

Media release

24 Jan 2006

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DPU exceeds forecast by 5.0%

Average rental reversion for FY2005 was 15.4%

24 January 2006. ARA Asset Management (Singapore) Limited (“ARASL”), as manager of Fortune Real Estate Investment Trust (“Fortune REIT”), is pleased to announce the results for Fortune REIT for the full year ended 31 December 2005.

Fortune REIT’s portfolio consists of eleven malls and properties located in Hong Kong. The six newly-acquired properties – City One Shatin Property, Waldorf Garden Property, Tsing Yi Square Property, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property have contributed significantly to Fortune REIT’s results since the acquisitions were completed in June 2005.

“Fortune REIT’s portfolio of properties continue to perform well exceeding the DPU forecast by 5.0%. During the year, we saw an average rental reversion for renewals of 15.4%, and occupancy levels of 96.4% for the 11 malls. The buoyant Hong Kong economy and recovering consumer confidence was beneficial to the retail business of our properties”. John Lim, CEO of ARASL commented.

Distribution per unit (“DPU”). Fortune REIT’s DPU outperformed by 5.0% for the year ended 31 December 2005 on the back of strong rental reversions.

Fortune REIT results for the year ended 31 December 2005

	4Q05 Actual HK\$'000	4Q04 Actual HK\$'000	Variance (%)	2005 Actual HK\$'000	2005 Forecast ¹ HK\$'000	Variance (%)
Rental Revenue & charge out	147,314	69,468	112.1%	439,592	425,116	3.4%
Net property income	108,586	54,144	100.6%	323,230	313,208	3.2%
Net profit of property companies ^{2,3}	68,543	40,377	69.8%	217,902	207,049	5.2%
Income available for distribution	68,300	40,213	69.8%	216,731	204,833	5.8%
Distribution per unit (tax-exempt) (HK\$)	0.0851	0.0845	7.1%	0.3369	0.3210	5.0%
Distribution yield (tax-exempt) ⁴				5.9%	5.6%	5.4%

Notes:

1. Derived from, and based on, the forecasts stated in the Circular dated 13 May 2005 and using best estimates by the Manager so as to allow like-for-like comparisons with the actual results
2. After borrowing costs and Hong Kong taxation
3. Due to the early adoption of FRS 40 during the current financial year, the Group recognised a gain of HK\$799.3 million arising from changes in fair value of the properties in the Group's income statement. There will be no impact on income available for distribution. This figure is thus excluded for the purpose of this presentation.
4. Based on the closing price of HK\$5.70 on 31 Dec 2005 and units in issue of 803.0 million thereafter.

Generous Yield offered. At its unit price of HK\$5.70 as at 31 Dec 2005, Fortune REIT's tax-exempt yield was 5.9%. This is equivalent to 7.2% on a pre-tax basis.

Rising Occupancy and Rental lifts Revenue. Rental revenue grew by 112.1% in 4Q05 against 4Q04. Strong renewals and tenant take-up rates coupled with yield accretive acquisitions during the year improved returns to unitholders. The management was able to capture the strength of the economy through rental reversions of 15.4% for renewals on average for the 11 malls on a retention rate of about 75%. The pro-active asset management and leasing strategies enabled tenant mix strategies to be pursued. Strong contributions were achieved particularly in Ma On Shan Plaza and City One Shatin. Weighted average occupancy levels achieved in the portfolio was 96.4%.

Newly-Acquired Properties Enhances Rental Value. Average passing rent for the eleven properties at the end of Dec 2005 was HK\$22.93 psf per month against HK\$16.68 at the end of last year. The higher portfolio passing rental reflects the higher passing rental of the six newly-acquired properties compared to the first five properties. Amongst the top contributors to strong rental reversion were City One Shatin and Waldorf Garden.

City One Shatin shines. City One Shatin's strong residential catchment area enables it to command fairly good reversion rates. Since the acquisition, the mall has achieved rental reversions of 18.7%. Asset enhancement projects are being planned to create greater rentable space which will boost the long-term potential of the asset.

Ma On Shan Plaza Tenant Mix Enhancement. Tenant mix changes at Ma On Shan Plaza and continued strong customer traffic into the mall led occupancy levels to reach almost full capacity at 99.2% as at end 2005, which is an improvement from when the mall was acquired in 2003 where occupancy then was 94.3%. Throughout the year, the mall focused on attracting higher paying trades such as banking and real estate sectors which now accounts for 14.7% of gross rentable area against 8.0% in December 2004. Shopper traffic continues to be buoyant growing at 22% for the year.

Metropolis Wedding Concept. The Taiwan Wedding Group 'IdoWedding' signed a 6-year lease to rent 16,774 sf of space in Metropolis in August 2005. The mall will focus on capitalising on the wedding theme to attract related trades such as jewellery, wedding banquets packages, travel related agencies, etc in the coming year.

Three Quarters of Debt on Fixed Rates. Fortune REIT's gearing remains relatively low at 27% and it has fixed about 75% of its debt at various maturities mitigating potential rises in market interest rates.

Secondary Listing Potential. The secondary listing of Fortune REIT in Hong Kong remains on the Manager's agenda for 2006 with the successful launch of the REIT market in Hong Kong.

Revaluation of Assets. On the back of the strong Hong Kong retail investment environment and quality of assets, Fortune REIT's properties have been revalued upwards by 10%.

Deep Discount to NAV. With the revaluation of assets, Fortune REIT is trading at a 26.2% discount to NAV. This, coupled with a dividend yield of 5.9% at the year end unit price of HK\$5.70, makes Fortune REIT an attractive investment to long term investors.

John Lim concluded: "Fortune REIT has delivered a strong set of 2005 results to investors which is a testament to our track record. In addition, the six newly acquired assets are revenue and growth enhancing. We aim to deliver sustainable returns to our unitholders in the long term".

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About Fortune REIT

Fortune Real Estate Investment Trust (“Fortune REIT”) was established under a Trust Deed dated 4 July 2003 (as amended by the Amending and Restating Deed dated 29 June 2005) made between ARA Asset Management (Singapore) Limited, as Manager, and HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited), as Trustee. Fortune REIT was listed on Singapore Exchange Securities Trading Limited on 12 August 2003.

Fortune REIT holds a portfolio of eleven shopping malls and properties in Hong Kong, through the ownership of the special purpose property ownership companies, worth approximately HK\$8.6 billion. The retail malls and properties are City One Shatin Property, The Metropolis Mall, Ma On Shan Plaza, Waldorf Garden Property, Smartland, The Household Center, Jubilee Court Shopping Centre, Tsing Yi Square Property, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property. Together they housed a total of 831 tenants as at 31 December 2005 from diverse trade sectors, including supermarkets, food and beverage outlets, banking and real estate services, and education providers. Tenants include Park'N Shop, Maxim's Chinese Restaurant, Watson's, Fortress, McDonald's, Café de Coral, Bank of China (Hong Kong), DBS Bank, Standard Chartered Bank, Baleno, Bluestar Exchange, 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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