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\* Asterisks denote mandatory information

Name of Announcer *	FORTUNE REAL ESTATE INV TRUST
Company Registration No.	N/A
Announcement submitted on behalf of	FORTUNE REAL ESTATE INV TRUST
Announcement is submitted with respect to *	FORTUNE REAL ESTATE INV TRUST
Announcement is submitted by *	Lim Hwee Chiang
Designation *	Director
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**>> Announcement Details**

The details of the announcement start here ...

Announcement Title \*

Proposed acquisitions of six properties located in Hong Kong

Description

**Attachments:**[Announcement-ProposedacquisitionsixpropertieslocatedinHongKong.pdf](#)Total size = **128K**  
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## ANNOUNCEMENT

### PROPOSED ACQUISITIONS OF SIX PROPERTIES LOCATED IN HONG KONG

#### 1. INTRODUCTION

##### 1.1 The Acquisitions

ARA Asset Management (Singapore) Limited (the “**Manager**”), the manager of Fortune Real Estate Investment Trust (“**Fortune REIT**”), has identified the City One Shatin Property (as described in Appendix 1), the Waldorf Garden Property (as described in Appendix 1), the Tsing Yi Square Property (as described in Appendix 1), the Centre de Laguna Property (as described in Appendix 1), the Lido Garden Property (as described in Appendix 1) and the Rhine Garden Property (as described in Appendix 1) (collectively, the “**Properties**” and each a “**Property**”) for acquisition by Fortune REIT from Fortune Port Group Limited (“**Fortune Port**”).

Fortune Port owns the entire issued share capital of Mightypattern Limited and Waldorf Realty Limited, which are special purpose companies which hold, directly or indirectly, the City One Shatin Property and the Waldorf Garden Property, respectively. The Tsing Yi Square Property, the Centre de Laguna Property, the Lido Garden Property and the Rhine Garden Property are owned by Fortune Port directly.

In connection with the proposed acquisitions of the Properties (the “**Acquisitions**” and each an “**Acquisition**”), HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Fortune REIT (the “**Trustee**”), has entered into conditional sale and purchase agreements (together, the “**Sale and Purchase Agreements**” and each a “**Sale and Purchase Agreement**”) with Fortune Port.

Each of the Sale and Purchase Agreements is independent of, and not conditional upon, any of the other Sale and Purchase Agreements.

The City One Shatin Property, together with the Waldorf Garden Property, the Tsing Yi Square Property, the Centre de Laguna Property, the Lido Garden Property and the Rhine Garden Property, were valued by two independent property valuers, Chesterton Petty Ltd (“**Chesterton**”) and Vigers Appraisal & Consulting Limited (“**Vigers**”), both of which are appointed by the Trustee.

##### (i) The City One Shatin Property

Under the Sale and Purchase Agreement, the Trustee (as trustee of Fortune REIT) will purchase from Fortune Port the City One Shatin Property through the acquisition of the entire

issued share capital in Mightypattern Limited, the company which indirectly owns the City One Shatin Property. The purchase consideration for Mightypattern Limited is the sum of HK\$2,559 million which is subject to adjustment (on bases agreed between the Trustee and Fortune Port) for the consolidated net current assets/current liabilities of Mightypattern Limited. The City One Shatin Property was valued by two independent property valuers, Chesterton and Vigers, appointed by the Trustee, and the lower of the two valuations, as at 31 December 2004, is HK\$2,680 million.

**(ii) The Waldorf Garden Property**

Under the Sale and Purchase Agreement, the Trustee (as trustee of Fortune REIT) will purchase from Fortune Port the Waldorf Garden Property through the acquisition of the entire issued share capital in Waldorf Realty Limited, the company which directly owns the Waldorf Garden Property. The purchase consideration for Waldorf Realty Limited is the sum of HK\$400 million which is subject to adjustment (on bases agreed between the Trustee and Fortune Port) for the consolidated net current assets/current liabilities of Waldorf Realty Limited. The Waldorf Garden Property was valued by two independent property valuers, Chesterton and Vigers, appointed by the Trustee, and the lower of the two valuations, as at 31 December 2004, is HK\$430 million.

