Trustee) pursuant to the Master Share Purchase Agreement at Completion and described more particularly in the section headed “The Purchase Agreements – Borrowings Assignment and Debt Transfer Deed” in this announcement.
Business Day	Any day (other than a Saturday, Sunday or gazetted public holiday) on which (i) commercial banks are open for business in Singapore and the SGX-ST is open for trading, and (ii) for so long as Fortune REIT is a SFC-Authorised REIT, commercial banks are open for business in Hong Kong and the SEHK is open for trading.

Charge-Out Collections	The air conditioning charges, management fees, promotional charges, government rates, government rents, utilities charges, cleaning and other charges payable by the tenants and licensees of the Properties.
Cheung Kong	Cheung Kong (Holdings) Limited.
CK Minority Shareholder	Cheung Kong Investment Company Limited, a company incorporated in Hong Kong.
CK Minority Shareholder Shares	1,500 shares of Quebostar, representing 15% of the issued share capital of Quebostar, being one of the Belvedere Garden (Substantial Portion) Holding Companies.
CK Share Purchase Agreement	A share purchase agreement entered into between the CK Minority Shareholder, Cheung Kong (as a guarantor) and the Trustee, pursuant to which the Trustee intends to nominate Quebo Limited to acquire the CK Minority Shareholder Shares.
CKH Group	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – Connected Persons of Fortune REIT – CKH Group ” in this announcement.
CKH Group Leases/Licences	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – 2011 Continuing Connected Party Transactions – Revenue Transactions ” in this announcement
Completion	The completion of the Acquisition pursuant to each of the Purchase Agreements.
Completion Date	The date that Completion occurs, as more particularly described in the Fortune REIT Circular.
Conditions	The conditions precedent to Completion.
Connected Person	Has the meaning ascribed to this term in the REIT Code.
DBS Bank	DBS Bank Ltd.

Deeds of Ratification and Accession	The deeds of ratification and accession to be entered into by each of the Belvedere Garden Holding Companies, the Provident Centre Holding Company, the Trustee, the Manager and the Property Manager at Completion and described more particularly in the section headed “ The Purchase Agreements – Deeds of Ratification and Accession ” in this announcement.
Deeds of Tax Covenant	The deeds of tax covenant to be entered into by (1) Recoup Vendor and HWL (as a guarantor), and (2) the CK Minority Shareholder and Cheung Kong (as a guarantor), in each case, in favour of the Trustee, pursuant to the applicable Share Purchase Agreement (each a “ Deed of Tax Covenant ”) and described more particularly in the section headed “ The Purchase Agreements – Deeds of Tax Covenant ” in this announcement.
Deeds of Undertaking and Indemnity	The deeds of undertaking and indemnity to be entered into by (1) the Recoup Vendor and HWL (as a guarantor) and (2) the CK Minority Shareholder and Cheung Kong (as a guarantor), in each case, in favour of the Trustee, Ling Fung Development Limited, Quebostar Limited and Wilmington Land Company Limited pursuant to the applicable Share Purchase Agreement at Completion (each a “ Deed of Undertaking and Indemnity ”) and described more particularly in the section headed “ The Purchase Agreements – Deed of Undertaking and Indemnity ” in this announcement.
Deposited Property	The value of all the gross assets of Fortune REIT, including the Properties held in Fortune REIT’s portfolio.
Deposits Deeds of Indemnity	The deeds of indemnity to be entered into between (a) the Belvedere Garden (Remaining Portion) Holding Company and the Belvedere Garden (Remaining Portion) Vendor; and (b) the Provident Centre Holding Company and the Provident Centre Vendor, pursuant to the respective Asset Purchase Agreement at Completion and described more particularly in the section headed “ The Purchase Agreements – Deposits Deeds of Indemnity ” in this announcement.
Directors	The directors of the Manager.
DMC	Deed of mutual covenant (or an instrument of a similar nature), which is an agreement between the co-owners to regulate their respective rights and obligations as co-owners of the land and building(s) and to provide for the building’s effective maintenance and management.
DPU	Distribution per Unit.

