



**Fortune Real Estate Investment Trust  
Financial Statements  
for period from 1 January 2004 to 31 March 2004**

These figures have not been audited nor reviewed by our auditors.

Fortune Real Estate Investment Trust ("Fortune REIT") is a real estate investment trust constituted by the Trust Deed entered into on 4 July 2003 made between ARA Asset Management (Singapore) Limited as the Manager of Fortune REIT and Bermuda Trust (Singapore) Limited as the Trustee of Fortune REIT. Fortune REIT was listed on the Singapore Exchange Securities Trading Limited on 12 August 2003.

Fortune REIT is a Singapore-based unit trust formed primarily to own and invest in a portfolio of retail shopping malls located in Hong Kong through the ownership of the Property Companies (or other companies whose primary purpose is to hold or own real properties) or directly in properties that Fortune REIT may acquire from time to time. Its primary objective is to produce stable distributions for Unitholders and to achieve long term growth in the net asset value per unit.

Fortune REIT is the first real estate investment trust holding assets in Hong Kong. At present, Fortune REIT holds a portfolio of five retail malls spread across Kowloon and the New Territories, through the ownership of the five Property Companies' Shares. The five retail malls are The Metropolis Mall, Ma On Shan Plaza, The Household Center, Smartland and Jubilee Court Shopping Centre.

These properties together house a diverse tenant base, including bank, real estate services, super market, food and beverage, healthcare products, service and education. Tenants include Park'N Shop, Fortress, Maxim's Chinese Restaurant, Watson's, 7-Eleven, Kopitiam, DBS Bank, Standard Chartered Bank, OSIM, International Christian School Limited, Hong Kong Jockey Club and many others.

Where appropriate, comparisons are made against the pro-forma figures as well as the extrapolated forecast for the year ending 31 December 2004 stated in the Prospectus dated 28 July 2003.

1 (a) Income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HK\$ '000		%
	Actual 1/1/04 to 31/3/04	Pro-forma 1/1/03 to 31/3/03 <sup>(a)</sup>	Increase/ (Decrease)
Revenue <sup>(b)</sup>	42,741	39,999	6.9%
Property income and licence fee top-up <sup>(c)</sup>	14,871	20,444	(27.3%)
Charge-out collections <sup>(d)</sup>	15,923	15,812	0.7%
Property management fees	(1,157)	(1,083)	6.8%
Other property operating expenses <sup>(e)</sup>	(16,175)	(21,476)	(24.7%)
<b>Property Operating Expenses</b>	<b>(17,332)</b>	<b>(22,559)</b>	<b>(23.2%)</b>
<b>Net Property Income (before manager's performance fee)</b>	<b>56,203</b>	<b>53,696</b>	<b>4.7%</b>
Manager's performance fee	(1,686)	(1,611)	4.7%
<b>Net Property Income</b>	<b>54,517</b>	<b>52,085</b>	<b>4.7%</b>
Borrowing costs	(4,240)	(7,425)	(42.9%)
<b>Profit Before Tax</b>	<b>50,277</b>	<b>44,660</b>	<b>12.6%</b>
Hong Kong Taxation :			
Current taxation	(6,136)	(2,127)	188.5%
Deferred taxation	(2,647)	(5,199)	(49.1%)
<b>Total Hong Kong Taxation</b>	<b>(8,783)</b>	<b>(7,326)</b>	<b>19.9%</b>
<b>Net Profit of Property Companies</b>	<b>41,494</b>	<b>37,334</b>	<b>11.1%</b>
Manager's base fee	(2,535)	(2,456)	3.2%
Amortisation of negative goodwill	786	800	(1.8%)
Foreign exchange gains <sup>(f)</sup>	419	-	NM
Non-tax deductible trust expenses	(477)	(246)	93.9%
Tax deductible trust expenses	(506)	(500)	1.2%
Non tax-exempt income <sup>(g)</sup>	11	-	NM
<b>Total Trust Expenses</b>	<b>(2,302)</b>	<b>(2,402)</b>	<b>(4.2%)</b>
<b>Net Profit of Trust</b>	<b>39,192</b>	<b>34,932</b>	<b>12.2%</b>
<b>Add / (less) :</b>			
Manager's base fee	2,535	2,456	3.2%
Amortisation of negative goodwill	(786)	(800)	(1.8%)
Foreign exchange gains	(419)	-	NM
Non-tax deductible trust expenses	477	246	93.9%
Non tax-exempt income	(11)	-	NM
<b>Income Available For Distribution<sup>(h)</sup></b>	<b>40,988</b>	<b>36,834</b>	<b>11.3%</b>