**(iii) The Tsing Yi Square Property**

Under the Sale and Purchase Agreement, the Trustee (as trustee of Fortune REIT) will purchase from Fortune Port the Tsing Yi Square Property through a special purpose vehicle of Fortune REIT to be incorporated in the British Virgin Islands whose primary purpose will be to acquire and own the Tsing Yi Square Property. The purchase consideration for the Tsing Yi Square Property is HK\$230 million. The Tsing Yi Square Property was valued by two independent property valuers, Chesterton and Vigers, appointed by the Trustee, each of which valuations as at 31 December 2004 is HK\$250 million.

**(iv) The Centre de Laguna Property**

Under the Sale and Purchase Agreement, the Trustee (as trustee of Fortune REIT) will purchase from Fortune Port the Centre de Laguna Property through a special purpose vehicle of Fortune REIT to be incorporated in the British Virgin Islands whose primary purpose will be to acquire and own the Centre de Laguna Property. The purchase consideration for the Centre de Laguna Property is HK\$135 million. The Centre de Laguna Property was valued by two independent property valuers, Chesterton and Vigers, appointed by the Trustee, and the lower of the two valuations, as at 31 December 2004, is HK\$145 million.

**(v) The Lido Garden Property**

Under the Sale and Purchase Agreement, the Trustee (as trustee of Fortune REIT) will purchase from Fortune Port the Lido Garden Property through a special purpose vehicle of Fortune REIT to be incorporated in the British Virgin Islands whose primary purpose will be to acquire and own the Lido Garden Property. The purchase consideration for the Lido Garden Property is HK\$75 million. The Lido Garden Property was valued by two independent property valuers, Chesterton and Vigers, appointed by the Trustee, each of which valuations as at 31 December 2004 is HK\$80 million.

(vi) **The Rhine Garden Property**

Under the Sale and Purchase Agreement, the Trustee (as trustee of Fortune REIT) will purchase from Fortune Port the Rhine Garden Property through a special purpose vehicle of Fortune REIT to be incorporated in the British Virgin Islands whose primary purpose will be to acquire and own the Rhine Garden Property. The purchase consideration for the Rhine Garden Property is HK\$40 million. The Rhine Garden Property was valued by two independent property valuers, Chesterton and Vigers, appointed by the Trustee, and the lower of the two valuations, as at 31 December 2004, is HK\$43 million.

**1.2 Disclosure Requirements Under the Listing Manual and the Property Fund Guidelines**

Fortune Port, which is incorporated in the British Virgin Islands, is a related corporation of the Manager as both of them are wholly-owned subsidiaries of ARA Asset Management Limited, an exempted company incorporated in Bermuda. As Fortune Port is 30.0% indirectly owned by Cheung Kong (Holdings) Limited (“CKH”), Fortune Port is an associate of CKH. As at 23 March 2005 (being the latest practicable date prior to the date of this Announcement) (the “**Latest Practicable Date**”), Focus Eagle Investments Limited, a wholly-owned subsidiary of CKH, has a direct interest in 129,685,000 units of Fortune REIT (“**Units**”), comprising approximately 27.3% of the Units in issue and Ballston Profits Limited, a wholly-owned subsidiary of Hutchison Whampoa Limited, which is in turn 49.9% owned by CKH, has a direct interest in 58,995,000 Units, comprising approximately 12.4% of the Units in issue. Further, as at the Latest Practicable Date, the Manager owned 775 Units, comprising approximately 0.0002% of the Units in issue. The Manager is 30.0% indirectly owned by CKH.

As such, CKH is deemed to have an interest in 188,680,775 Units, comprising approximately 39.7% of the Units in issue, through Focus Eagle Investments Limited, Ballston Profits Limited and the Manager. CKH is therefore regarded as a “controlling unitholder” of Fortune REIT under both the Listing Manual and the Property Fund Guidelines at Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Guidelines**”).

As an associate of a controlling unitholder as well as a related corporation of the Manager, Fortune Port is treated as an “interested person” of Fortune REIT for the purposes of Chapter 9 of the Listing Manual. For the same reasons, Fortune Port is considered to be an “interested party” of Fortune REIT for the purposes of the guidelines relating to “interested party transactions” under the Property Funds Guidelines.

