



(Constituted in the Republic of Singapore  
pursuant to a trust deed dated 4 July 2003 (as amended))

## SGX-ST Announcement

24 August 2009

### PROPOSED ACQUISITIONS AND RIGHTS ISSUE

The Board of Directors of ARA Asset Management (Singapore) Limited, as manager of Fortune Real Estate Investment Trust ("**Fortune REIT**", and as manager of Fortune REIT, the "**Manager**"), is pleased to announce that:

- (i) Fortune REIT is proposing to acquire three properties which are located in Hong Kong, being Metro Town, Caribbean Bazaar and Hampton Loft (collectively, the "**Properties**", and the acquisition of the Properties, the "**Acquisitions**"). HSBC Institutional Trust Services (Singapore) Limited, as trustee of Fortune REIT (the "**Trustee**"), by itself and through special purpose vehicles of Fortune REIT, has today entered into three separate conditional sale and purchase agreements to acquire the Properties from their respective vendors (collectively, the "**Sale and Purchase Agreements**" and each a "**Sale and Purchase Agreement**").

It is proposed that Fortune REIT: (i) acquires Metro Town from McBride International Limited and Natisone Investments Limited through the acquisition of the entire issued share capital of Marvel Point Investments Limited ("**MPI**")<sup>1</sup>, a company incorporated in the British Virgin Islands ("**BVI**") which indirectly owns Metro Town through Mega Gain Resources Limited ("**Mega Gain**"), (ii) through a wholly-owned special purpose vehicle incorporated in the BVI, Genuine Joy Limited, acquires Caribbean Bazaar from MTR Corporation Limited<sup>2</sup> and (iii) through a wholly-owned special purpose vehicle incorporated in the BVI, Full Belief Limited, acquires Hampton Loft from Global Coin Limited. McBride International Limited and Global Coin Limited are subsidiaries of Cheung Kong (Holdings) Limited ("**Cheung Kong**") and Natisone Investments Limited is a subsidiary of Nan Fung Development Limited ("**Nan Fung**").

The aggregate purchase consideration for the Properties (before adjustment for the consolidated net current assets or net current liabilities of MPI and Mega Gain as at Completion<sup>3</sup> in the case of the acquisition of Metro Town) (the "**Aggregate Purchase Consideration**") is HK\$2,039.0 million; and

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<sup>1</sup> McBride International Limited holds 80.0% and Natisone Investments Limited holds the remaining 20.0% of the issued share capital of MPI.

<sup>2</sup> Companies jointly owned by Cheung Kong and Hutchison Whampoa Limited ("**Hutchison**") have an interest in part of the purchase consideration of Caribbean Bazaar.

<sup>3</sup> "**Completion**" refers to the completion of the sale and purchase of the entire issued share capital of MPI, Caribbean Bazaar and/or (as the case may be) Hampton Loft pursuant to the respective Sale and Purchase Agreements.

- (ii) the Manager is proposing to finance the total cost of the Acquisitions (the “**Total Acquisition Cost**”) (excluding the acquisition fee payable to the Manager under the Trust Deed (as defined herein) in respect of the Acquisitions (the “**Acquisition Fee**”) which will be payable to the Manager in Units) through a rights issue and a new term loan facility of HK\$480.0 million (the “**Acquisition Facility**”). The Manager proposes to issue 824,879,427 new units in Fortune REIT (“**Units**” and the Units to be issued under the Rights Issue (as defined herein), the “**Rights Units**”) through a rights issue on a fully underwritten and renounceable basis to Eligible Unitholders (as defined herein), on a basis of one Rights Unit for every one existing Unit held as at 5.00 p.m. on 17 September 2009 (the “**Rights Issue Books Closure Date**”), at an issue price of HK\$2.29 per Rights Unit (the “**Rights Issue Price**”, and the rights issue, the “**Rights Issue**”). The Manager expects to raise gross proceeds of HK\$1,889.0 million under the Rights Issue, of which HK\$1,591.0 million will be used to finance the Acquisitions.

The completion of the Acquisitions is subject to, among others, the approval of unitholders of Fortune REIT (“**Unitholders**”) at an extraordinary general meeting of Unitholders (“**EGM**”).

Although the Acquisitions are scheduled to be completed on the same day, being the date of the issue of the Rights Units, the acquisition of Caribbean Bazaar may be delayed or not occur as it is subject to the vendor, MTR Corporation Limited, obtaining the consent to assign from the Director of Lands of the Lands Department of the Hong Kong Government in respect of the commercial development, kindergarten and the wet market (which form part of Caribbean Bazaar), and the granting of such consent or the timing thereof is not within the control of the Manager and is uncertain. In the event that the acquisition of Caribbean Bazaar is delayed or does not occur, the completion of the acquisitions of Metro Town and Hampton Loft will proceed as scheduled.

## 1. RATIONALE FOR THE ACQUISITIONS

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

- Enlarged exposure to Hong Kong suburban retail;
- Acquisition of quality assets with high occupancy and strategic location;
- Enhanced portfolio diversification and increased economies of scale; and
- Increased liquidity through attractive funding from the Rights Issue.

Further details of the benefits of the Acquisitions are set out in the circular to Unitholders in connection with the EGM dated 24 August 2009 (the “**Unitholders’ Circular**”).

## 2. THE RIGHTS ISSUE

### 2.1 Rights Issue Price

The Rights Issue Price of HK\$2.29 per Rights Unit represents a discount of:

- (i) 44.1% to the last traded price of HK \$4.10 per Unit on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 21 August 2009 (the “**Closing**”

**Price”);**

- (ii) 28.3% to the theoretical ex-rights price (“**TERP**”) of HK \$3.20 per Unit. For the avoidance of doubt, the TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of Fortune REIT}^4 + \text{Rights Issue gross proceeds}}{\text{Units in issue after the Rights Issue}}$$

- (iii) 54.0% to the pro forma net asset value (“**NAV**”) per Unit after completion of the Rights Issue of HK\$4.98 per Unit.

## 2.2 Bank Financing

The Trustee has today accepted a letter of commitment from DBS Bank Ltd (“**DBS Bank**”) and Standard Chartered Bank (Hong Kong) Limited for a term loan and revolving credit facility that consists of the following:

- (i) Tranche A: the HK\$480.0 million Acquisition Facility. This facility will, along with the net proceeds of the Rights Issue, be used to finance the Acquisitions<sup>5</sup> and will be due on 28 June 2010;
- (ii) Tranche B: a HK\$2,830.0 million term loan facility (“**Refinancing Facility**”). This facility will be drawn down on or before 28 June 2010 and will be used to refinance the existing term loan facility of Fortune REIT of HK\$2,348.7 million due on 28 June 2010 and the Acquisition Facility<sup>6</sup>; and
- (iii) Tranche C: a HK\$270.0 million revolving loan facility. This facility will be used for corporate funding purposes,

(together, the “**New Facilities**”).

## 2.3 Use of Proceeds

- (i) In the case of the acquisition of all three Properties, the Manager intends to utilise the net proceeds of HK\$1,802.4 million from the Rights Issue as follows:

Use	Amount	
	(HK\$ million)	%
Part finance the acquisitions of Metro Town, Caribbean Bazaar and Hampton Loft.....	1,591.0	88.3
Working capital, debt related costs in relation to the New Facilities and general corporate purposes .....	111.4	6.2
Asset enhancement initiatives .....	100.0	5.5

<sup>4</sup> Based on the Closing Price of HK\$4.10.

<sup>5</sup> The Acquisition Facility will be HK\$380.0 million if Fortune REIT proceeds only with the acquisitions of Metro Town and Hampton Loft.

