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FORTUNE REAL ESTATE INVESTMENT TRUST

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

(Stock Code: 778)

Managed by



ARA Asset Management (Fortune) Limited

ANNOUNCEMENT

IMPACT OF COVID-19 AND VALUATION UPDATE

This announcement is made by ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust ("**Fortune REIT**", and the manager of Fortune REIT, the "**Manager**") pursuant to 10.3 of the Code on Real Estate Investment Trusts.

Due to the adverse market conditions and COVID-19, the appraised value of investment properties of Fortune REIT as at 30 June 2020, which are carried at fair values with changes in fair value taken to profit and loss, is expected to be approximately HK\$2.5 billion lower than their cumulative fair values of HK\$42,820 million as at 31 December 2019. As a result, the Manager expects Fortune REIT to record a net loss for the six months ended 30 June 2020, as compared with a profit for the corresponding period in 2019.

Notwithstanding the above, as Fortune REIT's portfolio malls are held as long-term investments for stable and recurring income and the above fair value loss is non-cash in nature, there will be no effect on the operating cash flow and income available for distribution of Fortune REIT. The overall financial position of Fortune REIT remains healthy.

The information contained in this announcement only represents a preliminary assessment based on the information made available to the board of directors of the Manager as at the date hereof and such information has not been reviewed or audited by the independent auditors of Fortune REIT nor reviewed by the Audit Committee of the Manager. Fortune REIT's unaudited consolidated results for the six months ended 30 June 2020 are expected to be published in July 2020.

Unitholders and potential investors are advised to exercise caution when dealing in the units of Fortune REIT.

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

Hong Kong, 10 July 2020

The Directors of the Manager as at the date of this announcement are Mr. Chui Sing Loi (alias Tsui Sing Loi) as Chairman and Independent Non-executive Director; Dr. Chiu Kwok Hung, Justin, Mr. Lim Hwee Chiang, Ms. Yeung, Eirene and Mr. Ma Lai Chee, Gerald as Non-executive Directors; Ms. Chiu Yu, Justina as Executive Director; Ms. Cheng Ai Phing, Ms. Yeo Annie (alias Yeo May Ann) and Ms. Koh Poh Wah as Independent Non-executive Directors.