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Fortune Real Estate Investment Trust

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))
(Stock Code: 778)

Managed by



ARA Asset Management (Fortune) Limited

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to paragraph 10.3 of the Code on Real Estate Investment Trusts published by the Securities and Futures Commission of Hong Kong.

Please refer to the attached announcement on the next page issued on the Singapore Exchange Securities Trading Limited by Fortune REIT on 28 July 2010.

By order of the board of directors of
ARA Asset Management (Fortune) Limited
(in its capacity as manager of Fortune Real Estate Investment Trust)
ANG Meng Huat, Anthony
Executive Director and Chief Executive Officer

Hong Kong, 28 July 2010

The Directors of the Manager as at the date of this announcement are Mr. Chiu Kwok Hung, Justin (Chairman), Mr. Lim Hwee Chiang, Mr. Ip Tak Chuen, Edmond and Ms. Eirene Yeung as Non-executive Directors; Mr. Ang Meng Huat, Anthony and Ms. Chiu Yu, Justina as Executive Directors; Mr. Lim Lee Meng, Dr. Cheng Mo Chi, Moses and Mrs. Sng Sow-Mei (alias Poon Sow Mei) as Independent Non-executive Directors; and Mr. Ma Lai Chee, Gerald as Alternate Director to Mr. Ip Tak Chuen, Edmond.



**Fortune Real Estate Investment Trust
Financial Statements
For the financial period from 1 January 2010 to 30 June 2010**

These figures have not been audited but have been reviewed by our auditors.

Fortune Real Estate Investment Trust ("Fortune REIT") is a real estate investment trust constituted by a Trust Deed entered into on 4 July 2003 (as amended) made between ARA Asset Management (Fortune) Limited, as the Manager of Fortune REIT, and HSBC Institutional Trust Services (Singapore) Limited, as the Trustee of Fortune REIT. Fortune REIT was listed on the Singapore Exchange Securities Trading Limited and the Hong Kong Stock Exchange on 12 August 2003 and 20 April 2010 respectively.

Fortune REIT holds a portfolio of fourteen retail properties in Hong Kong, spread across Kowloon and the New Territories, comprising approximately 2.0 million square feet of retail space and 1,660 car parking lots. The retail properties are City One Shatin Property, Ma On Shan Plaza, Metro Town, The Metropolis Mall, Waldorf Garden Property, Caribbean Bazaar, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Hampton Loft, Lido Garden Property and Rhine Garden Property. They house tenants from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers.

1 (a) (i) Statement of comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HK\$ '000		%	HK\$ '000		%
	Actual 1/4/10 to 30/6/10 ^(a)	Actual 1/4/09 to 30/6/09 ^(a)		Increase/ (Decrease)	Actual 1/1/10 to 30/6/10 ^(a)	
Revenue ^(b)	165,055	133,831	23.3%	334,899	270,912	23.6%
Charge-out collections ^(c)	39,607	32,233	22.9%	78,910	63,402	24.5%
Total revenue	204,662	166,064	23.2%	413,809	334,314	23.8%
Property management fees	(4,705)	(3,817)	23.3%	(9,549)	(7,734)	23.5%
Other property operating expenses ^(d)	(48,974)	(43,400)	12.8%	(92,612)	(80,791)	14.6%
Property Operating Expenses	(53,679)	(47,217)	13.7%	(102,161)	(88,525)	15.4%
Net Property Income (before manager's performance fee)	150,983	118,847	27.0%	311,648	245,789	26.8%
Manager's performance fee	(4,529)	(3,565)	27.1%	(9,349)	(7,374)	26.8%
Net Property Income	146,454	115,282	27.0%	302,299	238,415	26.8%
Changes in fair value of properties ^(e)	912,910	281,282	224.6%	912,910	281,282	224.6%
Changes in fair value of financial instruments ^(f)	(49,581)	-	NM	(56,230)	-	NM
Net Property Income before finance costs	1,009,783	396,564	154.6%	1,158,979	519,697	123.0%
Borrowing costs	(27,916)	(20,443)	36.6%	(56,303)	(43,943)	28.1%
Profit Before Tax	981,867	376,121	161.1%	1,102,676	475,754	131.8%
Hong Kong Taxation :						
Current taxation	(15,274)	(12,219)	25.0%	(31,358)	(24,584)	27.6%
Deferred taxation	(3,901)	(3,335)	17.0%	(8,516)	(6,835)	24.6%
Total Hong Kong Taxation	(19,175)	(15,554)	23.3%	(39,874)	(31,419)	26.9%
Net Profit of Property Companies	962,692	360,567	167.0%	1,062,802	444,335	139.2%
Manager's base fee	(9,290)	(6,657)	39.6%	(17,797)	(13,020)	36.7%
Foreign exchange gain/(loss) ^(g)	34	56	(39.2%)	(62)	43	(242.8%)
Non-tax deductible trust expenses ^(h)	(7,043)	(1,660)	324.3%	(43,939)	(3,304)	1,229.8%
Tax deductible trust expenses	(1,165)	(620)	88.0%	(1,810)	(1,900)	(4.7%)
Non tax-exempt income ⁽ⁱ⁾	198	257	(22.9%)	311	655	(52.5%)
Singapore current taxation	(33)	(52)	(35.7%)	(52)	(110)	(52.3%)
Total Trust Expenses	(17,299)	(8,676)	99.4%	(63,349)	(17,636)	259.2%
Net Profit of Group, before transactions with unitholders	945,393	351,891	168.7%	999,453	426,699	134.2%
Distributions to unitholders ^(j)	(98,363)	-	NM	(204,571)	-	NM
Net Profit of Group, after transactions with unitholders	847,030	351,891	140.7%	794,882	426,699	86.3%
Net Profit of Group, before transactions with unitholders Add/(less):	945,393	351,891	168.7%	999,453	426,699	134.2%
Manager's base fee	9,290	6,657	39.6%	17,797	13,020	36.7%
Foreign exchange (gain)/loss ^(g)	(34)	(56)	(39.2%)	62	(43)	(242.8%)
Non-tax deductible trust expenses ^(h)	7,043	1,660	324.3%	43,939	3,304	1,229.8%
Changes in fair value of financial instruments ^(f)	49,581	-	NM	56,230	-	NM
Changes in fair value of properties ^(e)	(912,910)	(281,282)	224.6%	(912,910)	(281,282)	224.6%
Income Available For Distribution^(k)	98,363	78,870	24.7%	204,571	161,698	26.5%