Economic Benefit Sharing Arrangement	The arrangements whereby irrespective of the fact that Wilmington Land Company Limited, Ling Fung Development Limited and Quebostar Limited are, as tenants in common in the proportions of 17.81%, 31.50% and 50.69% respectively, the registered legal owners of Belvedere Garden Property Phase II, Belvedere Garden Property Phase IIIA and Belvedere Garden Property Phase IIIB, all the economic interest in Belvedere Garden Property Phase II and Belvedere Garden Property Phase IIIA is received, held or enjoyed by Quebostar and all the economic interest in Belvedere Garden Phase IIIB is received, held or enjoyed by and among Fullforce Limited (as to 36.13%) and Bysky Limited (as to 63.87%). For the purpose of this definition, “ economic interest ” means the economic or de facto ownership, enjoyment or actual receipt of the sale proceeds and rental income and other income of whatsoever nature from the relevant properties.
EGM	The extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice.
EGM Notice	The notice included in the Fortune REIT Circular in respect of the EGM to consider and, if thought fit, approve the EGM Resolution.
EGM Resolution	The Ordinary Resolution to be passed at the EGM, as set out in the EGM Notice and explained in the Fortune REIT Circular.
Elderly Homes	Elderly nursing homes or residential care homes for the elderly.
Enlarged Group	Fortune REIT, the Target Company, the portion of Quebostar represented by the Minority Shareholders Shares, the Belvedere Garden (Remaining Portion) Holding Company and the Provident Centre Holding Company.
Event	An event whereby at any time during the Indemnity Period, the Government or any other competent authorities gives notice to the relevant tenant of the Affected Tenancy and/or Ling Fung Development Limited, Quebostar Limited and Wilmington Land Company Limited objecting to the use of the relevant premises as Elderly Homes and/or requiring or demanding Ling Fung Development Limited, Quebostar Limited and Wilmington Land Company Limited and/or the relevant tenant(s) of the Affected Tenancy to discontinue the use of the relevant premises as Elderly Homes.

Existing CKH/Manager CPT Waiver	Has the meaning ascribed to this term in the section headed “2011 Continuing Connected Party Transactions of Fortune REIT – Existing Waivers in respect of Chapter 8 of the REIT Code – Continuing Transactions with the CKH Group and/or the Manager Group” in this announcement.
Existing Continuing Connected Party Transactions	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – Existing Waivers in respect of Chapter 8 of the REIT Code – Continuing Transactions with the CKH Group and/or the Manager Group ” in this announcement.
Existing Facility	The HK\$3,800 million facility, comprising a HK\$2,830 million term loan facility (tranche A facility) and a HK\$970 million revolving credit facility (tranche B facility) made available to the Existing Facility Borrowers by a syndicate of banks for whom Standard Chartered Bank acts as facility and security agent under the Existing Loan Agreement.
Existing Facility Borrowers	The Group Companies which are borrowers under the Existing Facility, including Ace Courage Limited, Art Full Resources Limited, Million Nice Development Limited, Partner Now Limited, Poko Shine Limited, Proven Effort Limited, Quick Switch Limited, Team Challenge Limited, Vision Million Limited, Waldorf Realty Limited and Yee Pang Realty Limited.
Existing Loan Agreement	The facility agreement dated 11 April 2011 entered into between the Existing Facility Borrowers and a syndicate of banks for whom Standard Chartered Bank acts as facility and security agent with respect to the Existing Facility.
Existing Properties	The 14 properties currently owned by Fortune REIT, as described in the Introduction Listing Document.
Existing Property Companies	The companies identified in Chart 1 – Property holding structure of Fortune REIT immediately prior to Completion in Appendix 9 to the Fortune REIT Circular.
Existing Trustee CPT Waiver	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – Existing Waivers in respect of Chapter 8 of the REIT Code – Continuing Transactions with the Trustee Connected Persons ” in this announcement.