**Footnotes:**

NM - Not meaningful

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- (a) *The comparative figures are extracted from the pro forma consolidated profit and loss statements for the period from 1 January 2003 to 31 March 2003 stated in the Prospectus dated 28 July 2003.*
- (b) *The revenue include rental income, car park income, licence income, atrium income and others.*
- (c) *For the period from 1 January 2004 to 31 March 2004, the property income and licence fee top up amount was HK\$14.9 million (pro forma for the period from 1 January 2003 to 31 March 2003 : HK\$20.4 million) payable by Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited to Vision Million Limited under the Rental Guarantee Deed dated 12 August 2003.*
- (d) *Charge-out collections consist of expenses related to the operation of the properties that are payable by tenants and licensees and these expenses include air conditioning charges, management fee, promotional charges, government rents, utility charges, cleaning charges and government rates.*
- (e) *The other property operating expenses include provision for doubtful debts of HK\$553 (pro forma for the period from 1 January 2003 to 31 March 2003 : HK\$60,919).*
- (f) *Foreign exchange gains represent realised and unrealised foreign exchange differences. The unrealised exchange gains arose from translation of monetary assets and liabilities denominated in foreign currencies into Hong Kong dollars at rates of exchange ruling at the balance sheet date. The realised exchange gains arose mainly from the conversion of the foreign currency IPO proceeds to Hong Kong dollars at rates closely approximating those ruling at the transaction dates. All exchange differences are included in profit and loss statements.*
- (g) *Non tax-exempt income refers mainly to bank interest income less deductible expenses.*
- (h) *Fortune REIT is required to distribute 100.0% of its Tax-Exempt Income (except dividends paid out of interest income and gains, if any, which are distributable at the discretion of the Manager) after deduction of applicable expenses ("net Tax-Exempt Income"). Fortune REIT's distribution policy is to distribute its net Tax-Exempt Income to Unitholders on a semi-annual basis. There will not be any income distribution to Unitholders for the period from 1 January 2004 to 31 March 2004.*
- (i) *There are no investment income, write-off for stock obsolescence, impairment in value of investments, adjustments for under/over provision of tax in respect of prior years, profit on sale of investments, properties or plant and equipment, exceptional and extraordinary items during the financial period and the previous corresponding financial period.*

1 (b)(i) Balance sheet, together with a comparative statement as at the end of the immediately preceding financial year

	Trust HK\$ '000		Group <sup>(a)</sup> HK\$ '000	
	Actual 31/3/04	Actual 31/12/03	Actual 31/3/04	Actual 31/12/03
<b>Current Assets</b>				
Cash	59,132	69,645	90,064	89,779
Trade and other receivables	-	59,561	28,758	37,533
<b>Total Current Assets</b>	<b>59,132</b>	<b>129,206</b>	<b>118,822</b>	<b>127,312</b>
<b>Non-Current Assets</b>				
Investment in property companies	531,486	531,486	-	-
Loan to property companies	1,557,798	1,547,626	-	-
Investment properties <sup>(b)</sup>	-	-	3,389,000	3,389,000
Fixed assets	-	-	27	-
Negative goodwill <sup>(c)</sup>	-	-	(136,778)	(137,564)
<b>Total Non-Current Assets</b>	<b>2,089,284</b>	<b>2,079,112</b>	<b>3,252,249</b>	<b>3,251,436</b>
<b>Total Assets</b>	<b>2,148,416</b>	<b>2,208,318</b>	<b>3,371,071</b>	<b>3,378,748</b>
<b>Current Liabilities</b>				
Trade and other payables <sup>(d)</sup>	5,011	6,043	69,735	68,605
Borrowings	-	-	56,000	57,000
Provision for taxation	8	8	7,637	1,501
<b>Total Current Liabilities</b>	<b>5,019</b>	<b>6,051</b>	<b>133,372</b>	<b>127,106</b>
<b>Non-Current Liabilities</b>				
Borrowings	-	-	900,000	900,000
Deferred tax liabilities	-	-	37,145	34,498
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>937,145</b>	<b>934,498</b>
<b>Total Liabilities</b>	<b>5,019</b>	<b>6,051</b>	<b>1,070,517</b>	<b>1,061,604</b>
<b>Net Assets</b>	<b>2,143,397</b>	<b>2,202,267</b>	<b>2,300,554</b>	<b>2,317,144</b>
<b>Unitholders' Equity</b>				
Issued equity	2,237,928	2,235,365	2,237,928	2,235,365
Unit issue costs <sup>(e)</sup>	(88,553)	(89,101)	(88,553)	(89,101)
Revaluation reserve	-	-	113,850	113,850
Revenue reserve	(5,978)	56,003	37,329	57,030
<b>Total Unitholder's Equity</b>	<b>2,143,397</b>	<b>2,202,267</b>	<b>2,300,554</b>	<b>2,317,144</b>

