



**Fortune Real Estate Investment Trust
Financial Statements
for period from 1 January 2004 to 30 September 2004**

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 the Trust Deed entered into on 4 July 2003 made between ARA Asset Management (Singapore) Limited as the Manager of Fortune REIT and Bermuda Trust (Singapore) Limited (now known as "HSBC Institutional Trust Services (Singapore) Limited") as the Trustee of Fortune REIT. Fortune REIT was listed on the Singapore Exchange Securities Trading Limited on 12 August 2003.

Fortune REIT holds a portfolio of five retail malls spread across Kowloon and the New Territories, through the ownership of the five Property Companies' Shares, worth more than HK\$3 billion. The five retail malls are The Metropolis Mall, Ma On Shan Plaza, The Household Center, Smartland and Jubilee Court Shopping Centre, and they house a list of about 420 tenants from diverse trade sectors, including bank, real estate services, super market, food and beverage, healthcare products, service and education.

Where appropriate, comparisons are made against the extrapolated pro forma figures for the 9 months ended 30 September 2003 as well as the extrapolated forecast for the year ending 31 December 2004 stated in the Prospectus dated 28 July 2003 ("the Forecast").

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

	HK\$ '000		%	HK\$ '000		%
	Actual 1/7/04 to 30/9/04	Pro forma 1/7/03 to 30/9/03 ^(a)		Increase/ (Decrease)	Actual 1/1/04 to 30/9/04	
Revenue ^(b)	49,432	40,714	21.4%	138,253	120,713	14.5%
Property income and licence fee top-up ^(c)	7,313	18,910	(61.3%)	35,240	59,797	(41.1%)
Charge-out collections ^(d)	18,032	15,577	15.8%	51,313	47,201	8.7%
Property management fees	(1,367)	(1,126)	21.4%	(3,794)	(3,293)	15.2%
Other property operating expenses ^(e)	(19,992)	(20,268)	(1.4%)	(56,507)	(63,221)	(10.6%)
Property Operating Expenses	(21,359)	(21,394)	(0.2%)	(60,301)	(66,514)	(9.3%)
Net Property Income (before manager's performance fee)	53,418	53,807	(0.7%)	164,505	161,197	2.1%
Manager's performance fee	(1,603)	(1,621)	(1.1%)	(4,935)	(4,842)	1.9%
Net Property Income	51,815	52,186	(0.7%)	159,570	156,355	2.1%
Borrowing costs	(5,581)	(6,074)	(8.1%)	(14,243)	(20,924)	(31.9%)
Profit Before Tax	46,234	46,112	0.3%	145,327	135,431	7.3%
Hong Kong Taxation :						
Current taxation	(3,022)	(2,607)	15.9%	(9,892)	(6,862)	44.2%
Deferred taxation	(5,075)	(5,268)	(3.7%)	(15,536)	(15,665)	(0.8%)
Total Hong Kong Taxation	(8,097)	(7,875)	2.8%	(25,428)	(22,527)	12.9%
Net Profit of Property Companies	38,137	38,237	(0.3%)	119,899	112,904	6.2%
Manager's base fee	(2,563)	(2,480)	3.3%	(7,632)	(7,392)	3.2%
Amortisation of negative goodwill	786	801	(1.9%)	2,359	2,401	(1.7%)
Foreign exchange differences ^(f)	346	971	(64.4%)	229	971	(76.4%)
Non-tax deductible trust expenses	(476)	(335)	42.1%	(1,460)	(826)	76.8%
Tax deductible trust expenses	(303)	(494)	(38.7%)	(1,356)	(1,494)	(9.2%)
Non tax-exempt income ^(g)	34	-	NM	69	-	NM
Total Trust Expenses	(2,176)	(1,537)	41.6%	(7,791)	(6,340)	22.9%
Net Profit of Trust	35,961	36,700	(2.0%)	112,108	106,564	5.2%
Add / (less) :						
Manager's base fee	2,563	2,480	3.3%	7,632	7,392	3.2%
Amortisation of negative goodwill	(786)	(801)	(1.9%)	(2,359)	(2,401)	(1.7%)
Foreign exchange differences	(346)	(971)	(64.4%)	(229)	(971)	(76.4%)
Non-tax deductible trust expenses	476	335	42.1%	1,460	826	76.8%
Non tax-exempt income	(34)	-	NM	(69)	-	NM
Income Available For Distribution^(h)	37,834	37,743	0.2%	118,543	111,410	6.4%