Footnotes:

- (a) *The Group's financial information incorporates the financial statements of the Trust and the 14 Property Companies.*
- (b) *Revenue includes rental income, car park income, license income, atrium income and others.*
- (c) *Charge-out collections consist of expenses related to the operation of the properties that are payable by tenants and licensees and these expenses include air conditioning charges, management fees, promotional charges, government rents, utility charges, cleaning charges and government rates.*
- (d) *There was an allowance for doubtful debt of HK\$0.003 million in other property operating expenses for the period 1 April 2010 to 30 June 2010 (2009:HK\$0.1 million) and 1 January 2010 to 30 June 2010 (2009:HK\$2.1 million).*
- (e) *On 30 June 2010, an independent valuation was undertaken by Savills Valuation and Professional Services Limited. The firm is an independent valuer having appropriate professional qualifications and experiences in the location and category of the properties being valued. The valuations for the fourteen properties were based on a combination of the Investment Method and Direct Comparison Method. The valuations adopted amounted to HK\$12,421 million (31 December 2009: HK\$11,500 million). This resulted in an increase in fair value of HK\$912.9 million, after taking into account a capital expenditure of HK\$8.1 million during the period.*
- (f) *The amount relates to the loss arising from the re-measurement of the plain vanilla interest rate swaps which were not designated for hedge accounting as at 30 June 2010.*
- (g) *Foreign exchange loss/gain represents realised and unrealised foreign exchange differences. The unrealised exchange difference arose from translation of monetary assets and liabilities denominated in foreign currencies into Hong Kong dollars at rates of exchange ruling at the end of the reporting period. The realised exchange difference arose from the settlement of foreign currencies payables at the transaction dates. All exchange differences are included in the statement of comprehensive income.*
- (h) *Included in the non-tax deductible trust expenses for the period 1 January 2010 to 30 June 2010 is a provision of HK\$30.0 million for the cost of the dual primary listing on The Stock Exchange of Hong Kong Limited (2009: Nil).*
- (i) *Non tax-exempt income refers mainly to interest income from fixed deposits.*
- (j) *The amount of distribution to unitholders has been accrued as distribution payable in the Statement of Financial Position. Due to dual primary listing, the presentation of Statement of Comprehensive Income is revised to comply with the requirements of the REIT Code.*
- (k) *Fortune REIT's distribution policy is to distribute to Unitholders on a semi-annual basis, the higher of (i) 100.0% of its tax-exempt income (except dividends paid out of interest income and gains, if any, which are distributable at the discretion of the Manager) after deduction of applicable expenses ("net Tax-Exempt Income"); and (ii) 90% of consolidated audited net profit after tax for the relevant financial year adjusted to eliminate the effects of certain adjustments in accordance with the Code on Real Estate Investment Trust ("REIT Code") published by The Securities and Futures Commission in Hong Kong.*
- (l) *There is no investment income, write-off for stock obsolescence, impairment in the value of investments, profit on sale of investments, properties or plant and equipment, exceptional and extraordinary items during the financial period and the previous corresponding financial period.*

1 (a) (ii) Statement of other comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HK\$ '000		%	HK\$ '000		%
	Actual 1/4/10 to 30/6/10	Actual 1/4/09 to 30/6/09		Increase/ (Decrease)	Actual 1/1/10 to 30/6/10	
Net Profit of Group	847,030	351,891	140.7%	794,882	426,699	86.3%
Other comprehensive income:						
Cash flow hedge ^(a)	31,563	16,456	91.8%	27,097	25,029	8.3%
Total comprehensive income	878,593	368,347	138.5%	821,979	451,728	82.0%

Footnote:

(a) There is no tax effect relating to the component of the other comprehensive income.