**Footnotes:**

- (a) The Group financial information incorporates the financial statements of the Trust and the 5 property companies.
- (b) Investments properties are stated at valuation based on an independent professional valuation carried out by Chesterton Petty Ltd, the independent valuer, on 31 December 2003.

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- (c) *Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of properties companies at the date of acquisition over the cost of acquisition. Negative goodwill is amortised over the remaining average useful lives of the investment properties acquired from the property companies and taken to the profit and loss statement.*
- (d) *This includes accrued Manager's base fee payable in units of HK\$2.5 million (31 December 2003 : HK\$2.6 million).*
- (e) *Unit issue costs comprise listing and perusal fee, professional and other fees, underwriting and selling commission and miscellaneous expenses. It includes an amount of HK\$86.7 million paid as of 31 March 2004 (31 December 2003 : HK\$86.2 million) as well as accruals of HK\$1.8 million (31 December 2003 : HK\$2.9 million).*

**1 (b)(ii) Aggregate amount of borrowings**

As at 31/3/04	Secured	Unsecured <sup>(a)</sup>
	HK\$ '000	HK\$ '000
Amount repayable in one year or less, or on demand	-	56,000
Amount repayable after one year	-	900,000
	-	956,000

  

As at 31/12/03	Secured	Unsecured <sup>(a)</sup>
	HK\$ '000	HK\$ '000
Amount repayable in one year or less, or on demand	-	57,000
Amount repayable after one year	-	900,000
	-	957,000

**Footnote:**

- (a) *Fortune REIT has in place an omnibus unsecured facility ("the Facility") of HK\$1,100 million comprising a HK\$900 million term loan facility and a HK\$200 million revolving credit facility, each for a term of five years. The Facility has been drawn down to HK\$956 million (31 December 2003: HK\$957 million) with the term loan facility fully drawn.*

**1 (c) Cash flow statement for financial period ended 31 March 2004**

	HK\$ '000	HK\$ '000
	Actual 1/1/04 to 31/3/04	Actual 13/8/03 to 31/12/03 <sup>(a)</sup>
<b>Operating Activities</b>		
Profit before taxation	47,975	69,562
Adjustments for:		
Amortisation of negative goodwill	(786)	(1,218)
Base fee paid in units	2,535	3,882
Borrowing costs	4,240	7,850
Operating Profit before changes in working capital	53,964	80,076
Decrease/(increase) in trade and other receivables	8,775	(10,685)
Increase/(decrease) in trade and other payables	1,706	(5,405)
Cash flow from operation	64,445	63,986
Tax paid	-	(9,590)
<b>Cash flow from operating activities</b>	<b>64,445</b>	<b>54,396</b>
<b>Investing Activities</b>		
Acquisition of fixed assets	(27)	-
Upgrading of investment properties	-	(150)
Acquisition of property companies, net of cash acquired	-	(2,068,562)
<b>Cash flow used in investing activities</b>	<b>(27)</b>	<b>(2,068,712)</b>
<b>Financing Activities</b>		
Distribution paid	(58,893)	-
Proceeds from issue of new units (net of issue costs)	-	2,144,945
Repayment of borrowings	(1,000)	(33,000)
Borrowing costs paid	(4,240)	(7,850)
<b>Cash flow (used in) / from financing activities</b>	<b>(64,133)</b>	<b>2,104,095</b>
<b>Net increase in cash and cash equivalents</b>	<b>285</b>	<b>89,779</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>89,779</b>	<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>90,064</b>	<b>89,779</b>