Further, the acquisition of the City One Shatin Property would constitute a “major transaction” by Fortune REIT under Chapter 10 of the Listing Manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (by virtue of the relative figures under Rule 1006 of the Listing Manual) in respect of which the approval of unitholders of Fortune REIT (“**Unitholders**”) is required (see paragraph 9.2 below).

The Manager is making this announcement because (i) the Acquisitions constitute “interested person transactions” requiring disclosure under Chapter 9 of the Listing Manual and “interested party transactions” requiring disclosure under the Property Funds Guidelines, (ii) the acquisition of the City One Shatin Property constitutes a “major transaction” under

Chapter 10 of the Listing Manual, and (iii) each of the acquisition of the Waldorf Garden Property and the Tsing Yi Square Property constitutes a “discloseable transaction” under Chapter 10 of the Listing Manual.

## **2. INFORMATION ON THE PROPERTIES**

### **2.1 Description of the Properties**

A brief description of each of the Properties is set out in Appendix 1 of this Announcement.

### **2.2 Valuation and Purchase Consideration of the Properties**

Each of the Properties was valued by two independent property valuers, Chesterton and Vigers. Both Chesterton and Vigers are appointed by the Trustee. The valuations were prepared using the capitalisation of income approach, discounted cash flow analysis and the direct comparison method.

### **2.3 Certain Financial Information**

For the period from 1 January 2004 to 31 December 2004, the pro forma net property income attributable to each of the City One Shatin Property, the Waldorf Garden Property and the Tsing Yi Square Property are approximately HK\$136.8 million, HK\$23.5 million and HK\$15.1 million respectively.

## **3. CERTAIN PRINCIPAL TERMS OF THE ACQUISITIONS**

For each Property, in accordance with the relevant Sale and Purchase Agreement, the purchase consideration is to be paid in cash by the Trustee to Fortune Port upon completion of the relevant Acquisition.

In relation to the acquisition of the City One Shatin Property and the Waldorf Garden Property, the relevant purchase consideration is to be applied as payment for the transfer of the entire issued share capital of Mightypattern Limited and Waldorf Realty Limited respectively.

Certain other principal terms of each of the Sale and Purchase Agreements are as follows:

### **3.1 The City One Shatin Property**

- (i) The completion of the acquisition of the City One Shatin Property is conditional upon, *inter alia*:
  - (a) the approval of Unitholders being obtained for the acquisition of the City One Shatin Property on the terms and conditions of the Sale and Purchase Agreement relating thereto;
  - (b) the approval of Unitholders being obtained for the Equity Fund Raising (as defined below);
  - (c) Fortune REIT obtaining sufficient debt financing to partly finance the acquisition of the City One Shatin Property and such financing being in place and available to be drawdown at completion; and

- (d) the obtaining of necessary governmental and regulatory approvals.
- (ii) Prior to completion of the acquisition of the City One Shatin Property, Mightypattern Limited and its subsidiaries must dispose of their assets and discharge of all their liabilities (other than the City One Shatin Property, plant and equipment and the consolidated current assets and liabilities, and the provision for deferred tax liability which are to be reflected in the pro forma balance sheet or (as the case may be) the management accounts prepared for the purposes of completion).

### **3.2 The Waldorf Garden Property**

- (i) The completion of the acquisition of the Waldorf Garden Property is conditional upon, *inter alia*:
  - (a) the approval of Unitholders being obtained for the acquisition of the Waldorf Garden Property on the terms and conditions of the Sale and Purchase Agreement relating thereto;
  - (b) the approval of Unitholders being obtained for the Equity Fund Raising;
  - (c) Fortune REIT obtaining sufficient debt financing to partly finance the acquisition of the Waldorf Garden Property and such financing being in place and available to be drawdown at completion; and
  - (d) the obtaining of necessary governmental and regulatory approvals.
- (ii) Prior to completion of the acquisition of the Waldorf Garden Property, Waldorf Realty Limited and its subsidiaries must dispose of their assets and discharge of all their liabilities (other than the Waldorf Garden Property, plant and equipment and the consolidated current assets and liabilities, and the provision for deferred tax liability which are to be reflected in the pro forma balance sheet or (as the case may be) the management accounts prepared for the purposes of completion).