Footnotes:

NM - Not meaningful

- (a) *The comparative figures have been derived on a best estimate basis from the extrapolated pro forma consolidated profit and loss statements for the period from 1 January 2003 to 31 March 2003 stated in the Prospectus dated 28 July 2003 and the actual results from 13 August 2003 to 30 September 2003.*
- (b) *The revenue includes rental income, car park income, licence income, atrium income and others.*
- (c) *For the period from 1 July 2004 to 30 September 2004 and 1 January 2004 to 30 September 2004, the property income and licence fee top up amount were HK\$7.3 million and HK\$35.2 million (pro forma for the period from 1 July 2003 to 30 September 2003 and 1 January 2003 to 30 September 2003 were HK\$18.9 million and HK\$59.8 million) respectively, payable by Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited to Vision Million Limited under the Rental Guarantee Deed dated 12 August 2003.*
- (d) *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 fee, promotional charges, government rents, utility charges, cleaning charges and government rates.*
- (e) *The other property operating expenses include provision for doubtful debts of Nil and HK\$6,395 for period 1 July 2004 to 30 September 2004 and 1 January 2004 to 30 September 2004 (pro forma for the period 1 July 2004 to 30 September 2004 and 1 January 2003 to 30 September 2003 were HK\$104,543 and HK\$226,381) respectively.*
- (f) *Foreign exchange differences represent realised and unrealised foreign exchange differences. The unrealised exchange differences arose from translation of monetary assets and liabilities denominated in foreign currencies into Hong Kong dollars at rates of exchange ruling at the balance sheet date. The realised exchange differences arose from the conversion of the transactions in foreign currencies to Hong Kong dollars at rates closely approximating those ruling at the transaction dates. All exchange differences are included in profit and loss statements.*
- (g) *Non tax-exempt income refers mainly to bank interest income less deductible expenses.*
- (h) *Fortune REIT is required to distribute 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"). Fortune REIT's distribution policy is to distribute its net Tax-Exempt Income to Unitholders on a semi-annual basis.*
- (i) *There are no investment income, write-off for stock obsolescence, impairment in value of investments, adjustments for under/over provision of tax in respect of prior years, 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 (b)(i) Balance sheet, together with a comparative statement as at the end of the immediately preceding financial year

	Trust		Group ^(a)	
	HK\$ '000		HK\$ '000	
	Actual 30/9/04	Actual 31/12/03	Actual 30/9/04	Actual 31/12/03
Current Assets				
Cash	58,022	69,645	107,731	89,779
Trade and other receivables	-	59,561	27,024	37,533
Total Current Assets	58,022	129,206	134,755	127,312
Non-Current Assets				
Investment in property companies	531,486	531,486	-	-
Loan to property companies	1,557,799	1,547,626	-	-
Investment properties ^(b)	-	-	3,389,303	3,389,000
Fixed assets	-	-	34	-
Negative goodwill ^(c)	-	-	(135,205)	(137,564)
Total Non-Current Assets	2,089,285	2,079,112	3,254,132	3,251,436
Total Assets	2,147,307	2,208,318	3,388,887	3,378,748
Current Liabilities				
Trade and other payables ^(d)	3,899	6,043	70,694	68,605
Borrowings	-	-	58,000	57,000
Provision for taxation	22	8	10,661	1,501
Total Current Liabilities	3,921	6,051	139,355	127,106
Non-Current Liabilities				
Borrowings	-	-	900,000	900,000
Deferred tax liabilities	-	-	50,766	34,498
Total Non-Current Liabilities	-	-	950,766	934,498
Total Liabilities	3,921	6,051	1,090,121	1,061,604
Net Assets	2,143,386	2,202,267	2,298,766	2,317,144
Unitholders' Equity				
Issued equity	2,242,997	2,235,365	2,242,997	2,235,365
Unit issue costs ^(e)	(87,618)	(89,101)	(87,618)	(89,101)
Revaluation reserve	-	-	113,850	113,850
Revenue reserve	(11,993)	56,003	29,537	57,030
Total Unitholder's Equity	2,143,386	2,202,267	2,298,766	2,317,144

Footnotes:

- (a) The Group financial information incorporates the financial statements of the Trust and the 5 property companies.
- (b) Investments properties are stated at valuation based on an independent professional valuation carried out by Chesterton Petty Ltd, the independent valuer, on 31 December 2003. During the period, minor capital cost was incurred and included in the investment properties value.

