

Half Year * Financial Statement And Dividend Announcement

* Asterisks denote mandatory information


Name of Announcer *	FORTUNE REAL ESTATE INV TRUST
Company Registration No.	N/A
Announcement submitted on behalf of	FORTUNE REAL ESTATE INV TRUST
Announcement is submitted with respect to *	FORTUNE REAL ESTATE INV TRUST
Announcement is submitted by *	Lim Hwee Chiang
Designation *	Director
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2007
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**Fortune Real Estate Investment Trust
Financial Statements
for the financial period from 1 January 2007 to 30 June 2007**

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

Fortune Real Estate Investment Trust ("Fortune REIT") is a real estate investment trust constituted by a Trust Deed entered into on 4 July 2003 (as amended by the Amending and Restating Deed dated 29 June 2005 and a 2nd Supplemental Deed dated 20 April 2006) made between ARA Asset Management (Singapore) 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 on 12 August 2003.

Fortune REIT now holds a portfolio of eleven retail malls in Hong Kong, spread across Kowloon and the New Territories, through the ownership of property companies ("the Property Companies"), worth approximately HK\$9.2 billion. The retail malls are City One Shatin Property, The Metropolis Mall, Ma On Shan Plaza, Waldorf Garden Property, The Household Center, Smartland, Jubilee Court Shopping Centre, Tsing Yi Square Property, Centre de Laguna Property, Lido Garden Property and Rhine Garden Property. Together they house a total of 804 tenants as at 30 June 2007 from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers. Notable tenants include Park'N Shop, 7-Eleven, Aji Ichiban, Maxim's Chinese Restaurant, Watson's, Modern Beauty Salon, Fortress, McDonald's, Kentucky Fried Chicken, 3G Shop, GOME, Bank of China (Hong Kong), DBS Bank, Standard Chartered Bank, Citibank, The Hongkong & Shanghai Banking Corporation Limited, Bluestar Exchange, Japan Home Centre, Jumpin Gym U.S.A., International Christian School Limited and the Hong Kong Jockey Club.

1 (a) (i) 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 1/4/07 to 30/6/07 ^(a)	Actual 1/4/06 to 30/6/06 ^(a)		Increase/ (Decrease)	Actual 1/1/07 to 30/6/07 ^(a)	
Revenue ^(b)	122,987	127,064	(3.2%)	247,824	251,426	(1.4%)
Charge-out collections ^(c)	29,300	29,534	(0.8%)	60,414	59,301	1.9%
Total revenue	152,287	156,598	(2.8%)	308,238	310,727	(0.8%)
Property management fees	(3,490)	(3,400)	2.6%	(7,053)	(6,835)	3.2%
Other property operating expenses ^(d)	(32,578)	(40,351)	(19.3%)	(65,244)	(73,813)	(11.6%)
Property Operating Expenses	(36,068)	(43,751)	(17.6%)	(72,297)	(80,648)	(10.4%)
Net Property Income (before manager's performance fee)	116,219	112,847	3.0%	235,941	230,079	2.5%
Manager's performance fee	(3,478)	(3,386)	2.7%	(7,070)	(6,903)	2.4%
Net Property Income	112,741	109,461	3.0%	228,871	223,176	2.6%
Borrowing costs	(26,961)	(25,590)	5.4%	(53,346)	(51,047)	4.5%
Profit Before Tax	85,780	83,871	2.3%	175,525	172,129	2.0%
Hong Kong Taxation :						
Current taxation	(11,747)	(9,857)	19.2%	(24,255)	(20,461)	18.5%
Deferred taxation	(3,678)	(4,876)	(24.6%)	(6,951)	(9,655)	(28.0%)
Total Hong Kong Taxation	(15,425)	(14,733)	4.7%	(31,206)	(30,116)	3.6%
Net Profit of Property Companies	70,355	69,138	1.8%	144,319	142,013	1.6%
Manager's base fee	(6,907)	(6,426)	7.5%	(13,739)	(12,782)	7.5%
Foreign exchange gain (loss) ^(e)	(94)	533	(117.7%)	141	1,361	(89.7%)
Non-tax deductible trust expenses ^(f)	(2,432)	(2,170)	12.1%	(4,496)	(4,298)	4.6%
Tax deductible trust expenses	(407)	(475)	(14.3%)	(997)	(876)	13.9%
Non tax-exempt income ^(g)	1,685	1,015	66.0%	7,086	2,035	248.2%
Total Trust Expenses	(8,155)	(7,523)	8.4%	(12,005)	(14,560)	(17.6%)
Net Profit of Group	62,200	61,615	0.9%	132,314	127,453	3.8%
Add / (less) :						
Manager's base fee	6,907	6,426	7.5%	13,739	12,782	7.5%
Foreign exchange gain (loss) ^(e)	94	(533)	(117.7%)	(141)	(1,361)	(89.7%)
Non-tax deductible trust expenses ^(f)	2,432	2,170	12.1%	4,496	4,298	4.6%
Non tax-exempt income ^(g)	(1,685)	(1,015)	66.0%	(7,086)	(2,035)	248.2%
Income Available For Distribution ^(h)	69,948	68,663	1.9%	143,322	141,137	1.5%