<sup>6</sup> The Refinancing Facility will be HK\$2,730.0 million if Fortune REIT proceeds only with the acquisitions of Metro Town and Hampton Loft.

- (ii) Should only the acquisitions of Metro Town and Hampton Loft occur, the Manager intends to utilise the net proceeds of HK\$1,802.4 million from the Rights Issue as follows:

<b>Use</b>	<b>Amount (HK\$ million)</b>	<b>%</b>
Part finance the acquisitions of Metro Town and Hampton Loft .....	1,247.0	69.2
Working capital, debt related costs in relation to the New Facilities and general corporate purposes .....	455.4	25.3
Asset enhancement initiatives .....	100.0	5.5

Notwithstanding the above, the Manager reserves the right to deploy the net proceeds of the Rights Issue at its absolute discretion based on the potential uses as mentioned above.

Pending deployment, the net proceeds from the Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Rights Issue via SGXNET as and when such funds are materially utilised.

## **2.4 Underwriting of the Rights Issue**

The Rights Issue will be fully underwritten by Cazenove & Co. (Singapore) Pte. Limited<sup>7</sup> (a Standard Chartered group company) and DBS Bank (the “**Joint Lead Managers and Underwriters**”) on the terms and subject to the conditions of the management and underwriting agreement (the “**Underwriting Agreement**”) which the Manager and the Joint Lead Managers and Underwriters have today entered into. Pursuant to the terms of the Underwriting Agreement, the Joint Lead Managers and Underwriters are entitled to a commission (the “**Underwriting Commission**”) of:

- (i) 1.75% of the Rights Issue Price multiplied by the number of the Pro Rata Units (as defined herein) of 262,815,342 Units, representing 31.9% of the Rights Units (which is equivalent to HK\$10.5 million); and
- (ii) 2.50% of the Rights Issue Price multiplied by 562,064,085 Units, representing 68.1% of the Rights Units, being 824,879,427 Units less the Pro Rata Units of 262,815,342 Units (which is equivalent to HK\$32.2 million),

together with any goods and services tax payable thereon.

The obligations of the Joint Lead Managers and Underwriters are conditional upon certain matters, including the receipt of Unitholders’ approval for the Acquisitions and the Whitewash Resolution (as defined herein), Focus Eagle Investments Limited (“**Focus**

<sup>7</sup> Cazenove & Co (Singapore) Pte. Limited is a wholly-owned subsidiary of Cazenove Asia Limited and a Standard Chartered group company. The mark “Cazenove” and marks containing “Cazenove” are trade marks of Cazenove IP Limited and are used under limited licence. Cazenove Asia Limited, its subsidiaries and affiliated companies are now subsidiaries or affiliated companies of Standard Chartered Bank (Hong Kong) Limited, and are not affiliated with JPMorgan Cazenove Limited, Cazenove Inc., or their subsidiaries.

**Eagle**") and Ballston Profits Limited ("**Ballston**") having duly executed their respective Pro Rata Undertakings (as defined herein) which shall be in full force and effect and Focus Eagle or (as the case may be) Ballston having subscribed for the Units to be acquired thereunder, and Focus Eagle, Cheung Kong, Ballston and Hutchison having duly executed their respective Sub-Underwriting Agreements (as defined herein) which shall be in full force and effect and there not having been any breach or non-compliance by Focus Eagle and/or Cheung Kong or (as the case may be) Ballston and/or Hutchison of any of their respective obligations thereunder. The Underwriting Agreement may be terminated by the Joint Lead Managers and Underwriters upon the occurrence of certain events, including those of a *force majeure* nature, but the Joint Lead Managers and Underwriters will not be entitled to rely on *force majeure* to terminate the Underwriting Agreement on or after the date on which ex-rights trading commences.

## 2.5 Focus Eagle and Ballston Commitment

As at 21 August 2009 (the "**Latest Practicable Date**"), Focus Eagle owned 206,537,342 Units (comprising 25.0% of the existing Units) and Ballston owned 56,278,000 Units (comprising 6.8% of the existing Units). Focus Eagle is a wholly-owned subsidiary of Cheung Kong and Ballston is a wholly-owned subsidiary of Hutchison, which is in turn 49.9% owned by Cheung Kong. Cheung Kong is thus deemed to hold an aggregate indirect interest in 262,815,342 Units, which is equivalent to 31.9% of the total number of Units in issue as at the Latest Practicable Date.

To demonstrate support for Fortune REIT and the Rights Issue:

- (i) Focus Eagle has today provided an irrevocable undertaking (the "**Focus Eagle Pro Rata Undertaking**") to the Manager and the Joint Lead Managers and Underwriters, pursuant to which Focus Eagle will accept, and/or procure any one or more of the subsidiaries of Cheung Kong (the "**Cheung Kong Subsidiaries**") to subscribe for, its provisional allocation of Rights Units in proportion to its unitholdings in Fortune REIT, being 206,537,342 Rights Units (the "**Focus Eagle Pro Rata Units**");
- (ii) Ballston has today provided an irrevocable undertaking (the "**Ballston Pro Rata Undertaking**", together with the Focus Eagle Pro Rata Undertaking, the "**Pro Rata Undertakings**") to the Manager and the Joint Lead Managers and Underwriters, pursuant to which Ballston will accept and subscribe for its provisional allocation of Rights Units in proportion to its unitholdings in Fortune REIT, being 56,278,000 Rights Units (the "**Ballston Pro Rata Units**", together with the Focus Eagle Pro Rata Units, the "**Pro Rata Units**");
- (iii) Focus Eagle has today entered into a sub-underwriting agreement (the "**Focus Eagle Sub-Underwriting Agreement**") with Cheung Kong and the Joint Lead Managers and Underwriters, pursuant to which Focus Eagle has agreed to, either directly or by procuring one or more of the Cheung Kong Subsidiaries to do so, sub-underwrite 43.2% of the total number of Rights Units to be issued under the Rights Issue, being 356,161,713 Rights Units, such obligation being set off by the number of Focus Eagle Pro Rata Units that are taken up pursuant to the Focus Eagle Pro Rata Undertaking and the number of any Excess Rights Units (as

defined herein) and Nil-Paid Rights Units<sup>8</sup> that are taken up by any one or more of the Cheung Kong Subsidiaries and/or the subsidiaries of Hutchison (the “**Hutchison Subsidiaries**”), subject to the passing of the Whitewash Resolution (43.2% of the total number of Rights Units to be issued under the Rights Issue less the number of the Focus Eagle Pro Rata Units, being the “**Commitment Rights Units**”). Cheung Kong has, pursuant to the terms of the Focus Eagle Sub-Underwriting Agreement, agreed to unconditionally and irrevocably guarantee the due and punctual payment in accordance with the terms therein of all amounts payable by Focus Eagle under the Focus Eagle Sub-Underwriting Agreement and the due and punctual performance and observance by Focus Eagle of all its obligations, commitments, undertakings and warranties under or pursuant to the Focus Eagle Sub-Underwriting Agreement; and

- (iv) Ballston has today entered into a sub-underwriting agreement (the “**Ballston Sub-Underwriting Agreement**”, and together with the Focus Eagle Sub-Underwriting Agreement, collectively the “**Sub-Underwriting Agreements**”) with Hutchison and the Joint Lead Managers and Underwriters, pursuant to which Ballston has agreed to sub-underwrite 6.8% of the total number of Rights Units to be issued under the Rights Issue, being the number of the Ballston Pro Rata Units, such obligation being set off by the number of the Ballston Pro Rata Units that are taken up pursuant to the Ballston Pro Rata Undertaking, subject to the passing of the Whitewash Resolution. Hutchison has, pursuant to the terms of the Ballston Sub-Underwriting Agreement, agreed to unconditionally and irrevocably guarantee the due and punctual payment in accordance with the terms therein of all amounts payable by Ballston under the Ballston Sub-Underwriting Agreement and the due and punctual performance and observance by Ballston of all its obligations, commitments, undertakings and warranties under or pursuant to the Ballston Sub-Underwriting Agreement.