- (c) *Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of property companies at the date of acquisition over the cost of acquisition. Negative goodwill is amortised over the remaining average useful lives of the investment properties acquired from the property companies and taken to the profit and loss statement.*
- (d) *This includes accrued Manager's base fee payable in units of HK\$2.7 million (31 December 2003 : HK\$2.6 million).*
- (e) *Unit issue costs comprise listing and perusal fee, professional and other fees, underwriting and selling commission and miscellaneous expenses. It includes an amount of HK\$87.1 million paid as of 30 September 2004 (31 December 2003 : HK\$86.2 million) as well as accruals of HK\$0.5 million (31 December 2003 : HK\$2.9 million).*

1 (b)(ii) Aggregate amount of borrowings

As at 30/9/04

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

Secured	Unsecured ^(a)
HK\$ '000	HK\$ '000
-	58,000
-	900,000
-	958,000

As at 31/12/03

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

Secured	Unsecured ^(a)
HK\$ '000	HK\$ '000
-	57,000
-	900,000
-	957,000

Footnote:

- (a) *Fortune REIT has in place an omnibus unsecured facility ("the Facility") of HK\$1,100 million comprising a HK\$900 million term loan facility and a HK\$200 million revolving credit facility, each for a term of five years. The Facility has been drawn down to HK\$958 million (31 December 2003: HK\$957 million) with the term loan facility fully drawn.*

1 (c) Cash flow statement

	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
	Actual	Actual	Actual	Actual
	1/7/04 to 30/9/04	1/7/03 to 30/9/03 ^(a)	1/1/04 to 30/9/04	13/8/03 to 31/12/03 ^(a)
Operating Activities				
Profit before taxation	44,058	NA	137,536	69,562
Adjustments for:				
Amortisation of negative goodwill	(786)	NA	(2,359)	(1,218)
Base fee paid in units	2,563	NA	7,632	3,882
Depreciation	3	NA	6	-
Borrowing costs	5,581	NA	14,243	7,850
Operating Profit before changes in working capital	51,419	NA	157,058	80,076
Decrease/(increase) in trade and other receivables	20,501	NA	10,509	(10,685)
Increase/(decrease) in trade and other payables	3,879	NA	3,571	(5,405)
Cash flow from operation	75,799	NA	171,138	63,986
Tax paid	-	NA	-	(9,590)
Cash flow from operating activities	75,799	NA	171,138	54,396
Investing Activities				
Acquisition of fixed assets	(12)	NA	(40)	-
Upgrading of investment properties	(237)	NA	(302)	(150)
Acquisition of property companies, net of cash acquired	-	NA	-	(2,068,562)
Cash flow used in investing activities	(249)	NA	(342)	(2,068,712)
Financing Activities				
Distribution paid	(80,709)	NA	(139,601)	-
Proceeds from issue of new units (net of issue costs)	-	NA	-	2,144,945
Drawdown/(repayment) of borrowings	26,000	NA	1,000	(33,000)
Borrowing costs paid	(5,581)	NA	(14,243)	(7,850)
Cash flow (used in) / from financing activities	(60,290)	NA	(152,844)	2,104,095
Net increase in cash and cash equivalents	15,260	NA	17,952	89,779
Cash and cash equivalents at beginning of the period	92,471	NA	89,779	-
Cash and cash equivalents at end of the period	107,731	NA	107,731	89,779

Footnotes:

(a) There was no comparative cash flow statement for the quarter ended 30 September 2003 because Fortune REIT was formed on 4 July 2003. The first financial year was from 13 August 2003 to 31 December 2003.