Footnotes:

- (a) *The Group financial information incorporates the financial statements of the Trust and the 11 Property Companies.*
- (b) *Revenue includes rental income, car park income, licence income, atrium income and others. The property income and licence fee top up, paid by Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited to Vision Million Limited under the Rental Guarantee Deed dated 12 August 2003, had lapsed on 12 August 2006.*
- (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 other property operating expenses include allowance for doubtful debts of HK\$32,373 for the period 1 April 2007 to 30 June 2007 and 1 January 2007 to 30 June 2007. Allowance for doubtful debts for the period 1 April 2006 to 30 June 2006 and 1 January 2006 to 30 June 2006 were HK\$95,295 and HK\$165,577 respectively.*
- (e) *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 balance sheet date. The realised exchange difference arose from the conversion of SGD fixed deposits upon maturity at contracted rates fixed at the transaction dates. All exchange differences are included in the income statements.*
- (f) *Included therein in the non tax-deductible trust expenses is a negative fair value of HK\$0.18 million for the period 1 April 2007 to 30 June 2007 (2006: NIL) arising from the structured swaps entered on 28 June 2006*
- (g) *Non tax-exempt income refers mainly to interest income from fixed deposits and structured swaps entered on 28 June 2006. Included therein for the period 1 January 2007 to 30 June 2007 (2006: NIL), is a positive fair value of HK\$2.89 million arising from the structured swap.*
- (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 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 (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 30/6/07	Actual 31/12/06	Actual 30/6/07	Actual 31/12/06
Current Assets				
Cash and bank balances	116,037	115,123	269,876	251,525
Investment properties held for resale ^(b)	-	-	904	904
Trade and other receivables	159,241	150,847	32,286	29,954
Total Current Assets	275,278	265,970	303,066	282,383
Non-Current Assets				
Investment in property companies	3,939,224	3,939,224	-	-
Investment properties ^(c)	-	-	9,240,661	9,235,000
Fixed assets	-	-	229	270
Derivative asset ^(d)	662	-	1,295	87
Total Non-Current Assets	3,939,886	3,939,224	9,242,185	9,235,357
Total Assets	4,215,164	4,205,194	9,545,251	9,517,740
Current Liabilities				
Trade and other payables	6,769	7,374	179,933	189,669
Derivative liability ^(d)	-	2,233	-	2,233
Provision for taxation	1,460	1,501	27,707	8,713
Total Current Liabilities	8,229	11,108	207,640	200,615
Non-Current Liabilities				
Borrowings	-	-	2,336,625	2,334,613
Deferred tax liabilities	-	-	102,497	95,546
Derivative liability ^(d)	-	-	919	21,213
Total Non-Current Liabilities	-	-	2,440,041	2,451,372
Total Liabilities	8,229	11,108	2,647,681	2,651,987
Net Assets	4,206,935	4,194,086	6,897,570	6,865,753
Unitholders' Equity				
Issued equity	4,327,903	4,314,164	4,327,902	4,314,164
Unit issue costs ^(e)	(173,097)	(173,097)	(173,097)	(173,097)
Hedging reserve ^(d)	-	-	(286)	(21,126)
Revenue reserve	52,129	53,019	2,743,051	2,745,812
Total Unitholder's Equity	4,206,935	4,194,086	6,897,570	6,865,753