**Footnotes:**

(a) There was no comparative cash flow statement as at 31 March 2003 because Fortune REIT was formed on 4 July 2003. The first financial year was from 13 August 2003 to 31 December 2003.

1 (d)(i) Statement of changes in unitholders' funds

	HK\$ '000			
	Trust		Group <sup>(a)</sup>	
	Actual 1/1/04 to 31/3/04	Actual 13/8/03 to 31/12/03 <sup>(b)</sup>	Actual 1/1/04 to 31/3/04	Actual 13/8/03 to 31/12/03 <sup>(b)</sup>
<b>Balance as at beginning of period</b>	<b>2,202,267</b>	-	<b>2,317,144</b>	-
<b>Operations</b>				
Net Profit	(3,088)	56,003	39,192	57,030
<b>Revaluation reserve</b>				
Appreciation on revaluation of investment properties	-	-	-	113,850
(Decrease)/increase in net assets resulting from operations	(3,088)	56,003	39,192	170,880
<b>Unitholders' transactions</b>				
Creation of units				
-proceeds from placement/initial public offering <sup>(c)</sup>	-	2,234,046	-	2,234,046
-management fee paid in units <sup>(d)</sup>	2,563	1,319	2,563	1,319
Establishment and initial public offering expenses	548	(89,101)	548	(89,101)
Distribution to Unitholders	(58,893)	-	(58,893)	-
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(55,782)	2,146,264	(55,782)	2,146,264
<b>Unitholders' funds as at end of period</b>	<b>2,143,397</b>	<b>2,202,267</b>	<b>2,300,554</b>	<b>2,317,144</b>

**Footnotes:**

- (a) The Group financial information incorporates the financial statements of the Trust and the 5 property companies.
- (b) Although Fortune REIT was established on 4 July 2003, the acquisition of the property companies was completed only on 12 August 2003. Consequently, the actual income derived from the properties for the first financial year was from 13 August 2003 to 31 December 2003, a period of 141 days.
- (c) This comprises proceeds from the initial public offering of 473 million units on 12 August 2003.
- (d) This represents 508,329 units (31 December 2003 : 285,275 units) as payment of the Base Fee component of the Manager's management fee.

1 (d)(ii) Details of any changes in the units since the end of the previous period to 31 March 2004

<u>Date</u>	<u>Units Issued</u>	<u>Purpose</u>
As at 1 January 2004	473,285,275	Total units since the end of previous financial period
13 January 2004	508,329	As Payment of management fee for the period from 1 October 2003 to 31 December 2003
As at 31 March 2004	<u>473,793,604</u>	

**Footnote:**

- (a) There are additional 491,656 units issued to the Manager on 1 April 2004 as payment of management fee for the period from 1 January 2004 to 31 March 2004.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited nor reviewed by the auditors.

- 3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The same accounting policies and methods of computation are followed during the current financial period as compared with those contained in the audited financial statements for the period from 4 July 2003(date of inception) to 31 December 2003.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

- 6. Earnings per unit and Distribution per unit for the financial period ended 31 March 2004**

	Actual 1/1/04 to 31/3/04 HK cents	Actual 1/10/03 to 31/12/03 HK cents
Earnings per unit for the period based on the total number units in issue <sup>(a)</sup>	8.26	7.62
Distribution per unit for the period based on the total number units in issue <sup>(a)</sup>	8.64	7.94

**Footnotes:**

(a) The total number of units used for the computation of earnings and distribution rate is 474.3 million (31 December 2003 : 473.8 million) units. This comprises :

- (i) The number of units in issue as at 31 March 2004 of 473.8 million (31 December 2003 : 473.3 million) units.
- (ii) The units payable to Manager on 1 April 2004 as base fee for the period from 1 January 2004 to 31 March 2004 of 0.5 million units (31 December 2003 : 0.5 million units for the period from 1 October 2003 to 31 December 2003).



