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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 11 November 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, 11 November 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 financial period from 1 January 2011 to 30 September 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 Fortune City One, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Waldorf Avenue, Caribbean Square, Smartland, Jubilee Square, Tsing Yi Square, Nob Hill Square, Centre de Laguna, Hampton Loft, Lido Avenue and Rhine Avenue. 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 30 September 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		%	HK\$ '000		%
	Actual 1/7/11 to 30/9/11 ^(a)	Actual 1/7/10 to 30/9/10 ^(a)		Increase/ (Decrease)	Actual 1/1/11 to 30/9/11 ^(a)	
Revenue ^(b)	188,408	165,200	14.0%	548,249	500,099	9.6%
Charge-out collections ^(c)	43,744	40,510	8.0%	130,740	119,420	9.5%
Total revenue	232,152	205,710	12.9%	678,989	619,519	9.6%
Property management fees	(5,380)	(4,692)	14.7%	(15,637)	(14,241)	9.8%
Other property operating expenses ^(d)	(59,604)	(54,464)	9.4%	(166,775)	(147,076)	13.4%
Property operating expenses	(64,984)	(59,156)	9.9%	(182,412)	(161,317)	13.1%
Net property income (before manager's performance fee)	167,168	146,554	14.1%	496,577	458,202	8.4%
Manager's performance fee	(5,015)	(4,397)	14.1%	(14,897)	(13,746)	8.4%
Net property income	162,153	142,157	14.1%	481,680	444,456	8.4%
Change in fair value of properties ^(e)	-	-	NM	2,381,242	912,910	160.8%
Change in fair value of financial instruments ^(f)	-	(20,140)	100.0%	13,119	(76,370)	117.2%
Profit before borrowing costs	162,153	122,017	32.9%	2,876,041	1,280,996	124.5%
Borrowing costs	(24,095)	(27,068)	(11.0%)	(86,801)	(83,371)	4.1%
Profit before tax	138,058	94,949	45.4%	2,789,240	1,197,625	132.9%
Hong Kong taxation :						
Current taxation	(18,319)	(14,917)	22.8%	(52,812)	(46,275)	14.1%
Deferred taxation	(7,016)	(3,309)	112.0%	(13,598)	(11,825)	15.0%
Total Hong Kong taxation	(25,335)	(18,226)	39.0%	(66,410)	(58,100)	14.3%
Net profit of property companies	112,723	76,723	46.9%	2,722,830	1,139,525	138.9%
Manager's base fee	(11,863)	(9,392)	26.3%	(33,435)	(27,189)	23.0%
Foreign exchange gain/(loss) ^(g)	(51)	138	(137.0%)	49	76	(35.5%)
Non-tax deductible trust expenses ^(h)	(3,474)	(6,132)	(43.3%)	(66,755)	(50,071)	33.3%
Tax deductible trust expenses	(1,046)	(862)	21.3%	(3,181)	(2,672)	19.0%
Non tax-exempt income ⁽ⁱ⁾	796	306	160.1%	2,231	617	261.6%
Singapore taxation	(137)	(52)	163.5%	(378)	(104)	263.5%
Total trust expenses	(15,775)	(15,994)	(1.4%)	(101,469)	(79,343)	27.9%
Net profit of Group, before transactions with unitholders	96,948	60,729	59.6%	2,621,361	1,060,182	147.3%
Distributions to unitholders ^(j)	(112,336)	(96,255)	16.7%	(327,141)	(300,826)	8.7%
Net (loss)/profit of Group, after transactions with unitholders	(15,388)	(35,526)	(56.7%)	2,294,220	759,356	202.1%
Net profit of Group, before transactions with unitholders	96,948	60,729	59.6%	2,621,361	1,060,182	147.3%
Add/(Less):						
Manager's base fee	11,863	9,392	26.3%	33,435	27,189	23.0%
Foreign exchange (gain)/loss ^(g)	51	(138)	(137.0%)	(49)	(76)	(35.5%)
Non-tax deductible trust expenses ^(h)	3,474	6,132	(43.3%)	66,755	50,071	33.3%
Change in fair value of financial instruments ^(f)	-	20,140	100.0%	(13,119)	76,370	117.2%
Change in fair value of properties ^(e)	-	-	NM	(2,381,242)	(912,910)	160.8%
Income available for distribution^(k)	112,336	96,255	16.7%	327,141	300,826	8.7%

