

[Print this page](#)**Miscellaneous**

* 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
Date & Time of Broadcast	13-May-2005 07:07:43
Announcement No.	00006

>> Announcement Details

The details of the announcement start here ...

Announcement Title *	Media Release: Fortune REIT obtains approval in-principal from the SGX-ST for the listing and quotation of new units proposed to be issued to fund proposed acquisitions of 6 properties
Description	
Attachments:	 PressReleaseAcquisitions130505.pdf Total size = 51K (2048K size limit recommended)

[Close Window](#)

Media release

13 May 2005

Embargoed until 7.30 am

Manager of

 FORTUNE
置富產業信託 REIT

Fortune REIT obtains approval in-principle from the SGX-ST for the listing and quotation of new units proposed to be issued to fund proposed acquisitions of 6 properties

13 May 2005. ARA Asset Management (Singapore) Limited (“ARASL” or the “Manager”), as manager of Fortune Real Estate Investment Trust (“Fortune REIT”), is pleased to announce that Singapore Exchange Securities Trading Limited (the “SGX-ST”) has given its approval in-principle, inter alia, for the listing and quotation of up to 360.0 million new units in Fortune REIT (the “New Units”) to fund the proposed acquisitions (the “Acquisitions”) of the six properties located in Hong Kong (the “Properties”) announced on 24 March 2005.

Details of the Acquisitions and the proposed equity fund raising (the “Equity Fund Raising”) are contained in a Circular (the “Unitholders’ Circular”) to the holders of units in Fortune REIT (“Unitholders”), which is being despatched to Unitholders. An Extraordinary General Meeting (“EGM”) of Unitholders has also been scheduled for 1 June 2005 in relation to, among others, the Acquisitions and the proposed Equity Fund Raising.

The total estimated costs of the Acquisitions, assuming Unitholders approve all six Acquisitions and that Fortune REIT proceeds with the completion of all six Acquisitions, is approximately HK\$3,568.5 million (of which (a) HK\$3,439.0 million is the purchase consideration before adjustments for the consolidated net current assets/current liabilities of two companies which indirectly and directly own two of the Properties, namely the commercial portions and car parking spaces at City One Shatin, and certain shops and car parking spaces at Waldorf Garden respectively, and (b) the remainder being transaction and other costs). This total is expected to be partially funded by the proposed Equity Fund Raising so as to raise up to an aggregate of approximately HK\$2.0 billion.

Four banks have been appointed as joint bookrunners and underwriters, namely, DBS Bank Ltd, The Hongkong and Shanghai Banking Corporation Limited (“HSBC”), J.P. Morgan (S.E.A.) Limited, and UBS AG, acting through its business group, UBS

Investment Bank. The remainder of the total estimated costs is being funded by bank debt which is expected to be obtained from DBS Bank Ltd and HSBC.

The SGX-ST's in-principle approval is not an indication of the merits of the Equity Fund Raising, the Acquisitions, the New Units, Fortune REIT and the waivers granted by the SGX-ST as described in paragraph 4.2 of the letter to Unitholders set out in the Unitholders' Circular.

John Lim, Chief Executive Officer of the Manager, commented: "The Acquisitions are expected to bring various benefits to investors, including improvements in Fortune REIT's yield. This is an opportune time as Hong Kong's retail property market continues to improve, with rentals expected to rise further, due to a robust economy. The Acquisitions when completed will almost double Fortune REIT's size."

Fortune REIT's yield expected to rise after Acquisitions are completed. Based on an issue price range of HK\$5.90 to HK\$6.90 for the proposed Equity Fund Raising, Fortune REIT's DPU for the year ending 31 December 2005 is forecast¹ to be 4.09% to 10.86% higher than the DPU based only on its existing property portfolio for the same period.

High occupancy and well-located properties. The Properties enjoy high occupancies with diversified tenant bases as a whole. As at 31 December 2004, the combined average occupancy rate of the Properties was 96.7%. They are also located within large population catchment areas with median monthly household incomes that are at least similar to, if not higher than, Hong Kong's overall level, as well as being easily accessible to public transportation.

Other benefits. The Acquisitions bring additional benefits to Unitholders. Fortune REIT's income will be further diversified: the highest contribution of any single property in the enlarged portfolio of Existing Properties and the Properties (the "Enlarged Portfolio") to base rental income is forecast to decrease from 43.8% to 35.0% for the year ending 31 December 2005. The Enlarged Portfolio will also be more geographically diversified such that it is less dependent on any micro-property market in Hong Kong.

In addition, Fortune REIT's market capitalisation will, and the number of units in the free float may, increase after the Acquisitions are completed.

Unitholders' Circular. Details of the Acquisitions, their benefits to Unitholders of Fortune REIT and the proposed Equity Fund Raising are contained in the Unitholders' Circular dated 13 May 2005, which is being despatched to Unitholders.

¹ The forecast in this paragraph is based on the assumptions set out in the Unitholders' Circular.

The Circular also details, inter alia, various resolutions to be approved by Unitholders in relation to, inter alia, the Acquisitions.

Extraordinary General Meeting on 1 June 2005. An EGM is being scheduled for 1 June 2005, 2.30pm, at One Raffles Boulevard, Room 308, Level 3 of Suntec Singapore International Convention & Exhibition Centre, Singapore 039593 for Unitholders to vote on the resolutions.

John Lim concluded: “We believe the Properties are significant and valuable additions to Fortune REIT’s portfolio and we will continue to look for assets in Hong Kong’s retail property sector to acquire.”

END

About Fortune REIT

Fortune REIT was established under a Trust Deed dated 4 July 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 of Fortune REIT. Fortune REIT was listed on Singapore Exchange Securities Trading Limited on 12 August 2003.

At present, Fortune REIT holds a portfolio of five shopping malls in Hong Kong, through the ownership of the special purpose property owning 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 439 tenants as at 31 March 2005 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 (the "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.

This release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in Fortune REIT. 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 SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market of the Units.