Existing Vendor Loan Borrowers	The Target Company, Bysean Limited, Bysky Limited and Fullforce Limited.
Existing Vendor Loan Lenders	HWP Finance (Hong Kong) No. 2 Limited, a company incorporated in Hong Kong and HWP Finance Limited, a company incorporated in the British Virgin Islands.
Existing Vendor Loans	The unsecured and interest bearing loans advanced by HWP Finance (Hong Kong) No. 2 Limited to Bysean Limited, Bysky Limited and Fullforce Limited, and the unsecured, interest free and repayable on demand loans advanced by HWP Finance Limited to the Target Company, the aggregated total of which being HK\$421,202,713 as at 30 November 2011, being the latest practicable date for ascertaining such amount.
Fortune REIT	Fortune Real Estate Investment Trust.
Fortune REIT Group	Fortune REIT and companies or entities held or controlled by it.
Full Belief	Full Belief Limited, a company incorporated in the British Virgin Islands, held and controlled by Fortune REIT.
Fortune REIT Circular	The circular dated 28 December 2011 issued by Fortune REIT in respect of the Transaction and related matters.
Gearing Ratio	The aggregate borrowings of Fortune REIT (as calculated under the Trust Deed) as a percentage of the total gross asset value of the Deposited Property as set out in Fortune REIT's latest published audited accounts immediately prior to such borrowing being effected (as adjusted by (a) the amount of any proposed distribution declared by the Manager since the publication of such accounts; and (b) where appropriate the latest published valuation of the assets of Fortune REIT if such valuation is published after the publication of such accounts). Pursuant to the Trust Deed and in compliance with paragraph 7.9 of the REIT Code, the Gearing Ratio of Fortune REIT shall not at any time exceed 45%.
Genuine Joy	Genuine Joy Limited, a company incorporated in the British Virgin Islands, held and controlled by Fortune REIT.
Gross Property Revenue	Gross Revenue less Charge-Out Collections and carpark revenues.
Gross Rental Income	Consists of rental income and license income due from tenancies but excludes Turnover Rent.

Gross Revenue	Consists of Gross Rental Income, Charge-out Collections and all other income accruing or resulting from the operation of the Properties including licence fees, Turnover Rent, carpark revenues and other revenues.
Group Companies	The companies which are, from time to time, directly or indirectly owned and controlled by the Trustee, and “ Group Company ” means any one of them.
HIBOR	The rate of interest offered on Hong Kong dollar loans by banks in the Hong Kong interbank market for a specified period ranging from overnight to one year.
HK\$	Hong Kong dollars, the lawful currency of Hong Kong.
HK Independent Financial Adviser	CIMB Securities (HK) Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and in its capacity as the independent financial adviser for the purposes of paragraph 10.10(p) of the REIT Code.
Hollingshead Consideration	The amount of the purchase consideration payable to the Hollingshead Minority Shareholder pursuant to the Hollingshead Share Purchase Agreement after any completion and post-completion adjustments made in accordance with the HollingsheadShare Purchase Agreement.
Hollingshead Elderly Homes Indemnity Portion	20% of the indemnified amount under the Deed of Undertaking and Indemnity to be entered into with the Recoup Vendor.
Hollingshead Maximum Cap	The maximum aggregate of the indemnified amounts payable by the Recoup Vendor in respect of the Hollingshead Tax Indemnity Portion and the Hollingshead Elderly Homes Indemnity Portion, such maximum aggregate being an amount equal to the Hollingshead Consideration.
Hollingshead Minority Shareholder	Hollingshead Properties Limited, a company incorporated in Hong Kong and an independent third party of Fortune REIT.
Hollingshead Minority Shareholder Shares	2,000 shares of Quebostar, representing 20% of the issued share capital of Quebostar, being one of the Belvedere Garden (Substantial Portion) Holding Companies.

Hollingshead Share Purchase Agreement	A share purchase agreement entered into between the Hollingshead Minority Shareholder and the Trustee, pursuant to which the Trustee intends to nominate Quebo Limited to acquire the Hollingshead Minority Shareholder Shares.
Hollingshead Tax Indemnity Portion	20% of the indemnified amount in respect of the Quebostar Liability for Taxation under the Deed of Tax Covenant to be entered into with the Recoup Vendor.
Hong Kong	The Hong Kong Special Administrative Region of the People’s Republic of China.
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.
Hong Kong Unit Registrar	Computershare Hong Kong Investor Services Limited, in its capacity as the Hong Kong unit registrar of Fortune REIT.
HSBC Group	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – Connected Persons of Fortune REIT – Trustee Connected Persons ” in this announcement.
HWL	Hutchison Whampoa Limited, a company incorporated in Hong Kong.
HWL Group	HWL and its subsidiaries.
HWPL	Hutchison Whampoa Properties Limited, a party connected to the Recoup Vendor and a company incorporated in Hong Kong.
HWPL Receivable	The aggregate amount standing to the credit of the Target Company current account immediately prior to Completion as being an amount held on behalf of the Target Company by HWPL, being HK\$28,240,757 as at 30 November 2011, being the latest practicable date for ascertaining such amount.
Indemnified Amount	Has the meaning ascribed to this term in the section headed “ The Purchase Agreements – Deeds of Undertaking and Indemnity ” in this announcement.

