

Media release

25 July 2006

For Immediate Release



**Distribution per unit grew 3.4% in 1H06 v 1H05;
Tax exempt yield of 5.9% achieved;
Strong portfolio rental reversions of 13.1%**

25 July 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 half year ended 30 June 2006.

“Despite uncertainties in the capital and equities markets, we are pleased to continue to deliver stable growth to our Unitholders. The portfolio rental reversions of about 13.1% on average coupled with revenue growth of 101.7% in 1H06 versus 1H05 has lifted the tax exempt distribution per unit (“DPU”) to 17.53 HK cents per unit for the half year ended 30 June 2006, a 3.4% growth over the corresponding period last year. Cost management has also been key as we remained prudent in debt management to tide over interest rate fluctuations. About 75% of Fortune REIT’s debt is fixed at various maturities with a weighted average interest cost of 4.2% as at 30 June 2006. With the strong support of our tenants and the strength of our asset teams, we will continue to strive for attractive and sustainable returns.” John Lim, Chief Executive Officer of ARASL commented.

Total revenue rose 101.7% over 1H05. Total revenue increased by 101.7% due to contributions from the six retail properties acquired in June 2005 and the strong rental reversions of about 13.1% experienced across the portfolio of properties. Despite rises in interest rates, Fortune REIT’s DPU grew by 3.4% over the same period a year ago to 17.53 HK cents in 1H06.

Fortune REIT results for the half-year ended 30 June 2006

	1H 2006	1H 2005	Variance
Total revenue (HK\$’000)	310,727	154,049	101.7%
Net property income (HK\$’000)	223,176	111,561	100.0%
Net profit of property companies (HK\$’000) ¹	142,013	82,809	71.5%
Income available for distribution (HK\$’000)	141,137	82,294	71.5%

Tax-Exempt distribution per unit (HK\$)	0.1753	0.1696	3.4%
Tax-Exempt distribution yield (annualised)	5.9% ²	5.4% ³	-

Notes:

1. After borrowing costs and Hong Kong taxation
2. Based on the closing price of HK\$6.00 on 30 Jun 2006 and units in issue of 805.1 million
3. Based on the closing price of HK\$6.35 on 30 Jun 2005 and units in issue of 795.4 million

Cost-to-revenue ratio at 26.0%. Management will continue to focus on prudent cost rationalisation efforts to maintain a stable cost-to-revenue ratio that commensurates with a quality facility to tenants and visitors. The cost-to-revenue ratio for the properties was 26.0% for the half-year ended 30 June 2006.

Tax-exempt yield of 5.9% achieved. The annualised tax-exempt yield for the half-year ended June 2006 was 5.9% at a unit price of HK\$6.00 as at 30 June 2006 or an equivalent of 7.1% on a pre-tax basis.

Discount to NAV of 22.1%, an opportunity to investors. Fortune REIT's net asset value per unit as at 30 June 2006 was HK\$7.70. At a unit price of HK\$6.00 as at 30 June 2006, Fortune REIT is trading at a 22.1% discount to its NAV. This makes Fortune REIT an attractive investment opportunity for investors.

Portfolio committed occupancy at 95.1%; rental reversion remained strong. At the end of June 2006, Fortune REIT's portfolio of eleven malls and properties achieved an aggregate committed occupancy rate of 95.1%. In addition, the average passing rental remained stable at HK\$23.41 psf per month as at 30 June 2006.

The weighted average rental reversion rate of the renewal of about 248,000 sf of space which had expired in the half year ended 30 June 2006 was 13.1%. Amongst the notable growth contributors were Ma On Shan Plaza, City One Shatin and Waldorf Garden Property which recorded rental reversion rates of 28%, 12% and 11% respectively. Tenant retention rate of the portfolio remained stable at around 68%.

Asset enhancement works in progress. Asset enhancement initiatives to improve revenue and shopping experience relating to aesthetic improvements at The Metropolis Mall, subdivision works at The Household Center and upgrading works at Smartland are on schedule. In addition, plans are underway to create an additional retail corridor in Waldorf Gardens to capitalize on heavy shopper traffic and offer greater trade diversity.

The Metropolis Mall. The creation of a "wedding park" within the wedding zone of Metropolis Mall is in progress. When completed, the wedding park will not only enhance the wedding theme within the zone but enable tenants to book the "park" for events, activities and exhibitions. To further enhance food and beverage ("F&B") offerings in the mall, the manager has also carved out a restaurant space from the

existing food court including the common walkway for a new tenant, Rhine Garden Restaurant which opened for business from 12 July 2006.

The Household Center and Smartland. Improvements works in The Household Centre to subdivide an 18,000sf upper level retail space into smaller shops to achieve better rents and to enhance the tenant mix and retail offerings is currently in progress. Enhancement works at Smartland shopping centre such as re-painting of the external walls, installing new promotional banners and spotlights and upgrading of toilet facilities are also underway. These works will enhance the competitive advantages of the shopping centre to both tenants and shoppers.

Waldorf Gardens. Plans have been drawn up to reconfigure a large Chinese restaurant and retail shops occupying some 33,000sf into 3 restaurant space and 31 retail shops. This will create an additional “shopping corridor” to serve the heavy pedestrian traffic through the centre. The retail offerings will improve with more fashion, household, services and F&B outlets from the subdivision works. For example, the 3 new restaurants will offer a more diverse cuisine spread from the current single restaurant. Works are expected to commence only in end 1Q07 to match the expiry profile of the tenants and completed by early 3Q07.

Fortune REIT's gearing at 26.8% with about 75% debt fixed. Fortune REIT's gearing remains relatively low at 26.8%, about 75% of which are fixed at various maturities to mitigate potential rises in market interest rates.

John Lim added, “Fortune REIT's enlarged portfolio of 11 suburban shopping malls with large residential catchments is well placed to benefit from the robust domestic consumer spending in Hong Kong as the economy remains buoyant.”

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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 and a 2nd Supplemental Deed dated 20 April 2006) 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 822 tenants as at 30 June 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, Kentucky Fried Chicken, 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.