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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 8 November 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, 8 November 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, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Lan Hong Tsung, David 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 September 2010**

These figures have not been audited nor 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.

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

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 1/7/10 to 30/9/10 ^(a)	Actual 1/7/09 to 30/9/09 ^(a)		Increase/ (Decrease)	Actual 1/1/10 to 30/9/10 ^(a)	
Revenue ^(b)	165,200	135,272	22.1%	500,099	406,183	23.1%
Charge-out collections ^(c)	40,510	32,170	25.9%	119,420	95,572	25.0%
Total revenue	205,710	167,442	22.9%	619,519	501,755	23.5%
Property management fees	(4,692)	(3,849)	21.9%	(14,241)	(11,583)	22.9%
Other property operating expenses ^(d)	(54,464)	(41,333)	31.8%	(147,076)	(122,124)	20.4%
Property operating expenses	(59,156)	(45,182)	30.9%	(161,317)	(133,707)	20.6%
Net property income (before manager's performance fee)	146,554	122,260	19.9%	458,202	368,048	24.5%
Manager's performance fee	(4,397)	(3,668)	19.9%	(13,746)	(11,041)	24.5%
Net property income	142,157	118,592	19.9%	444,456	357,007	24.5%
Changes in fair value of properties ^(e)	-	-	NM	912,910	281,282	224.6%
Changes in fair value of financial instruments ^(f)	(20,140)	-	NM	(76,370)	-	NM
Net property income before finance costs	122,017	118,592	2.9%	1,280,997	638,289	100.7%
Borrowing costs	(27,068)	(20,839)	29.9%	(83,371)	(64,781)	28.7%
Profit before tax	94,949	97,753	(2.9%)	1,197,625	573,508	108.8%
Hong Kong taxation :						
Current taxation	(14,917)	(12,003)	24.3%	(46,275)	(36,587)	26.5%
Deferred taxation	(3,309)	(3,981)	(16.9%)	(11,825)	(10,816)	9.3%
Total Hong Kong taxation	(18,226)	(15,984)	14.0%	(58,100)	(47,403)	22.6%
Net profit of property companies	76,723	81,769	(6.2%)	1,139,525	526,105	116.6%
Manager's base fee	(9,392)	(6,730)	39.6%	(27,189)	(19,750)	37.7%
Foreign exchange gain/(loss) ^(g)	138	26	429.3%	76	69	9.3%
Non-tax deductible trust expenses ^(h)	(6,132)	(1,681)	264.8%	(50,071)	(4,985)	904.5%
Tax deductible trust expenses	(862)	(618)	39.4%	(2,672)	(2,519)	6.1%
Non tax-exempt income ⁽ⁱ⁾	306	73	316.8%	617	728	(15.3%)
Singapore taxation	(52)	(12)	334.2%	(104)	(122)	(15.1%)
Total trust expenses	(15,994)	(8,942)	78.9%	(79,343)	(26,579)	198.5%
Net profit of Group, before transactions with unitholders	60,729	72,827	(16.6%)	1,060,182	499,526	112.2%
Distributions to unitholders ^(j)						
Brought forward from previous quarters	79	-	NM	79	-	NM
Current period	(96,255)	-	NM	(300,826)	-	NM
Net profit/(loss) of Group, after transactions with unitholders	(35,447)	72,827	(148.7%)	759,435	499,526	52.0%
Net profit of Group, before transactions with unitholders	60,729	72,827	(16.6%)	1,060,182	499,526	112.2%
Add/(Less):						
Manager's base fee	9,392	6,730	39.6%	27,189	19,750	37.7%
Foreign exchange (gain)/loss ^(g)	(138)	(26)	429.3%	(76)	(69)	9.3%
Non-tax deductible trust expenses ^(h)	6,132	1,681	264.8%	50,071	4,985	904.5%
Changes in fair value of financial instruments ^(f)	20,140	-	NM	76,370	-	NM
Changes in fair value of properties ^(e)	-	-	NM	(912,910)	(281,282)	224.6%
Income available for distribution^(k)	96,255	81,212	18.5%	300,826	242,910	23.8%