Indemnity Period	The period during which any part of Belvedere Garden Property Phase II is being used as Elderly Homes whether before (under any tenancies which have expired) or after the date of the Master Share Purchase Agreement and the CK Share Purchase Agreement without the temporary waiver or written approval or consent of the Director of Lands/District Lands Officer TW/KT or other competent Government authority and ending at the end of three months after (i) the expiry of the relevant term of the Affected Tenancy or (ii) the early termination thereof (other than as a result of the happening of the Events), whichever is the earlier.
Independent Board Committee	The independent committee of the Board established to advise the independent Unitholders on the Transaction, comprising Mr. Lim Lee Meng, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Lan Hong Tsung, David, being all three of the independent non-executive Directors of the Manager.
Independent Financial Advisers	The HK Independent Financial Adviser and the Singapore Independent Financial Adviser.
Independent Property Valuers	Knight Frank (appointed by the Trustee) and Savills (appointed by the Manager) (each an “ Independent Property Valuer ”).
Independent Property Valuers’ New Properties Valuation Reports	The valuation reports dated 28 December 2011 issued by the Independent Property Valuers on the New Properties, the form of which is set out in Appendix 4 to the Fortune REIT Circular.
Initial CPT Waiver Period	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions – Extensions or amendments ” in this announcement.
Interested Party	Means: <ul style="list-style-type: none"> (i) a director, chief executive officer or controlling shareholder of the Manager, or the Manager, the Trustee or controlling Unitholder of Fortune REIT; or (ii) an associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee or any controlling Unitholder of Fortune REIT.
Interested Party Transaction	A transaction entered into with an “ Interested Party ” as governed under the Singapore Property Funds Appendix.

Interested Person	Means: <ul style="list-style-type: none"> (i) a director, chief executive officer or controlling shareholder of the Manager, or the Manager, the Trustee or controlling Unitholder of Fortune REIT; or (ii) an associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee or any controlling Unitholder of Fortune REIT.
Interested Person Transaction	Has the meaning ascribed to it in the Singapore Listing Manual.
Introduction Listing Document	The listing document dated 31 March 2010 of Fortune REIT in connection with the listing of its Units by way of introduction on the Hong Kong Stock Exchange.
Knight Frank	Knight Frank Petty Limited.
Latest Practicable Date	22 December 2011, being the latest practicable date prior to the printing of the Fortune REIT Circular for the purpose of ascertaining certain information contained in the Fortune REIT Circular.
Long Stop Date	The date that falls three months after the date of the Purchase Agreements (or such other date as the Recoup Vendor, the Minority Shareholders, the Belvedere Garden (Remaining Portion) Vendor or the Provident Centre Vendor (as the case may be) and the Trustee may agree in writing).
Main Nominee	A special purpose vehicle of Fortune REIT, to be incorporated in the British Virgin Islands, being the Property Company that will directly hold the Target Company Shares.
Manager	ARA Asset Management (Fortune) Limited, a wholly-owned subsidiary of ARA, in its capacity as manager of Fortune REIT.
Manager Group	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – Connected Persons of Fortune REIT – Manager Group ” in this announcement.
Manager Group Leases/ Licences	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – 2011 Continuing Connected Party Transactions – Revenue Transactions ” in this announcement.

