

Fortune Real Estate Investment Trust

1 December 2004

Manager of

**Leasing update**

Pursuant to Rule 905 of the Listing Manual, ARA Asset Management (Singapore) Limited (“ARASL”) as Manager of Fortune Real Estate Investment Trust (“Fortune REIT”), wishes to announce that Fortune REIT has agreed to lease the following space at one of its malls to one of the companies within the CKH Group¹.

Lease details

The monthly rental was agreed upon on an arm’s length basis and supported by an independent valuation from Chesterton Petty Limited.

Mall	The Metropolis Mall
Tenant/ Interested person	Hutchison Telephone Company Limited
Type	Renewal
Unit No.	Level 7, Level 8 & Level 9 - Ceiling
Gross floor area (sf)	NA
Monthly rental (HK\$)²	HK\$20,000.00
Term	2 years from 1 December 2004
Rent Free Period	Nil
Use	Common antennae system and cell site equipment (“IRS”)
Transaction value³	HK\$480,000.00

Rationale and benefit

The Manager’s objective for the Mall is to generate stable income with long term growth to Unitholders. This includes leasing out retail space in the Mall as well as securing income from other sources that utilize the Mall, like the placement of antennae.

The presence of this tenant will continue to contribute to the Mall’s revenue.

Audit Committee Statement

The Audit Committee has reviewed the terms of the lease and is satisfied that the lease is on normal commercial terms and is not prejudicial to the interests of Fortune REIT and its minority Unitholders.

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1. CKH Group refers to Cheung Kong (Holdings) Limited and its associates. Cheung Kong (Holdings) Limited is a controlling Unitholder as it holds, directly and indirectly, more than 15% of all the units in Fortune REIT. In addition, the Manager, ARASL, is 30% indirectly owned by Cheung Kong (Holdings) Limited.
 2. Chesterton Petty Ltd has, in its valuation report dated 1 December 2004, confirmed that the monthly rental is at market level.
 3. Inclusive of Government rent and rates.

Total interested person transactions conducted during the current financial year

The current total for the financial year of all transactions with the CKH Group (excluding transactions below S\$100,000 (approximately HK\$450,000 based on the exchange rate of S\$1 = HK\$4.5721 as at 1 Jan 2004)) amount to HK\$185.6 million and the current total for the financial year of all interested person transactions for the same financial year is HK\$185.6 million.

Submitted by Lim Hwee Chiang, Director of ARASL on 1 December 2004 to the SGX.

Disclaimer

The information included in this announcement 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.

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 predictions, projections or forecast, 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.