### **3.3 The Tsing Yi Square Property**

The completion of the acquisition of the Tsing Yi Square Property is conditional upon, *inter alia*:

- (a) the approval of Unitholders being obtained for the acquisition of the Tsing Yi Square Property on the terms and conditions of the Sale and Purchase Agreement relating thereto;
- (b) the approval of Unitholders being obtained for the Equity Fund Raising; and
- (c) a company nominated by Fortune REIT to directly hold the Tsing Yi Square Property obtaining sufficient debt financing to partly finance the acquisition of the Tsing Yi Square Property and such financing being in place and available to be drawdown at completion.

### **3.4 The Centre de Laguna Property**

The completion of the acquisition of the Centre de Laguna Property is conditional upon, *inter alia*:

- (a) the approval of Unitholders being obtained for the acquisition of the Centre de Laguna Property on the terms and conditions of the Sale and Purchase Agreement relating thereto;
- (b) the approval of Unitholders being obtained for the Equity Fund Raising; and
- (c) a company nominated by Fortune REIT to directly hold the Centre de Laguna Property obtaining sufficient debt financing to partly finance the acquisition of the Centre de Laguna Property and such financing being in place and available to be drawdown at completion.

### **3.5 The Lido Garden Property**

The completion of the acquisition of the Lido Garden Property is conditional upon, *inter alia*:

- (a) the approval of Unitholders being obtained for the acquisition of the Lido Garden Property on the terms and conditions of the Sale and Purchase Agreement relating thereto;
- (b) the approval of Unitholders being obtained for the Equity Fund Raising; and
- (c) a company nominated by Fortune REIT to directly hold the Lido Garden Property obtaining sufficient debt financing to partly finance the acquisition of the Lido Garden Property and such financing being in place and available to be drawdown at completion.

### **3.6 The Rhine Garden Property**

The completion of the acquisition of the Rhine Garden Property is conditional upon, *inter alia*:

- (a) the approval of Unitholders being obtained for the acquisition of the Rhine Garden Property on the terms and conditions of the Sale and Purchase Agreement relating thereto;
- (b) the approval of Unitholders being obtained for the Equity Fund Raising; and
- (c) a company nominated by Fortune REIT to directly hold the Rhine Garden Property obtaining sufficient debt financing to partly finance the acquisition of the Rhine Garden Property and such financing being in place and available to be drawdown at completion.

## **4. RATIONALE AND BENEFIT OF THE ACQUISITIONS TO FORTUNE REIT**

The Manager believes that the Acquisitions will bring the following benefits to Unitholders:

### **4.1 Yield Accretion**

The Manager believes that the Acquisitions are yield-accretive in nature and will increase the distribution per Unit (“DPU”) enjoyed by Unitholders due to the strong and stable cash flow generated by the Properties relative to their purchase consideration.

### **4.2 The Acquisitions are in line with the Manager’s Objectives and Investment Growth Strategy**

The Manager's key objectives for Fortune REIT are to deliver stable distributions to Unitholders and to achieve long-term growth in the net asset value per Unit. The Manager intends to accomplish these objectives by ensuring that Fortune REIT continues to own a range of quality retail properties without over-exposure to any particular sub-sector, building or tenant.

The Properties are expected to increase Fortune REIT's DPU (see paragraph 4.1 above). Further, in addition to having a combined average occupancy of 96.7% as at 31 December 2004, the tenant mix of the Properties is diversified with many leading retailers as tenants. All the Properties are also located in densely populated residential areas with high levels of access to public transportation.

The Acquisitions are therefore in line with the Manager's acquisition growth strategy and the Properties are significant and valuable additions to Fortune REIT's current property portfolio.

#### **4.3 Competitive Strengths**

The Manager believes that the Properties enjoy several key competitive strengths, including their strategic locations and large population catchment areas, high occupancy levels, diversified tenant mix and the fact that many of the tenants of the Properties are leading retailers.

#### **4.4 Income Diversification**

The Acquisitions are expected to benefit Unitholders by improving income diversification and reducing the reliance of Fortune REIT's income stream on any single property.