Footnotes:

- (a) *The Group financial information incorporates the financial statements of the Trust and the 11 Property Companies.*
- (b) *This relates to the four car park lots in City One Shatin Property which remained unsold as at 30 June 2007.*
- (c) *Investment properties are stated at valuation based on an independent professional valuation carried out by Savills Valuation and Professional Services Ltd, the independent valuer, on 31 December 2006. During the period, minor capital costs were incurred and included in the investment properties value.*
- (d) *The derivative asset/liability relates to the fair value of the interest rate swaps transacted to hedge the interest rate risk on the HK\$1,843.5 million term loan and the structured swaps entered on 28 June 2006.*
- (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 approximately HK\$169.1 million paid as of 30 June 2007 (31 December 2006: HK\$168.7 million) as well as accruals of approximately HK\$4.0 million (31 December 2006: HK\$4.4 million).*

1 (b)(ii) Aggregate amount of borrowings

As at 30/6/07

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

Secured ^(a)	Unsecured
HK\$ '000	HK\$ '000
-	-
2,336,625	-
2,336,625	-

As at 31/12/06

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

Secured ^(a)	Unsecured
HK\$ '000	HK\$ '000
-	-
2,334,613	-
2,334,613	-

Footnote:

- (a) *Fortune REIT has in place an omnibus facility ("the Facility") of HK\$2,613.7 million (2006: HK\$2,613.7 million) comprising a HK\$2,348.7 million (2006: HK\$2,348.7 million) term loan facility and a HK\$265 million (2006: HK\$265 million) revolving credit facility, each for a term of five years from 28 June 2005.*

Included in the amount payable after one year is a debt front end fee of HK\$12.1 million (31 December 2006: HK\$14.1 million). The facilities are secured by, inter alia, a mortgage over all Fortune REIT's properties (except for Jubilee Court Shopping Centre and Waldorf Garden Property).

1 (c) Cash flow statement

	Group		Group	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
	Actual 1/4/07 to 30/6/07	Actual 1/4/06 to 30/6/06	Actual 1/1/07 to 30/6/07	Actual 1/1/06 to 30/6/06
Operating Activities				
Profit before taxation	77,624	76,348	163,520	157,569
Adjustments for:				
Changes in fair value of derivative asset	181	-	(2,895)	-
Depreciation	19	22	41	44
Base fee paid in units	6,907	6,427	13,739	12,783
Interest income	(1,685)	-	(4,191)	-
Borrowing costs	26,961	25,590	53,346	51,047
Operating Profit before changes in working capital	110,007	108,387	223,560	221,443
Decrease/(Increase) in trade and other receivables	(183)	(11,587)	(2,332)	(8,035)
(Decrease)/Increase in trade and other payables	(7,536)	11,805	(9,736)	17,304
Cash generated from operating activities	102,288	108,605	211,492	230,712
Income taxes paid	(1,097)	(242)	(5,261)	(1,002)
Cash flows from operating activities	101,191	108,363	206,231	229,710
Investing Activities				
Upgrading of investment properties	(3,916)	(1,489)	(5,661)	(2,219)
Interest received	1,685	-	4,191	-
Cash flow used in investing activities	(2,231)	(1,489)	(1,470)	(2,219)
Financing Activities				
Distribution paid	-	-	(135,076)	(138,286)
(Repayment)/drawdown of borrowings, net	1,005	(65,994)	2,012	(9,988)
Borrowing costs paid	(26,961)	(25,590)	(53,346)	(51,047)
Cash flow used in financing activities	(25,956)	(91,584)	(186,410)	(199,321)
Net increase in cash and cash equivalents	73,004	15,290	18,351	28,170
Cash and cash equivalents at beginning of the period	196,872	226,025	251,525	213,145
Cash and cash equivalents at end of the period	269,876	241,315	269,876	241,315

