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Miscellaneous

* Asterisks denote mandatory information

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Designation *	Director
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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	FORTUNE REIT - MARKET UPDATE
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Market update

5 Sep 2005

6.00 pm

Manager of

FORTUNE
置富產業信託 **REIT**

Fortune REIT's occupancy rises to 97.3%, rental reversions continue to be strong

5 September 2005. ARA Asset Management (Singapore) Limited ("ARASL"), as manager of Fortune Real Estate Investment Trust ("Fortune REIT"), is pleased to update unitholders on Fortune REIT's performance.

Based on its closing unit price of HK\$6.00 today, Fortune REIT is trading at an 11.1% discount to its net asset value of HK\$6.75 per unit as at 30 Jun 2005. We believe it represents good value to investors relative to other REITs listed in Singapore, especially with its forecast tax-exempt yield of 5.55%¹ for the year ending 31 December 2005.

Portfolio occupancy has risen to 97.3%. As at 30 Aug 2005, Fortune REIT's portfolio of eleven malls and properties were 97.3% occupied, a rise from 96.2% at the end of Jun 2005.

The second half of the year usually sees more leasing activity in the Hong Kong retail property market, and this year is no different. Around 26% of the portfolio's total gross rentable area has expired or is due to expire in the second half. Two months in, Fortune REIT's portfolio continues to experience strong leasing, with occupancy rising and rental reversions strong.

Rental reversions continue to be strong. The weighted average rental reversion on leases renewed or new leases signed during 2005 to-date stands at +20%.

Some leases struck in the two months since 30 Jun 2005 include:

- ◆ at City One Shatin Property where a major banking tenant renewed its lease with a rental reversion of +20% for 7,643 sf of space;
- ◆ at Ma On Shan Plaza where a prominent restaurant renewed its lease with a rental reversion of +11% for 49,014 sf of space, a banking tenant took up space as a new tenant at +341% higher rental than the previous tenant for 4,981 sf of space, a tenant

¹ Based on the assumptions set out in the Fortune REIT circular dated 15 June 2005, and the closing unit price of HK\$6.00 today.

in the entertainment trade is expected to renew its lease with an average rental reversion of +40% for 15,883 sf of space, a property agency renewed its lease with a rental reversion of +111% for 739 sf, and the same property agency also took up new space of 719 sf and is paying +37% over the previous tenant's rental; and

- ◆ at Waldorf Garden Property where an electrical and electronics chain replaced a food & beverage tenant at a rental that is +32% higher than that paid by the latter for 6,475 sf of space.

Asset enhancement and further leasing at City One Shatin Property. We are converting approximately 3,000 sf of open space in the courtyard at the centre of City One Plaza into rentable space for outdoor exhibition use and/or retail kiosks and will generate extra revenue.

We have also been able to convert the space at City One Shatin Property previously used by a cinema into normal retail space. We are currently working with a potential tenant to lease the majority of this 10,083 sf of space. When concluded, the occupancy of City One Shatin Property will rise further.

Higher cost of debt to be offset by rise in rental income. Fortune REIT's debt of HK\$2,426 million as at 29 August 2005 is 75% hedged, with the other 25% floating on three month HIBOR terms. The 75% hedged portion consists of 25% expiring in Sep 2006, 25% expiring in Sep 2007 and the last 25% expiring in Sep 2008. Based on the current hedge profile and the 3 month HIBOR rate of 3.69% at the close of today, the all-in cost of debt is about 4.05%.

John Lim, Chief Executive Officer of ARASL concluded: "We are confident that the higher property income from strong rental reversions and increasing occupancy will more than offset the higher cost of debt."

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About Fortune REIT

Fortune Real Estate Investment Trust (“Fortune REIT”) was established under a Trust Deed dated 4 July 2003 made between ARA Asset Management (Singapore) Limited, as Manager, and HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited), as Trustee. Fortune REIT was listed on Singapore Exchange Securities Trading Limited on 12 August 2003.

Fortune REIT holds a portfolio of eleven shopping malls and properties in Hong Kong, through the ownership of the special purpose property ownership companies, worth more than HK\$7.8 billion. The retail malls and properties are City One Shatin Property, The Metropolis Mall, Ma On Shan Plaza, Waldorf Garden Property, The Household Center, Smartland, Jubilee Court Shopping Centre, Tsing Yi Square Property, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property. Together they housed a total of 842 tenants as at 30 June 2005 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, Fortress, McDonald’s, Café de Coral, Bank of China (Hong Kong), DBS Bank, Standard Chartered Bank, Baleno, Bluestar Exchange, 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.

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