

Media release

27th Jul, 2004

Embargoed until 5.05 pm

Manager of



FORTUNE
置富產業信託 **REIT**

Fortune REIT distribution exceeded forecast by 7.8% in 1H 2004

27 Jul 2004. ARA Asset Management (Singapore) Limited (“ARASL”) is pleased to announce the results for Fortune REIT for the first half of 2004.

“This is another good set of results on the back of management initiatives and an improving Hong Kong economy. Investors will no doubt be pleased”, said John Lim, CEO of ARASL.

“Rents are continuing to rise, and looking ahead, we are confident the full year’s distribution forecast will be easily achieved, barring any unforeseen circumstances”, he added.

Distribution per unit (“DPU”) exceeded forecasts by 7.8%. DPU exceeded forecast by 7.8% due again to better occupancy, rental rises and cost rationalisations¹.

Fortune REIT results for the half year ending Jun 2004

	Actual	Forecast ²	Variance
Net profit of property companies (HK\$m)	81.8	75.8	7.8%
Net profit of trust (HK\$m)	76.1	70.9	7.3%
Income available for distribution (HK\$m)	80.7	74.8	7.8%
Distribution per unit (HK\$)	0.1700	0.1577	7.8%
Tax-exempt distribution yield (annualised) ³	6.32%	5.86%	7.8%

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\$5.40 on 30 Jun 2004

Highest pre-tax yield of any Asian REIT. At HK\$5.40 per unit at 30 Jun 2004, Fortune REIT’s tax-exempt annualised yield is 6.32%. This is equivalent, on a pre-tax basis, to 7.67%, still the highest of any Asian REIT (ex-Australia), higher than any other REIT listed in Singapore.

Hong Kong economy now on a solid footing. Hong Kong’s economy is expected to

grow 6% in 2004, as deflation ends. With the labour market improving, and more Mainland tourist arrivals, the trend recovery in retail sales is continuing, up 13.2% in the year to May vis-à-vis the same period last year (due partly to the lower base last year with SARS). Increases were seen across the board, including spending on durable items.

Rising interest rate impact not likely to be significant. Due to relatively low gearing and the fact that half of Fortune REIT's debt is on fixed rate terms, the impact of rising interest rates is not likely to be significant. More importantly, the current round of rate rises heralds an expanding global economy (including Hong Kong); retail rentals in Hong Kong should continue to rise, offsetting the increase in floating interest costs, we believe.

China's cooling off is healthy. Whilst there will be some impact on tourism spending in Hong Kong due to the credit controls in China, we do not expect the impact to be significant as these measures are aimed at slowing investment spending. Over the longer term, the trend of increasing Mainland out-bound tourism should continue as Mainland Chinese become wealthier. Hong Kong remains a key destination, with its duty-free shopping, and to be aided by the opening of Disneyland in 2005. Retailers in Hong Kong should continue to benefit.

Metropolis Mall occupancy rose to 85%. Two new leases were signed in early Jun at The Metropolis Mall, bringing its committed occupancy to 85% (and the portfolio's overall committed occupancy to 93.4%). Average passing rental at the mall is now at HK\$22.11 psf per month, just 2% short of the guaranteed level. We expect the portfolio's occupancy and average rental to rise further during the remainder of the year.

Other malls performing well. All of the other malls continued to perform well and leasing interest remains high. We expect the strength to continue into next year, particularly with the festive season approaching.

During the first half, the average passing rental of the whole portfolio rose 10.1%. The average rental on leases renewed during the first half (weighted by floor area) was 9.4% higher than their existing rentals.

Ma On Shan Plaza asset enhancement continuing. We are also excited about the prospects for Ma On Shan Plaza as the opening of the adjoining KCRC station nears. Tenant repositioning and asset enhancement works are in progress, in anticipation of stronger shopper traffic flow when it opens.

Acquisitions targeted. We remain on course to increase Fortune REIT's DPU through acquisitions both from the market as well as from Cheung Kong (Holdings) Limited. The moratorium on acquisitions from the latter ends on 12 Aug 2004.

John Lim concluded: "With the Metropolis Mall 85% occupied, all of Fortune REIT's malls are now trading well. Our next focus is to grow the portfolio through acquisitions."

END

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, 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 403 tenants as at 30 Jun 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, Kopitiam, 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.

Media and investor contacts

Yung Yu-Ming, CFA
Fund Manager

yumingyung@ara.com.hk

Tel: +65 6835 9232

Cheryl Seow, CPA
Finance Manager

cherylseow@ara.com.hk

Tel: +65 6835 9232

Disclaimer

The information included in this release 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.

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses, including employee wages, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

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 forward-looking statements, 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.