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 January 2011 to 30 September 2011 (2010:HK\$0.003 million).*
- (e) *On 30 June 2011, an independent valuation was undertaken by Knight Frank Petty 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\$15,688 million (31 December 2010: HK\$13,300 million).*
- (f) *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 30 September 2011.*
- (g) *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.*
- (h) *Included in the non-tax deductible trust expenses for the period 1 January 2011 to 30 September 2011 is a one-time write-off of unamortized debt front end fee of HK\$50.6 million relating to the previous term loan and revolving credit facility of HK\$3,100 million before the refinancing. Included in the non-tax deductible trust expenses for the period 1 January 2010 to 30 September 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.*
- (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.*
- (k) *Fortune REIT's distribution policy is to distribute to unitholders on a semi-annual basis, the higher of (i)100% 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 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 Trust (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 1/7/11 to 30/9/11	Actual 1/7/10 to 30/9/10	Increase/ (Decrease)	Actual 1/1/11 to 30/9/11	Actual 1/1/10 to 30/9/10	Increase/ (Decrease)
Net (loss)/profit of Group, after transactions with unitholders	(15,388)	(35,526)	(56.7%)	2,294,220	759,356	202.1%
Other comprehensive (loss)/income:						
Cash flow hedge ^(a)	(36,096)	-	NM	(88,688)	27,097	(427.3%)
Total comprehensive (loss)/income	(51,484)	(35,526)	44.9%	2,205,532	786,453	180.4%

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 30/9/11	Actual 31/12/10	Actual 30/9/11	Actual 31/12/10
Current assets				
Cash and bank balances	208,402	457,756	913,209	506,073
Trade and other receivables	41,071	58,419	50,372	63,241
Total current assets	249,473	516,175	963,581	569,314
Non-current assets				
Investment in property companies	5,470,134	5,470,134	-	-
Investment properties ^(b)	-	-	15,697,460	13,300,000
Total non-current assets	5,470,134	5,470,134	15,697,460	13,300,000
Total assets	5,719,607	5,986,309	16,661,041	13,869,314
Current liabilities				
Trade and other payables	8,214	5,907	309,416	269,747
Distribution payable ^(c)	112,336	201,995	112,336	201,995
Borrowings	-	-	520,000	79,000
Provision for taxation	1,321	1,244	61,867	8,977
Total current liabilities	121,871	209,146	1,003,619	559,719
Non-current liabilities				
Borrowings	-	-	2,792,141	2,772,448
Deferred tax liabilities	-	-	161,763	148,165
Derivative liabilities ^(d)	-	-	130,863	55,294
Total non-current liabilities	-	-	3,084,767	2,975,907
Total liabilities	121,871	209,146	4,088,386	3,535,626
Net assets attributable to unitholders	5,597,736	5,777,163	12,572,655	10,333,688

Financial Statements Announcement
For the period from 1 January 2011 to 30 September 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 Knight Frank Petty Limited, the independent valuer on 30 June 2011. 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 2011 to 30 September 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 (k) of section 1(a)(i).
- (d) The derivative liabilities relate 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 30/9/11

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

Secured ^(a)	Unsecured
HK\$ '000	HK\$ '000
520,000	-
2,792,141	-
3,312,141	-

As at 31/12/10

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

Secured ^(a)	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\$3,800.0 million. As at 30 September 2011, HK\$3,350.0 million had been drawdown (31 December 2010: HK\$2,907.7 million).

Included in the amount repayable after one year is an unamortized debt front end fee of HK\$37.9 million (31 December 2010: HK\$56.3 million). The total debt front end fee of HK\$41.8 million paid in April 2011 was financed by internal resources of Fortune REIT. The Facility is secured by, inter alia, a mortgage over Fortune City One, Ma On Shan Plaza, Fortune Metropolis, Smartland, Tsing Yi Square, Nob Hill Square, Centre de Laguna, Lido Avenue and Rhine Avenue.

1 (c) Statement of cash flows

	Group		Group	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
	Actual 1/7/11 to 30/9/11	Actual 1/7/10 to 30/9/10	Actual 1/1/11 to 30/9/11	Actual 1/1/10 to 30/9/10
Operating Activities				
Profit before taxation	122,420	79,007	2,688,149	1,118,386
Adjustments for:				
Change in fair value of properties	-	-	(2,381,242)	(912,910)
Change in fair value of financial instruments	-	20,140	(13,119)	76,370
Debt front end fee	2,090	5,038	60,193	17,125
Depreciation	-	6	-	44
Allowance for doubtful debts	-	-	-	3
Base fee paid in units	11,863	9,392	33,435	27,189
Interest income	(796)	(306)	(2,231)	(617)
Borrowing costs	24,095	27,068	86,801	83,371
Operating profit before changes in working capital	159,672	140,345	471,986	408,961
Decrease/(Increase)in trade and other receivables	1,108	(422)	13,851	(11,784)
Increase in trade and other payables	7,961	547	24,124	5,069
Cash generated from operating activities	168,741	140,470	509,961	402,246
Income taxes paid	(130)	-	(301)	(1,383)
Cash flow from operating activities	168,611	140,470	509,660	400,863
Investing Activities				
Increase in fixed deposits	-	-	(120,000)	-
Upgrading of investment properties	(9,460)	(15,686)	(16,218)	(23,776)
Interest received	-	306	1,249	617
Cash flow used in investing activities	(9,460)	(15,380)	(134,969)	(23,159)
Financing Activities				
Distribution paid	(214,694)	(204,492)	(416,623)	(380,621)
Repayment of borrowings	-	(15,000)	(79,000)	(51,000)
Drawdown of borrowings	400,000	-	521,300	15,000
Payment of debt front end fee	-	-	(41,800)	-
Borrowing costs paid	(23,657)	(27,068)	(71,432)	(83,371)
Cash flow from/(used) in financing activities	161,649	(246,560)	(87,555)	(499,992)
Net increase/(decrease) in cash and cash equivalents	320,800	(121,470)	287,136	(122,288)
Cash and cash equivalents at beginning of the period	392,409	514,523	426,073	515,341
Cash and cash equivalents at end of the period^(a)	713,209	393,053	713,209	393,053