Pursuant to the Sub-Underwriting Agreements, the Joint Lead Managers and Underwriters have agreed to pay, from the Underwriting Commission, a sub-underwriting fee comprising the following:

- (a) to Focus Eagle, a fee of 1.75% of the Rights Issue Price multiplied by the number of Focus Eagle Pro Rata Units of 206,537,342 Rights Units, representing 25.0% of the Rights Units (which is equivalent to HK\$8.3 million);
- (b) to Ballston, a fee of 1.75% of the Rights Issue Price multiplied by the number of Ballston Pro Rata Units of 56,278,000 Rights Units, representing 6.8% of the Rights Units (which is equivalent to HK\$2.3 million); and
- (c) to Focus Eagle, a fee of 2.25% of the Rights Issue Price multiplied by the number of Commitment Rights Units of 149,624,372 Rights Units, representing 18.2% of the Rights Units (which is equivalent to HK\$7.7 million),

together with any goods and services tax payable thereon (where applicable) (the “**Sub-Underwriting Commission**”).

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<sup>8</sup> “**Nil-Paid Rights Units**” means the Rights Units taken up after the “nil-paid” rights entitlements acquired by the Cheung Kong Subsidiaries and the Hutchison Subsidiaries on the open market are exercised.

The Sub-Underwriting Commission payable to Focus Eagle and Ballston will be paid by the Joint Lead Managers and Underwriters from the Underwriting Commission and the percentage level of the commission payable by the Joint Lead Managers and Underwriters to Focus Eagle and Ballston pursuant to the Sub-Underwriting Agreements will not be more than the percentage level of the commission which the Joint Lead Managers and Underwriters receive pursuant to the Underwriting Agreement.

In the event, among others, that the Underwriting Agreement is terminated, both Focus Eagle's and Ballston's obligations under the Pro Rata Undertakings and Sub-Underwriting Agreements will cease entirely.

## **2.6 Lock-ups**

The Manager has, pursuant to the Underwriting Agreement, agreed not to, among other things, offer, issue or contract to issue any Units, and make any announcements in connection with any of the foregoing transactions, until the date falling 90 days after the date on which the Rights Units are listed on the SGX-ST<sup>9</sup>.

Subject to certain exceptions, Focus Eagle and Ballston have, pursuant to the Sub-Underwriting Agreements, agreed not to offer, sell, contract to sell or otherwise dispose of (excluding pledging or otherwise encumbering the Units in favour of financial institutions provided that such pledge or encumbrance and the enforcement thereof shall be subject to the terms of these restrictions), directly or indirectly, any of the Units held by Focus Eagle and Ballston respectively, during the period from the date on which the Rights Units are listed on the SGX-ST to the date falling 180 days after the date on which the Rights Units are listed on the SGX-ST (the "**Lock-Up Period**")<sup>10</sup>.

In addition, Cheung Kong or (as the case may be) Hutchison shall not, and will not cause or permit Focus Eagle or (as the case may be) Ballston, or any such wholly-owned subsidiary of Cheung Kong or Hutchison to, for the duration of the Lock-Up Period, offer, issue, sell or contract to issue or sell or otherwise dispose of, directly or indirectly, any shares in, or any securities convertible into or exchangeable for, shares in, the share capital of Focus Eagle or (as the case may be) Ballston, or such wholly-owned subsidiaries of Cheung Kong or (as the case may be) Hutchison which holds or owns any Units, or to which any Units have been so transferred.

## **2.7 Excess Rights Units**

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements (as defined herein) under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the "nil-paid" rights trading period or (B) that have not been validly taken up by the original allottees, renounees of the provisional allotments or the purchasers of "nil-paid"

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<sup>9</sup> The restrictions do not apply to the Rights Units and the Units to be issued to the Manager in full or part payment of the Manager's fees.

<sup>10</sup> The restrictions do not apply to the transfer of Units by Focus Eagle to and between wholly-owned subsidiaries of Cheung Kong or Hutchison or (as the case may be) the transfer of Units by Ballston to and between wholly-owned subsidiaries of Hutchison or Cheung Kong, provided that each such subsidiary has executed and delivered to the Joint Lead Managers and Underwriters an undertaking to the effect of the restrictions described herein, to remain in effect for the remainder of the Lock-Up Period.

rights Units (collectively, “**Excess Rights Units**”) will be issued to satisfy Excess Rights Units applications as the Manager may, in its absolute discretion, deem fit.

In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any). The Cheung Kong Subsidiaries, the Hutchison Subsidiaries, other Substantial Unitholders<sup>11</sup> and directors of the Manager (the “**Directors**”) will rank last in priority.

## **2.8 Eligibility to Participate in the Rights Issue**

Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with The Central Depository (Pte) Limited (“**CDP**”) are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days<sup>12</sup> prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and such Unitholders who the Manager, on behalf of Fortune REIT, in consultation with the Joint Lead Managers and Underwriters determine, may be offered Rights Units without breaching applicable securities laws (“**Eligible Unitholders**”).

Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade on the SGX-ST (during the “nil-paid” rights trading period prescribed by the SGX-ST) their provisional allotment of Rights Units under the Rights Issue (“**Rights Entitlements**”) and are eligible to apply for Excess Rights Units in excess of their Rights Entitlements.

Eligible Unitholders who have subscribed for or purchased Units under the Supplementary Retirement Scheme (“**SRS**”) can only accept their Rights Entitlements by instructing the relevant banks in which they hold their SRS accounts to do so on their behalf. Any application made directly through ATMs by such Eligible Unitholders will be rejected.

No provisional allotment of Rights Units will be made to Unitholders other than Eligible Unitholders (“**Ineligible Unitholders**”) and no purported acceptance thereof or application therefore by Ineligible Unitholders will be valid.

The Rights Issue is conditional upon, *inter alia*, the lodgment of the Offer Information Statement with the MAS.

Further details of the Rights Issue are set out in the Unitholders’ Circular.

## **3. THE ACQUISITIONS**

### **3.1 Certain Terms and Conditions of the Sale and Purchase Agreements**

The completion of each of the Acquisitions will be subject to the satisfaction of a number of conditions including:

- (i) a single resolution for the Acquisitions being passed at the EGM;

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<sup>11</sup> “**Substantial Unitholders**” refers to Unitholders with an interest in not less than 5.0% of all Units in issue.

<sup>12</sup> “**Market Day**” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

- (ii) the obligations of the Joint Lead Managers and Underwriters under the Underwriting Agreement becoming unconditional in all respects; and
- (iii) the Acquisition Facility being in place and available to be drawn down at Completion for the respective Properties.

The completion of the acquisitions of Metro Town and Hampton Loft under their respective Sale and Purchase Agreements are interconditional upon the completion of each other. In the event of a delay in the completion of the acquisition of Caribbean Bazaar, the completion of the acquisitions of Metro Town and Hampton Loft will proceed as scheduled without Caribbean Bazaar on the date of issue of the Rights Units, subject to the satisfaction of the conditions set out in the respective Sale and Purchase Agreements.

Each of the Sale and Purchase Agreements provides that the long-stop date for the satisfaction of the above conditions is six months after the date of the relevant Sale and Purchase Agreement.

