

Media release

27 Jan 2004

Embargoed until 5.30 pm

Manager of

 FORTUNE
置富產業信託 REIT

Fortune REIT distribution outperformed forecast by 6.2%

27 Jan 2004. ARA Asset Management (Singapore) Limited (“ARASL”) is pleased to announce the results for Fortune REIT for the period ended 31 Dec 2003 since its listing on 12 Aug 2003 – the first year-end for Fortune REIT.

Distribution per unit exceeded forecast by 6.2%¹. Fortune REIT’s annualised tax-exempt distribution per unit (“DPU”) for the period 13 Aug – 31 Dec 2003 exceeded the IPO forecast by 6.2% due to stable rental revenue and cost rationalisations.

Fortune REIT 2003 results (13 Aug to 31 Dec)

	Actual	Forecast ²	Variance
Net profit of property companies (HK\$m)	59.3	56.2	5.6%
Net profit of trust (HK\$m)	57.0	52.4	8.7%
Income available for distribution (HK\$m)	58.9	55.5	6.2%
Distribution per unit (HK\$)	0.1243	0.1170	6.2%
Tax-exempt distribution yield (annualised) ³	6.57%	6.19%	6.2%

Notes:

1. Please note, however, that past performance is not necessarily indicative of the future performance of Fortune REIT
2. Derived from the forecasts stated in the Prospectus dated 28 Jul 2003 and based on the same assumptions as stated in the Prospectus
3. Based on closing price of HK\$4.90 as at 31 Dec 2003

The portfolio’s rental revenue was higher than forecast – Smartland was the best performer and The Metropolis Mall was underpinned by the rental guarantee from Cheung Kong (Holdings) Limited (which will last until Aug 2006). We expect rental revenue to improve over 2004 and some recent renewals have already shown strong rental increases. Operating costs came in at 1.3% below forecast, with the cost-to-revenue ratio lowered to 30% over the period. Savings in interest costs further boosted the bottom line.

Highest pre-tax yield of any REIT in Asia ex-Australia. The pre-tax yield of Fortune REIT of 7.97%, based on the year end price of HK\$4.90, is the highest of any REIT in

Asia outside of Australia. Even with the recent rally in its unit price, Fortune REIT's pre-tax yield is still among the highest.

Asset valuation increased 3.5%. Fortune REIT's properties were valued by Chesterton Petty Limited at the end of Dec 2003. The independent valuation showed a rise for all malls, ranging from 2.1% to 5.5% increases over their values at IPO, mirroring reports of a stronger retail property market. The aggregate increase for the portfolio was 3.5%.

Hong Kong economy continues to strengthen. The stunning turnaround in Hong Kong's economy in the second half of 2003 is gathering steam, with the consensus growth forecast for 2004 at 5-6%, after estimated growth of 3.5% in 2003. China remains the driving force, with Hong Kong benefiting from its traditional role as financial centre and re-export centre. Sentiment in the H-share market remains strong and southern China is maintaining its title as factory of the world. A more liberal travel policy for Mainland Chinese tourists to Hong Kong is providing a further boost to the economy.

The impact on retail sales is positive, with centrally-located shopping the most sensitive in the short term. Suburban malls also benefit, through the trickle-down effect.

The twin problems of high unemployment and deflation also seem to be abating. The unemployment rate has fallen below the 8% level, and the consumer price index has been rising since Aug 2003. Both are likely to improve further in 2004.

Occupancies rising, with upward momentum in rents. We are encouraged by the recent leasing situation, which is reflecting the turnaround in the economy. Already, there is upward pressure on rentals, as recent leasings and renewals have shown. This bodes well for the renewals that are due in 2004. We also expect The Metropolis Mall to see a much higher occupancy shortly, given the higher traffic flow resulting from greater awareness of the mall now. Activity at Ma On Shan Plaza should also prove to be exciting in 2004, as we position the mall to take advantage of higher pedestrian flow expected from the new KCRC station link that will open in the second half. This includes capital expenditure as well as some tenant re-positioning within the mall.

Acquisitions in the pipeline. Given that the moratorium on acquisitions ends on 12 Feb, the year ahead could be an active one as yield-accretive deals are sought. It is encouraging that the improved market has been accompanied by more deals being concluded.

John Lim, CEO of ARASL, commented on the results, optimistic of Hong Kong's economic recovery.

“In sum, it looks like 2003 was the nadir in terms of the retail market. Fortune REIT’s properties, nonetheless, performed very well given the circumstances, and is now well-positioned to deliver income growth in 2004 on the back of the pull effect on the economy from China.”

“With the economic turnaround, we expect the forecast distribution for 2004 to be easily met.”

END

About Fortune REIT

Fortune Real Estate Investment Trust (“Fortune REIT”) was established under a Trust Deed dated 4 Jul 2003 made between ARA Asset Management (Singapore) Limited, as Manager, and Bermuda Trust (Singapore) Limited, as Trustee. Fortune REIT was listed on Singapore Exchange Securities Trading Limited on 12 Aug 2003.

At present, Fortune REIT holds a portfolio of five shopping malls in Hong Kong, through the ownership of the special purpose property ownership companies, worth more than HK\$3 billion (S\$700 million). The malls are The Metropolis Mall, Ma On Shan Plaza, The Household Center, Smartland and Jubilee Court Shopping Centre and they house a list of approximately 390 tenants as at 31 Dec 2003 from diverse trade sectors, including supermarkets, food and beverage outlets, bank and real estate services, health care products, and education providers. Tenants include Park 'N Shop, Maxim’s Chinese Restaurant, Fortress, Watson’s, 7-eleven, Kopitiam, DBS Bank, Standard Chartered Bank, Osim, International Christian School Limited, and the Hong Kong Jockey Club.

More information can be found at www.fortunereit.com.

About ARA, the Manager

Fortune REIT is managed by ARA Asset Management (Singapore) Limited, a wholly owned subsidiary company of ARA Asset Management Limited, which is 70% owned by Mr. John Lim, the Chief Executive Officer of the Manager, and 30% indirectly owned by Cheung Kong (Holdings) Limited.

Media and investor contacts

Yung Yu-Ming, CFA
Fund Manager

yumingyung@ara.com.hk

Tel: +65 6835 9232

Cheryl Seow, CPA
Finance Manager

cherylseow@ara.com.hk

Tel: +65 6835 9232

Disclaimer

The information included in this release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for units in Fortune REIT ("Units") in Singapore or any other jurisdiction.

This release may contain forward-looking statements that involve assumptions, 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.

Past performance is not necessarily indicative of future performance. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of Fortune REIT.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

The value of the Units and the income derived from them may fall as well as rise. 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 or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market of the Units.