

Media release

27 Jan 2005

Embargoed until 5.05 pm

Manager of



FORTUNE
置富產業信託 **REIT**

DPU exceeded forecast by 6.0% in 2004, NAV rose 33% to HK\$6.87 per unit

27 Jan 2005. ARA Asset Management (Singapore) Limited (“ARASL”) is pleased to announce the results for Fortune REIT for the year ended Dec 2004.

“Fortune REIT continued to outperform forecasts on the back of the revival in consumer spending in Hong Kong coupled with the strong effort from management which lifted occupancies and rentals at the malls. Unitholders enjoyed a total return of 35.4% for the year”, said John Lim, CEO of ARASL.

“Retailers at the malls are doing well, with more than 70% of expiring leases in 2004 renewed, and with rental rates trending higher, we look forward to another fruitful year in 2005”, he added.

Distribution per unit exceeded forecasts by 6.0%. Distribution per unit (“DPU”) exceeded forecast by 6.0% for the year, and was 3.8% higher than the same quarter a year ago on the back of better occupancy, rental rises and cost rationalisations¹.

Fortune REIT results for the year ended Dec 2004

	Actual	Forecast²	Variance
Net profit of property companies (HK\$m)	160.3	152.0	5.5%
Net profit of trust (HK\$m)	150.1	142.1	5.6%
Income available for distribution (HK\$m)	158.8	150.1	5.8%
Distribution per unit (HK\$)	0.3340	0.3150	6.0%
Tax-exempt distribution yield (annualised) ³	5.3%	5.0%	6.0%

Notes:

1. Please note 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\$6.30 on 31 Dec 2004

Final distribution. The final distribution of HK\$0.1640 per unit for the second half year ended 31 Dec 2004 will be paid on 28 Feb 2005 (ex-div on 2 Feb 2005), taking total DPU for the 2004 year to HK\$0.3340.

Highest yield of REITs listed in Singapore. At its unit price of HK\$6.30 as at 31 Dec 2004, Fortune REIT's tax-exempt yield was 5.3%. This is equivalent to 6.4% on a pre-tax basis, the highest of any REIT listed in Singapore.

Portfolio valuation up strongly. The valuation of Fortune REIT's properties carried out by Chesterton Petty Limited, an independent valuer, as at Dec 2004 saw the portfolio's valuation rise 23.5% over a year ago. Net asset value as at Dec 2004 rose 32.6% to HK\$6.87 per unit (inclusive of the HK\$0.1640 in distribution payable), and the year end unit price of HK\$6.30 represents a discount to NAV of 8.3%.

Hong Kong's economic upswing continues. Hong Kong's economy enjoyed strong growth in 2004, estimated at more than 7%, whilst deflation came to an end after more than five years of price declines. Bolstered by stronger consumer sentiment and an unemployment rate that has fallen to 6.5%, retail spending grew 11% in the first eleven months of 2004.

Economic growth is expected to moderate in 2005 to around 4%. Similarly, retail sales growth could moderate but the growth should continue to lift the local retail sector. Disneyland's scheduled opening in 2005 is also expected to draw in more tourists from Mainland China and Asia, further benefiting the sector.

Rising occupancy and rentals lifted portfolio performance. Occupancy at all five malls continued to rise through the fourth quarter, taking the portfolio's actual occupancy to 94.9% from 88.4% at the end of Sep. Ma On Shan Plaza and Smartland are almost fully occupied now, with occupancy at both malls reaching 99%.

The portfolio's passing rental rose 11.1% over 2004. Further upside in 2005 is expected to be underpinned by the fact that occupancies at most of the malls are nearly full.

Rail link to benefit Ma On Shan Plaza. The KCRC's Ma On Shan Rail was officially opened on 21 Dec 2004, further improving the Ma On Shan area's public transport system. The new pedestrian walkway that links the adjacent Ma On Shan station to Ma On Shan Plaza is expected to boost shopper traffic in the mall going forward.

Operating cost discipline to continue. 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.

Interest costs remain low. The average cost of debt achieved in 2004 was 2.0%. Whilst interest rates globally are expected to rise over 2005, the effect on Fortune REIT is mitigated as half of its debt has already been hedged.

Acquisitions targeted to enhance returns. Negotiations concerning potential acquisitions are progressing with the goal to secure quality assets that will lift the yield of Fortune REIT and also enhance long term value for unitholders.

John Lim concluded: "Fortune REIT has delivered a good set of results to investors for 2004. With improving market conditions and potential acquisitions, we are on our way to another good year in 2005, barring any unforeseen circumstances."

END

About Fortune REIT

Fortune Real Estate Investment Trust ("Fortune REIT") was established under a Trust Deed dated 4th Jul 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 Aug 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\$4.2 billion. 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 438 tenants as at 31 Dec 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, Fortress, DBS Bank, Standard Chartered Bank, 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.

Media and investor contacts

Yung Yu-Ming, CFA
Fund Manager

yumingyung@ara.com.hk

Tel: +65 6835 9232

Cheryl Seow, CPA
Finance Manager

cherylseow@ara.com.hk

Tel: +65 6835 9232

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.

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.