

Fortune Real Estate Investment Trust

16 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 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	Clayton Power Enterprises Limited, trading as Caribbean Coast Showflat
Type	Renewal
Unit No.	Shop 925-927
Gross floor area (sf)	2,928
Monthly rental (HK\$)²	HK\$46,848.00, equivalent to HK\$16.00 psf
Term	1 year from 16 September 2004
Rent Free Period	Nil
Use	Showflat
Transaction value³	HK\$828,507.60

Rationale and benefit

The Metropolis Mall (the “Mall”) is located in an established residential and commercial area in south Kowloon. It is surrounded by residential apartments, offices, hotels and serviced apartments and is connected to the Hung Hom KCRC station, bus terminal and taxi station.

The basis of this tenancy renewal is an improving economy in Hong Kong which has lifted sales in the residential property market, and hence demand for space to house showflats. In addition, shopper traffic at the mall is likely to be enhanced with the tenant’s presence.

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 9 Sep 2004, confirmed that the monthly rental is at market level.

3. Inclusive of management fee, air-conditioning 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\$162.2 million and the current total for the financial year of all interested person transactions for the same financial year is HK\$162.2 million.

Submitted by Lim Hwee Chiang, Director of ARASL on 16 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.