#### **4.5 Geographical Diversification**

The Acquisitions will allow Fortune REIT to diversify its property portfolio geographically in Hong Kong, making Fortune REIT less dependent on any micro-property market in any particular area in Hong Kong.

#### **4.6 Increased Liquidity**

The new Units proposed to be issued pursuant to the Equity Fund Raising may potentially increase the number of free float Units on the SGX-ST. In such an event, Unitholders will be able to benefit from the expected improvement in trading liquidity.

#### **4.7 Potential for Inclusion in Major Equity Indices**

The addition of the Properties to Fortune REIT's portfolio will increase the asset base and market capitalisation of Fortune REIT. The size of the free float of Fortune REIT may potentially increase. The Manager believes that these factors will increase the likelihood that Fortune REIT will be included in the major equity indices which investors benchmark against.

#### **4.8 Opportunities to Enhance the City One Shatin Property**

The Manager believes that there are further opportunities to improve the gross revenue and net property income of the Properties and to effect asset enhancement work at the City One Shatin Property.

#### **4.9 Economies of Scale**



The Acquisitions will substantially enlarge Fortune REIT's property portfolio which could generate possible cost synergies and create economies of scale for the Manager and the property managers of Fortune REIT.

## 5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE ACQUISITIONS

The Manager is currently reviewing various plans for financing the purchase consideration for the Acquisitions, including the size and components of an equity fund raising (the "**Equity Fund Raising**") as well as the terms of additional borrowings proposed to be incurred for the Acquisitions. The Manager's plans in this regard will be announced as soon as they have been finalised. The plans will also be set out in a circular to Unitholders (the "**Unitholders' Circular**") to be issued in due course together with a notice of extraordinary general meeting of Unitholders which the Trustee will convene for the purposes of obtaining Unitholders' approval for, *inter alia*, a separate and independent resolution in relation to each of the Acquisitions. Each separate resolution for an Acquisition will not be subject to, nor contingent upon, any or all of the resolutions for the other Acquisitions.

The Unitholders' Circular will also contain information relating to the pro forma financial effects of the Acquisitions, such as their impact on the pro forma DPU, the pro forma net asset value per Unit and the pro forma capitalisation of Fortune REIT as these matters can only be determined after the financing details have been finalised.

## 6. STATEMENT FROM THE AUDIT COMMITTEE

Having considered the terms and conditions of each of the Sale and Purchase Agreements as well as the rationale for the Acquisitions set out in paragraphs 3 and 4 above, the audit committee of the Manager (which comprises the independent directors of the Manager) is of the view that each of the Acquisitions is on normal commercial terms and would not be prejudicial to the interests of Fortune REIT and its minority Unitholders.

## 7. OTHER INTERESTED PERSON TRANSACTIONS

Prior to the Latest Practicable Date, Fortune REIT had entered into several interested person transactions with CKH and its subsidiaries (together, the "**Cheung Kong Group**") during the course of the current financial year.

Upon completion of the Acquisitions, Fortune REIT will take over the benefit of all the tenancy agreements and licence agreements at the Properties, including various tenancy agreements and licence agreements entered into by certain entities within the Cheung Kong Group.

As at the Latest Practicable Date, the aggregate value of all transactions between Fortune REIT and Fortune Port (including Fortune Port's directors, chief executive officer, controlling shareholders or associate thereof) for Fortune REIT's current financial year was approximately HK\$2.5 million.

As at the same date, the aggregate value of all interested person transactions entered into by Fortune REIT for the current financial year was approximately HK\$2.5 million.

## **8. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS**

Mr Lim Hwee Chiang is a director of Fortune Port and owns 70.0% of ARA Asset Management Limited, an exempted company incorporated in Bermuda. Fortune Port is a wholly owned subsidiary of ARA Asset Management Limited. Mr Chiu Justin Kwok Hung, the Chairman of the Manager, is an executive director of CKH. Mr Ip Tak Chuen Edmond, a director of the Manager, is also an executive director of CKH. Ms Yeung Eirene, a director of the Manager, is the Corporate Business Counsel and Company Secretary of CKH. As discussed in paragraph 1.2 above, Fortune Port is an associate of CKH, which is a controlling Unitholder.