Caribbean Bazaar and Hampton Loft are sold on an “as is” basis and subject to the existing tenancies and licences. The Sale and Purchase Agreement in relation to Metro Town contains certain representations and warranties made by the respective subsidiaries of Cheung Kong and Nan Fung (as vendors) in respect of Metro Town and MPI and its subsidiary, Mega Gain.

The Sale and Purchase Agreement in relation to Metro Town sets out the limitations on the liabilities of the respective subsidiaries of Cheung Kong and Nan Fung (as vendors) in respect of any breach of warranties, including provisions for aggregate maximum liability, minimum threshold claims and a limitation period of 21 months for all claims.

Unitholders should note that the Acquisitions resolution and the Whitewash Resolution<sup>13</sup> are subject to, and contingent upon, each other. In the event that Fortune REIT fails to obtain Unitholders’ approval for the Whitewash Resolution, Fortune REIT will not proceed with the Acquisitions.

### 3.2 Information on the Properties

Certain details of each of the Properties are set out as follows:

- (i) **Metro Town** at 8 King Ling Road, Tseung Kwan O, Hong Kong, is located on top of the Mass Transit Railway Tiu Keng Leng Station. It comprises the commercial development on the ground level, level one, level two, level three and level five, and the covered footbridge as well as the whole commercial car park (with 74 commercial carparking spaces) on level two of the residential development called “Metro Town”.
- (ii) **Caribbean Bazaar** at 1 Kin Tung Road, Tung Chung, Hong Kong comprises the commercial development, kindergarten, wet market and 117 commercial

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<sup>13</sup> “Whitewash Resolution” means the whitewash resolution for the waiver of the rights of Independent Unitholders (as defined herein) to receive a mandatory offer from Cheung Kong and parties acting in concert with it for all the remaining Units not owned or controlled by Cheung Kong and parties acting in concert with it, in the event that they incur a mandatory bid obligation pursuant to the Singapore Code of Take-overs and Mergers, as a result of the Rights Units Acquisitions (as defined herein).

carparking spaces in Phase VI car park of the residential development called “Caribbean Coast”.

- (iii) **Hampton Loft** at 11 Hoi Fan Road, Kowloon, Hong Kong comprises the commercial units on level five and level six and 35 commercial carparking spaces on level one of the residential development called “Hampton Place”.

### 3.3 Cost of the Acquisitions

The Total Acquisition Cost is estimated to amount to HK\$2,091.4 million and consists of the following:

- (i) the Aggregate Purchase Consideration for the Properties (before adjustment for the consolidated net current assets or net current liabilities of MPI and Mega Gain as at Completion in the case of the acquisition of Metro Town) which is HK\$2,039.0 million;
- (ii) the Acquisition Fee of HK\$20.4 million (being 1.0% of the Aggregate Purchase Consideration) payable to the Manager pursuant to the trust deed constituting Fortune REIT dated 4 July 2003 (as amended) (the “**Trust Deed**”). The Acquisition Fee shall be payable to the Manager in Units and such Units shall not be sold within one year from their date of issue, in accordance with paragraph 5.6 of the Property Funds Guidelines (as defined herein). 6.4 million Units are expected to be issued to the Manager based on the TERP of HK\$3.20 per Unit<sup>14</sup>; and
- (iii) other estimated fees and expenses (including stamp duty, advisory fees, professional fees and expenses) of HK\$32.0 million incurred or to be incurred by Fortune REIT in connection with the Acquisitions.

The cash component of the Total Acquisition Cost (which does not include the Acquisition Fee payable in Units) is HK\$2,071.0 million.

The purchase consideration for each of the Properties has been arrived at on a willing buyer and a willing seller basis after taking into account the valuation of the Properties by Knight Frank Petty Limited (“**Knight Frank**”) and Savills Valuation and Professional Services Limited (“**Savills**”). Each of the Properties has been appraised by two independent valuers, Knight Frank, which has been appointed by the Trustee, and Savills, which has been appointed by the Manager (collectively, the “**Independent Valuers**”), and their aggregate valuations of the Properties as at 30 June 2009 are HK\$2,073.0 million and HK\$2,070.0 million respectively. The Independent Valuers have each estimated the open market value of each Property by using the income capitalisation method or the investment approach, discounted cash flow analysis and the direct comparison method.

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<sup>14</sup> While clause 15.2.1(i) of the Trust Deed allows the Manager to receive the Acquisition Fee Units at the Rights Issue Price of HK\$2.29 per Unit, the Manager has elected to receive the Acquisition Fee Units at the higher TERP of HK\$3.20 per Unit instead.

#### **4. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITIONS AND THE RIGHTS ISSUE**

The pro forma financial effects of the Acquisitions on the distribution per Unit (“DPU”) and NAV per Unit presented below are purely for illustration purposes and have been prepared based on:

- (i) the audited financial statements of Fortune REIT for the financial year ended 31 December 2008 (“FY 2008 Audited Financial Statements”);
- (ii) the unaudited financial statements of MPI for the year ended 31 December 2008 and the unaudited management accounts of MPI for the six months ended 30 June 2009;
- (iii) the unaudited management accounts of Caribbean Bazaar and Hampton Loft for the year ended 31 December 2008 and for the six months ended 30 June 2009; and
- (iv) the unaudited management accounts of Fortune REIT for the six months ended 30 June 2009 (“1H 2009 Unaudited Financial Statements”);

and assuming:

- (a) the cash component of the Total Acquisition Cost is HK\$2,071.0 million;
- (b) 824,879,427 Rights Units are issued at a Rights Issue Price of HK\$2.29 per Rights Unit;
- (c) net proceeds of HK\$1,802.4 million are raised in the Rights Issue after taking into account the estimated costs of the Rights Issue of HK\$86.6 million;
- (d) HK\$1,591.0 million of the net proceeds of the Rights Issue is used to part finance the Acquisitions, HK\$111.4 million is retained or used for working capital, debt related costs in relation to the New Facilities and general corporate purposes and HK\$100.0 million is retained for asset enhancement initiatives;
- (e) HK\$480.0 million of additional borrowing is incurred by Fortune REIT at an annual interest rate of Hong Kong Interbank Offer Rate (“HIBOR”) as at 30 June 2009 plus 2.0% to part finance the Acquisitions; and
- (f) 6.4 million Units are issued to the Manager in payment of its Acquisition Fee at the TERP of HK\$3.20 per Unit.

##### **4.1 Pro Forma Net Property Income**

The FY2008 pro forma net property income attributable to Metro Town, Caribbean Bazaar and Hampton Loft is HK\$69.6 million, HK\$24.4 million and HK\$9.1 million respectively.

##### **4.2 Financial Year Ended 31 December 2008**

###### **Pro forma DPU and distribution yield**

The pro forma financial effects of the Acquisitions on the DPU and distribution yield for FY 2008, as if Fortune REIT had purchased the Properties, completed the Rights Issue, and incurred HK\$480.0 million of additional borrowings on 1 January 2008, and held and operated the Properties through to 31 December 2008, are as follows:

	<b>Before the Acquisitions and Rights Issue <sup>(1)</sup></b>	<b>After the Acquisitions and Rights Issue</b>
Distributable income (HK\$'000).....	302,855	379,956
Units in issue and to be issued ('000) .....	820,819	1,653,986
DPU (HK cents).....	37.02	22.97
Distribution yield.....	9.0% <sup>(2)</sup>	7.2% <sup>(3)</sup>

**Notes:**

(1) Based on the FY 2008 Audited Financial Statements.

(2) Based on the actual DPU divided by the Closing Price of HK\$4.10.

(3) Based on the adjusted DPU divided by the TERP of HK\$3.20 per Unit.