1 (d)(i) Statement of changes in unitholders' funds

Statement for the third quarter

	HK\$ '000			
	Trust		Group ^(a)	
	Actual 1/7/04 to 30/9/04	Actual 1/7/03 to 30/9/03 ^(b)	Actual 1/7/04 to 30/9/04	Actual 1/7/03 to 30/9/03 ^(b)
Balance as at beginning of period	2,223,594	NA	2,340,043	NA
Operations				
Net (loss)/profit	(2,969)	NA	35,962	NA
Increase in net assets resulting from operation	2,220,625	-	2,376,005	-
Unitholders' transactions				
Creation of units				
-management fee paid in units ^(c)	2,535	NA	2,535	NA
Establishment and initial public offering expenses	935	NA	935	NA
Distribution to Unitholders	(80,709)	NA	(80,709)	NA
Net increase in net assets resulting from Unitholders' transactions	(77,239)	-	(77,239)	-
Unitholders' funds as at end of period	2,143,386	NA	2,298,766	NA

Statement for the year-to-date

	HK\$ '000			
	Trust		Group ^(a)	
	Actual 1/1/04 to 30/9/04	Actual 4/7/03 to 31/12/03 ^(b)	Actual 1/1/04 to 30/9/04	Actual 4/7/03 to 31/12/03 ^(b)
Balance as at beginning of period	2,202,267	-	2,317,144	-
Operations				
Net Profit	71,605	56,003	112,108	57,030
Revaluation reserve				
Appreciation on revaluation of investment properties	-	-	-	113,850
Increase in net assets resulting from operation	71,605	56,003	112,108	170,880
Unitholders' transactions				
Creation of units				
-proceeds from placement/initial public offering ^(d)	-	2,234,046	-	2,234,046
-management fee paid in units ^(e)	7,632	1,319	7,632	1,319
Establishment and initial public offering expenses	1,483	(89,101)	1,483	(89,101)
Distribution to Unitholders	(139,601)	-	(139,601)	-
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(130,486)	2,146,264	(130,486)	2,146,264
Unitholders' funds as at end of period	2,143,386	2,202,267	2,298,766	2,317,144

Footnotes:

(a) The Group financial information incorporates the financial statements of the Trust and the 5 property companies.

(b) Prior period comparatives are not available for the quarter ended 30 September 2003 as Fortune REIT was formed on 4 July 2003. The acquisition of the property companies was completed only on 12 August 2003 and it was officially listed on Singapore Exchange Securities Trading Limited on 12 August 2003. Consequently, the actual income derived from the property companies for the first financial period was from 13 August 2003 to 30

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September 2003, a period of 49 days; and the first financial year was from 13 August 2003 to 31 December 2003, a period of 141 days.

- (c) This represents 471,649 units as payment of the Base Fee component of the Manager's management fee.
- (d) This comprises proceeds from the initial public offering of 473 million units on 12 August 2003.
- (e) This represents 1,471,634 units (31 December 2003 : 285,275 units) as payment of the Base Fee component of the Manager's management fee.

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 2004	474,285,260	Total units since the end of previous financial period
2 July 2004	471,649	As payment of management fee for the period from 1 April 2004 to 30 June 2004
As at 30 September 2004	474,756,909	

Footnote:

- (a) There are additional 411,900 units issued to the Manager on 1 October 2004 as payment of management fee for the period from 1 July 2004 to 30 September 2004.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor have been 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 are followed during the current financial period as compared with those contained in the audited financial statements for the period from 4 July 2003 (date of inception) to 31 December 2003.

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

	Actual 1/7/04 to 30/9/04 HK cents	Pro forma 1/7/03 to 30/9/03 ^(a) HK cents	Actual 1/1/04 to 30/9/04 HK cents	Pro forma 1/1/03 to 30/9/03 ^(a) HK cents
Earnings per unit for the period based on the total number units in issue ^(b)	7.57	7.72	23.59	22.43
Distribution per unit for the period based on the total number units in issue ^(b)	7.96	7.94	24.95	23.45

Footnotes:

- (a) The comparative figures have been derived on a best estimate basis from the extrapolated pro forma consolidated profit and loss statements for the period from 1 January 2003 to 31 March 2003 stated in the Prospectus dated 28 July 2003 and the actual results from 13 August 2003 to 30 September 2003.
- (b) The total number of units used for the computation of earnings and distribution rate is 475.2 million (31 December 2003 : 473.8 million) units. This comprises :
- (i) The number of units in issue as at 30 September 2004 of 474.8 million (31 December 2003 : 473.3 million) units.
- (ii) The units payable to Manager on 1 October 2004 as base fee for the period from 1 July 2004 to 30 September 2004 of 0.4 million units (31 December 2003 : 0.5 million units for the period from 1 October 2003 to 31 December 2003).

