

Media release

9 May 2006

For Immediate Release



Total revenue rose 104.6% in 1Q06 v 1Q05; Tax-exempt yield of 5.9% achieved

9 May 2006. ARA Asset Management (Singapore) Limited (“ARASL”), as manager of Fortune Real Estate Investment Trust (“Fortune REIT”), is pleased to announce the results for Fortune REIT for the quarter ended 31 March 2006.

“We are pleased with the stable returns from the Fortune REIT portfolio this quarter. The average rental reversion for renewals remained strong at 13% for the portfolio whilst the net property income of the existing properties improved by 6.7%¹ quarter on quarter. Various asset enhancement initiatives currently being executed are expected to further strengthen revenue contributions.” John Lim, Chief Executive Officer of ARASL commented.

Total revenue rose 104.6% over 1Q05. Total revenue increased by 104.6% due to contributions from the six retail properties acquired in June 2005 and the strong rental reversions experienced across the portfolio of properties. Despite interest cost rises, Fortune REIT’s DPU grew by 3.3% over the same quarter a year ago to 9.01 HK cents in 1Q06.

Fortune REIT results for the quarter ended 31 March 2006

	1Q 2006	1Q 2005	Variance
Total revenue (HK\$'000)	154,129	75,336	104.6%
Net property income (HK\$'000)	113,715	56,051	102.9%
Net profit of property companies (HK\$'000) ¹	72,875	41,702	74.8%
Income available for distribution (HK\$'000)	72,474	41,499	74.6%
Tax-Exempt distribution per unit (HK\$)	0.0901	0.0872	3.3%
Tax-Exempt distribution yield (annualised)	5.9% ²	5.3% ³	-

Notes:

1. After borrowing costs and Hong Kong taxation
2. Based on the closing price of HK\$6.25 on 31 Mar 2006 and units in issue of 804.0 million
3. Based on the closing price of HK\$6.65 on 31 Mar 2005 and units in issue of 476.1 million

¹ Excluding the net property income of The Metropolis Mall

Cost-to-revenue ratio at a low 23.9%. Due to strong rental growth and the management's cost rationalisation efforts, the cost-to-revenue ratio for the properties was 23.9% for the quarter ended 31 Mar 2006.

Tax-exempt yield of 5.9% achieved. The annualised tax-exempt distribution per unit for the quarter ending Mar 2006 was 5.9% at a unit price of HK\$6.25 as at 31 Mar 2006 or an equivalent of 7.1% on a pre-tax basis.

Discount to NAV of 18.1%, an opportunity to investors. Fortune REIT's net asset value per unit as at 31 Mar 2006 was HK\$7.63. At a unit price of HK\$6.25 as at 31 Mar 2006, Fortune REIT is trading at an 18.1% discount to its NAV. This makes Fortune REIT an attractive investment opportunity for investors.

Portfolio occupancy at 94.6%; rental reversion remained strong. At the end of Mar 2006, Fortune REIT's portfolio of eleven malls and properties achieved an aggregate occupancy rate of 94.6% with 828 tenants. In addition, average passing rental rose about 2% from \$22.93 psf per month as at 31 Dec 2005 to \$23.41 psf per month as at 31 Mar 2006.

In addition, the weighted average rental reversion rate of the renewal of 134,000 sf of space which expired in the quarter ended 31 Mar 2006 was 13%. Amongst the top growth contributors were Ma On Shan Plaza and Waldorf Garden Property which recorded rental reversion rates of 25.4% and 35.8% respectively. Tenant retention rate of the portfolio remained stable at around 70%.

Asset enhancement works under way. Works have commenced at The Metropolis Mall, The Household Center and Smartland to improve the overall shopping experience of the malls, attract desired tenants and improve the rental revenue potential of the assets.

The Metropolis Mall. As part of the mall's repositioning project, various thematic trade zones will be created at The Metropolis Mall to strengthen the retail offerings of the mall. These zones are the Wedding Zone, Food & Beverage Zone and Education Zone to target tenants from specific trades and destination based shoppers to the mall. In addition, Taiwan Wedding Theme within the Wedding Zone was successfully launched on 19 Feb 2006 with 7 Taiwanese wedding operators officially commencing business at the mall. Other than regular promotional activities in the mall, wedding themed decorations and fittings will be installed at the common shopping area of the Wedding Zone to further enhance the shopping and wedding ambience of the zone.

The Household Center. An 18,000sf portion of the second floor space is planned to be subdivided into smaller shops to achieve better rents and to enhance the tenant mix and retail offerings. Concurrent market campaigns have commenced and the subdivision is expected to be completed by 3rd quarter 2006.

Smartland. Exterior enhancement works at Smartland shopping centre are currently being implemented to upgrade the overall image of mall and enhance the shopping environment for shoppers. Upgrading works include re-painting of the external walls, installing new promotional banners and spotlights and upgrading of toilet facilities. The face lift and improvement works are expected to increase the competitive advantage of the mall to attract more shoppers and increase demand for the retail units.

Fortune REIT's gearing at 28% with 75% debt fixed. Fortune REIT's gearing remains relatively low at 28%, 75% of which are fixed at various maturities to mitigate potential rises in market interest rates.

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About Fortune REIT

Fortune Real Estate Investment Trust (“Fortune REIT”) was established under a Trust Deed dated 4 July 2003 (as amended by the Amending and Restating Deed dated 29 June 2005) made between ARA Asset Management (Singapore) Limited, as Manager, and HSBC Institutional Trust Services (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 approximately HK\$8.6 billion. The retail malls and properties are City One Shatin Property, The Metropolis Mall, Ma On Shan Plaza, Waldorf Garden Property, Smartland, The Household Center, 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 828 tenants as at 31 March 2006 from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers. Notable tenants include Park’N Shop, Maxim’s Chinese Restaurant, Watson’s, Fortress, McDonald’s, GOME, Bank of China (Hong Kong), DBS Bank, The Hongkong & Shanghai Banking Corporation Limited, 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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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.