Footnote:

(a) Cash and cash equivalents as at 30 September 2011 excluded HK\$200.0 million fixed deposits with maturity date more than 3 months.

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For the period from 1 January 2011 to 30 September 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
Statement for the third quarter FY2011					
Group					
Balance as at 1 July 2011	6,367,158	(271,593)	(53,007)	6,569,718	12,612,276
Total comprehensive loss	-	-	(36,096)	(15,388)	(51,484)
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	11,863	-	-	-	11,863
Increase in net assets resulting from Unitholders' transactions	11,863	-	-	-	11,863
Balance as at 30 September 2011	6,379,021	(271,593)	(89,103)	6,554,330	12,572,655
Balance as at 1 July 2010					
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

	Actual				
	Issued Units	Unit issue costs	Hedging reserve	Retained profits	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Statement for the YTD FY2011					
Group					
Balance as at 1 January 2011	6,345,586	(271,593)	(415)	4,260,110	10,333,688
Total comprehensive (loss)/income	-	-	(88,688)	2,294,220	2,205,532
Unitholders' transactions					
Creation of units					
-management fee paid/payable in units	33,435	-	-	-	33,435
Increase in net assets resulting from Unitholders' transactions	33,435	-	-	-	33,435
Balance as at 30 September 2011	6,379,021	(271,593)	(89,103)	6,554,330	12,572,655
Balance as at 1 January 2010					
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

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For the period from 1 January 2011 to 30 September 2011

Statement for the third quarter FY2011

Trust

Balance as at 1 July 2011

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 2011

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

Actual			
Issued Units	Unit issue costs	Retained profits	Net
HK\$'000	HK\$'000	HK\$'000	HK\$'000
6,367,158	(271,593)	(381,581)	5,713,984
-	-	(128,111)	(128,111)
11,863	-	-	11,863
11,863	-	-	11,863
6,379,021	(271,593)	(509,692)	5,597,736
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

Statement for the YTD FY2011

Trust

Balance as at 1 January 2011

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 2011

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

Actual			
Issued Units	Unit issue costs	Retained profits	Net
HK\$'000	HK\$'000	HK\$'000	HK\$'000
6,345,586	(271,593)	(296,830)	5,777,163
-	-	(212,862)	(212,862)
33,435	-	-	33,435
33,435	-	-	33,435
6,379,021	(271,593)	(509,692)	5,597,736
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

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 2011	1,674,182,145	Total units since the end of previous financial period
5 July 2011	3,115,131	As payment of management fee for the period from 1 April 2011 to 30 June 2011
As at 30 September 2011	<u>1,677,297,276</u>	
3 October 2011 ^(a)	3,398,666	As payment of management fee for the period from 1 July 2011 to 30 September 2011
Deemed units as at 30 September 2011	<u>1,680,695,942</u>	

The total number of issued units as at the end of the immediately preceding year (31 December 2010) was 1,669,032,247.

Footnote:

(a) On 3 October 2011, there was an additional 3,398,666 units issued to the Manager as payment of management fee for the period from 1 July 2011 to 30 September 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 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

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.