**7. Net asset value per unit based on issued units at the end of current period**

	Actual 31/3/04 HK\$	Actual 31/12/03 HK\$
Net asset value per unit <sup>(a)</sup>	5.14	5.18

**Footnotes:**

(a) Net asset value is calculated based on net assets of the Group excluding negative goodwill. The decrease was due to:-

- (i) distribution of 2003 income in February 2004; and
- (ii) increase in total number of units in issue as a result of units issued to Manager as base fee.

(b) The total number of units used for the computation of net asset value per unit is 474.3 million (31 December 2003 : 473.8 million) units.

**8. Review of the performance**

Please refer to Section 9 below on the review of actual performance against the forecast in the Prospectus dated 28 July 2003 (the "Forecast").

9(a) Income statement for the period of 1 January 2004 to 31 March 2004

	HK\$ '000		%
	Actual	Forecast <sup>(a)</sup>	Increase/ (Decrease)
Revenues	42,741	44,121	(3.1%)
Property income and licence fee top-up <sup>(b)</sup>	14,871	13,236	12.4%
<b>Total revenue</b>	<b>57,612</b>	<b>57,357</b>	<b>0.4%</b>
Charge-out collections	15,923	18,105	(12.1%)
Property management fees	(1,157)	(1,262)	(8.3%)
Other property operating expenses	(16,175)	(19,818)	(18.4%)
<b>Property Operating Expenses</b>	<b>(17,332)</b>	<b>(21,080)</b>	<b>(17.8%)</b>
<b>Net Property Income (before manager's performance fee)</b>	<b>56,203</b>	<b>54,382</b>	<b>3.3%</b>
Manager's performance fee	(1,686)	(1,631)	3.4%
<b>Net Property Income</b>	<b>54,517</b>	<b>52,751</b>	<b>3.3%</b>
Borrowing costs	(4,240)	(6,694)	(36.7%)
<b>Profit Before Tax</b>	<b>50,277</b>	<b>46,057</b>	<b>9.2%</b>
Hong Kong Taxation :			
Current taxation	(6,136)	(5,563)	10.3%
Deferred taxation	(2,647)	(2,497)	6.0%
<b>Total Hong Kong Taxation</b>	<b>(8,783)</b>	<b>(8,060)</b>	<b>9.0%</b>
<b>Net Profit of Property Companies</b>	<b>41,494</b>	<b>37,997</b>	<b>9.2%</b>
Manager's base fee	(2,535)	(2,425)	4.5%
Amortisation of negative goodwill	786	800	(1.8%)
Foreign exchange gains	419	-	NM
Non-tax deductible trust expenses	(477)	(317)	50.5%
Tax deductible trust expenses	(506)	(493)	2.6%
Non tax-exempt income	11	-	NM
<b>Total Trust Expenses</b>	<b>(2,302)</b>	<b>(2,435)</b>	<b>(5.5%)</b>
<b>Net Profit of Trust</b>	<b>39,192</b>	<b>35,562</b>	<b>10.2%</b>
<b>Add / (less) :</b>			
Manager's base fee	2,535	2,425	4.5%
Amortisation of negative goodwill	(786)	(800)	(1.8%)
Foreign exchange gains	(419)	-	NM
Non-tax deductible trust expenses	477	317	50.5%
Non tax-exempt income	(11)	-	NM
<b>Income Available For Distribution</b>	<b>40,988</b>	<b>37,504</b>	<b>9.3%</b>

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	Actual	Forecast <sup>(a)</sup>	Increase / (Decrease) %
Yield before Hong Kong Taxation (annualised) (based on IPO price of HK\$4.75)	8.86%	8.11%	9.2%
Distribution Per Unit (HK cents)	8.64	7.91	9.3%
Tax-exempt distribution yield (annualised) (based on IPO price of HK\$4.75)	7.30%	6.68%	9.3%
Tax-exempt distribution yield (annualised) (based on closing price of HK\$5.20 as at 31/3/2004)	6.67%	6.10%	9.3%