1 (b)(i) Statement of financial position, together with a comparative statement as at the end of the immediately preceding financial year

	Trust HK\$ '000		Group ^(a) HK\$ '000	
	Actual 30/6/10	Actual 31/12/09	Actual 30/6/10	Actual 31/12/09
Current Assets				
Cash and bank balances	469,781	473,233	514,523	515,341
Trade and other receivables	69,276	85,721	58,977	47,619
Total Current Assets	539,057	558,954	573,500	562,960
Non-Current Assets				
Investment in property companies	5,470,134	5,470,134	-	-
Investment properties ^(b)	-	-	12,421,000	11,500,000
Fixed assets	-	-	6	44
Total Non-Current Assets	5,470,134	5,470,134	12,421,006	11,500,044
Total Assets	6,009,191	6,029,088	12,994,506	12,063,004
Current Liabilities				
Trade and other payables	13,892	16,946	280,996	276,474
Distribution payable ^(c)	204,571	-	204,571	-
Borrowings	-	-	15,000	2,786,286
Derivative liability ^(d)	-	-	-	27,097
Provision for taxation	1,518	2,849	37,105	7,079
Total Current Liabilities	219,981	19,795	537,672	3,096,936
Non-Current Liabilities				
Borrowings	-	-	2,762,373	-
Deferred tax liabilities	-	-	141,507	132,991
Derivative liability ^(d)	-	-	56,645	415
Total Non-Current Liabilities	-	-	2,960,525	133,406
Total Liabilities	219,981	19,795	3,498,197	3,230,342
Net Assets Attributable to Unitholders	5,789,210	6,009,293	9,496,309	8,832,662
Unitholders' Fund				
Equity and reserves ⁽¹⁾	-	6,009,293	-	8,832,662

Notes:

(1) Due to dual primary listing, the presentation of Statement of Financial Position is revised to comply with the requirements of the REIT Code.

Footnotes:

- (a) The Group's financial information incorporates the financial statements of the Trust and the 14 Property Companies.
- (b) Investment properties are stated at valuation based on an independent professional valuation carried out by Savills Valuation and Professional Services Limited, the independent valuer on 30 June 2010. During the period, minor capital costs were incurred and included in the investment properties value.
- (c) Distribution payable is the amount of income available for distribution accrued from 1 January 2010 to 30 June 2010. This is to comply with the REIT Code after the dual primary listing in Hong Kong, and for Fortune REIT's distribution policy please refer to footnote (j) of section 1(a)(i).
- (d) The derivative liability relates to the fair value of the plain vanilla interest rate swaps transacted to hedge the interest rate risk on the term loan.

1 (b)(ii) Aggregate amount of borrowings

As at 30/6/10

Amount repayable in one year or less, or on demand
 Amount repayable after one year

Secured ^(a)	Unsecured
HK\$ '000	HK\$ '000
15,000	-
2,762,373	-
2,777,373	-

As at 31/12/09

Amount repayable in one year or less, or on demand
 Amount repayable after one year

Secured ^(a)	Unsecured
HK\$ '000	HK\$ '000
2,786,286	-
-	-
2,786,286	-

Footnote:

- (a) Fortune REIT has in place a term loan and revolving credit facility of a total of HK\$3,100.0 million. As at 30 June 2010, HK\$2,843.7 million had been drawdown (31 December 2009: HK\$480.0 million).

Included in the amount repayable after one year is a debt front end fee of HK\$66.3 million (31 December 2009: HK\$78.4 million). The Facility is secured by, inter alia, a mortgage over City One Shatin Property, Ma On Shan Plaza, The Metropolis Mall, Smartland, Tsing Yi Square Property, The Household Center, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property.