As at the Latest Practicable Date, Focus Eagle Investments Limited, a wholly-owned subsidiary of CKH, has a direct interest in 129,685,000 Units, comprising approximately 27.3% of the Units in issue and Ballston Profits Limited, a wholly owned subsidiary of Hutchison Whampoa Limited, which is in turn 49.9% owned by CKH, has a direct interest in 58,995,000 Units, comprising approximately 12.4% of the Units in issue. Further, as at the Latest Practicable Date, the Manager owned 775 Units, comprising approximately 0.0002% of the Units in issue. The Manager is 30.0% indirectly owned by CKH.

As such, CKH is deemed to have an interest in 188,680,775 Units in Fortune REIT, comprising approximately 39.7% of the Units in issue, through Focus Eagle Investments Limited, Ballston Profits Limited and the Manager.

As at the Latest Practicable Date, Mr Lim Hwee Chiang has a deemed interest in the 775 Units owned by the Manager by virtue of his ownership of 70.0% of the shares in ARA Asset Management Limited, the holding company of the Manager.

Save as disclosed herein and based on information available to the Manager, none of the directors of the Manager and none of the substantial Unitholders has any interest, direct or indirect, in the Acquisitions.

## **9. OTHER INFORMATION**

### **9.1 Directors' Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Acquisitions or any other transaction contemplated in relation to the Acquisitions.

### **9.2 Disclosure Under Rule 1010(13) of the Listing Manual**

**9.2.1** Chapter 10 of the Listing Manual classifies transactions by Fortune REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (i) the net profits attributable to the assets acquired or disposed of, compared with Fortune REIT's net profits;

- (ii) the aggregate value of the consideration given, compared with Fortune REIT's market capitalisation; and
- (iii) the number of Units issued by Fortune REIT as consideration for the acquisition of the Property, compared with the number of Units previously in issue.

**9.2.2** Based on the pro forma net property income attributable to each of the Properties compared with Fortune REIT's net property income for the period from 1 January 2004 to 31 December 2004, the relative figures for the basis of comparison set out in sub-paragraph 9.2.1(i) in relation to the proposed acquisition of the City One Shatin Property, the Waldorf Garden Property and the Tsing Yi Square Property are 64.0%, 11.0% and 7.1% respectively. On the same basis, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1(i) in relation to the proposed acquisition of each of the Centre de Laguna Property, the Lido Garden Property and the Rhine Garden Property is below 5.0%.

**9.2.3** Based on the purchase consideration of each of the Properties and Fortune REIT's market capitalisation as at 21 March 2005<sup>1</sup>, the relative figures for the basis of comparison set out in sub-paragraph 9.2.1(ii) in relation to the proposed acquisition of the City One Shatin Property, the Waldorf Garden Property and the Tsing Yi Square Property are 79.3%, 12.4% and 7.1% respectively. On the same basis, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1(ii) in relation to the proposed acquisition of each of the Centre de Laguna Property, the Lido Garden Property and the Rhine Garden Property is below 5.0%.

**9.2.4** The basis of comparison set out in sub-paragraph 9.2.1(iii) is inapplicable as no new Units will be issued as consideration for any of the Acquisitions.

**9.2.5** As the relative figures in relation to the acquisition of the City One Shatin Property for the basis of comparison set out in sub-paragraphs 9.2.2 and 9.2.3 above exceeds 20.0%, the said acquisition is subject to Unitholders' approval under Chapter 10 of the Listing Manual.

**9.2.6** As the relative figures in relation to each of the acquisition of the Waldorf Garden Property and the Tsing Yi Square Property for the basis of comparison set out in sub-paragraphs 9.2.2 and 9.2.3 above exceeds 5.0% but does not exceed 20.0%, each of these acquisitions constitutes a "discloseable transaction" under Chapter 10 of the Listing Manual.

### **9.3 Documents for Inspection**

Copies of the Sale and Purchase Agreements will be available for inspection during normal business hours at the registered office of the Manager at 9 Temasek Boulevard, #09-01 Suntec Tower 2, Singapore 038989 for a period of 3 months commencing from the date of this Announcement.

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<sup>1</sup> There were no trades in the Units on the SGX-ST on 22 March 2005.