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 no allowance for doubtful debt in other property operating expenses for the period 1 July 2010 to 30 September 2010 (2009:HK\$0.0008 million). For 1 January 2010 to 30 September 2010, the allowance for doubtful debt amounted to HK\$0.003 million (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).*
- (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 September 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 September 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) as well as the amortization of debt front end fee of HK\$17.1 million (2009: HK\$3.0 million).*
- (i) *Non tax-exempt income refers mainly to interest income from fixed deposits.*
- (j) *The amount of distribution to unitholders has been distributed and/or accrued as distribution payable in the Statement of Financial Position. Due to the dual primary listing in Hong Kong, the presentation of Statement of Comprehensive Income is revised to comply with the requirements of the Code on Real Estate Investment Trust ("REIT Code") published by The Securities and Futures Commission in Hong Kong.*
- (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 REIT Code.*
- (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 1/7/10 to 30/9/10	Actual 1/7/09 to 30/9/09	Increase/ (Decrease)	Actual 1/1/10 to 30/9/10	Actual 1/1/09 to 30/9/09	Increase/ (Decrease)
Net profit/(loss) of Group	(35,447)	72,827	(148.7%)	759,435	499,526	52.0%
Other comprehensive income:						
Cash flow hedge ^(a)	-	(392)	(100.0%)	27,097	24,637	10.0%
Total comprehensive income/(loss)	(35,447)	72,435	(148.9%)	786,532	524,163	50.1%

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		Group ^(a)	
	HK\$ '000		HK\$ '000	
	Actual 30/9/10	Actual 31/12/09	Actual 30/9/10	Actual 31/12/09
Current assets				
Cash and bank balances	260,451	473,233	393,053	515,341
Trade and other receivables	63,078	85,721	59,399	47,619
Total current assets	323,529	558,954	452,452	562,960
Non-current assets				
Investment in property companies	5,470,134	5,470,134	-	-
Investment properties ^(b)	-	-	12,436,686	11,500,000
Fixed assets	-	-	-	44
Total non-current assets	5,470,134	5,470,134	12,436,686	11,500,044
Total assets	5,793,663	6,029,088	12,889,138	12,063,004
Current liabilities				
Trade and other payables	9,406	16,946	281,543	276,474
Distribution payable ^(c)	96,255	-	96,255	-
Borrowings	-	-	-	2,786,286
Derivative liability ^(d)	-	-	-	27,097
Provision for taxation	1,569	2,849	52,074	7,079
Total current liabilities	107,230	19,795	429,872	3,096,936
Non-current liabilities				
Borrowings	-	-	2,767,410	-
Deferred tax liabilities	-	-	144,817	132,991
Derivative liability ^(d)	-	-	76,784	415
Total non-current liabilities	-	-	2,989,011	133,406
Total liabilities	107,230	19,795	3,418,883	3,230,342
Net assets attributable to unitholders	5,686,433	6,009,293	9,470,255	8,832,662
Unitholders' fund				
Equity and reserves ⁽¹⁾	-	6,009,293	-	8,832,662

Note:

(1) Due to the dual primary listing in Hong Kong, 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 July 2010 to 30 September 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 30/9/10

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

Secured ^(a)	Unsecured
HK\$ '000	HK\$ '000
-	-
2,767,410	-
2,767,410	-

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 September 2010, HK\$2,828.7 million had been drawdown.*

Included in the amount repayable after one year is a debt front end fee of HK\$61.3 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.

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

1 (c) Statement of cash flows

	Group		Group	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
	Actual 1/7/10 to 30/9/10	Actual 1/7/09 to 30/9/09	Actual 1/1/10 to 30/9/10	Actual 1/1/09 to 30/9/09
Operating Activities				
Profit before taxation	79,007	88,823	1,118,386	547,051
Adjustments for:				
Changes in fair value of properties	-	-	(912,910)	(281,282)
Changes in fair value of derivative liabilities	20,140	-	76,370	-
Amortisation of debt front end fee	5,038	1,006	17,125	3,018
Depreciation	6	18	44	55
Allowance for doubtful debts	-	-	3	2,138
Base fee paid in units	9,392	6,730	27,189	19,750
Interest income	(306)	(73)	(617)	(728)
Borrowing costs	27,068	20,838	83,371	64,781
Operating profit before changes in working capital	140,345	117,342	408,961	354,784
(Increase)/decrease in trade and other receivables	(422)	2,443	(11,784)	2,973
Increase in trade and other payables	547	3,461	5,069	11,029
Cash generated from operating activities	140,470	123,246	402,246	368,786
Income taxes paid	-	-	(1,383)	-
Cash flows from operating activities	140,470	123,246	400,863	368,786
Investing Activities				
Upgrading of investment properties	(15,686)	(7,201)	(23,776)	(23,919)
Interest received	306	73	617	728
Cash flow used in investing activities	(15,380)	(7,128)	(23,159)	(23,191)
Financing Activities				
Distribution paid	(204,492)	(161,676)	(380,621)	(313,610)
Repayment of borrowings	(15,000)	(30,000)	(51,000)	-
Drawdown of borrowings	-	-	15,000	-
Borrowing costs paid	(27,068)	(20,838)	(83,371)	(64,781)
Cash flow used in financing activities	(246,560)	(212,514)	(499,992)	(378,391)
Net decrease in cash and cash equivalents	(121,470)	(96,396)	(122,288)	(32,796)
Cash and cash equivalents at beginning of the period	514,523	306,961	515,341	243,361
Cash and cash equivalents at end of the period	393,053	210,565	393,053	210,565