1 (c) Statement of cash flows

	Group		Group	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
	Actual 1/4/10 to 30/6/10	Actual 1/4/09 to 30/6/09	Actual 1/1/10 to 30/6/10	Actual 1/1/09 to 30/6/09
Operating Activities				
Profit before taxation	964,601	367,497	1,039,379	458,228
Adjustments for:				
Changes in fair value of properties	(912,910)	(281,282)	(912,910)	(281,282)
Changes in fair value of derivative liabilities	49,581	-	56,230	-
Amortisation of debt front end fee	6,043	1,006	12,087	2,012
Depreciation	19	18	38	37
Allowance for doubtful debts	3	183	3	2,138
Base fee paid in units	9,290	6,657	17,797	13,020
Interest income	(198)	(257)	(311)	(655)
Borrowing costs	27,916	20,443	56,303	43,943
Operating Profit before changes in working capital	144,345	114,265	268,616	237,441
(Increase)/decrease in trade and other receivables	(14,164)	1,086	(11,362)	530
Increase in trade and other payables	(10,500)	5,652	4,522	7,569
Cash generated from operating activities	119,681	121,003	261,776	245,540
Income taxes paid	(12)	-	(1,383)	-
Cash flows from operating activities	119,669	121,003	260,393	245,540
Investing Activities				
Upgrading of investment properties	(3,160)	(6,233)	(8,090)	(16,718)
Interest received	198	257	311	655
Cash flow used in investing activities	(2,962)	(5,976)	(7,779)	(16,063)
Financing Activities				
Distribution paid	-	-	(176,129)	(151,934)
Repayment of borrowings	-	-	(36,000)	-
Drawdown of borrowings	15,000	30,000	15,000	30,000
Borrowing costs paid	(27,916)	(20,443)	(56,303)	(43,943)
Cash flow (used in)/from financing activities	(12,916)	9,557	(253,432)	(165,877)
Net increase/(decrease) in cash and cash equivalents	103,791	124,584	(818)	63,600
Cash and cash equivalents at beginning of the period	410,732	182,377	515,341	243,361
Cash and cash equivalents at end of the period	514,523	306,961	514,523	306,961

1 (d)(i) Statement of changes in net assets attributable to unitholders

<u>Statement for the second quarter FY2010</u>	Actual				
	Issued Units	Unit issue costs	Hedging reserve	Accumulated profits	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group					
Balance as at 1 April 2010	6,316,847	(271,593)	(31,978)	2,595,150	8,608,426
Total comprehensive income	-	-	31,563	847,030	878,593
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	9,290	-	-	-	9,290
Increase in net assets resulting from Unitholders' transactions	9,290	-	-	-	9,290
Balance as at 30 June 2010	6,326,137	(271,593)	(415)	3,442,180	9,496,309
Balance as at 1 April 2009	4,376,894	(173,097)	(56,346)	1,946,723	6,094,174
Total comprehensive income	-	-	16,456	351,891	368,347
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	6,657	-	-	-	6,657
Increase in net assets resulting from Unitholders' transactions	6,657	-	-	-	6,657
Balance as at 30 June 2009	4,383,551	(173,097)	(39,890)	2,298,614	6,469,178

<u>Statement for the first half FY2010</u>	Actual				
	Issued Units	Unit issue costs	Hedging reserve	Accumulated profits	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group					
Balance as at 1 January 2010	6,308,340	(271,593)	(27,512)	2,823,427	8,832,662
Total comprehensive income	-	-	27,097	794,882	821,979
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	17,797	-	-	-	17,797
Distribution paid to Unitholders	-	-	-	(176,129)	(176,129)
Increase (Decrease) in net assets resulting from Unitholders' transactions	17,797	-	-	(176,129)	(158,332)
Balance as at 30 June 2010	6,326,137	(271,593)	(415)	3,442,180	9,496,309
Balance as at 1 January 2009	4,370,531	(173,097)	(64,919)	2,023,849	6,156,364
Total comprehensive income	-	-	25,029	426,699	451,728
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	13,020	-	-	-	13,020
Distribution paid to Unitholders	-	-	-	(151,934)	(151,934)
Increase (Decrease) in net assets resulting from Unitholders' transactions	13,020	-	-	(151,934)	(138,914)
Balance as at 30 June 2009	4,383,551	(173,097)	(39,890)	2,298,614	6,469,178

Financial Statements Announcement
For the period from 1 January 2010 to 30 June 2010

Statement for the second quarter FY2010

Trust

Balance as at 1 April 2010

Total comprehensive income

Unitholders' transactions

Creation of units

-management fee paid/payable in units

Increase in net assets resulting from

Unitholders' transactions

Balance as at 30 June 2010

Balance as at 1 April 2009

Total comprehensive income

Unitholders' transactions

Creation of units

-management fee paid/payable in units

Increase in net assets resulting from

Unitholders' transactions

Balance as at 30 June 2009

Actual			
Issued Units	Unit issue costs	Accumulated profits	Net
HK\$'000	HK\$'000	HK\$'000	HK\$'000
6,316,847	(271,593)	(355,841)	5,689,413
-	-	90,507	90,507
9,290	-	-	9,290
9,290	-	-	9,290
6,326,137	(271,593)	(265,334)	5,789,210
4,376,894	(173,097)	(159,670)	4,044,127
-	-	154,402	154,402
6,657	-	-	6,657
6,657	-	-	6,657
4,383,551	(173,097)	(5,268)	4,205,186