BY THE ORDER OF THE BOARD  
ARA Asset Management (Singapore) Limited  
(as manager of Fortune Real Estate Investment Trust)

Lim Hwee Chiang  
Director  
24 March 2005

### **Important Notice**

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 Singapore or any other jurisdiction.

This Announcement may contain forward-looking statements that involve 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 companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

An offer information statement and a wrap-around document (together, the "**Circular**") in relation to the offer of new Units will be made available when the offer is made, subsequent to approval by the holders of Units for the equity fund raising and at least one of the acquisitions. The Circular is expected to be available in mid-2005 and a copy may be obtained on request, subject to availability, from such underwriters as may be appointed for the Equity Fund Raising. The expected date of availability of the Circular is subject to change at the absolute discretion of the Manager. A potential investor should read the Circular before deciding whether to subscribe for or purchase Units. The value of 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 their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Fortune REIT is not necessarily indicative of the future performance of Fortune REIT.

This Announcement is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. The Units may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act of 1933) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

## APPENDIX 1

### Brief Description of the Properties

#### 1. The City One Shatin Property

**The City One Shatin Property**, with a gross rentable area (“**GRA**”) of 414,469 square feet (“**sf**”) as at 31 December 2004, comprises the following commercial portion and car parking spaces at City One Shatin, New Territories, Hong Kong:

- the free standing commercial podium known as Ngan Shing Commercial Centre (Commercial Block A) at the Ground Floor, 4<sup>th</sup> Floor and Roof;
- the free standing commercial podium known as City One Plaza (Commercial Block B) at the Ground Floor, 1<sup>st</sup> Floor and portion of the Roof, Roof Garden, Centre Garden and kiosks thereof;
- the wet market and kindergarten below residential tower blocks 34 – 36, at ground floor level only;
- various single shops and non-domestic units dispersed throughout the development at the Ground Floor level of 12 individual tower blocks; and
- 986 car parking spaces within the development of which 314 car parking spaces are located on the 1<sup>st</sup> Floor of Commercial Block A, 671 car parking spaces on the 2<sup>nd</sup> and 3<sup>rd</sup> Floors of City One Plaza (Commercial Block B) and a car parking space on the 1<sup>st</sup> Floor of Blocks 34 – 36 of the development;

The City One Shatin Property is located in Shatin New Town, New Territories, south of the Shing Mun River. It is part of the 10,642-unit City One Shatin residential development completed in the 1980’s and is the fourth largest residential development in Hong Kong. Besides serving the needs of the local residents within City One Shatin, it also serves the population in nearby estates and industrial buildings.

The City One Shatin Property is easily accessible to shoppers via private and public transportation, taxis and franchised buses. Further, it is strategically located near Ma On Shan Rail City One station and the Shatin station on the East Rail of Kowloon-Canton Railway Corporation (“**KCRC**”).

#### 2. The Waldorf Garden Property

**The Waldorf Garden Property**, with a GRA of 80,842 sf as at 31 December 2004, comprises the following shops and car parking spaces located at No. 1 Tuen Lee Street, Tuen Mun, New Territories, Hong Kong:

- a retail floor on Level 3 of a 4-storey commercial/parking/recreational podium of a residential development known as “Waldorf Garden”;
- 73 car parking spaces with 2 car parking spaces located on the Level 1 of the podium, 67 car parking spaces on Level 2 and 4 lorry parking spaces on Level 1;
- Bicycle Parking Area on Level 1; and

- Bicycle Parking Area on Level 2;

The Waldorf Garden Property is located in the heart of Tuen Mun district surrounded by Tuen Lee Street, Castle Peak Road, Tuen Fat Road and Tuen Shing Street in Tuen Mun, New Territories. It is part of the Waldorf Garden residential development, comprising 5 tower blocks on top of the commercial complex. The Waldorf Garden Property is connected to the adjacent Tuen Mun Town Plaza, the largest shopping mall in the Northwest New Territories via a covered footbridge.

The Waldorf Garden Property is next to the Tuen Mun Highway. A transportation network of buses, light rail and taxis provide the fastest and most convenient routes to different parts of the New Territories, Kowloon and Hong Kong Island. Moreover, the KCRC West Rail, which has commenced operations since December 2003 with the terminus at Tuen Mun, has generated much shopper traffic to the mall.

