

Media release

10th Nov, 2004

Embargoed until 5.05 pm

Manager of

FORTUNE
置富產業信託 **REIT**

Fortune REIT distribution exceeded forecast by 5.7% in nine months to Sep 2004

10 Nov 2004. ARA Asset Management (Singapore) Limited (“ARASL”) is pleased to announce the results for Fortune REIT for the nine months to Sep 2004.

“Fortune REIT’s retail properties continue to trade well even as there are signs that the Hong Kong economy’s strong growth spurt early in the year is beginning to moderate”, said John Lim, CEO of ARASL.

“As a whole, Hong Kong’s property markets remain strong with rents in all sectors on rising trends. In the case of retail malls, this is being supported by the upward trend in retail sales.” he added.

Distribution per unit (“DPU”) exceeded forecasts by 5.7%. For the nine months ended Sep 2004, Fortune REIT’s DPU exceeded forecast by 5.7%¹.

Fortune REIT results for the nine months ended Sep 2004

	Actual	Forecast ²	Variance
Net profit of property companies (HK\$m)	119.9	113.6	5.6%
Net profit of trust (HK\$m)	112.1	106.2	5.6%
Income available for distribution (HK\$m)	118.5	112.1	5.7%
Distribution per unit (HK\$)	0.2495	0.2360	5.7%
Tax-exempt distribution yield (annualised) ³	5.42%	5.13%	5.7%

Notes:

1. Please note that past performance is not necessarily indicative of future performance of Fortune REIT
2. Derived from, and based on, the forecasts stated in the Prospectus dated 28 Jul 2003
3. Based on closing price of HK\$6.15 on 30 Sep 2004

Fortune REIT’s yield remains attractive. At HK\$6.15 per unit at 30 Sep 2004, Fortune REIT’s tax-exempt annualised yield was 5.42%. This is equivalent, on a pre-tax basis, to 6.59%, still amongst the highest of any Asian REIT (ex-Australia).

Hong Kong economy expected to grow 7.3% in 2004. Based on the latest Consensus forecasts, Hong Kong's economy is expected to grow 7.3% in 2004, whilst the unemployment rate is expected to fall to 6.6% by the end of 2004 from the 6.8% recorded at the end of Sep.

Rising domestic consumer confidence coupled with a continuing increase in tourist arrivals (especially from the Mainland) continue to drive the trend recovery in retail sales, up 11.7% in the year to Sep 2004 vis-à-vis the same period last year (due partly to the lower base last year with SARS). Increases continue to be seen across the board, including spending on durable items.

Hong Kong remains a key destination for Mainland tourists, with its duty-free shopping, and aided by the opening of Disneyland in 2005.

Rising interest rate impact not likely to be great. With relatively low gearing and half of Fortune REIT's debt already hedged, the impact of rising interest rates is not likely to be great. Initial fears of strong rate rises are also subsiding, with rates falling significantly recently. We also expect rising rentals to cushion some of the rising rate impact.

Performance of malls continues to be strong. Overall occupancy of Fortune REIT's portfolio stood at 92.7% at the end of Sep 2004 with an average passing rental of HK\$16.65 psf per month. The weighted average rental increase for renewals negotiated in the year to Sep 2004 was 4.1%, with a renewal rate of around 80%.

Metropolis Mall traffic rising. Occupancy at The Metropolis Mall at the end of Sep remained relatively unchanged compared to the level at the end of Jun, which is currently at around 85%. Based on recent leasing interest, we expect the occupancy to increase further by the end of the year. Separately, the lifestyle store has commenced operation and, in conjunction with the mall promotions, the mall has seen an increase in shopper traffic of 19% since the end of Dec 2003. Part of the draw is the presence of showflats at the mall.

Ma On Shan Plaza's occupancy nearly full. Ma On Shan Plaza saw occupancy rise to 98% with retailer interest rising in anticipation of the adjacent new KCRC terminal opening, expected before the year ends. There have also been some tenant relocations within the mall, as well as the arrival of popular fashion chain stores. Shopper traffic grew most at this mall, rising some 60% from Dec 2003.

Mall value enhancements continuing. The Manager is continuing its efforts to enhance the value of Fortune REIT's malls through various measures. At Ma On Shan Plaza, the tenant profile is being improved with the arrival of popular fashion chain stores, Baleno

and Blue Star Exchange. There have been similar improvements at the Household Center (with the arrival of Watson's pharmacy and personal care) and Jubilee Court (for example, the arrival of high rental-paying property agency, Midland Realty). Rental revenue is also being enhanced through optimisation of space use, for example atrium income at Smartland. Separately, active promotion programs at The Metropolis Mall and Ma On Shan Plaza are increasing the value of these malls through higher shopper traffic and longer term awareness.

Acquisition on the cards. We are continuing our pursuit of acquisition targets, namely retail malls in Hong Kong, both from the market as well as from Cheung Kong (Holdings) Limited. The Manager is committed to securing deals that add value to unitholders through both a higher DPU as well as the ability to generate long term growth.

John Lim concluded: "Fortune REIT continues to offer good value to investors through strong performance of its existing assets and a carefully crafted acquisition program. We are confident of meeting 2004's full year distribution forecast, barring any unforeseen circumstances."

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About Fortune REIT

Fortune Real Estate Investment Trust ("Fortune REIT") was established under a Trust Deed dated 4th July 2003 made between ARA Asset Management (Singapore) Limited, as Manager, and Bermuda Trust (Singapore) Limited (now known as "HSBC Institutional Trust Services (Singapore) Limited"), as Trustee. Fortune REIT was listed on Singapore Exchange Securities Trading Limited on 12th August 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 about HK\$3.5 billion (S\$750 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 423 tenants as at 30 Sep 2004 from diverse trade sectors, including supermarkets, food and beverage outlets, bank and real estate services, and education providers. Tenants include Park 'N Shop, Maxim's Chinese Restaurant, Watson's, Fortress, Baleno, DBS Bank, Standard Chartered Bank, International Christian School Limited, and the Hong Kong Jockey Club.

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

About ARASL, 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.

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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.

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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.