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

Period from 1 January 2011 to 30 September 2011

	Actual 1/7/11 to 30/9/11 HK cents	Actual 1/7/10 to 30/9/10 HK cents	Actual 1/1/11 to 30/9/11 HK cents	Actual 1/1/10 to 30/9/10 HK cents
Earnings per unit for the period based on the weighted average number of units in issue, before transactions with unitholders	5.65	3.64	156.27	63.62
Weighted average number of units in issue (million)	1,677.5	1,666.6	1,677.5	1,666.6
Distribution per unit for the period	6.68	5.76	19.48	18.03
Total number of deemed units in issue (million)	1,680.7	1,669.0	1,680.7	1,669.0

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

Net asset value per unit^(a)

Actual 30/9/11 HK\$	Actual 31/12/10 HK\$
7.48	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 1,680,695,942. 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 1/7/11 to 30/9/11	Actual 1/7/10 to 30/9/10	Increase	Actual 1/1/11 to 30/9/11	Actual 1/1/10 to 30/9/10	Increase
Total revenue	232,152	205,710	12.9%	678,989	619,519	9.6%
Net property income	162,153	142,157	14.1%	481,680	444,456	8.4%
Income available for distribution	112,336	96,255	16.7%	327,141	300,826	8.7%

YTD September 2011 versus YTD September 2010

For the nine months ended 30 September 2011 ("YTD 2011"), Fortune REIT's revenue and net property income grew by 9.6% and 8.4% year-on-year to HK\$679.0 million and HK\$481.7 million respectively. The improved financial performance compared to the corresponding period last year was attributed to further improvement in rental rates across the entire portfolio, underpinned by the robust growth in the Hong Kong retail sector.

Property operating expenses was HK\$182.4 million, 13.1% higher year-on-year. Cost to revenue ratio was 26.9%. Net Property Income was HK\$481.7 million, a 8.4% increase over the same period last year.

Borrowing costs, excluding debt front-end fee was HK\$86.8 million, an increase of 4.1% over the same period of 2010. This is due primarily to the one-time write-off of an unamortised commitment fee of HK\$12.9 million arising from the early prepayment of the previous facilities in April 2011.

Net profit of the Property Companies rose 138.9%, mainly due to the higher revenues and the increase in the fair value of investment properties. However, the increase in property valuation would not have any impact on income available for distribution.

Overall, income available for distribution for YTD2011 was HK\$327.1 million. This was 8.7% higher compared to the same period in 2010.

Additional Quarterly Review

Total revenue for the third quarter of 2011 was HK\$232.2 million, 12.9% higher compared to the same period last year. The higher revenue was mainly attributed to further improvement in rental rates across the entire portfolio. In addition, the renovation at Fortune City One Plus (previously known as Ngan Shing Commercial Centre) has effectively lifted the overall performance of Fortune City One compared to the previous year.

Portfolio occupancy rate and passing rent were 93.5% and HK\$31.8 psf respectively as at 30 September 2011. The decrease in occupancy rate was mainly due to the commencement of asset enhancement initiatives at Fortune City One and Ma On Shan Plaza.

Property operating expenses was HK\$65.0 million, a 9.9% increase compared to the corresponding period last year. Cost to revenue ratio was kept at 28.0% for the quarter. Net property income rose to HK\$162.2 million, an increase of 14.1% over the same period last year due to higher revenues.

Borrowing costs excluding debt front-end fee for the third quarter was HK\$24.1 million, lower by 11.0% compared to the corresponding period last year as a result of the reduced interest margin of the new facilities starting from April 2011.

Income available for distribution for the third quarter of 2011 was HK\$112.3 million, 16.7% higher than the corresponding period last year.

Capital Management

The Manager continued to take a prudent approach in managing the risk of fluctuation in interest costs. As at 30 September 2011, the interest cost for 100% of Fortune REIT's term loan was fixed through entering into plain vanilla swaps. Fortune REIT's effective interest cost stood at 3.96%. The gearing ratio and aggregate leverage was 20.1% as at 30 September 2011.

9. Variance between actual and the forecast results for the period from 1 January 2011 to 30 September 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

Hong Kong's economy expanded at a moderated rate in the second quarter of 2011. Gross domestic product grew 5.1% compared to a year earlier, slowing down from the strong growth of 7.5% in the first quarter. The total value of retail sales in Hong Kong for the period from January to September 2011, increased by 25.4% compared to the same period last year. In the second quarter, private consumption expenditure grew by 9.2% over a year earlier. Fortune REIT's portfolio of 14 private housing estate retail properties should continue to benefit from the buoyant retail environment in Hong Kong.

The leases that expire in the fourth quarter of 2011 accounted for 11.7% and 9.6% of the gross rentable area and gross rental income of Fortune REIT's portfolio respectively. The Manager has successfully renewed the majority of the leases in the year of 2011. The Manager plans to continue implementing effective leasing and tenant repositioning strategies, as well as executing ongoing AEs to drive revenue growth for Fortune REIT's portfolio of retail properties.

Fortune REIT's financial position has been significantly strengthened by lower interest cost, extended debt maturity and an enlarged revolving credit facility. With these new financial flexibilities and an even stronger capital structure, the Manager will continue to prudently seek acquisition opportunities that fit its investment objectives and provide long term benefit to the unitholders of Fortune REIT.

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. Interested Person Transaction Mandate

Fortune REIT has not obtained a general mandate from Unitholders for Interest Person Transactions.

14. 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 2011 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

11 November 2011