**Pro forma NAV per Unit**

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 31 December 2008, as if Fortune REIT had purchased the Properties, completed the Rights Issue, and incurred additional borrowings of HK\$480.0 million on 31 December 2008, are as follows:

	<b>Before the Acquisitions and Rights Issue <sup>(1)</sup></b>	<b>After the Acquisitions and Rights Issue</b>
NAV (HK\$'000).....	6,156,364	7,937,656
Units in issue and to be issued ('000) .....	820,819	1,652,080
NAV per Unit (HK\$).....	7.50	4.80

**Note:**

(1) Based on the FY 2008 Audited Financial Statements.

**Pro forma capitalisation**

The following table sets forth the pro forma capitalisation of Fortune REIT as at 31 December 2008, as if Fortune REIT had purchased the Properties, completed the Rights Issue and incurred additional borrowings of HK\$480.0 million on 31 December 2008.

	<b>As at 31 December 2008</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(HK\$ '000)</b>	<b>(HK\$'000)</b>
<b>Short-term debt:</b>		
Unsecured.....	-	-
Secured.....	-	-
Total short-term debt .....	-	-
<b>Long-term debt:</b>		
Unsecured.....	-	-
Secured.....	2,348,700	2,828,700
Total long-term debt.....	2,348,700	2,828,700
Total debt .....	2,348,700	2,828,700
Unitholders funds .....	6,156,364	7,937,656
<b>Total Capitalisation .....</b>	<b>8,505,064</b>	<b>10,766,356</b>

### 4.3 Six Months Ended 30 June 2009

#### Pro forma DPU

The pro forma financial effects of the Acquisitions on the DPU for the six months ended 30 June 2009, as if Fortune REIT had purchased the Properties and completed the Rights Issue and incurred HK\$480.0 million of additional borrowings on 1 January 2009, and held and operated the Properties through to 30 June 2009, are as follows:

	<u>Before the Acquisitions and Rights Issue <sup>(1)</sup></u>	<u>After the Acquisitions and Rights Issue</u>
Distributable income (HK\$'000).....	161,698	199,432
Units in issue and to be issued ('000) .....	824,879	1,657,104
DPU (HK cents).....	19.60	12.03

**Note:**

(1) Based on the 1H 2009 Unaudited Financial Statements.

#### Pro forma NAV per Unit

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 30 June 2009, as if Fortune REIT had purchased the Properties, completed the Rights Issue, and incurred additional borrowings of HK\$480.0 million on 30 June 2009, are as follows:

	<u>Before the Acquisitions and Rights Issue <sup>(1)</sup></u>	<u>After the Acquisitions and Rights Issue</u>
NAV (HK\$'000).....	6,469,178	8,250,134
Units in issue and to be issued ('000) .....	824,879	1,656,141
NAV per Unit (HK\$).....	7.84	4.98

**Note:**

(1) Based on the 1H 2009 Unaudited Financial Statements.

#### Pro forma capitalisation

The following table sets forth the pro forma capitalisation of Fortune REIT as at 30 June 2009, as if Fortune REIT had purchased the Properties, completed the Rights Issue and incurred additional borrowings of HK\$480.0 million on 30 June 2009.

	<u>As at 30 June 2009</u>	
	<u>Actual</u>	<u>As Adjusted</u>
	<u>(HK\$ '000)</u>	<u>(HK\$ '000)</u>
<b>Short-term debt:</b>		
Unsecured.....	-	-
Secured.....	2,378,700	2,378,700
Total short-term debt .....	<u>2,378,700</u>	<u>2,378,700</u>
<b>Long-term debt:</b>		
Unsecured.....	-	-
Secured.....	-	480,000
Total long-term debt.....	<u>-</u>	<u>480,000</u>
Total debt.....	2,378,700	2,858,700

	<b>As at 30 June 2009</b>	
	<b>Actual</b>	<b>As Adjusted</b>
Unitholders funds .....	6,469,178	8,250,134
<b>Total Capitalisation .....</b>	<b>8,847,878</b>	<b>11, 108,834</b>

## **5. PRO FORMA FINANCIAL EFFECTS OF ACQUIRING METRO TOWN AND HAMPTON LOFT AND THE RIGHTS ISSUE**

While the Manager is targeting to complete the acquisition of Caribbean Bazaar on the date of issue of the Rights Units, the completion may be delayed or not occur as it is subject to the vendor, MTR Corporation Limited, obtaining the consent to assign from the Director of Lands of the Lands Department of the Hong Kong Government in respect of the commercial development, kindergarten and the wet market (which form part of Caribbean Bazaar) and the granting of such consent or the timing thereof is not within the control of the Manager and is uncertain.

In the event of a delay in the completion of the acquisition of Caribbean Bazaar, the completion of the acquisition of Metro Town and Hampton Loft will proceed as scheduled without Caribbean Bazaar on the date of issue of the Rights Units subject to the satisfaction of the conditions set out in the respective Sale and Purchase Agreements.

Should only the acquisitions of Metro Town and Hampton Loft proceed, the total purchase consideration (before adjustment for the consolidated net current assets or net current liabilities of MPI and Mega Gain as at Completion in the case of the acquisition of Metro Town) will be HK\$1,611.0 million. The total cost of acquiring these two Properties, inclusive of the acquisition fee payable to the Manager under the Trust Deed as well as the estimated stamp duty, professional and other fees and expenses incurred or to be incurred, is estimated to amount to HK\$1,643.1 million, of which HK\$1,627.0 million is to be paid in cash.

The Manager intends to finance this total cash cost with HK\$1,247.0 million from the Rights Issue proceeds and HK\$380.0 million from the Acquisition Facility.

The pro forma financial effects on the DPU and NAV per Unit presented below are purely for illustration purposes and have been prepared based on:

- (i) the FY 2008 Audited Financial Statements;
  - (ii) the unaudited financial statements of MPI for the year ended 31 December 2008 and unaudited management accounts of MPI for the six months ended 30 June 2009;
  - (iii) the unaudited management accounts of Hampton Loft for the year ended 31 December 2008 and for the six months ended 30 June 2009; and
  - (iv) the 1H 2009 Unaudited Financial Statements,
- and assuming:
- (a) the cash component of the total cost of acquiring Metro Town and Hampton Loft is HK\$1,627.0 million;

- (b) 824,879,427 Rights Units are issued at a Rights Issue Price of HK\$2.29 per Rights Unit;
- (c) net proceeds of HK\$1,802.4 million are raised in the Rights Issue after taking into account the estimated costs of the Rights Issue of HK\$86.6 million;
- (d) HK\$1,247.0 million of the net proceeds of the Rights Issue is used to part finance the Acquisitions, HK\$455.4 million is retained or used for working capital, debt related costs in relation to the New Facilities and general corporate purposes and HK\$100.0 million is retained for asset enhancement initiatives;
- (e) HK\$380.0 million of additional borrowing is incurred by Fortune REIT at an annual interest rate of HIBOR as at 30 June 2009 plus 2.0%; and
- (f) 5.0 million Units are issued to the Manager in payment of its acquisition fee at the TERP of HK\$3.20 per Unit.

## 5.1 Financial Year Ended 31 December 2008

### Pro forma DPU and distribution yield

The pro forma financial effects on the DPU and distribution yield for FY 2008, as if Fortune REIT had purchased Metro Town and Hampton Loft, completed the Rights Issue, and incurred HK\$380.0 million of additional borrowings on 1 January 2008, and held and operated the Properties through to 31 December 2008, are as follows:

	<u>Before the acquisitions and Rights Issue <sup>(1)</sup></u>	<u>After the acquisitions and Rights Issue</u>
Distributable income (HK\$'000).....	302,855	363,231
Units in issue and to be issued ('000) .....	820,819	1,652,250
DPU (HK cents).....	37.02	21.98
Distribution yield.....	9.0% <sup>(2)</sup>	6.9% <sup>(3)</sup>

**Notes:**

(1) Based on the FY 2008 Audited Financial Statements.

