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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 3 May 2011.

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, 3 May 2011

*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. Yeung, Eirene 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 First Quarter Ended 31 March 2011**

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 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.

Financial Statements Announcement  
For the period from 1 January 2011 to 31 March 2011

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		%
	Actual 1/1/11 to 31/3/11 <sup>(a)</sup>	Actual 1/1/10 to 31/3/10 <sup>(a)</sup>	
Revenue <sup>(b)</sup>	176,008	169,844	3.6%
Charge-out collections <sup>(c)</sup>	42,834	39,303	9.0%
<b>Total revenue</b>	<b>218,842</b>	<b>209,147</b>	<b>4.6%</b>
Property management fees	(5,011)	(4,844)	3.4%
Other property operating expenses	(47,805)	(43,638)	9.5%
Property operating expenses	(52,816)	(48,482)	8.9%
Net property income (before manager's performance fee)	166,026	160,665	3.3%
Manager's performance fee	(4,981)	(4,820)	3.3%
<b>Net property income</b>	<b>161,045</b>	<b>155,845</b>	<b>3.3%</b>
Change in fair value of financial instruments <sup>(d)</sup>	11,183	(6,649)	268.2%
Profit before borrowing costs	172,228	149,196	15.4%
Borrowing costs	(26,356)	(28,387)	(7.2%)
Profit before tax	145,872	120,809	20.7%
Hong Kong taxation :			
Current taxation	(18,320)	(16,084)	13.9%
Deferred taxation	(3,265)	(4,615)	(29.3%)
Total Hong Kong taxation	(21,585)	(20,699)	4.3%
<b>Net profit of property companies</b>	<b>124,287</b>	<b>100,110</b>	<b>24.2%</b>
Manager's base fee	(9,838)	(8,507)	15.6%
Foreign exchange gain/(loss) <sup>(e)</sup>	16	(96)	(116.7%)
Non-tax deductible trust expenses <sup>(f)</sup>	(6,185)	(36,896)	(83.2%)
Tax deductible trust expenses	(881)	(645)	36.6%
Non tax-exempt income <sup>(g)</sup>	668	113	491.2%
Singapore taxation	(113)	(19)	494.7%
Total trust expenses	(16,333)	(46,050)	(64.5%)
<b>Net profit of Group, before transactions with unitholders</b>	<b>107,954</b>	<b>54,060</b>	<b>99.7%</b>
Distributions to unitholders <sup>(h)</sup>			
Current period	(112,778)	(106,208)	6.2%
<b>Net loss of Group, after transactions with unitholders</b>	<b>(4,824)</b>	<b>(52,148)</b>	<b>(90.7%)</b>
Net profit of Group, before transactions with unitholders	107,954	54,060	99.7%
Add/(Less):			
Manager's base fee	9,838	8,507	15.6%
Foreign exchange (gain)/loss <sup>(e)</sup>	(16)	96	(116.7%)
Non-tax deductible trust expenses <sup>(f)</sup>	6,185	36,896	(83.2%)
Change in fair value of financial instruments <sup>(d)</sup>	(11,183)	6,649	268.2%
<b>Income available for distribution<sup>(i)</sup></b>	<b>112,778</b>	<b>106,208</b>	<b>6.2%</b>

**Financial Statements Announcement**  
**For the period from 1 January 2011 to 31 March 2011**

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**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) *The amount relates to the gain/loss arising from the re-measurement of the plain vanilla interest rate swaps which were not designated for hedge accounting as at 31 March 2011.*
- (e) *Foreign exchange gain/loss 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.*
- (f) *Included in the non-tax deductible trust expenses for the period 1 January 2010 to 31 March 2010 was a provision of HK\$30.0 million for the cost of the dual primary listing on The Stock Exchange of Hong Kong Limited (2011: Nil).*
- (g) *Non tax-exempt income refers mainly to interest income from fixed deposits.*
- (h) *The amount of distribution to unitholders has been distributed and/or accrued as distribution payable in the Statement of Financial Position.*
- (i) *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 (exclude 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 net profit after tax (before transactions with unitholders) for the relevant financial period adjusted to eliminate the effects of certain adjustments in the Code on Real Estate Investment Trusts (the "REIT Code").*
- (j) *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		%
	Actual 1/1/11 to 31/3/11	Actual 1/1/10 to 31/3/10	Increase/ (Decrease)
Net loss of Group, after transactions with unitholders	(4,824)	(52,148)	(90.7%)
Other comprehensive income:			
Cash flow hedge <sup>(a)</sup>	-	(4,466)	NM
Total comprehensive income	(4,824)	(56,614)	(91.5%)