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

	Actual 30/9/04 HK\$	Actual 31/12/03 HK\$
Net asset value per unit ^(a)	5.12	5.18

Footnotes:

- (a) Net asset value is calculated based on net assets of the Group excluding negative goodwill. The decrease was due to:-
- (i) distribution of 1st half-year 2004 income in August 2004; and
- (ii) increase in total number of units in issue as a result of units issued to Manager as base fee.
- (b) The total number of units used for the computation of net asset value per unit is 475.2 million (31 December 2003 : 473.8 million) units.

8. Review of the performance

Please refer to Section 9 below on the review of actual performance against the extrapolated forecast for the year ending 2004 stated in the Prospectus dated 28 July 2003.

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9 (a) Income statements

	HK\$ '000		%	HK\$ '000		%
	1/7/04 to 30/9/04			1/1/04 to 30/9/04		
	Actual	Forecast ^(a)	Increase/ (Decrease)	Actual	Forecast ^(a)	Increase/ (Decrease)
Revenue	49,432	52,728	(6.3%)	138,253	145,848	(5.2%)
Property income and licence fee top-up ^(b)	7,313	3,741	95.5%	35,240	23,138	52.3%
Total revenue	56,745	56,469	0.5%	173,493	168,986	2.7%
Charge-out collections	18,032	21,159	(14.8%)	51,313	59,562	(13.8%)
Property management fees	(1,367)	(1,422)	(3.9%)	(3,794)	(4,071)	(6.8%)
Other property operating expenses	(19,992)	(22,059)	(9.4%)	(56,507)	(61,764)	(8.5%)
Property Operating Expenses	(21,359)	(23,481)	(9.0%)	(60,301)	(65,835)	(8.4%)
Net Property Income (before manager's performance fee)	53,418	54,147	(1.3%)	164,505	162,713	1.1%
Manager's performance fee	(1,603)	(1,624)	(1.3%)	(4,935)	(4,881)	1.1%
Net Property Income	51,815	52,523	(1.3%)	159,570	157,832	1.1%
Borrowing costs	(5,581)	(6,768)	(17.5%)	(14,243)	(20,157)	(29.3%)
Profit Before Tax	46,234	45,755	1.0%	145,327	137,675	5.6%
Hong Kong Taxation :						
Current taxation	(3,022)	(5,511)	(45.2%)	(9,892)	(16,604)	(40.4%)
Deferred taxation	(5,075)	(2,496)	103.3%	(15,536)	(7,489)	107.5%
Total Hong Kong Taxation	(8,097)	(8,007)	1.1%	(25,428)	(24,093)	5.5%
Net Profit of Property Companies	38,137	37,748	1.0%	119,899	113,582	5.6%
Manager's base fee	(2,563)	(2,479)	3.4%	(7,632)	(7,358)	3.7%
Amortisation of negative goodwill	786	800	(1.8%)	2,359	2,400	(1.7%)
Foreign exchange differences	346	-	NM	229	-	NM
Non-tax deductible trust expenses	(476)	(317)	50.2%	(1,460)	(950)	53.7%
Tax deductible trust expenses	(303)	(493)	(38.5%)	(1,356)	(1,479)	(8.3%)
Non tax-exempt income	34	-	NM	69	-	NM
Total Trust Expenses	(2,176)	(2,489)	(12.6%)	(7,791)	(7,387)	5.5%
Net Profit of Trust	35,961	35,259	2.0%	112,108	106,195	5.6%
Add / (less) :						
Manager's base fee	2,563	2,479	3.4%	7,632	7,358	3.7%
Amortisation of negative goodwill	(786)	(800)	(1.8%)	(2,359)	(2,400)	(1.7%)
Foreign exchange differences	(346)	-	NM	(229)	-	NM
Non-tax deductible trust expenses	476	317	50.2%	1,460	950	53.7%
Non tax-exempt income	(34)	-	NM	(69)	-	NM
Income Available For Distribution	37,834	37,255	1.6%	118,543	112,103	5.7%