(2) Based on the actual DPU divided by the Closing Price of HK\$4.10.

(3) Based on the adjusted DPU divided by the TERP of HK\$3.20 per Unit.

### Pro forma NAV per Unit

The pro forma financial effects on the NAV per Unit as at 31 December 2008, as if Fortune REIT had purchased Metro Town and Hampton Loft, completed the Rights Issue, and incurred additional borrowings of HK\$380.0 million on 31 December 2008, are as follows:

	<u>Before the acquisitions and Rights Issue <sup>(1)</sup></u>	<u>After the acquisitions and Rights Issue</u>
NAV (HK\$'000).....	6,156,364	7,951,706
Units in issue and to be issued ('000) .....	820,819	1,650,740
NAV per Unit (HK\$).....	7.50	4.82

**Note:**

(1) Based on the FY 2008 Audited Financial Statements.

### Pro forma capitalisation

The following table sets forth the pro forma capitalisation of Fortune REIT as at 31 December 2008, as if Fortune REIT had purchased Metro Town and Hampton Loft, completed the Rights Issue and incurred additional borrowings of HK\$380.0 million on 31 December 2008.

	As at 31 December 2008	
	Actual	As Adjusted
	(HK\$ '000)	(HK\$ '000)
<b>Short-term debt:</b>		
Unsecured.....	-	-
Secured.....	-	-
Total short-term debt .....	-	-
<b>Long-term debt:</b>		
Unsecured.....	-	-
Secured.....	2,348,700	2,728,700
Total long-term debt.....	2,348,700	2,728,700
Total debt .....	2,348,700	2,728,700
Unitholders funds .....	6,156,364	7,951,706
<b>Total Capitalisation .....</b>	<b>8,505,064</b>	<b>10,680,406</b>

## 5.2 Six Months Ended 30 June 2009

### Pro forma DPU

The pro forma financial effects on the DPU for the six months ended 30 June 2009, as if Fortune REIT had purchased Metro Town and Hampton Loft, completed the Rights Issue and incurred HK\$380.0 million of additional borrowings on 1 January 2009, and held and operated the Properties through to 30 June 2009, are as follows:

	Before the acquisitions and the Rights Issue <sup>(1)</sup>	After the acquisitions and the Rights Issue
Distributable income (HK\$'000).....	161,698	191,564
Units in issue and to be issued ('000) .....	824,879	1,655,564
DPU (HK cents).....	19.60	11.57

**Note:**

(1) Based on the 1H 2009 Unaudited Financial Statements.

### Pro forma NAV per Unit

The pro forma financial effects on the NAV per Unit as at 30 June 2009, as if Fortune REIT had purchased Metro Town and Hampton Loft, completed the Rights Issue, and incurred additional borrowings of HK\$380.0 million on 30 June 2009, are as follows:

	<b>Before the acquisitions and Rights Issue <sup>(1)</sup></b>	<b>After the acquisitions and Rights Issue</b>
NAV (HK\$'000).....	6,469,178	8,264,184
Units in issue and to be issued ('000) .....	824,879	1,654,801
NAV per Unit (HK\$).....	7.84	4.99

**Note:**

(1) Based on the 1H 2009 Unaudited Financial Statements.

**Pro forma capitalisation**

The following table sets forth the pro forma capitalisation of Fortune REIT as at 30 June 2009, as if Fortune REIT had purchased Metro Town and Hampton Loft, completed the Rights Issue and incurred additional borrowings of HK\$380.0 million on 30 June 2009.

	<b>As at 30 June 2009</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(HK\$ '000)</b>	<b>(HK\$ '000)</b>
<b>Short-term debt:</b>		
Unsecured.....	-	-
Secured.....	2,378,700	2,378,700
Total short-term debt .....	2,378,700	2,378,700
<b>Long-term debt:</b>		
Unsecured.....	-	-
Secured.....	-	380,000
Total long-term debt.....	-	380,000
Total debt .....	2,378,700	2,758,700
Unitholders funds .....	6,469,178	8,264,184
<b>Total Capitalisation .....</b>	<b>8,847,878</b>	<b>11,022,884</b>

**6. Approval in-Principle**

The Manager is pleased to announce that the SGX-ST has on 21 August 2009 given its approval in-principle for the listing and quotation of the Rights Units on the Main Board of the SGX-ST.

The SGX-ST's in-principle approval is not an indication of the merits of Fortune REIT, the Rights Issue and the Rights Units.

The details of the conditions imposed by the SGX-ST's in-principal approval of the listing and quotation of the Rights Units are, *inter alia*, as follows:

- (i) compliance with the SGX-ST's listing requirements and guidelines;
- (ii) Unitholders' approval of the Acquisitions and Whitewash Resolution;
- (iii) a written undertaking from Fortune REIT that it will make periodic announcements on the use of the proceeds from the Rights Issue and that it will provide status report on the use of the proceeds in the annual report;

- (iv) a written undertaking from Fortune REIT that in the allotment of any Excess Rights Units, preference will be given to the rounding of odd lots, and Directors and Substantial Unitholders will rank last in priority;
- (v) a written confirmation(s) from financial institution(s) that Focus Eagle and Ballston who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under its undertakings; and
- (vi) submission of the notification referred to in Rule 864(4) of the Listing Manual of the SGX-ST (the “**Listing Manual**”), if applicable, upon any significant changes affecting the matter in the application for the listing and quotation of the Rights Units.

## 7. SECURITIES INDUSTRY COUNCIL WAIVER

On 12 August 2009, the Securities Industry Council (the “**SIC**”) granted a waiver (the “**SIC Waiver**”) of the requirement by Cheung Kong and parties acting in concert with it to make a mandatory offer for Units under Rule 14 of the Singapore Code of Take-overs and Mergers for all the remaining issued Units not owned or controlled by Cheung Kong and parties acting in concert with it, as a result of the Cheung Kong Subsidiaries and the Hutchison Subsidiaries: (i) subscribing for the Pro Rata Units allotted and issued to them pursuant to the Pro Rata Undertakings and/or (ii) if applicable, in the case of the Cheung Kong Subsidiaries only, acquiring the Commitment Rights Units pursuant to the Focus Eagle Sub-Underwriting Agreement and/or (iii) if applicable, acquiring the Aggregate Excess Rights Units (as defined in the Unitholders’ Circular) and/or (iv) if applicable, acquiring the Nil-Paid Rights Units pursuant to the Rights Issue (collectively, the “**Rights Units Acquisitions**”), subject to, *inter alia*, the approval of the Whitewash Resolution by Unitholders other than Cheung Kong and parties acting in concert with it and parties which are not independent of them (“**Independent Unitholders**”) at the EGM.

## 8. BOARD CONFIRMATION

The Board of Directors of the Manager (the “**Board**”) <sup>15</sup> has considered the terms of the:

- (i) Underwriting Agreement (including the commission payable to the Joint Lead Managers and Underwriters) and is of the view that it has been entered into on an arm’s length basis and on normal commercial terms; and
- (ii) the Sub-Underwriting Agreements (including the Sub-Underwriting Commission payable to Focus Eagle and Ballston) and is of the view that the terms are fair, and not prejudicial to Fortune REIT and to other Unitholders and are in the interest of Fortune REIT and its Unitholders as a whole,

on the basis that:

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<sup>15</sup> For good corporate governance, Mr Chiu Kwok Hung, Justin and Mr Ip Tak Chuen, Edmond abstained from taking part in any decisions or recommendations relating to the Pro Rata Undertakings as they are, *inter alia*, directors of Cheung Kong. Ms Yeung, Eirene has also abstained from taking part in any decisions or recommendations relating to the Pro Rata Undertakings as she is an Authorised Representative and the Company Secretary of Cheung Kong.