**Footnote:**

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

NM – Not meaningful

**Financial Statements Announcement**  
**For the period from 1 January 2011 to 31 March 2011**

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

	<b>Trust</b>		<b>Group <sup>(a)</sup></b>	
	HK\$ '000		HK\$ '000	
	Actual 31/3/11	Actual 31/12/10	Actual 31/3/11	Actual 31/12/10
<b>Current assets</b>				
Cash and bank balances	253,576	457,756	365,605	506,073
Trade and other receivables	54,848	58,419	62,005	63,241
Total current assets	308,424	516,175	427,610	569,314
<b>Non-current assets</b>				
Investment in property companies	5,470,134	5,470,134	-	-
Investment properties <sup>(b)</sup>	-	-	13,304,752	13,300,000
Derivative asset <sup>(c)</sup>	-	-	6,700	-
Total non-current assets	5,470,134	5,470,134	13,311,452	13,300,000
<b>Total assets</b>	<b>5,778,558</b>	<b>5,986,309</b>	<b>13,739,062</b>	<b>13,869,314</b>
<b>Current liabilities</b>				
Trade and other payables	6,533	5,907	280,446	269,747
Distribution payable <sup>(d)</sup>	112,778	201,995	112,778	201,995
Borrowings	-	-	-	79,000
Provision for taxation	1,357	1,244	27,410	8,977
Total current liabilities	120,668	209,146	420,634	559,719
<b>Non-current liabilities</b>				
Borrowings	-	-	2,777,485	2,772,448
Deferred tax liabilities	-	-	151,430	148,165
Derivative liability <sup>(c)</sup>	-	-	50,811	55,294
Total non-current liabilities	-	-	2,979,726	2,975,907
<b>Total liabilities</b>	<b>120,668</b>	<b>209,146</b>	<b>3,400,360</b>	<b>3,535,626</b>
<b>Net assets attributable to unitholders</b>	<b>5,657,890</b>	<b>5,777,163</b>	<b>10,338,702</b>	<b>10,333,688</b>

**Financial Statements Announcement**  
**For the period from 1 January 2011 to 31 March 2011**



**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 31 December 2010. During the period, minor capital costs were incurred and included in the investment properties value.*
- (c) *The derivative asset/liability relates to the fair value of the plain vanilla interest rate swaps transacted to hedge the interest rate risk on the term loan.*
- (d) *Distribution payable is the amount of income available for distribution accrued from 1 January 2011 to 31 March 2011. 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 (i) of section 1(a)(i).*

**1 (b)(ii) Aggregate amount of borrowings**

As at 31/3/11

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

Secured <sup>(a)</sup>	Unsecured
HK\$ '000	HK\$ '000
-	-
2,777,485	-
2,777,485	-

As at 31/12/10

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

Secured <sup>(a)</sup>	Unsecured
HK\$ '000	HK\$ '000
79,000	-
2,772,448	-
2,851,448	-

**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 31 March 2011, HK\$2,828.7 million had been drawdown.*

*Included in the amount repayable after one year is a debt front end fee of HK\$51.2 million (31 December 2010: HK\$56.3 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 2011 to 31 March 2011**

**1 (c) Statement of cash flows**

	Group	
	HK\$ '000	HK\$ '000
	Actual 1/1/11 to 31/3/11	Actual 1/1/10 to 31/3/10
<b>Operating Activities</b>		
Profit before taxation	129,652	74,778
Adjustments for:		
Change in fair value of derivative liabilities	(11,183)	6,649
Amortisation of debt front end fee	5,037	6,044
Depreciation	-	19
Base fee paid in units	9,838	8,507
Interest income	(668)	(113)
Borrowing costs	26,356	28,387
Operating profit before changes in working capital	159,032	124,271
Decrease in trade and other receivables	1,904	2,802
Increase in trade and other payables	10,422	15,022
Cash generated from operating activities	171,358	142,095
Income taxes paid	-	(1,371)
<b>Cash flows from operating activities</b>	<b>171,358</b>	<b>140,724</b>
<b>Investing Activities</b>		
Increase in fixed deposits	(70,000)	-
Upgrading of investment properties	(4,752)	(4,930)
Interest received	-	113
<b>Cash flow used in investing activities</b>	<b>(74,752)</b>	<b>(4,817)</b>
<b>Financing Activities</b>		
Distribution paid	(201,929)	(176,129)
Repayment of borrowings	(79,000)	(36,000)
Borrowing costs paid	(26,145)	(28,387)
<b>Cash flow used in financing activities</b>	<b>(307,074)</b>	<b>(240,516)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(210,468)</b>	<b>(104,609)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>426,073</b>	<b>515,341</b>
<b>Cash and cash equivalents at end of the period</b>	<b>215,605</b>	<b>410,732</b>
<b>Represented by:</b>		
Cash at bank and in hand	53,505	204,832
Fixed deposits with maturity date less than 3 months	162,100	205,900
<b>Cash and cash equivalents<sup>(a)</sup></b>	<b>215,605</b>	<b>410,732</b>

**Footnote:**

(a) Cash and cash equivalents excluded HK\$150 million fixed deposits with maturity date more than 3 months.



