

## Media release

12<sup>th</sup> May, 2004

Embargoed until 5.30 pm

Manager of



**FORTUNE**  
置富產業信託 **REIT**

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## Fortune REIT distribution exceeded forecast by 9.3% in 1Q 2004

**12 May 2004.** ARA Asset Management (Singapore) Limited (“ARASL”) is pleased to announce the results for Fortune REIT for the quarter ending March 2004.

“The improvement in Hong Kong’s economy is starting to show in Fortune REIT’s results. Stronger rental renewals and new leases are translating into rising rental income”, said John Lim, CEO of ARASL.

“Coupled with further costs rationalisation, we expect Fortune REIT’s income to improve further over the rest of this year”, he added.

**Distribution per unit exceeded forecasts by 9.3%.** Distribution per unit (“DPU”) exceeded forecast by 9.3% and was 8.8% higher than the last quarter on the back of better occupancy, rental rises and cost rationalisations<sup>1</sup>.

### Fortune REIT results for the quarter ending Mar 2004

	Actual	Forecast <sup>2</sup>	Variance
Net profit of property companies (HK\$m)	41.5	38.0	9.2%
Net profit of trust (HK\$m)	39.2	35.6	10.2%
Income available for distribution (HK\$m)	41.0	37.5	9.3%
Distribution per unit (HK\$)	0.0864	0.0791	9.3%
Tax-exempt distribution yield (annualised) <sup>3</sup>	6.67%	6.10%	9.3%

Notes:

1. Please note, however, that past performance is not necessarily indicative of future performance of Fortune REIT.
2. Derived from the forecasts stated in the Prospectus dated 28 Jul 2003 and based on the same assumptions stated in the Prospectus
3. Based on closing price of HK\$5.20 on 31 Mar 2004

**Highest pre-tax yield of any Asian REIT.** At its unit price of HK\$5.20 as at 31 Mar 2004, Fortune REIT’s tax-exempt annualised yield is 6.67%. On a pre-tax basis, this is equivalent to 8.09% and remains the highest of any REIT in Asia (ex-Australia), exceeding that of other REITs listed in Singapore.

**Hong Kong's economic upswing continues.** The growth momentum in Hong Kong is continuing even as the financial markets take a breather. Retail spending is seeing a trend recovery – in the first quarter of 2004, retail sales rose 8.4% over the same period last year. Whilst Mainland tourist spending is an important factor, the pick-up is also due to stronger local spending driven by lower unemployment and improving consumer confidence, manifesting in a broad-based recovery in spending, including spending on durables.

The trend of increasing Mainland out-bound tourism is a long term one as incomes continue to grow steadily. Hong Kong remains a key destination, with its duty-free shopping, and aided by the scheduled opening of Disneyland in 2005. Retailers in Hong Kong should continue to benefit.

**Mall performance on track, occupancy rising.** During the quarter, the five malls traded well, with the strongest performer being Ma On Shan Plaza. Overall, committed occupancy rose to 86.2%. At The Metropolis Mall, we continue to negotiate with potential major tenants targeting the Chinese tourist trade. Committed occupancy in the mall increased to 64.5% from 59.0% at the end of Dec 2003. The average passing rental of the whole portfolio rose 1.2% over the quarter.

**Operating cost savings achieved.** Further progress was made in lowering the operating costs of the malls. We will continue to identify avenues to rationalise the cost structure, and further improve efficiency.

**Asset enhancement at Ma On Shan Plaza on track.** Construction of the pedestrian link from Ma On Shan Plaza to the new KCRC station is on track, scheduled to open with the latter in late 2004. Separately, to take advantage of the new link, asset enhancement works in the mall will start in the second half of the year. This is likely to involve re-locating some tenants within the mall to maximise unit rentals.

**Potential acquisitions being targeted.** Our negotiations with potential vendors of shopping mall are continuing. This includes the Sponsor, Cheung Kong Group, from which Fortune REIT can acquire after the moratorium ends on 12 Aug 2004.

John Lim concluded: "The improvement in Hong Kong's economy is real, and Fortune REIT has made a good start to 2004. We should see good underlying rental revenue and income growth this year. Results could also be boosted by an acquisition."

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 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 394 tenants as at 31 Mar 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](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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