

Media release

26 Feb 2004

Embargoed until 5.05 pm

Manager of

 **FORTUNE**
置富產業信託 **REIT**

Strong growth prospects for Hong Kong's retail market fuels robust performance for Fortune REIT

26 Feb 2004. The senior management of ARA Asset Management (Singapore) Limited ("ARA") were delighted to participate in the Retail Forum 2004 hosted by the National University of Singapore. Mr. Justin Chiu, Chairman of ARA presented an insightful update on the outlook for Hong Kong's retail market, in particular with regard to retail property rental and the performance of ARA's Fortune REIT.

Mr. Chiu commented that Hong Kong's economic and operating landscape has seen a marked turnaround since the first half of 2003, which was tainted by outbreaks of war and disease. He said, "Strong growth in Hong Kong's retail sector has been fuelled by an impressive influx of tourists from the Mainland. Given the liberalisation of travel regulations and the increased spending power of such tourists, visitors from China are now the biggest spending tourist segment in Hong Kong. As import duties are at approximately 30% in China, Mainland tourists are spending their money on luxury items such as jewellery, electronics and fashion. The Closer Economic Partnership Agreement ("CEPA") is further strengthening ties with China and driving retail sales".

In addition to robust retail spending from Chinese tourists, the local consumer sentiment in Hong Kong is picking up with 5 consecutive months of growth in retail sales value. Confidence amongst Hong Kong people is on the rise as the financial markets are seeing a strong performance and unemployment has declined. The overall improvement in Hong Kong's economy will have a knock-on positive effect on retail sales and rentals.

Mr. Chiu further illustrated market trends through the case study of Fortune REIT, Hong Kong's first REIT, which was listed in Singapore in August 2003 amidst a weak economic landscape. He commented, "Since listing, Fortune REIT has delivered an absolute total return of 10% to investors that bought at IPO which is a satisfactory performance on par with other REITs in Singapore. It has also outperformed its distribution forecast by 6.2%. On a pre-tax basis, the yield on Fortune REIT is currently around 7.6% (based on the current unit price and the 2004 distribution forecast stated in the Prospectus dated 28 Jul

2003), the highest of any REIT in Asia outside of Australia. All in all, we have been pleased with the performance of Fortune REIT and we expect even stronger returns as retail rentals experience an upward trend. In terms of asset performance, we are comfortable with our well-diversified portfolio which caters to suburban shoppers and the occupancy rate stands at 84%. As consumer confidence returns and retail sales rebound, we expect to see growth in rentals and occupancy which will directly benefit Fortune REIT. Furthermore, we target to make at least one yield-accretive acquisition this year which will strongly boost Fortune REIT's growth".

END

About Fortune REIT

Fortune Real Estate Investment Trust ("Fortune REIT") was established under a Trust Deed dated 4 Jul 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 12 Aug 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 than HK\$3 billion (S\$700 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 approximately 390 tenants as at 31 Dec 2003 from diverse trade sectors, including supermarkets, food and beverage outlets, bank and real estate services, health care products, and education providers. Tenants include Park 'N Shop, Maxim's Chinese Restaurant, Fortress, Watson's, 7-eleven, Kopitiam, DBS Bank, Standard Chartered Bank, Osim, International Christian School Limited, and the Hong Kong Jockey Club.

More information can be found at www.fortunereit.com.

About ARA, 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

Cheryl Seow, CPA
Finance and Investor Relations Manager

Yung Yu-Ming, CFA
Fund Manager

cherylseow@ara.com.hk

Tel: +65 6835 9232

yumingyung@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.