**Financial Statements Announcement**  
**For the period from 1 January 2011 to 31 March 2011**

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

	Actual				
	Issued Units	Unit issue costs	Hedging reserve	Retained profits	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Statement for the first quarter FY2011</b>					
<b>Group</b>					
Balance as at 1 January 2011	6,345,586	(271,593)	(415)	4,260,110	10,333,688
Total comprehensive income	-	-	-	(4,824)	(4,824)
<b>Unitholders' transactions</b>					
Creation of units					
-management fee paid/payable in units	9,838	-	-	-	9,838
Increase in net assets resulting from Unitholders' transactions	9,838	-	-	-	9,838
<b>Balance as at 31 March 2011</b>	<b>6,355,424</b>	<b>(271,593)</b>	<b>(415)</b>	<b>4,255,286</b>	<b>10,338,702</b>
<b>Balance as at 1 January 2010</b>					
Balance as at 1 January 2010	6,308,340	(271,593)	(27,512)	2,823,427	8,832,662
Total comprehensive income	-	-	(4,466)	(52,148)	(56,614)
<b>Unitholders' transactions</b>					
Creation of units					
-management fee paid/payable in units	8,507	-	-	-	8,507
Distribution paid and payable to Unitholders	-	-	-	(176,129)	(176,129)
Increase (Decrease) in net assets resulting from Unitholders' transactions	8,507	-	-	(176,129)	(167,622)
<b>Balance as at 31 March 2010</b>	<b>6,316,847</b>	<b>(271,593)</b>	<b>(31,978)</b>	<b>2,595,150</b>	<b>8,608,426</b>

	Actual			
	Issued Units	Unit issue costs	Retained profits	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Statement for the first quarter FY2011</b>				
<b>Trust</b>				
Balance as at 1 January 2011	6,345,586	(271,593)	(296,830)	5,777,163
Total comprehensive income	-	-	(129,111)	(129,111)
<b>Unitholders' transactions</b>				
Creation of units				
-management fee paid/payable in units	9,838	-	-	9,838
Increase in net assets resulting from Unitholders' transactions	9,838	-	-	9,838
<b>Balance as at 31 March 2011</b>	<b>6,355,424</b>	<b>(271,593)</b>	<b>(425,941)</b>	<b>5,657,890</b>
<b>Balance as at 1 January 2010</b>				
Balance as at 1 January 2010	6,308,340	(271,593)	(27,454)	6,009,293
Total comprehensive income	-	-	(152,258)	(152,258)
<b>Unitholders' transactions</b>				
Creation of units				
-management fee paid/payable in units	8,507	-	-	8,507
Distribution paid and payable to Unitholders	-	-	(176,129)	(176,129)
Increase (Decrease) in net assets resulting from Unitholders' transactions	8,507	-	(176,129)	(167,622)
<b>Balance as at 31 March 2010</b>	<b>6,316,847</b>	<b>(271,593)</b>	<b>(355,841)</b>	<b>5,689,413</b>

**Financial Statements Announcement**  
**For the period from 1 January 2011 to 31 March 2011**

**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 January 2011	1,669,032,247	Total units since the end of previous financial period
5 January 2011	2,567,653	As payment of management fee for the period from 1 October 2010 to 31 December 2010
As at 31 March 2011	1,671,599,900	
4 April 2011 <sup>(a)</sup>	2,582,245	As payment of management fee for the period from 1 January 2011 to 31 March 2011
Deemed units as at 31 March 2011	1,674,182,145	

**Footnote:**

(a) On 4 April 2011, there was an additional 2,582,245 units issued to the Manager as payment of management fee for the period from 1 January 2011 to 31 March 2011.

**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 auditor.

**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**

The same accounting policies and methods of computation were followed during the current financial period as compared with those contained in the audited financial statements for the year ended 31 December 2010.

**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**

Not applicable.