	1/7/04 to 30/9/04			1/1/04 to 30/9/04		
	Actual	Forecast ^(a)	Increase / (Decrease) %	Actual	Forecast ^(a)	Increase / (Decrease) %
Yield before Hong Kong Taxation (annualised) (based on IPO price of HK\$4.75)	8.07%	7.95%	1.5%	8.53%	8.07%	5.7%
Distribution Per Unit (HK cents)	7.96	7.84	1.5%	24.95	23.60	5.7%
Tax-exempt distribution yield (annualised) (based on IPO price of HK\$4.75)	6.65%	6.55%	1.5%	7.02%	6.64%	5.7%
Tax-exempt distribution yield (annualised) (based on closing price of HK\$6.15 as at 30/9/2004)	5.14%	5.06%	1.5%	5.42%	5.13%	5.7%

Footnotes:

NM – not meaningful

- (a) The extrapolated forecast has been derived from the Forecast on a best estimate basis by the Manager so as to allow like for like comparison with the actual results.
- (b) The Property Income and Licence Income Top Up is payable by Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited to Vision Million Limited under a Rental Guarantee Deed dated 12 August 2003.
- (c) The total number of units used for the computation of distribution rate is 475.2 million. This comprises :
- The number of units in issue as at 30 June 2004 of 474.8 million.
 - The units payable to Manager on 1 October 2004 as base fee for the period from 1 July 2004 to 30 September 2004 of 0.4 million.

9 (b) Review of the performance for the period of 1 January 2004 to 30 September 2004

Total Revenue for year to date ended 30 September 2004 was 2.7% above Forecast. The leasing activities in all the malls remain strong with portfolio committed occupancy of 92.7% as at end September 2004.

Utilities cost was expected to be higher for the third-quarter due to the summer season, but the overall property operating expenses were still lower than Forecast by 8.4%. To date, the achieved cost-to-revenue ratio was 27%.

Borrowing costs were HK\$6 million lower than Forecast due to lower interest rate achieved versus Forecast. The weighted average borrowing costs as at 30 September 2004 was 1.96% p.a. compared to a forecast interest rate of 3% p.a.

As a result of the above, net profit of property companies and income available for distribution for the nine months ended 30 September 2004 were above Forecast by 5.6% and 5.7% respectively.

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 continues to improve though growth is moderating after the strong surge early in the year. Importantly, retail sales is holding up well, with 11.7% growth in the year to September vis-a-vis the same nine months last year due to both strong inbound tourism and robust local consumer spending on the back of declines in unemployment.

With relatively low gearing and half of Fortune REIT's debt already hedged, the impact of rising interest rates is not likely to be significant. Initial fears of strong rate rises are also subsiding, with rates falling recently.

On the basis of the information available at present, the Manager does not expect the performance of Fortune REIT to be materially different in the next reporting period ending 31 December 2004.

Outlook for the financial year ending 31 December 2004

Based on the performance of the portfolio and the financials prepared for the nine-month ended 30 September 2004, the Manager of Fortune REIT expects the full year 2004 performance to meet the Forecast, barring any unforeseen circumstances.

11. Distributions

(a) Current financial period

Any distribution declared for the current period?	No
Name of distribution	NA
Distribution Type	NA
Distribution Rate	NA
Par value of units	NA
Tax Rate	NA

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the corresponding period of the immediately preceding financial year?	Fortune REIT was listed on Singapore Exchange Securities Trading Limited on 12 August 2003. The first dividend was for the period from 13 August 2003 to 31 December 2003
Name of distribution	First distribution for the period from 13 August 2003 to 31 December 2003
Distribution Type	Tax-exempt income
Distribution Rate	12.43 Hong Kong cents per unit
Par value of units	N.M
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 NA

(d) Book closure date NA

Footnotes:

NA - Not available

NM - Not meaningful

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

NA.

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 (SINGAPORE) LIMITED
AS MANAGER OF FORTUNE REAL ESTATE INVESTMENT TRUST

Lim Hwee Chiang
Director

10 November 2004