Manager’s Performance Fee	An annual performance fee of 3% per annum from each of the Property Companies of the Net Property Income of the relevant Property Company.
Market Consultant	Savills (Hong Kong) Limited.
MAS	Monetary Authority of Singapore.
Master Share Purchase Agreement	A share purchase agreement entered into between the Recoup Vendor, the Trustee and HWL (as a guarantor), pursuant to which the Trustee intends to nominate the Main Nominee, to acquire the Target Company Shares.
Minority Interests Share Purchase Agreements	The CK Share Purchase Agreement and the Hollingshead Share Purchase Agreement (each a “ Minority Interests Share Purchase Agreement ”).
Minority Shareholders	The CK Minority Shareholder and the Hollingshead Minority Shareholder.
Minority Shareholders Shares	The CK Minority Shareholder Shares and the Hollingshead Minority Shareholder Shares.
NAV	Net asset value.
Net Property Income	Gross Revenue less Property Operating Expenses.
New Annual Caps	The annual monetary limits specified in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – Annual Limits ” in this announcement.
New Facility	Has the meaning ascribed to this term in the section headed “ Financing of the Acquisition – The New Facility ” in this announcement.
New Properties	The Belvedere Garden Property and the Provident Centre Property.
New Property Companies	The companies identified in Chart 2 – Proposed property holding structure of Fortune REIT immediately following Completion in Appendix 9 to the Fortune REIT Circular (excluding, unless the context otherwise requires, the New Facility borrower).
NTA	Net tangible assets.

Ordinary Resolution	A resolution proposed and passed as such by a majority being greater than 50% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Trust Deed.
Properties	The New Properties and the Existing Properties.
Property Companies	The Existing Property Companies and the New Property Companies (each a “ Property Company ”).
Property Management Agreement	The property management agreement dated 7 July 2003 entered into and renewed on 1 August 2008 between the Trustee, the Manager and the Property Manager (as amended by an extension letter dated 1 August 2008).
Property Manager	Goodwell-Fortune Property Services Limited, an indirect wholly-owned subsidiary of Cheung Kong, a connected person of Fortune REIT and a company incorporated in Hong Kong.
Property Operating Expenses	Consists of all costs and expenses incurred by the Property Companies in the operation, maintenance, management and marketing of the Properties including property management fees, government rents and government rates, the Manager’s Performance Fee and other property operating expenses.
Provident Centre Asset Purchase Agreement	A sale and purchase agreement entered into between the Provident Centre Vendor and the Trustee pursuant to which the Trustee intends to nominate the Provident Centre Holding Company to acquire the Provident Centre Property.
Provident Centre Development	Has the meaning as fully described in the Fortune REIT Circular.
Provident Centre Holding Company	A special purpose vehicle of Fortune REIT, to be incorporated by the Main Nominee in the British Virgin Islands, being the Property Company that will directly hold the Provident Centre Property.
Provident Centre Property	Comprises the shopping centre (except for the carparks, driveways and appurtenant areas, and common areas and facilities thereof and therein) and the sub-basement of Provident Centre Development.
Provident Centre Vendor	Provident Commercial Investments Limited, an indirect wholly-owned subsidiary of the Recoup Vendor and a company incorporated in Hong Kong.

Purchase Agreements	The Share Purchase Agreements and the Asset Purchase Agreements (each a “ Purchase Agreement ”).
Quebostar	Quebostar Limited, a company incorporated in Hong Kong.
Quebostar Liability for Taxation	Has the meaning ascribed to in the section headed “The Purchase Agreements – Deeds of Tax Covenant” in this announcement.
Recoup Vendor	Cactus Holdings Limited, a company incorporated in the British Virgin Islands.
REIT	Real Estate Investment Trust.
REIT Code	The Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being.
Related Tenancy and Licence Agreements	Has the meaning as fully described in the Fortune REIT Circular.
Reorganisation	Has the meaning as fully described in the Fortune REIT Circular.
Savills	Savills Valuation and Professional Services Limited.
Standard Chartered Bank	Standard Chartered Bank (Hong Kong) Limited.
SFC	The Securities and Futures Commission of Hong Kong.
SFC-Authorised REIT	A collective investment scheme in the nature of a real estate investment trust authorised by the SFC under Section 104 of the SFO.
SGX-ST	Singapore Exchange Securities Trading Limited.
Share Purchase Agreements	The Master Share Purchase Agreement and the Minority Interests Share Purchase Agreements (each a “ Share Purchase Agreement ”).
Significant Holder	Has the meaning ascribed to this term in the REIT Code.
Singapore Independent Financial Adviser	Singapore branch of CIMB Bank Berhad, a corporation licensed under the Banking Act (Cap. 19) of Singapore and exempted under Section 99(1) of the Securities and Futures Act (Cap. 289) of Singapore from the requirement to hold a capital markets services licence to carry on business in any regulated activity (including advising on corporate finance) and in its capacity as the independent financial adviser for the purposes of Chapter 9 of the Singapore Listing Manual.