- (A) given the recent months of market uncertainty and volatility, the execution risks posed by the long rights issue execution period and the likely material adverse consequences of an unsuccessful rights issue, it is important for the Rights Issue to be underwritten; and
- (B) the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if Focus Eagle and Ballston enter into the Sub-Underwriting Agreements and the entry into the Sub-Underwriting Agreements will facilitate the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby ensuring a successful Rights Issue.

None of the Directors of the Manager (the “**Directors**”) dissented with the above opinion.

## **9. DISCLOSURE UNDER THE LISTING MANUAL AND THE PROPERTY FUNDS GUIDELINES**

### **9.1 Interested Person Transaction and Interested Party Transaction**

Cheung Kong is deemed to hold an aggregate indirect interest in 262,815,342 Units (comprising 31.9% of the existing Units) as at the Latest Practicable Date and is therefore regarded as a “Controlling Unitholder”<sup>16</sup>. As a Controlling Unitholder, Cheung Kong is considered an interested person of Fortune REIT for the purposes of Chapter 9 of the Listing Manual. As Metro Town and Hampton Loft are being acquired from subsidiaries of Cheung Kong, their acquisitions will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under Paragraph 5 of the Property Fund Guidelines at Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Guidelines**”) (collectively, “**Related Party Transactions**”, and each, a “**Related Party Transaction**”).

Further, as companies jointly owned by Cheung Kong and Hutchison have an interest in part of the purchase consideration of Caribbean Bazaar, the Manager, in the interest of transparency and good corporate governance, has considered the acquisition of Caribbean Bazaar as a Related Party Transaction.

### **9.2 Relative figures computed on the bases set out in Rule 1006**

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

- (i) the net profits attributable to the assets acquired, compared with Fortune REIT’s net profits; and
- (ii) the aggregate value of the consideration given, compared with Fortune REIT’s market capitalisation.

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<sup>16</sup> Cheung Kong is deemed to be interested in 262,815,342 Units, of which (i) 206,537,342 Units are held by Focus Eagle (a wholly-owned subsidiary of Cheung Kong) and (ii) 56,278,000 Units are held by Ballston (a wholly-owned subsidiary of Hutchison, which in turn is 49.9% owned by Cheung Kong).

Comparison of:	Metro Town	Fortune REIT	Relative figure (%)
Profits (HK\$ million) <sup>(1)</sup>	69.6	477.5	14.6
Consideration against market capitalisation (HK\$ million) <sup>(2)</sup>	1,452.0	3,382.0	42.9

Comparison of:	Caribbean Bazaar	Fortune REIT	Relative figure (%)
Profits (HK\$ million) <sup>(1)</sup>	24.4	477.5	5.1
Consideration against market capitalisation (HK\$ million) <sup>(2)</sup>	428.0	3,382.0	12.7

Comparison of:	Hampton Loft	Fortune REIT	Relative figure (%)
Profits (HK\$ million) <sup>(1)</sup>	9.1	477.5	1.9
Consideration against market capitalisation (HK\$ million) <sup>(2)</sup>	159.0	3,382.0	4.7

**Notes:**

(1) Based on Net Property Income for FY2008 (Before the Manager's performance fee).

(2) Based on Closing Price of HK\$4.10.

## 10. AUDIT COMMITTEE STATEMENT

On the recommendation of the independent directors of the Manager (the “**Independent Directors**”), the Manager has appointed KPMG Corporate Finance Pte. Ltd. as the independent financial adviser (the “**IFA**”), to provide an opinion on the Acquisitions and the Whitewash Resolution. Based on the opinion of the IFA, the Audit Committee of the Manager is of the view that the Acquisitions and the Whitewash Resolution are on normal commercial terms and would not be prejudicial to the interests of Fortune REIT and the Unitholders.

## 11. OTHER INFORMATION

### 11.1 Other Interested Person Transactions

Prior to the Latest Practicable Date, Fortune REIT had entered into several interested person transactions with associates of Cheung Kong (“**Existing Interested Person Transactions**”) during the course of the current financial year and these details are set out below. These Existing Interested Person Transactions relate to leases signed by the various interested persons as tenants of the existing properties of Fortune REIT.

	Interested Person	Nature of Transaction	Area (s.f.)	Start Date	Value of Transaction (HK\$ million)	Percentage of NAV <sup>(1)</sup>
1.	A.S. Watson Group (HK) Limited	Tenancy at The Household Center	23,306	Mar 09	11.9	0.19%
2.	Citybase Property Management Limited	Tenancy at the Metropolis Mall	3,905	May 09	3.1	0.05%

3.	Hutchison Telephone Company Limited	Licence at City One Shatin Property	466	Feb 09	0.6	0.01%
4.	Perfect Idea Limited	Licence at the Metropolis Mall	14,713	Sep 09	4.6	0.07%
				<b>Total</b>	<b>20.2</b>	<b>0.33%</b>

**Note:**

(1) NAV as at 31 December 2008 of HK\$6,156.4 million.

## 11.2 Interests of Directors and Substantial Unitholders

### Interests of the Directors of the Manager

The details of the unitholdings of the Directors of the Manager are as follows:

<b>Unitholder</b>	<b>Direct Interest</b>	<b>Deemed Interest</b>	<b>Total Interest</b>	<b>% Interest</b>
Mr Lim Hwee Chiang, John <sup>(1)</sup> .....	-	14,457,279	14,457,279	1.7
Mrs Sng Sow-Mei (alias Poon Sow Mei) .....	110,000	-	110,000	0.01

**Note:**

- (1) Mr. Lim Hwee Chiang, John is deemed to be interested in 14,457,279 Units as follows:
- (i) 1,761,279 Units held by the Manager (a wholly-owned subsidiary of ARA Asset Management Limited), by virtue of Mr. Lim's shareholdings of 0.2% in the capital of ARA Asset Management Limited (which wholly-owns the Manager) as well as his ownership of 100.0% of the issued shares in the capital of JL Investment Group Limited, which holds 36.4% of the issued shares in the capital of ARA Asset Management Limited; and
  - (ii) 12,696,000 Units held by ARA Asian Income Master Fund. ARA Strategic Capital I Pte Ltd, as the fund manager of ARA Asian Income Master Fund, is deemed to have an interest in these Units. ARA Strategic Capital I Pte Ltd is 100.0% owned by ARA Strategic Capital (Holdings) Pte Ltd which is 75.0% owned by ARA Asset Management Limited.

Mr. Lim Hwee Chiang, John is the Group Chief Executive Officer and Executive Director of ARA Asset Management Limited and a Director of ARA Financial.

Mr Chiu Kwok Hung, Justin is the Chairman and Non-Executive Director of ARA Asset Management Limited, a Director of ARA Financial and an Executive Director of Cheung Kong.

Mr Ip Tak Chuen, Edmond is a Non-Executive Director of ARA Asset Management Limited, an Executive Director and Deputy Managing Director of Cheung Kong and a Director of Focus Eagle.

Ms Yeung, Eirene is a Director, Corporate Strategy Unit and Company Secretary of Cheung Kong.

Mr Cheng Mo Chi, Moses is an Independent Non-Executive Director of ARA Asset Management Limited.

Save as disclosed above and based on information available to the Manager, none of the Directors has an interest, direct or indirect, in the Acquisitions.