**Footnotes:**

NM – not meaningful

- (a) *The extrapolated forecast for the period from 1 January 2004 to 31 March 2004 has been derived from the Forecast on a best estimate basis by the Manager so as to allow like for like comparison with the actual results.*
- (b) *The Property Income and Licence Income Top Up is payable by Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited to Vision Million Limited under a Rental Guarantee Deed dated 12 August 2003.*
- (c) *The total number of units used for the computation of distribution rate is 474.3 million. This comprises :*
- (i) *The number of units in issue as at 31 March 2004 of 473.8 million.*
  - (ii) *The units payable to Manager on 1 April 2004 as base fee for the period from 1 January 2004 to 31 March 2004 of 0.5 million*

**9(b) Review of the performance for the period of 1 January 2004 to 31 March 2004**

All the malls' revenue were higher than or achieved Forecast except for Metropolis Mall. This is due to the cautious leasing out of the Mall to ensure an anchor tenant selection process suitable for the Mall's concept and to eventually improve mall traffic. Together with the property income and licence fee top-up from the Sponsor, the total revenue for the period 1 January 2004 to 31 March 2004 was 0.4% above Forecast.

Property operating expenses were 17.8% lower than Forecast due to the continuous cost rationalisation efforts.

Other than the above, there was a saving in borrowing costs of HK\$2.5 million for this quarter. The weighted average borrowing cost as at 31 March 2004 was 1.74% p.a. compared to a forecast interest rate of 3% p.a.

As a result of the above, net profit of property companies and income available for distribution for the first quarter ended 31 March 2004 were above Forecast by 9.2% and 9.3% respectively.

**10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

As a result of robust tourism income and exports, Hong Kong's GDP growth accelerated to 5% in the 4<sup>th</sup> quarter of 2003. The Hong Kong government is forecasting this momentum to continue and achieve growth of 6% over 2004 as a whole.

Further evidence of the pick-up can be seen in the decline in the unemployment rate, which has lifted consumer confidence and resulted in a trend recovery in retail sales. Meanwhile, inbound tourism from China is receiving a boost as the individual travel scheme is extended to residents of more cities. In all, the retail industry should continue to benefit, and in turn contribute positively to shopping malls in Hong Kong as a whole, including Fortune REIT's malls.

On the basis of the information available at present, the Manager does not expect the performance of Fortune REIT to be materially different in the next reporting period ending 30 June 2004.

**Outlook for the financial year ending 31 December 2004**

Based on the performance of the portfolio and the financials prepared for the first quarter 2004, the Manager of Fortune REIT expects the full year 2004 performance to meet the Forecast, barring any unforeseen circumstances.

**11. Distributions**

**(a) Current financial period**

Any distribution declared for the : Nil  
current period?

**(b) Corresponding period of the immediately preceding financial period**

Any distribution declared for : Yes  
the corresponding period of the  
immediately preceding  
financial year?

Name of distribution : First distribution for the period from 13 August 2003 to 31 December 2003

Distribution Type : Tax-exempt income

Distribution Rate : 12.43 Hong Kong cents per unit

Par value of units : N.M

Tax Rate : These distributions are made out of Fortune REIT's tax-exempt income. Unitholders receiving distributions will not be assessable to Singapore income tax on the distributions received.

**(c) Date Payable** : NA.

**(d) Book closure date** : NA.

**Footnotes:**

*NA - Not available*

*NM - Not meaningful*

**12. If no distribution has been declared/(recommended), a statement to that effect**

No distribution has been declared/recommendeded for the current financial period from 1 January 2004 to 31 March 2004.

This release 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.

BY ORDER OF THE BOARD  
ARA ASSET MANAGEMENT (SINGAPORE) LIMITED  
AS MANAGER OF FORTUNE REAL ESTATE INVESTMENT TRUST

Lim Hwee Chiang  
Director

12 May 2004