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

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

<u>Statement for the third 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 July 2010	6,326,137	(271,593)	(415)	3,442,180	9,496,309
Total comprehensive loss	-	-	-	(35,447)	(35,447)
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	9,392	-	-	-	9,392
Increase in net assets resulting from Unitholders' transactions	9,392	-	-	-	9,392
Balance as at 30 September 2010	6,335,529	(271,593)	(415)	3,406,733	9,470,254
Balance as at 1 July 2009	4,383,551	(173,097)	(39,890)	2,298,614	6,469,178
Total comprehensive income/(loss)	-	-	(392)	72,827	72,435
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	6,730	-	-	-	6,730
Distribution paid and payable to Unitholders	-	-	-	(161,676)	(161,676)
Increase in net assets resulting from Unitholders' transactions	6,730	-	-	(161,676)	(154,946)
Balance as at 30 September 2009	4,390,281	(173,097)	(40,282)	2,209,765	6,386,667

<u>Statement for the YTD 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	759,435	786,532
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	27,189	-	-	-	27,189
Distribution paid to Unitholders	-	-	-	(176,129)	(176,129)
Increase (Decrease) in net assets resulting from Unitholders' transactions	27,189	-	-	(176,129)	(148,940)
Balance as at 30 September 2010	6,335,529	(271,593)	(415)	3,406,733	9,470,254
Balance as at 1 January 2009	4,370,531	(173,097)	(64,919)	2,023,849	6,156,364
Total comprehensive income	-	-	24,637	499,526	524,163
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	19,750	-	-	-	19,750
Distribution paid to Unitholders	-	-	-	(313,610)	(313,610)
Increase (Decrease) in net assets resulting from Unitholders' transactions	19,750	-	-	(313,610)	(293,860)
Balance as at 30 September 2009	4,390,281	(173,097)	(40,282)	2,209,765	6,386,667

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For the period from 1 January 2010 to 30 September 2010

Statement for the third quarter FY2010

Trust

Balance as at 1 July 2010

Total comprehensive loss

Unitholders' transactions

Creation of units

-management fee paid/payable in units

Increase in net assets resulting from

Unitholders' transactions

Balance as at 30 September 2010

Balance as at 1 July 2009

Total comprehensive loss

Unitholders' transactions

Creation of units

-management fee paid/payable in units

Distribution paid and payable to Unitholders

Increase in net assets resulting from

Unitholders' transactions

Balance as at 30 September 2009

Actual			
Issued Units	Unit issue costs	Accumulated profits	Net
HK\$'000	HK\$'000	HK\$'000	HK\$'000
6,326,137	(271,593)	(265,334)	5,789,210
-	-	(112,169)	(112,169)
9,392	-	-	9,392
9,392	-	-	9,392
6,335,529	(271,593)	(377,503)	5,686,433
4,383,551	(173,097)	(5,268)	4,205,186
-	-	(8,942)	(8,942)
6,730	-	-	6,730
-	-	(161,676)	(161,676)
6,730	-	(161,676)	(154,946)
4,390,281	(173,097)	(175,886)	4,041,298

Statement for YTD 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 September 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 September 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
-	-	(173,920)	(173,920)
27,189	-	-	27,189
-	-	(176,129)	(176,129)
27,189	-	(176,129)	(148,940)
6,335,529	(271,593)	(377,503)	5,686,433
4,370,531	(173,097)	1,224	4,198,658
-	-	136,500	136,500
19,750	-	-	19,750
-	-	(313,610)	(313,610)
19,750	-	(313,610)	(293,860)
4,390,281	(173,097)	(175,886)	4,041,298

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 July 2010	1,663,952,387	Total units since the end of previous financial period
8 July 2010	2,645,356	As payment of management fee for the period from 1 April 2010 to 30 June 2010
As at 30 September 2010	<u>1,666,597,743</u>	
7 October 2010 ^(a)	2,434,504	As payment of management fee for the period from 1 July 2010 to 30 September 2010
Deemed units as at 30 September 2010	<u>1,669,032,247</u>	

Footnote:

(a) On 7 October 2010, there was an additional 2,434,504 units issued to the Manager as payment of management fee for the period from 1 July 2010 to 30 September 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 nor reviewed by the auditors.

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

Not applicable.