## Interests of Substantial Unitholders

The details of the unitholdings of the Substantial Unitholders who are interested in the Acquisitions are as follows:

Unitholder	Direct Interest	Deemed Interest	Total Interest	% Interest
Focus Eagle Investments Limited.....	206,537,342	-	206,537,342	25.0
Ballston Profits Limited.....	56,278,000	-	56,278,000	6.8
Cheung Kong (Holdings) Limited <sup>(1)</sup> .....	-	262,815,342	262,815,342	31.9
Hutchison Whampoa Limited <sup>(2)</sup> .....	-	56,278,000	56,278,000	6.8

### Notes:

- (1) Cheung Kong is deemed to be interested in 262,815,342 Units, of which:
- (i) 206,537,342 Units are held by Focus Eagle (a wholly-owned subsidiary of Cheung Kong); and
  - (ii) 56,278,000 Units are held by Ballston (a wholly-owned subsidiary of Hutchison, which in turn is 49.9% owned by Cheung Kong).
- (2) Hutchison is deemed to be interested in 56,278,000 Units held by its wholly-owned subsidiary, Ballston.

DBS Bank holds a direct interest of 51,700,000 Units (comprising 6.3% of the existing Units) and is therefore a Substantial Unitholder. DBS Bank is also one of the Joint Financial Advisers and Joint Lead Managers and Underwriters, as well as one of the lenders under the New Facilities. As at the date of the Unitholders' Circular, the Manager is of the view that the Underwriting Agreement and the letter of commitment in relation to the New Facilities are based on normal commercial terms and in the ordinary course of business.

Whilst Fortune REIT has other Substantial Unitholders (details of which have been announced on the SGXNET), based on information available to the Manager, none of these Substantial Unitholders has an interest, direct or indirect, in the Acquisitions, and therefore their details have not been disclosed in this announcement as such details are not relevant.

### 11.3 Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisitions or any other transaction contemplated in relation to the Acquisitions.

## 12. THE PROPOSED TRUST DEED AMENDMENT TO FACILITATE EQUITY FUND RAISINGS

The Manager will also in the Unitholders' Circular seek Unitholders' approval to amend Clause 5.1.4 of the Trust Deed to allow the Manager to obtain Unitholders' approval for the issue of Units, where such approval is required under the Trust Deed, by way of an Ordinary Resolution instead of an Extraordinary Resolution (the "**Trust Deed Amendment to Facilitate Equity Fund Raisings**"). The proposed amendment to the Trust Deed will require Unitholders' approval by way of an Extraordinary Resolution.

The current financial crisis has adversely affected the ability of real estate investment trusts (“REITs”) to raise funds from financial institutions through the issue of Units and/or debt financing.

The Manager believes that allowing it to obtain Unitholders’ approval for the issue of Units, where specific approval is required, by way of an Ordinary Resolution instead of an Extraordinary Resolution is in line with recently constituted REITs whose trust deeds require approval to be obtained only by way of an Ordinary Resolution and REITs which have recently made such amendments to their trust deeds, and would give the Manager more flexibility in raising funds.

The resolution relating to the Trust Deed Amendment to Facilitate Equity Fund Raisings is not subject to, or contingent upon, any of the other resolutions.

### **13. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986 from the date of the Unitholders’ Circular up to and including the date falling three months after the date of the Unitholders’ Circular:

- (i) the Sale and Purchase Agreement relating to Metro Town and the disclosure letter relating thereto;
- (ii) the Sale and Purchase Agreement relating to Caribbean Bazaar;
- (iii) the Sale and Purchase Agreement relating to Hampton Loft;
- (iv) the full valuation report on the Properties (dated 21 August 2009) issued by Knight Frank;
- (v) the full valuation report on the Properties (dated 21 August 2009) issued by Savills;
- (vi) the Knight Frank Summary Valuation Report;
- (vii) the Savills Summary Valuation Report;
- (viii) the Retail Market Overview and Catchment Area Analysis by Savills;
- (ix) the building survey reports on the Properties by Vigers Building Consultancy Ltd.;
- (x) the FY 2008 Audited Financial Statements;
- (xi) the 1H 2009 Unaudited Financial Statements;
- (xii) the letter from the IFA to the Independent Directors containing its advice in relation to the Acquisitions and the Whitewash Resolution; and
- (xiii) the valuation reports on the existing properties of Fortune REIT (each dated 9 July 2009) issued by Savills.

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.

#### **14. UNITHOLDERS' CIRCULAR**

In connection with the Acquisitions, the Manager has today issued and despatched the Unitholders' Circular setting out, among other things, the details of, and other relevant information pertaining to:

- (i) the Acquisitions, which are subject to and conditional upon the approval of the Whitewash Resolution;
- (ii) the Whitewash Resolution, which is subject to and conditional upon the approval of the Acquisitions resolution; and
- (iii) the Trust Deed Amendment to Facilitate Equity Fund Raisings,

together with a notice of the EGM for the purpose of seeking Unitholders' approvals in connection with the above.

The EGM will be held on 11 September 2009 at 2.30 p.m. at Capricorn Room, Level 1, Marina Mandarin Hotel, 6 Raffles Boulevard, Marina Square, Singapore 039594.

Unitholders who do not receive the Unitholders' Circular within a week from the date of this announcement may obtain a copy of the same from the unit registrar of Fortune REIT, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street, #08-01 Samsung Hub, Singapore 049483. An electronic copy will be available on the SGX-ST website: <http://www.sgx.com>

By Order of the Board  
ARA Asset Management (Singapore) Limited  
(Company registration no. 200303151G)  
(as manager of Fortune Real Estate Investment Trust)

Lim Hwee Chiang, John  
Director  
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### **About Fortune REIT**

Fortune REIT is a real estate investment trust constituted by a Trust Deed entered into on 4 July 2003 (as amended by the Amending and Restating Deed dated 29 June 2005 and a 2<sup>nd</sup> Supplemental Deed dated 20 April 2006) made between ARA Asset Management (Singapore) Limited (“**ARASL**”), as the Manager of Fortune REIT, and HSBC Institutional Trust Services (Singapore) Limited, as the Trustee of Fortune REIT. Fortune REIT was listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 12 August 2003.

Fortune REIT holds a portfolio of eleven retail malls in Hong Kong, spread across Kowloon and the New Territories through the ownership of property companies (“the **Property Companies**”), worth approximately HK\$8.9 billion. The retail malls are City One Shatin Property, Ma On Shan Plaza, The Metropolis Mall, Waldorf Garden Property, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property. Together they house a total of 839 tenants as at 30 June 2009 from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers. Notable tenants include Park’N Shop, 7-Eleven, Aji Ichiban, Maxim’s Chinese Restaurant, Watsons, Mannings, Modern Beauty Salon, Fortress, McDonald’s, Kentucky Fried Chicken, Watami Japanese Restaurant, Centaline Property Agency, Midland Realty, DBS Bank, Bank of China (Hong Kong), HSBC, Japan Home Centre, Jumpin Gym U.S.A., International Christian School and the Hong Kong Jockey Club. More information can be found at [www.fortunereit.com](http://www.fortunereit.com).

### **About ARASL, the Manager**

Fortune REIT is managed by ARASL, a wholly owned subsidiary company of ARA Asset Management Limited, which is listed on the Mainboard of the SGX-ST. More information can be found at [www.ara-asia.com](http://www.ara-asia.com).

### **Important Notice**

The value of Fortune REIT units (“**Units**”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Fortune REIT is not necessarily indicative of the future performance of Fortune REIT.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses, including employee wages, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

This announcement is not an offer of securities for sale in the United States or elsewhere. The securities of Fortune REIT are not being registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. There will be no public offering of the securities in the United States.