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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 *	Press Release - Fortune REIT to issue New Units
Description	
<b>Attachments:</b>	 <a href="#">FortuneREITtoissueNewUnits.pdf</a> Total size = <b>58K</b> (2048K size limit recommended)

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## Media release

15 June 2005



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### **Fortune Real Estate Investment Trust to issue New Units**

#### **Investors to enjoy a forecast annualised tax-exempt distribution yield of 5.35% for 2005**

15 June 2005 (Singapore) – ARA Asset Management (Singapore) Limited (“ARASL” or the “Manager”), as manager of Fortune Real Estate Investment Trust (“Fortune REIT”), is issuing 318,796,148 new units in Fortune REIT (“New Units”) at a price of HK\$6.23 per New Unit. Proceeds from this equity fund raising exercise, estimated to be HK\$1,986.1 million, will be used to partly finance the purchase of six retail properties in Hong Kong (“the Properties”) listed below (the “Acquisitions”).

#### Offer details

A total of 318,796,148 New Units at an issue price of HK\$6.23 for each New Unit will be offered and placed as follows:

- (i) Preferential Offering of 48,327,178 New Units to Singapore registered holders of Units in Fortune REIT (“Unitholders”) on a non-renounceable basis of one New Unit for every 10 existing Units (fractions of a Unit to be disregarded and subject to the rounding mechanism)
- (ii) ATM Offering of 12,000,000 New Units on a “first-come, first-served” basis through the automated teller machines (“ATMs”) of DBS Bank Ltd (including POSB) to retail investors in Singapore (in Singapore dollars equivalent); and
- (iii) Private Placement of 258,468,970 New Units to institutional and other investors (including Focus Eagle Investments Limited).

The Preferential Offering is open for subscriptions from 16 June 2005 at 9.00 am until 21 June 2005 at 4.45 pm, in relation to acceptances of New Units via the Acceptance Form, and until 21 June 2005 at 9.30 pm when accepted via the ATMs.

The ATM Offering is open for subscriptions on 16 June 2005 at 11.00 am, and will close on 21 June 2005 at 12.00 noon (subject to earlier closure at the discretion of DBS Bank Ltd in consultation with the Manager in the event that the New Units under the ATM Offering are fully taken up).

Trading of New Units is expected to commence on 28 June 2005 at 2.00 pm.

DBS Bank Ltd is the financial adviser for this equity fund raising exercise with The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan (S.E.A.) Limited, and UBS AG, acting through its business group, UBS Investment Bank as joint bookrunners and underwriters.

## Benefits to Unitholders

Based on an issue price of HK\$6.23 per New Unit and the accompanying assumptions as set out in the Fortune REIT Circular dated 15 June 2005 (the "Circular"), Unitholders are forecast to enjoy an annualised tax-exempt distribution yield of 5.35% for the financial year ending 31 December 2005 after the Acquisitions, an increase of 6.48% over the forecast yield of 5.03% from the existing five properties over the same period.

Unitholders of Fortune REIT are also expected to benefit from:

- ◆ the positive retail market trend in Hong Kong due to:
  - ◇ growing tourist arrivals from mainland China ("the Mainland")
  - ◇ closer economic integration with the Mainland
  - ◇ the declining unemployment rate in Hong Kong
  - ◇ recovering domestic consumer confidence
- ◆ competitive strengths of the Properties as a result of:
  - ◇ being situated within large population catchment areas
  - ◇ their high accessibility to public transportation
  - ◇ their high occupancy rates
  - ◇ their diversified tenant bases
- ◆ geographical diversification resulting in the lower dependency on any micro property market in Hong Kong
- ◆ a more diverse income base arising from an expanded portfolio of properties which:
  - ◇ reduces the reliance on any single property
  - ◇ reduces the maximum contribution of any one property to Fortune REIT's forecast net property income from 43.8% to 35.0% for the year ending 31 December 2005
- ◆ the potential for improvement in liquidity and inclusion in major equity indices due to Fortune REIT's higher market capitalisation after the Acquisitions

## The Properties

Details of the six retail properties located in various parts of Hong Kong are listed below:

(i) the City One Shatin Property

Part of the 10,642-unit City One Shatin residential development located in Shatin, at close proximity to Ma On Shan Rail's City One Station and Shatin Station on the KCRC East Rail.

(ii) the Waldorf Garden Property

Part of the five-tower residential development called Waldorf Garden, located in the heart of Tuen Mun district with easy accessibility to public transport.

(iii) the Tsing Yi Square Property

Part of the 1,520-unit residential development called Tsing Yi Garden, located close to Tsing Yi MTR station and many public facilities.

(iv) the Centre de Laguna Property

Part of the 8,072-unit residential development called Laguna City, located close to Lam Tin MTR station and located in the densely-populated Kwun Tong district.

(v) the Lido Garden Property

Comprises 12 shop units on a portion of the ground floor of the commercial/residential development in Sham Tseng, New Territories called Lido Garden with easy accessibility via buses, public light buses and taxis.

(vi) the Rhine Garden Property

Part of the Rhine Terrace residential development and near Lido Garden, with easy accessibility via buses, public light buses and taxis.

Chief Executive Officer of the Manager, Mr John Lim said, "With the Acquisitions, it is forecast that investors will enjoy an attractive 5.35% annualised tax-exempt distribution yield for 2005. Further, given the positive state of Hong Kong's economy, we believe investors will find the offer very attractive."

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## **About Fortune REIT**

Fortune REIT was established under a Trust Deed dated 4th 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 12th August 2003.

At present, Fortune REIT holds a portfolio of five shopping malls in Hong Kong, through the ownership of special purpose property ownership companies worth more than HK\$4.2 billion. The five malls are The Metropolis Mall, Ma On Shan Plaza, The Household Center, Smartland and Jubilee Court Shopping Centre which together house a total of 439 tenants as at 31 March 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, DBS Bank, Standard Chartered Bank, Baleno, Bluestar Exchange, International Christian School Limited and the Hong Kong Jockey Club.

More information about Fortune REIT may be found at [www.fortunereit.com](http://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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## **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. All forecasts are based on an issue price of HK\$6.23 per New Unit and on the Manager’s assumptions as explained in the Circular. Such yields will vary accordingly if the issue price is not HK\$6.23 per New Unit or if investors purchased the Units in the secondary market at a market price higher or lower than the illustrative issue price for each Unit. The forecast financial performance of Fortune REIT is not guaranteed. A potential investor should read the Circular first for details of the forecasts and projections and consider the assumptions used and make their own assessment of the future performance of Fortune REIT before deciding whether to subscribe for or purchase the New Units.

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.