Statement for the first half FY2010

Trust

Balance as at 1 January 2010

Total comprehensive loss

Unitholders' transactions

Creation of units

-management fee paid/payable in units

Distribution paid to Unitholders

Increase (Decrease) in net assets resulting from

Unitholders' transactions

Balance as at 30 June 2010

Balance as at 1 January 2009

Total comprehensive income

Unitholders' transactions

Creation of units

-management fee paid/payable in units

Distribution paid to Unitholders

Increase (Decrease) in net assets resulting from

Unitholders' transactions

Balance as at 30 June 2009

Actual			
Issued Units	Unit issue costs	Accumulated profits	Net
HK\$'000	HK\$'000	HK\$'000	HK\$'000
6,308,340	(271,593)	(27,454)	6,009,293
-	-	(61,751)	(61,751)
17,797	-	-	17,797
-	-	(176,129)	(176,129)
17,797	-	(176,129)	(158,332)
6,326,137	(271,593)	(265,334)	5,789,210
4,370,531	(173,097)	1,224	4,198,658
-	-	145,442	145,442
13,020	-	-	13,020
-	-	(151,934)	(151,934)
13,020	-	(151,934)	(138,914)
4,383,551	(173,097)	(5,268)	4,205,186

1 (d)(ii) Details of any changes in the units since the end of the previous period reported on

<u>Date</u>	<u>Units Issued</u>	<u>Purpose</u>
As at 1 April 2010	1,661,595,267	Total units since the end of previous financial period
12 April 2010	2,357,120	As payment of management fee for the period from 1 January 2010 to 31 March 2010
As at 30 June 2010	<u>1,663,952,387</u>	
8 July 2010 ^(a)	2,645,356	As payment of management fee for the period from 1 April 2010 to 30 June 2010
Deemed units as at 30 June 2010	<u>1,666,597,743</u>	

Footnote:

(a) On 8 July 2010, there was an additional 2,645,356 units issued to the Manager as payment of management fee for the period from 1 April 2010 to 30 June 2010.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagement 2400 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited but have been reviewed by the auditors in accordance with International Standard on Review Engagement 2410.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see attached review report.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

In accordance with the Fifth Amended Trust Deed, Fortune REIT has adopted the International Financial Reporting Standards ("IFRS") with effect from the first quarter of 2010. Prior to 2010, Fortune REIT prepared its financial statements in accordance with the provisions of Singapore Financial Reporting Standards ("SFRS"). The adoption of IFRS does not result in changes to the group's and trust's accounting policies.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

As per paragraph 4.

6. Earnings per unit and Distribution per unit for the financial period

Period from 1 January 2010 to 30 June 2010	Actual 1/4/10 to 30/6/10 HK cents	Actual 1/4/09 to 30/6/09 HK cents	Actual 1/1/10 to 30/6/10 HK cents	Actual 1/1/09 to 30/6/09 HK cents
Earnings per unit for the period based on the weighted average number of units in issue, before transactions with unitholders	56.76	42.70	60.01	51.78
Weighted average number of units in issue (million)	1,665.5	824.1	1,665.5	824.1
Distribution per unit for the period	5.89	9.54	12.27	19.60
Total number of units in issue (million)	1,666.6	824.9	1,666.6	824.9

Footnote:

- a) 824.9 million of rights units and 6.4 million of acquisition fee in units were issued on 15 October 2009 and 16 October 2009 respectively. The Earnings per unit and Distribution per unit for second quarter 2010 and first half 2010 were calculated based on the total enlarged units in issue.

7. Net asset value per unit based on issued units at the end of current period

	Actual 30/6/10 HK\$	Actual 31/12/09 HK\$
Net asset value per unit ^(a)	5.70	5.32

Footnote:

- (a) Net asset value per unit is calculated based on net assets of the Group over the total number of units in issue (1,666.6 million).

8. Review of performance

Income Statement	HK\$ '000		%	HK\$ '000		%
	Actual 1/4/10 to 30/6/10	Actual 1/4/09 to 30/6/09		Increase	Actual 1/1/10 to 30/6/10	
Total Revenue	204,662	166,064	23.2%	413,809	334,314	23.8%
Net Property Income	146,454	115,282	27.0%	302,299	238,415	26.8%
Income Available for Distribution	98,363	78,870	24.7%	204,571	161,698	26.5%

Financial Review

For the six months ended 30 June 2010, Fortune REIT's revenue and net property income rose 23.8% and 26.8% year-on-year to HK\$413.8 million and HK\$302.3 million respectively. Cost-to-revenue ratio was well-managed at 24.7% as compared to 26.5% recorded for the first half of 2009. In spite of the short-term impact from the renovation at City One Shatin Property, Fortune REIT has delivered a broad-based improvement for its portfolio from a year ago. The rise in financial performance compared to the first half of 2009 is mainly attributed to the income contribution from the 3 new properties acquired in October 2009, as well as an overall increase in occupancy and rental rates for the 11 existing properties.

As at 30 June 2010, Fortune REIT had in place loan facilities totaling of HK\$3,100.0 million, from which the HK\$2,828.7 million term loan facility and HK\$15.0 million of the revolving credit facility had been drawn. Both the term loan facility and the revolving credit facility will be due on 14 October 2013. The facility is secured over Fortune REIT's 9 investment properties, which carried an aggregate fair value of HK\$8,902.0 million as at 30 June 2010. The trustee of Fortune REIT has provided a guarantee for the facility.