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

Statement for the second quarter	HK\$ '000			
	Trust		Group	
	Actual 1/4/07 to 30/6/07	Actual 1/4/06 to 30/6/06	Actual 1/4/07 to 30/6/07	Actual 1/4/06 to 30/6/06
Balance as at beginning of period	4,061,683	4,075,152	6,815,938	6,152,215
Operations				
Net profit/(loss)	138,345	133,074	62,198	61,615
Fair value changes in hedging instrument	-	-	12,527	796
Increase in net assets resulting from operations	138,345	133,074	74,725	62,411
Unitholders' transactions				
Creation of units				
-management fee paid/payable in units	6,907	6,427	6,907	6,427
Net decrease in net assets resulting from Unitholders' transactions	6,907	6,427	6,907	6,427
Unitholders' funds as at end of period	4,206,935	4,214,653	6,897,570	6,221,053

Statement for the half-year	HK\$ '000			
	Trust		Group	
	Actual 1/1/07 to 30/6/07	Actual 1/1/06 to 30/6/06	Actual 1/1/07 to 30/6/07	Actual 1/1/06 to 30/6/06
Balance as at beginning of year	4,194,086	4,212,857	6,865,753	6,215,149
Operations				
Net profit	134,186	127,299	132,314	127,453
Fair value changes in hedging instrument	-	-	20,840	3,954
Increase in net assets resulting from operations	134,186	127,299	153,154	131,407
Unitholders' transactions				
Creation of units				
-management and acquisition fee paid/payable in units	13,739	12,783	13,739	12,783
Distribution to Unitholders	(135,076)	(138,286)	(135,076)	(138,286)
Net decrease in net assets resulting from Unitholders' transactions	(121,337)	(125,503)	(121,337)	(125,503)
Unitholders' funds as at end of year	4,206,935	4,214,653	6,897,570	6,221,053

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

<u>Date</u>	<u>Units Issued</u>	<u>Purpose</u>
As at 1 April 2007	807,386,478	Total units since the end of previous financial period
9 April 2007	1,173,532	As payment of management fee for the period from 1 January 2007 to 31 March 2007
As at 30 June 2007	<u>808,560,010</u>	
4 July 2007	1,081,039	As payment of management fee for the period from 1 April 2007 to 30 June 2007
Deemed units as at 30 June 2007	<u>809,641,049</u>	

Footnotes:

(a) On 4 July 2007, there was an additional 1,081,039 units issued to the Manager as payment of management fee for the period from 1 April 2007 to 30 June 2007.

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

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

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

Please see attached review report.

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

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 2006.

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 2007 to 30 June 2007

	Actual 1/4/07 to 30/6/07 HK cents	Actual 1/4/06 to 30/6/06 HK cents	Actual 1/1/07 to 30/6/07 HK cents	Actual 1/1/06 to 30/6/06 HK cents
Earnings per unit for the period based on the total number units in issue	7.67	7.64	16.34	15.83
Distribution per unit for the period based on the total number of units in issue	8.63	8.53	17.70	17.53
Number of units used for computation (million)	809.6	805.1	809.6	805.1

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

	Actual 30/6/07 HK\$	Actual 31/12/06 HK\$
Net asset value per unit ^(a)	8.52	8.53

Footnotes:

(a) Net asset value is calculated based on net assets of the Group excluding hedging reserves. The total number of units used for the computation of net asset value per unit is 809.6 million (31 December 2006: 807.4 million). The decrease in net asset value was due to an increase in the number of units issued to Manager as management fee.

8. Review of performance

Income Statement	HK\$ '000			HK\$ '000		
	Actual 1/4/07 to 30/6/07	Actual 1/4/06 to 30/6/06	Increase/ (Decrease) %	Actual 1/1/07 to 30/6/07	Actual 1/1/06 to 30/6/06	Increase/ (Decrease) %
Total Revenue	152,287	156,598	-2.8%	308,238	310,727	-0.8%
Property Operating Expenses	(36,068)	(43,751)	-17.6%	(72,297)	(80,648)	-10.4%
Net Property Income (before manager's performance fee)	116,219	112,847	3.0%	235,941	230,079	2.5%
Manager's performance fee	(3,478)	(3,386)	2.7%	(7,070)	(6,903)	2.4%
Net Property Income	112,741	109,461	3.0%	228,871	223,176	2.6%
Borrowing costs	(26,961)	(25,590)	5.4%	(53,346)	(51,047)	4.5%
Profit Before Tax	85,780	83,871	2.3%	175,525	172,129	2.0%
Total Hong Kong Taxation	(15,425)	(14,733)	4.7%	(31,206)	(30,116)	3.6%
Net Profit of Property Companies	70,355	69,138	1.8%	144,319	142,013	1.6%
Tax deductible trust expenses	(407)	(475)	-14.3%	(997)	(876)	13.9%
Income Available For Distribution	69,948	68,663	1.9%	143,322	141,137	1.5%

