

## Fortune Real Estate Investment Trust

28 September 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 Group<sup>1</sup>.

### Lease details

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

<b>Mall</b>	<b>The Household Center</b>
<b>Tenant Interested person</b>	A.S. Watson Group (HK) Ltd, trading as Watsons
<b>Type</b>	New Letting
<b>Unit No.</b>	132-135
<b>Gross floor area (sf)</b>	1,988
<b>Monthly rental (HK\$)<sup>2</sup></b>	HK\$34,000, equivalent to HK\$17.10 psf
<b>Term</b>	3 years from 2 Sep 2004, plus 2 consecutive options of 3 years each at open market rent
<b>Rent Free Period</b>	2 months
<b>Use</b>	Pharmacy, health & beauty retail chain
<b>Transaction value (HK\$)<sup>3</sup></b>	1,742,296

### Rationale and benefit

The Household Center (the “Mall”) is located in a developed urban centre in Kwai Chung, New Territories and caters for the daily shopping needs of residents living nearby. The Manager’s objective for the Mall is to secure long-term income growth by leasing the retail space to tenants in these trades.

Watsons is Hong Kong’s leading personal care, cosmetics, medicine and health supplements chain. The presence of this tenant is expected to enhance shopper traffic at the Mall.

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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 21 Jun 2004, confirmed that the monthly rental is at market level.

3. Inclusive of management fee, air-conditioning charges, promotional charges, and government rent and rates.

## **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.

## **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\$163.9 million, and the current total for the financial year of all interested person transactions for the same financial year is HK\$163.9 million.

Submitted by Lim Hwee Chiang, Director of ARASL on 28 September 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.