Singapore Listing Manual	The Listing Manual of the SGX-ST.
Singapore Property Funds Appendix	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS in relation to real estate investment trusts.
Singapore Unit Registrar	Boardroom Corporate & Advisory Services Pte. Ltd.
Target Company	Recoup Investments Limited, a company incorporated in the British Virgin Islands.
Target Company Group	The Target Company and its subsidiaries.
Target Company Shares	The entire issued share capital of the Target Company.
Total Consideration	The aggregate consideration payable by the Trustee for the Acquisition pursuant to each of the Purchase Agreements, as described more fully in the section headed “ The Purchase Agreements – Total Consideration ” in this announcement.
Transaction	Collectively: (1) the Acquisition (and the consummation of the transactions contemplated thereby); (2) the entering into and performance of the Deeds of Tax Covenant; (3) the entering into and performance of the Deeds of Undertaking and Indemnity; (4) the entering into and performance of the Deposits Deeds of Indemnity; (5) the entering into and performance of the Borrowings Assignment and Debt Transfer Deed; and (6) the entering into and performance of the Deeds of Ratification and Accession.
Trust Deed	The Trust Deed entered into between the Trustee and the Manager constituting Fortune REIT, originally dated 4 July 2003 and as amended, varied and supplemented from time to time.
Trustee	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Fortune REIT.
Trustee Connected Persons	Has the meaning ascribed to this term in the section headed “ 2011 Continuing Connected Party Transactions of Fortune REIT – Connected Persons of Fortune REIT – Trustee Connected Persons ” in this announcement.
Turnover Rent	Rent calculated by reference to a fixed percentage of a tenant’s monthly sales turnover.
Unit	One undivided unit in Fortune REIT.

Unitholder	Any person registered as holding a Unit.
Vendor	(1) Under the Master Share Purchase Agreement, the Recoup Vendor; (2) under the CK Share Purchase Agreement, the CK Minority Shareholder; (3) under the Hollingshead Share Purchase Agreement, the Hollingshead Minority Shareholder; (4) under the Belvedere Garden (Remaining Portion) Asset Purchase Agreement, the Belvedere Garden (Remaining Portion) Vendor; and (5) under the Provident Centre Asset Purchase Agreement, the Provident Centre Vendor.
%	Per cent or percentage.

By order of the board of directors of
ARA Asset Management (Fortune) Limited
(in its capacity as manager of Fortune Real Estate Investment Trust)
ANG Meng Huat, Anthony
Executive Director and Chief Executive Officer

Singapore, Hong Kong, 28 December 2011

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

Appendix A

Interested Person	Nature of transaction	Area (sq. ft.)	Start date	Term (Years)	Value of Interested Person Transaction in respect of the Existing Properties (excluding transactions of less than S\$100,000 (HK\$604,820) each)	Percentage of audited NAV/NTA ⁽¹⁾ NAV/NTA ⁽¹⁾
A.S. Watson Group (HK) Limited	Tenancy at Smartland	3,477	5 January 2011	3	46.4	0.45%
	Tenancy at Fortune Metropolis	2,475	1 July 2011	3		
	Tenancy and Licence at Fortune Metropolis	8,599	1 November 2011	3		
	Tenancy at Smartland	31,446	1 August 2011	3		
	Tenancy at Rhine Avenue	14,022	23 May 2011	3		
Cheung Kong Property Development Limited	Licence at Fortune Metropolis	12,354	1 January 2011	0.5	31.5	0.30%
	Licence at Fortune Metropolis	31,383	15 April 2011	0.5		
	Licence at Fortune Metropolis	3,859	1 May 2011	0.5		
	Licence at Fortune Metropolis	14,713	1 July 2011	1		
Hutchison Telephone Company Limited	Licence at Jubilee Square	-	1 November 2011	3	0.7	0.01%
	Licence at Fortune Metropolis	14,713	1 March 2011	0.3	1.4	0.01%
Total					80.0	0.77%

Notes:

(1) Audited NAV/NTA as at 31 December 2010 of HK\$10,333.7 million.

(2) Exchange rate of S\$1.00 to HK\$6.0482 as at 3 January 2011.