The Manager also actively manages Fortune REIT's interest rate exposure. As at 30 June 2010, around 50% of the total debt was fixed through various plain vanilla interest rate swaps. As a result of drawn down of new financing and its related cost, Fortune REIT's effective cost of borrowing, after taking into account the interest rate hedging, was 4.01% for the Reporting Period (First Half 2009: 3.73%).

Driven primarily by an increase in the value of investment properties, both the gearing ratio and aggregate leverage of Fortune REIT, was 21.9% as at 30 June 2010 (31 December 2009: 23.7%). The gross liability as a percentage of gross assets of Fortune REIT was 26.9% as at 30 June 2010.

Net asset value per unit amounted to HK\$5.70 as at 30 June 2010, up 6.9% from HK\$5.32 reported at the end of 2009. The increase was largely due to the increase in the value of investment properties.

Fortune REIT, with a cash balance of HK\$514.5 million and an available revolving credit facility of approximately HK\$255.0 million as at 30 June 2010, has sufficient financial resources to satisfy its financial commitments and working capital requirements.

Operations Review

Following the strong asset performance reported for the first quarter of 2010, Fortune REIT continued to uphold a solid portfolio occupancy of 96.2% as at 30 June 2010 (30 June 2009: 92.1%). Portfolio occupancy slid slightly from 97.3% a quarter ago as a result of the commencement of renovation works at City One Shatin Property, while the average occupancy of the other 13 malls remained strong at 98.0%. Portfolio passing rent was recorded at HK\$27.5 per Sq. ft. as at 30 June 2010.

For the expired leases during the Reporting Period, about 66.5% of the total gross rentable area have been renewed with existing tenants. In addition, rental reversion was 11.9% for renewals during the Reporting Period.

During the Reporting Period, the Manager continued to undertake asset enhancement initiatives to improve the performance of the assets. The renovation works at Ngan Shing Commercial Centre of City One Shatin Property commenced in May 2010 and are expected to finish by the end of the third quarter 2010. The renovation works includes enhancing the overall design of the mall, reconfiguring the existing retail space, and upgrading various building facilities. More than 98.0% of the renovated space has already been pre-leased at higher rental rates, with most of the new leases commencing from September 2010 onwards. The cost of the renovation works will be funded by Fortune REIT's internal financial resources.

Additional Quarterly Review

Revenue and net property income for the second quarter of 2010 rose 23.2% and 27.0% year-on-year to HK\$204.7 million and HK\$146.5 million respectively. The improvement in financial performance compared to the second quarter of 2009 is mainly attributed to the income contribution from the 3 new properties acquired in October 2009 as well as the organic growth from the existing portfolio. Cost-to-revenue ratio was at 26.2% as compared to 28.4% recorded for the second quarter of 2009. Income Available for Distribution was HK\$98.4 million, 24.7% higher than the corresponding period last year.

9. Variance between actual and the forecast results for the period from 1 January 2010 to 30 June 2010

Not applicable.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Hong Kong's economy experienced its fastest economic expansion since the first quarter of 2006, registering a year-on-year GDP growth of 8.2% for the first quarter of 2010. The total value of retail sales in Hong Kong for the period from January to May 2010 increased by 18.3% compared to the same period last year. As a major contributor to the Hong Kong retail sales, private consumption for the first quarter of 2010 accelerated its growth further to 6.5% year-on-year.

Fortune REIT's portfolio of 14 suburban retail properties cater mainly to the day-to-day shopping needs of the respective large immediate catchment areas. Historically, Fortune REIT's asset performance has demonstrated resilience in tough economic situations and grown in a stable manner in good times. Along with the economic recovery in Hong Kong, Fortune REIT is expected to continue benefitting from the strong domestic consumption in Hong Kong.

Fortune REIT has recently been listed on the Hong Kong Stock Exchange as a dual primary listing. This significant event not only set a milestone for Fortune REIT but also formed a platform that provides Fortune REIT with access to both the Singapore and Hong Kong capital markets, which are important for the growth and long term development of Fortune REIT. In addition, the acquisition of Metro Town, Caribbean Bazaar and Hampton Loft on 15 October 2009 has increased Fortune REIT's exposure to the resilient suburban retail property market. These new investments have given Fortune REIT greater income diversification, reducing any reliance on single assets. They also help to increase the Manager's flexibility in planning and executing asset enhancement initiatives.

Leases expired in the second half of 2010 account for 24.8% and 25.4% of the portfolio's gross rentable area and gross rental income respectively. The Manager will continue to adopt a proactive leasing strategy with a view to maintain a high and sustainable level of occupancy as well as a respectable rent level. Going forward, the Manager remains focused on driving revenue growth and executing asset enhancement initiatives on its properties. In addition, the Manager will continue to prudently seek for acquisition opportunities that are in line with its investment objectives, as well as provide long term benefit to the unitholders of Fortune REIT.

Outlook for the financial year ending 31 December 2010

Based on the portfolio asset performance for the period ended 30 June 2010, the manager of Fortune REIT expects the asset performance for the year ending 31 December 2010 to be comparable with 2009, barring any unforeseen circumstances.