2Q 2007 versus 2Q 2006

The net property income for the quarter ended 30 June 2007 ("2Q07") was 3.0% higher than the same quarter last year despite a slight fall in total revenue for 2Q07 by approximately 2.8%. This was because of better cost management initiatives resulting in a lower cost-to-revenue ratio of 23.7% in the period. The variance in total revenue was due to on-going asset enhancement works at Waldorf Garden Property as well as lower revenue contribution from The Metropolis Mall without the benefit of any rental guarantee. The asset enhancement works at Waldorf Garden Property has commenced in 2Q07 to sub-divide a large Chinese restaurant, which occupies about 41% of Waldorf Garden Property's total gross rentable area, into 34 retail and food and beverage outlets. Correspondingly, the portfolio occupancy rates as at 30 June 2007 was lower at 90.7% primarily due to frictional vacancy from asset enhancement and repositioning initiatives at The Metropolis Mall, Waldorf Garden Property and Centre de Laguna Property. However, the portfolio passing rent improved to HK\$24.5 psf as a result of higher rental reversions from existing renewals and new tenants. Ma On Shan Plaza and City One Shatin Property continued to perform well with total revenue increased by 6.4% and 10.7% respectively above the same quarter last year.

Property operating expenses for 2Q07 was lower than the same quarter last year by 17.6% due to the reduced repair and maintenance expenses, lower advertising and promotion expenses as well as the waiver of the government rates in 2Q07.

Overall, the net property income for 2Q07 was HK\$112.7 million, or approximately 3.0% higher than the same quarter last year.

Borrowing cost for 2Q07 was HK\$27.0 million with weighted average borrowing cost of 4.5%. Out of the total borrowings, the interest cost on about 78% of the debt had been fixed for various maturities to mitigate the impact of rises in interest rates.

All in, the income available for distribution for 2Q07 was higher than the same quarter in 2006 by 1.9%.

1H 2007 versus 1H 2006

For the half year ended 30 June 2007 ("1H07"), the net property income was 2.6% higher than the same period last year. Total revenue was marginally lower than the same period last year by approximately 0.8% mainly due to lower rental revenue as a result of on-going asset enhancement works at Waldorf Garden Property from April 2007 to sub-divide a large Chinese restaurant into multiple shops and lower revenue contribution from The Metropolis Mall without the benefit of a rental guarantee. The portfolio recorded a healthy rental reversion of 11% for renewals in the first

six months of the year. Notably, the better performing malls such as Ma On Shan Plaza, Waldorf Garden Property and City One Shatin Property registered positive rental reversions of 40.0%, 18.7% and 11.4% respectively. The portfolio passing rent also improved year-on-year by 4.8% to HK\$24.5 psf in 1H07.

Property operating expenses for 1H07 were lower than the same period last year by 10.4%. This was due to the waiver of government rates in 2Q07, lower advertising and promotion expenses and repair and maintenance costs in the first six months of the year.

Overall, the net property income for the first half of 2007 was HK\$228.9 million, which was approximately 2.6% higher than the same period last year.

Borrowing cost for the first half of 2007 was HK\$53.3 million, which represented an increase of 4.5% over the same period last year.

All in, the income available for distribution for the half year ended 30 June 2007 was higher than the same period in 2006 by 1.5%.

9. Variance between actual and the forecast results for the period from 1 January 2007 to 30 June 2007

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 grow at a steady pace with both the Gross Domestic Product and Private Consumption Expenditure indicators showing a positive 5.6% growth respectively for the first quarter of 2007.

On the retail sector front, retail rental growth is expected to grow by 5 to 10 percent for the rest of 2007 on the back of strong economic performance, real wage growth and low levels of unemployment with strong local consumption demand supporting shop rent's upward trend.