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 September 2010

	Actual 1/7/10 to 30/9/10 HK cents	Actual 1/7/09 to 30/9/09 HK cents	Actual 1/1/10 to 30/9/10 HK cents	Actual 1/1/09 to 30/9/09 HK cents
Earnings per unit for the period based on the weighted average number of units in issue, before transactions with unitholders	3.64	8.80	63.62	60.53
Weighted average number of units in issue (million)	1,666.6	825.2	1,666.6	825.2
Distribution per unit for the period	5.76	9.75	18.03	29.35
Total number of units in issue (million)	1,669.0	827.5	1,669.0	827.5

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 third quarter 2010 and year-to-date September 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 30/9/10 HK\$	Actual 31/12/09 HK\$
Net asset value per unit ^(a)	5.67	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 (1,669.0 million). The increase in net asset value per unit was mainly due to the increase in the fair value of the investment properties.

8. Review of performance

Income Statement

	HK\$ '000		%	HK\$ '000		%
	Actual 1/7/10 to 30/9/10	Actual 1/7/09 to 30/9/09		Increase	Actual 1/1/10 to 30/9/10	
Total Revenue	205,710	167,442	22.9%	619,519	501,755	23.5%
Net Property Income	142,157	118,592	19.9%	444,456	357,007	24.5%
Income Available for Distribution	96,255	81,212	18.5%	300,826	242,910	23.8%

YTD September 2010 versus YTD September 2009

For the period ended 30 September 2010 ("YTD2010"), Total Revenue was higher than the same period last year by 23.5%, at HK\$619.5 million. The higher revenue was mainly contributed by 3 new properties acquired in October 2009 as well as improved performance in The Metropolis Mall, Ma On Shan Plaza and Jubilee Court Shopping Centre.

Property Operating Expenses was HK\$161.3 million, 20.6% higher year-on-year mainly as a result of the addition of 3 new properties in Fortune REIT's portfolio. Cost to revenue ratio was at 26.0%. Net Property Income was HK\$444.5 million, a 24.5% increase over the same period last year.

Borrowing costs was HK\$83.4 million for YTD2010, an increase of 28.7% over the same period last year. The weighted average borrowing cost was 3.94% for YTD2010, excluding the amortization of debt front-end fee.

Net Profit of the Property Companies was up 116.6%, mainly due to the higher revenues and the increase in the fair value of our investment properties as at 30 June 2010. However, the increase in property valuation would not have any impact on Income Available for Distribution.

Overall, Income Available for Distribution for YTD2010 was HK\$300.8 million. This was higher than the same period in 2009 by 23.8% mainly due to higher revenues as described above.

Additional Quarterly Review

Total Revenue for the third quarter was HK\$205.7 million, 22.9% higher compared to the same quarter last year. The higher revenue was mainly contributed by the 3 new properties acquired in October 2009 as well as improved performance in The Metropolis Mall, Ma On Shan Plaza and Jubilee Court Shopping Centre. However, due to asset enhancement works, revenue for City One Shatin Property was lower compared to the same quarter last year.

Portfolio occupancy rate and passing rent were at a record high of 98.0% and HK\$27.7 psf as at 30 September 2010.

Property Operating Expenses was HK\$59.2 million compared to HK\$45.2 million in the corresponding period last year. Cost to revenue ratio was at 28.8%. Net Property Income was HK\$142.2 million, a 19.9% increase over the same period last year.

Borrowing costs was HK\$27.1 million for the third quarter, about 29.9% higher than the corresponding quarter last year mainly due to the additional loan for the acquisition of 3 new properties in October 2009.

Income Available for Distribution for the third quarter was HK\$96.3 million, 18.5% higher than the corresponding period last year.

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

The Hong Kong economy continued to show a broad-based recovery, benefiting mainly from the robust growth momentum in the Mainland. The Hong Kong GDP increased by 6.5% year-on-year in the second quarter. Given the robust GDP growth of 7.2% in the first half of 2010, the Hong Kong government revised its full year forecast to 5-6%, up from its previous forecast of 4-5% growth.

The value of total retail sales for the first nine months of 2010 increased by 17.9% over the same period a year ago. Local consumer sentiment remained firm on the back of rising incomes, a better job prospect and a recovery in stock market. Non-discretionary spending sectors like food and beverage and supermarket continued to register growth.

According to the shopping centre rental index by Savills, shopping centre rents in Hong Kong increased for the fifth consecutive quarter in the third quarter of 2010. 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.

Based on the portfolio asset performance for the first nine months of 2010, the Manager of Fortune REIT expects the asset performance for the year ending 31 December 2010 to be in line with the market, barring any unforeseen circumstances.

Source: Hong Kong Census and Statistics Department, Savills Research.

11. Distributions

(a) Current financial period

Any distribution declared for the current period?	Nil
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(b) Corresponding period of the immediate preceding financial year

Any distribution declared for the current period?	Nil
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(c) Date Payable	Not applicable.
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(d) Book Closure Date	Not applicable.
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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 September 2010 and the results of the business, changes in net assets attributable to Unitholders and cash flows of the Group for the 9 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

8 November 2010