11. Distributions

(a) Current financial period

Any distribution declared for the current period?	Yes
Name of distribution	Interim distribution for the period from 1 January 2010 to 30 June 2010
Distribution Type	Tax-exempt income
Distribution Rate	12.27 Hong Kong cents per unit
Par value of units	NM
Tax Rate	These distributions are made out of Fortune REIT's tax exempt income. Unitholders receiving distributions will not be assessable to Singapore income tax on the distributions received.

(b) Corresponding period of the immediate preceding financial year

Any distribution declared for the current period?	Yes
Name of distribution	Interim distribution for the period from 1 January 2009 to 30 June 2009
Distribution Type	Tax-exempt income
Distribution Rate	19.60 Hong Kong cents per unit
Par value of units	NM
Tax Rate	These distributions are made out of Fortune REIT's tax exempt income. Unitholders receiving distributions will not be assessable to Singapore income tax on the distributions received.

(c) Date Payable 27 August 2010

(d) Book Closure Date 12 August 2010

Footnote:

NM - Not meaningful

12. If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13. Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the manager of Fortune Real Estate Investment Trust (the "Manager") which may render the unaudited interim financial results of the Group and the Trust (comprising the statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to Unitholders and consolidated statement of cash flows, together with their accompanying notes) as at 30 June 2010 and the results of the business, changes in net assets attributable to Unitholders and cash flows of the Group for the 6 months ended on that date, to be false or misleading in any material respect.

On behalf of the Board of the Manager,

Ang Meng Huat, Anthony
Director

Chiu Yu, Justina
Director

This release may contain forward-looking statements that involve 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. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

BY ORDER OF THE BOARD
ARA ASSET MANAGEMENT (FORTUNE) LIMITED
AS MANAGER OF FORTUNE REAL ESTATE INVESTMENT TRUST

Ang Meng Huat, Anthony
Director

28 July 2010



28 July 2010

For immediate release

Manager of



FORTUNE REAL ESTATE INVESTMENT TRUST (“Fortune REIT”) PROPERTY VALUATIONS

The Board of Directors of ARA Asset Management (Fortune) Limited, as the manager of Fortune REIT (the “Manager”), announced that Savills Valuation and Professional Services Limited has completed the independent valuations as at 30 June 2010 for the fourteen properties owned by Fortune REIT through the ownership of property companies. The fourteen properties are City One Shatin Property, Ma On Shan Plaza, Metro Town, The Metropolis Mall, Waldorf Garden Property, Caribbean Bazaar, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Hampton Loft, Lido Garden Property and Rhine Garden Property.

The valuations as at 30 June 2010 are as follows:

Property company	Property	Address	Gross Rentable Area (sq ft)	No. of Parking lots	Valuation (HK\$ m)
Million Nice Development Limited	City One Shatin Property	1 & 2 Ngan Shing Street, 6 Lok Shing Street, New Territories, Hong Kong	414,469	658	3,883
Poko Shine Limited	Ma On Shan Plaza	608 Sai Sha Road, Ma On Shan, Shatin, New Territories, Hong Kong	310,084	290	2,166
Mega Gain Resources Limited	Metro Town	8 King Ling Road, Tseung Kwan O, Hong Kong	180,822	74	1,666
Vision Million Limited	The Metropolis Mall	6-10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong	332,168	179	1,489

Property company	Property	Address	Gross Rentable Area (sq ft)	No. of Parking lots	Valuation (HK\$ m)
Waldorf Realty Limited	Waldorf Garden Property	1 Tuen Lee Street, Tuen Mun, New Territories, Hong Kong	80,842	73	869
Genuine Joy Limited	Caribbean Bazaar	1 Kin Tung Road, Tung Chung, Hong Kong	63,018	117	483
Quick Switch Limited	Smartland	16 Tsuen Wah Street, Tsuen Wan, New Territories, Hong Kong	123,544	67	389
Team Challenge Limited	Tsing Yi Square Property	7-19 Tsing Luk Street, Tsing Yi, New Territories, Hong Kong	78,836	27	340
Yee Pang Realty Limited	Jubilee Court Shopping Centre	2-18 Lok King Street, Fo Tan, Shatin, New Territories, Hong Kong	170,616	97	328
Art Full Resources Limited	The Household Center	8 King Lai Path, Kwai Chung, New Territories, Hong Kong	91,779	43	286
Ace Courage Limited	Centre de Laguna Property	93 & 99 Cha Kwo Ling Road, Kwun Tong, Kowloon, Hong Kong	43,000	N.A.	175
Full Belief Limited	Hampton Loft	11 Hoi Fan Road, Kowloon, Hong Kong	74,734	35	173
Partner Now Limited	Lido Garden Property	41-63 Castle Peak Road, Sham Tseng, Tsuen Wan, New Territories, Hong Kong	9,836	N.A.	105