**Financial Statements Announcement**  
**For the period from 1 January 2011 to 31 March 2011**

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

**Period from 1 January 2011 to 31 March 2011**

	Actual 1/1/11 to 31/3/11 HK cents	Actual 1/1/10 to 31/3/10 HK cents
Earnings per unit for the period based on the weighted average number of units in issue, before transactions with unitholders	6.45	3.25
Weighted average number of units in issue (million)	1,674.0	1,663.8
Distribution per unit for the period	6.73	6.38
Total number of deemed units in issue (million)	1,674.2	1,664.0

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

	Actual 31/3/11 HK\$	Actual 31/12/10 HK\$
Net asset value per unit	6.18	6.18

**Footnote:**

(a) Net asset value per unit is calculated based on net assets of the Group over the total number of deemed units in issue of 1,674.2 million (2010: 1,671.6 million).

**8. Review of performance**

**Income Statement**

	HK\$ '000		%
	Actual 1/1/11 to 31/3/11	Actual 1/1/10 to 31/3/10	Increase (Decrease)
Total Revenue	218,842	209,147	4.6%
Net Property Income	161,045	155,845	3.3%
Income Available for Distribution	112,778	106,208	6.2%

### **1Q 2011 (“Reporting Period”) versus 1Q 2010**

Total revenue for the Reporting Period was HK\$218.8 million, 4.6% higher year-on-year. The increase in revenue was attributed mainly to the improved performance of the property portfolio.

Portfolio occupancy rate was 97.8% as at 31 March 2011. Passing rent improved further to HK\$29.4 per sq. ft., whilst a 17.4% rental reversion was achieved from renewed leases for the Reporting Period.

Property operating expenses stood at HK\$52.8 million, 8.9% higher year-on-year. Cost-to-revenue ratio was well managed at 24.1%. Net property income was HK\$161.0 million, a 3.3% increase year-on-year.

Net profit of property companies was HK\$124.3 million, representing a rise of 24.2% year-on-year mainly as a result of the increase in the fair value of financial instruments amounting to HK\$11.2 million (2010: decrease in fair value of financial instruments amounting to HK\$6.6 million). Income available for distribution was HK\$112.8 million, 6.2% higher year-on-year.

### **Capital Management**

The Manager continued to take a prudent approach in managing the risk of fluctuation in interest costs. As at 31 March 2011, the interest cost for 75% of Fortune REIT’s term loan was fixed through entering into plain vanilla swaps. Fortune REIT’s effective interest cost stood at 3.74% for the Reporting Period. The gearing ratio and aggregate leverage was 20.6% as at 31 March 2011.

### **9. Variance between actual and the forecast results for the period from 1 January 2011 to 31 March 2011**

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. Hong Kong’s GDP increased by 6.8% for the full year of 2010 and is forecasted to expand by another 4-5% in 2011. In particular, the improving employment and income prospects augurs well for consumer confidence in Hong Kong. For the first two months of 2011 together, total retail sales increased by 18.8% in value and 14.7% in volume over the same period last year. Non-discretionary spending sectors like food and beverages and supermarkets continued to register stable growth<sup>1</sup>.

Fortune REIT’s portfolio of 14 private housing estate retail properties, which caters mainly to the day-to-day shopping needs of households, is well-positioned to benefit from the robust growth of the non-discretionary retail sectors in Hong Kong. In addition to maintaining a high level of occupancy and respectable rental rates, the Manager remains committed to driving revenue growth by implementing various asset enhancement initiatives and tenant repositioning strategies.

With the successful completion of the recent refinancing at an interest margin of 0.91% per annum over HIBOR for 5 years and the lock-in of another 25% of the interest cost through plain vanilla interest rate swaps, Fortune REIT's financial position has been significantly strengthened. There will be increased certainty of interest cost through the plain vanilla swaps and there will be no refinancing risk for the REIT until April 2016. In addition, the positive impact on the distributable income resulting from the lower interest margin under the New Facilities will kick in starting from second half of 2011<sup>2</sup>. The enhanced revolving credit facility of HK\$970 million will also provide flexibility to allow the Manager to carry out value-added asset enhancement initiatives effectively and respond quickly to any acquisition opportunities that may arise.

<sup>[1]</sup> Figures of GDP and retail sales are from Hong Kong Census and Statistics Department.

<sup>[2]</sup> While there will be immediate interest saving due to the lower interest margin under the New Facilities, its impact on the FY 2011 distributable income will be largely offset by an one-time write-off of the unamortized commitment fee of HK\$12.9 million arising from the early pre-payment of the previous facilities in 2Q 2011.

## **11. Distributions**

### **(a) Current financial period**

Any distribution declared for the current period? NIL

### **(b) Corresponding period of the immediate preceding financial year**

Any distribution declared for the current period? NIL

**(c) Date Payable** Not applicable

**(d) Book Closure Date** Not applicable

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

No distribution has been declared or recommended for the current financial period from 1 January 2011 to 31 March 2011.

**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 31 March 2011 and the results of the business, changes in net assets attributable to Unitholders and cash flows of the Group for the 3 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

3 May 2011