Shopping centre rents overall in Hong Kong grew by 4.4% in 1Q 2007. Retail spending has been on the increase, fuelled by the lowest unemployment rate of 4.3% since 1998 and by real wage growth. The rise in retail sales of about 8.3% in value for the first five months of 2007 compared with the same period last year is also due in part, to the increasing numbers of inbound tourists from China, and partly by the positive macroeconomic environment and wealth effect from the buoyant stock market. Total tourist arrivals to Hong Kong reached almost 11 million or 6.7% higher in the first five months of 2007 compared to 2006.

The retail sector is expected to see steady growth going forward as macroeconomic fundamentals continue to improve. The government has implemented an average pay rise of 4% to 5%, the first in 6 years, to 160,000 civil servants from April 2007. This will induce another round of income growth for the general public and enhance consumer confidence.

Interest rates in Hong Kong have been relatively stable with no reported interest rate increase by the US Federal Reserve. Fortune REIT's gearing is low at 24.6% and a portion of interest cost on its debt has been fixed for various maturities to mitigate the impact of rises in interest rates.

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 30 September 2007.

Source: Census and Statistics Department and Retail Briefing Research from Savills (Hong Kong) Limited dated 4 June 2007

Outlook for the financial year ending 31 December 2007

Based on the performance of the portfolio and the financials prepared for the financial period from 1 January 2007 to 30 June 2007, the Manager of Fortune REIT expects the performance of the portfolio for the year ending 31 December 2007 to be comparable with the 2006 performance, barring any unforeseen circumstances.

11. Distributions

(a) Current financial period

Any distribution declared for the current period?	Yes
Name of distribution	Interim distribution for the period from 1 January 2007 to 30 June 2007
Distribution Type	Tax-exempt income
Distribution Rate	17.70 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.

(b) Corresponding period of the immediate preceding financial year

Any distribution declared for the current period?	Yes
Name of distribution	Interim distribution for the period from 1 January 2006 to 30 June 2006
Distribution Type	Tax-exempt income
Distribution Rate	17.53 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 29 August 2007

(d) Book Closure Date 8 August 2007

Footnotes:

N.M. - Not meaningful

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

No applicable.

13. Confirmation pursuant to Rule 705(4) 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 balance sheets, consolidated statement of total return, statement of changes in unitholders’ funds and consolidated cash flow statement, together with their accompanying notes) as at 30 June 2007 and the results of the business, changes in unitholders’ funds and cash flows of the Group for the 6 months ended on that date, to be false or misleading in any material respect.

On behalf of the Board of the Manager,

Chiu Kwok Hung, Justin
Director

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

Lim Hwee Chiang
Director

31 July 2007

Report on Review of Interim Financial Information

ARA Asset Management (Singapore) Limited

(as Manager of Fortune REIT)
9 Temasek Boulevard
#09-01 Suntec City Tower 2
Singapore 038989

HSBC Institutional Trust Services (Singapore) Limited

(as Trustee of Fortune REIT)
9 Temasek Boulevard
#09-01 Suntec City Tower 2
Singapore 038989

Attention: Mr John Lim

Dear Sirs

We have reviewed the accompanying interim financial information of Fortune Real Estate Investment Trust ("Fortune REIT") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and Fortune REIT as of June 30, 2007, and the statements of return, statements of movements in unitholders' funds of the Group and of Fortune REIT and cash flow statement of the Group for the six-month period then ended and other explanatory notes.

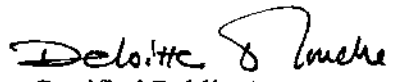
The management of ARA Asset Management (Singapore) Limited is responsible for the preparation and presentation of this interim financial information in accordance with the Singapore Financial Reporting Standard 34, *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of Fortune REIT and the Group are not presented fairly, in all material respects, in accordance with FRS 34 except, that the properties have not been revalued as at June 30, 2007 and will be revalued at the end of the financial year pursuant to the policy as enacted in the Trust Deed, which is in accordance with the Property Funds Guidelines.

Yours faithfully


Certified Public Accountants
Singapore

July 31, 2007