Property company	Property	Address	Gross Rentable Area (sq ft)	No. of Parking lots	Valuation (HK\$ m)
Proven Effort Limited	Rhine Garden Property	38 Castle Peak Road, Sham Tseng, Tsuen Wan, New Territories, Hong Kong	14,604	N.A.	69
Total			1,988,352	1,660	12,421

By Order of the Board
ARA Asset Management (Fortune) Limited
As Manager of Fortune Real Estate Investment Trust

Ang Meng Huat, Anthony
Director and Chief Executive Officer

28 July 2010

About Fortune REIT

Fortune REIT is a real estate investment trust constituted by a Trust Deed entered into on 4 July 2003 (as amended) made between ARA Asset Management (Fortune) Limited, as the Manager of Fortune REIT, and HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Fortune REIT. Fortune REIT was listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and The Stock Exchange of Hong Kong Limited on 12 August 2003 and 20 April 2010 respectively.

Fortune REIT holds a portfolio of fourteen retail properties in Hong Kong, spread across Kowloon and the New Territories, comprising approximately 2.0 million square feet of retail space and 1,660 car parking lots. The retail properties are City One Shatin Property, Ma On Shan Plaza, Metro Town, The Metropolis Mall, Waldorf Garden Property, Caribbean Bazaar, Smartland, Tsing Yi Square Property, Jubilee Court Shopping Centre, The Household Center, Centre de Laguna Property, Hampton Loft, Lido Garden Property and Rhine Garden Property. They house tenants from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers.

More information about Fortune REIT can be found at www.fortunereit.com.

About the Manager

Fortune REIT is managed by ARA Asset Management (Fortune) Limited, a wholly owned subsidiary company of ARA Asset Management Limited, which is listed on the Mainboard of the SGX-ST. More information can be found at www.ara-asia.com.

Media and investor contacts

Anthony Ang
Chief Executive Officer
anthonyang@ara.com.hk

Justina Chiu
Deputy Chief Executive Officer
justinachiu@ara.com.hk

Jenny Hung
Senior Manager,
Investment and Investor Relations
jennyhung@ara.com.hk

Singapore Office Tel:
+65 6835 9232

Hong Kong Office Tel:
+852 2169 0928



28 July 2010

Manager of



NOTICE OF BOOKS CLOSURE & DISTRIBUTION PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT the Transfer Books and Register of Unitholders of Fortune Real Estate Investment Trust ("Fortune REIT") will be closed on **12 August 2010 at 5.00 p.m.** for the purposes of determining Unitholders' entitlements to the Fortune REIT's distribution of **12.27 Hong Kong cents** per unit for the period of 1 January 2010 to 30 June 2010 (the "Distribution").

Unitholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with units as at 5.00 p.m. on 12 August 2010 will be entitled to the Distribution to be paid on **27 August 2010**.

SINGAPORE INCOME TAX ON FORTUNE REIT DISTRIBUTION

Unitholders are **NOT** subject to Singapore Income Tax on the Distribution received from gross income Distribution that is tax exempt.

CURRENCY ELECTION PURPOSES

Unitholders whose units are held directly through CDP will receive their Distributions in the Singapore dollar equivalent of the Hong Kong dollar Distribution declared, unless Unitholders elect to receive the Distributions in Hong Kong dollars. Such Unitholders must complete a prescribed form ("Form of Election") by **5.00 p.m. on 17 August 2010**. For the portion of the Distributions to be paid in Singapore dollars, the Manager will make the necessary arrangements to convert the portion of the Distribution in Hong Kong dollars into Singapore dollars at such exchange rate as the Manager may determine having regard to any premium or discount which may be relevant to the cost of exchange.

Unitholders [save for approved depository agents (acting as nominees of their customers)] may only elect to receive Distributions in either Singapore dollars or Hong Kong dollars and shall **not** be able to elect to receive Distributions partly in Singapore dollars and partly in Hong Kong dollars.

The Form of Election will be sent out by Fortune REIT's unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., on or around **13 August 2010**.

IMPORTANT NOTE

Unitholders who wish to receive the Distributions in Hong Kong dollars must complete and return the Form of Election by 5.00 p.m. on 17 August 2010.

No action is needed for Unitholders who wish to receive the Distributions in Singapore dollars.

IMPORTANT DATES AND TIMES

Date/Deadline	Event
12 August 2010, Thursday, 5.00 p.m.	Fortune REIT books closure
17 August 2010, Tuesday, 5.00 p.m.	Unitholders must complete and return the Form of Election to CDP if he wish to receive the Distributions in Hong Kong dollars
27 August 2010, Friday	Payment of Distribution

For enquiries, please contact Mr. Simon Lam at +65 68359232 or email: simonlam@ara.com.hk or visit our website at <www.fortunereit.com>.

By Order of the Board
ARA Asset Management (Fortune) Limited
As Manager of Fortune Real Estate Investment Trust

Ang Meng Huat, Anthony
Director and Chief Executive Officer

28 July 2010

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Singapore Office Tel:
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