### **3. The Tsing Yi Square Property**

**The Tsing Yi Square Property**, with a GRA of 78,836 sf as at 31 December 2004, comprises 48 shops on the Ground Floor, 24 shops on the 1<sup>st</sup> Floor and 27 car parking spaces on the basement of a commercial/residential development known as Tsing Yi Garden located at Nos. 7 – 19 Tsing Luk Street, Tsing Yi, New Territories, Hong Kong.

The Tsing Yi Square Property is located on Tsing Yi Island at the northwest of Hong Kong Island. It is part of the residential development of Tsing Yi Garden, which was completed in 1986 and has 1,520 residential units above the commercial complex.

The Tsing Yi Square Property is located opposite to the Tsing Yi Urban Service Complex Building which consists of a wet and dry market, library, sports centre and government offices. It is also near many other public facilities such as Tsing Yi Swimming Pool, Tsing Yi Sports Ground, Tsing Yi Clinic and badminton courts serving the neighbourhood of Tsing Yi.

The Tsing Yi Square Property is situated within walking distance to Tsing Yi Mass Transit Railway (“MTR”) Station, which provides convenient transport to Hong Kong Island, Kowloon and Hong Kong International Airport. It is also easily accessible via buses, public light buses and taxis.

### **4. The Centre de Laguna Property**

**The Centre de Laguna Property**, with a GRA of 43,000 sf as at 31 December 2004, comprises the commercial area on the Ground Floor of the commercial development known as “Centre de Laguna”, and the kindergarten of Blocks 32 to 38 of Laguna City located at the junction of Cha Kwo Ling Road and Sin Fat Road, Kowloon, Hong Kong. Centre de Laguna is located in Phase 3 of the Laguna City residential development in Cha Kwo Ling within the Kwun Tong district which comprises mainly large housing and industrial developments. It is one of the largest modern industrial districts and it is also one of the most densely populated areas of Hong Kong.

The Centre de Laguna Property is designed to serve the local shopping needs of the residents in the area. Another residential project, Sceneway Garden, is also located near the mall.

The Centre de Laguna Property is easily accessible to shoppers by public and private transport, namely, buses, public light buses, and taxis. It is also within walking distance to the Lam Tin MTR station.

**5. The Lido Garden Property**

**The Lido Garden Property**, with a GRA of 9,836 sf as at 31 December 2004, comprises 12 shop units of a portion on the Ground Floor at the northern fringe of the side boundary of the commercial/residential development known as “Lido Garden” located at Nos. 41 – 63 Castle Peak Road, Sham Tseng, Tsuen Wan, New Territories, Hong Kong.

The Lido Garden Property is located in Sham Tseng, a narrow strip of flat land along the waterfront facing Tsing Ma Bridge and Ting Kau Bridge. It is a small residential area west of Tsuen Wan New Town.

It is part of the Lido Garden residential development, which was completed in 1993. The area is famous for its restaurants. The piers in Sham Tseng are also a favourite place for people to go fishing. Moreover, new residential developments are currently under construction in the vicinity and, when all of them are fully completed, it is expected to increase shopper traffic for the Lido Garden Property. The Lido Garden Property is also easily accessible via buses, public light buses, and taxis.

**6. The Rhine Garden Property**

The Rhine Garden Property, with a GRA of 14,604 sf as at 31 December 2004, comprises various retail portions on the Ground Floor of the 3-storey podium of a commercial/residential development with ancillary car parking and recreational facilities known as “Rhine Garden” located at No. 38 Castle Peak Road, Sham Tseng, Tsuen Wan, New Territories, Hong Kong.

As with the Lido Garden Property, the Rhine Garden Property is located in Sham Tseng, a low density residential area along the waterfront facing Tsing Ma Bridge and Ting Kau Bridge.

The Rhine Garden Property is part of the Rhine Garden residential development, which was completed in 1989. It is expected that there will be significant population growth in the area upon the completions of large residential projects in the vicinity, such as Bellagio. The Rhine Garden Property is also easily accessible via buses, public light buses and taxis.