



Fortune Real Estate Investment Trust
Financial Statements
For the financial period from 1 January 2008 to 30 June 2008

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 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\$9.7 billion. The retail malls are City One Shatin Property, Ma On Shan Plaza, The Metropolis Mall, 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 832 tenants as at 30 June 2008 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, Mannings, Modern Beauty Salon, Fortress, McDonald's, KFC, 3G Shop, GOME, Bank of China (Hong Kong), DBS Bank, Standard Chartered Bank, Citibank, HSBC, Japan Home Centre, Jumpin Gym U.S.A., International Christian School Limited, PCCW and the Hong Kong Jockey Club.

Financial Statements Announcement
For period from 1 January 2008 to 30 June 2008

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 1/4/08 to 30/6/08 ^(a)	Actual 1/4/07 to 30/6/07 ^(a)		Increase/ (Decrease)	Actual 1/1/08 to 30/6/08 ^(a)	
Revenue ^(b)	127,056	122,987	3.3%	250,174	247,824	0.9%
Charge-out collections ^(c)	29,502	29,300	0.7%	58,767	60,414	(2.7%)
Total revenue	156,558	152,287	2.8%	308,941	308,238	0.2%
Property management fees	(3,610)	(3,490)	3.4%	(7,101)	(7,053)	0.7%
Other property operating expenses	(34,438)	(32,578)	5.7%	(65,796)	(65,244)	0.8%
Property Operating Expenses	(38,048)	(36,068)	5.5%	(72,897)	(72,297)	0.8%
Net Property Income (before manager's performance fee)	118,510	116,219	2.0%	236,044	235,941	0.0%
Manager's performance fee	(3,555)	(3,478)	2.2%	(7,081)	(7,070)	0.2%
Net Property Income	114,954	112,741	2.0%	228,963	228,871	0.0%
Borrowing costs	(26,182)	(26,961)	(2.9%)	(53,142)	(53,346)	(0.4%)
Profit Before Tax	88,772	85,780	3.5%	175,821	175,525	0.2%
Hong Kong Taxation :						
Current taxation	(10,740)	(11,437)	(6.1%)	(22,794)	(23,289)	(2.1%)
Deferred Taxation ^(d)	3,563	(3,678)	(196.9%)	558	(6,951)	(108.0%)
Total Hong Kong Taxation	(7,177)	(15,115)	(52.5%)	(22,236)	(30,240)	(26.5%)
Net Profit of Property Companies	81,595	70,665	15.5%	153,585	145,285	5.7%
Loss on disposal of investment property ^(e)	(195)	-	NM	(195)	-	NM
Manager's base fee	(7,265)	(6,907)	5.2%	(14,450)	(13,739)	5.2%
Foreign exchange gain (loss) ^(f)	279	(94)	(395.8%)	986	141	601.5%
Non-tax deductible trust expenses ^(g)	(2,574)	(2,432)	5.8%	(6,106)	(4,496)	35.8%
Tax deductible trust expenses	(1,168)	(407)	186.8%	(2,163)	(997)	116.9%
Non tax-exempt income ^(h)	21,885	1,685	1,198.9%	6,563	7,086	(7.4%)
Singapore current taxation	(1,115)	(310)	260.3%	(1,165)	(966)	20.7%
Total Trust Expenses	9,847	(8,465)	(216.3%)	(16,530)	(12,971)	27.4%
Net Profit of Group	91,442	62,200	47.0%	137,055	132,314	3.6%
Add / (less) :						
Manager's base fee	7,265	6,907	5.2%	14,450	13,739	5.2%
Foreign exchange gain (loss) ^(f)	(279)	94	(395.8%)	(986)	(141)	601.5%
Non-tax deductible trust expenses ^(g)	2,574	2,432	5.8%	6,106	4,496	35.8%
Non tax-exempt income ^(h)	(21,615)	(1,685)	1,182.8%	(5,709)	(7,086)	(19.4%)
Income Available For Distribution⁽ⁱ⁾	79,387	69,948	13.5%	150,916	143,322	5.3%

Footnotes:

- (a) *The Group's 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.*
- (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 a one-off write-back of deferred tax due to the change in Hong Kong tax rate from 17.5% to 16.5% with effect from April 2008.*
- (e) *Fortune REIT sold 5 car park lots in one of the investment properties, City One Shatin Property, in the 2nd quarter 2008. These are the balance lots which were approved for disposal in 2006, in which a total of 322 sale transactions were completed out of 334 lots.*
- (f) *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.*
- (g) *Included therein in the non tax-deductible trust expenses is a negative fair value changes of HK\$1.0 million for the period 1 January 2008 to 30 June 2008 (2007:NIL) arising from the structured swaps entered on 28 June 2006.*
- (h) *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 April 2008 to 30 June 2008 is a positive fair value of HK\$16.6 million (1 April 2007 to 30 June 2007: Nil) as well as the value of HK\$5.02 million for the unwinding of one of the structured swap.*
- (i) *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.*
- (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 (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 30/6/08	Actual 31/12/07	Actual 30/6/08	Actual 31/12/07
Current Assets				
Cash and bank balances	113,311	119,229	287,046	242,118
Investment properties held for resale ^(b)	-	-	226	904
Trade and other receivables	161,193	142,867	36,232	35,808
Total Current Assets	274,504	262,096	323,504	278,830
Non-Current Assets				
Investment in property companies	3,939,224	3,939,224	-	-
Investment properties ^(c)	-	-	9,718,623	9,713,000
Fixed assets	-	-	154	191
Total Non-Current Assets	3,939,224	3,939,224	9,718,777	9,713,191
Total Assets	4,213,728	4,201,320	10,042,281	9,992,021
Current Liabilities				
Trade and other payables	6,935	6,448	206,319	191,966
Derivative liability ^(d)	-	-	8,868	1,022
Provision for taxation	2,536	1,371	29,444	5,994
Total Current Liabilities	9,471	7,819	244,631	198,982
Non-Current Liabilities				
Borrowings	-	-	2,340,650	2,338,638
Deferred tax liabilities	-	-	108,868	109,426
Derivative liability ^(d)	6,724	5,729	28,238	38,726
Total Non-Current Liabilities	6,724	5,729	2,477,756	2,486,790
Total Liabilities	16,195	13,548	2,722,387	2,685,772
Net Assets	4,197,533	4,187,772	7,319,894	7,306,249
Unitholders' Equity				
Issued equity	4,356,682	4,342,232	4,356,682	4,342,232
Unit issue costs ^(e)	(173,097)	(173,097)	(173,097)	(173,097)
Hedging reserve ^(d)	-	-	(30,382)	(34,019)
Revenue reserve	13,948	18,637	3,166,691	3,171,133
Total Unitholder's Equity	4,197,533	4,187,772	7,319,894	7,306,249

Footnotes:

- (a) The Group's financial information incorporates the financial statements of the Trust and the 11 Property Companies.
- (b) This relates to the one car park lot in City One Shatin Property which was not sold as at 30 June 2008.
- (c) Investment properties are stated at valuation based on an independent professional valuation carried out by Knight Frank Petty Limited, the independent valuer, on 31 December 2007. During the period, minor capital costs were incurred and included in the investment properties value.
- (d) The derivative liability relates to the fair value of the interest rate swaps transacted to hedge the interest rate risk on 52% of the term loan and the structured swap 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\$169.7 million paid as of 30 June 2008 (31 December 2007: HK\$169.7 million) as well as accruals of approximately HK\$3.4 million (31 December 2007: HK\$3.4 million).

1 (b)(ii) Aggregate amount of borrowings

As at 30/6/08	Secured ^(a)	Unsecured
	HK\$ '000	HK\$ '000
Amount repayable in one year or less, or on demand	-	-
Amount repayable after one year	2,340,650	-
	2,340,650	-

As at 31/12/07	Secured ^(a)	Unsecured
	HK\$ '000	HK\$ '000
Amount repayable in one year or less, or on demand	-	-
Amount repayable after one year	2,338,638	-
	2,338,638	-

Footnote:

- (a) Fortune REIT has in place an omnibus facility ("the Facility") of HK\$2,613.7 million (2007: HK\$2,613.7 million) comprising a HK\$2,348.7 million (2007: HK\$2,348.7 million) term loan facility and a HK\$265 million (2007: 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\$8.0 million (31 December 2007: HK\$10.1 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 1/4/08 to 30/6/08	Actual 1/4/07 to 30/6/07	Actual 1/1/08 to 30/6/08	Actual 1/1/07 to 30/6/07
Operating Activities				
Profit before taxation	99,735	77,625	160,456	163,520
Adjustments for:				
Changes in fair value of derivative asset	(16,595)	181	995	(2,895)
Amortisation of debt front end fee	1,006	1,005	2,013	2,012
(Gain)/Loss on disposal of investment properties	195	-	195	-
Depreciation	19	19	37	41
Base fee paid in units	7,265	6,907	14,450	13,739
Interest income	(5,290)	(1,685)	(6,563)	(4,191)
Borrowing costs	26,182	26,961	53,142	53,346
Operating Profit before changes in working capital	112,517	111,013	224,725	225,572
Decrease/(Increase) in trade and other receivables	246	(183)	(934)	(2,332)
(Decrease)/Increase in trade and other payables	6,739	(7,537)	14,353	(9,736)
Cash generated from operating activities	119,502	103,293	238,144	213,504
Income taxes paid	-	(1,097)	-	(5,261)
Cash flows from operating activities	119,502	102,196	238,144	208,243
Investing Activities				
Disposal of investment properties	943	-	943	-
Upgrading of investment properties	(3,314)	(3,916)	(6,083)	(5,661)
Interest received	5,290	1,685	6,563	4,191
Cash flow from / (used in) investing activities	2,919	(2,231)	1,423	(1,470)
Financing Activities				
Distribution paid	-	-	(141,497)	(135,076)
Borrowing costs paid	(26,182)	(26,961)	(53,142)	(53,346)
Cash flow used in financing activities	(26,182)	(26,961)	(194,639)	(188,422)
Net increase in cash and cash equivalents	96,239	73,004	44,928	18,351
Cash and cash equivalents at beginning of the period	190,807	196,872	242,118	251,525
Cash and cash equivalents at end of the period	287,046	269,876	287,046	269,876

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

Statement for the second quarter	HK\$ '000			
	Trust		Group	
	Actual 1/4/08 to 30/6/08	Actual 1/4/07 to 30/6/07	Actual 1/4/08 to 30/6/08	Actual 1/4/07 to 30/6/07
Balance as at beginning of period	4,027,083	4,061,683	7,190,073	6,815,938
Operations				
Net profit	163,185	138,345	91,442	62,200
Fair value changes in hedging instrument	-	-	31,114	12,525
Increase in net assets resulting from operations	163,185	138,345	122,556	74,725
Unitholders' transactions				
Creation of units				
-management fee paid/payable in units	7,265	6,907	7,265	6,907
Net increase in net assets resulting from Unitholders' transactions	7,265	6,907	7,265	6,907
Unitholders' funds as at end of period	4,197,533	4,206,935	7,319,894	6,897,570

Statement for the year-to-date	HK\$ '000			
	Trust		Group	
	Actual 1/1/08 to 30/6/08	Actual 1/1/07 to 30/6/07	Actual 1/1/08 to 30/6/08	Actual 1/1/07 to 30/6/07
Balance as at beginning of year	4,187,772	4,194,086	7,306,249	6,865,753
Operations				
Net profit	136,808	134,186	137,055	132,314
Fair value changes in hedging instrument	-	-	3,637	20,840
Increase in net assets resulting from operations	136,808	134,186	140,692	153,154
Unitholders' transactions				
Creation of units				
-management and acquisition fee paid/payable in units	14,450	13,739	14,450	13,739
Distribution to Unitholders	(141,497)	(135,076)	(141,497)	(135,076)
Net decrease in net assets resulting from Unitholders' transactions	(127,047)	(121,337)	(127,047)	(121,337)
Unitholders' funds as at end of year	4,197,533	4,206,935	7,319,894	6,897,570

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 2008	812,266,047	Total units since the end of previous financial period
10 April 2008	1,424,193	As payment of management fee for the period from 1 January 2008 to 31 March 2008
As at 30 June 2008	<u>813,690,240</u>	
7 July 2008 ^(a)	1,611,601	As payment of management fee for the period from 1 April 2008 to 30 June 2008
Deemed units as at 30 June 2008	<u>815,301,841</u>	

Footnotes:

(a) On 7 July 2008, there was an additional 1,611,601 Units issued to the Manager as payment of management fee for the period from 1 April 2008 to 30 June 2008.

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 Engagement 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 2007.

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 2008 to 30 June 2008

	Actual 1/4/08 to 30/6/08 HK cents	Actual 1/4/07 to 30/6/07 HK cents	Actual 1/1/08 to 30/6/08 HK cents	Actual 1/1/07 to 30/6/07 HK cents
Earnings per unit for the period based on the weighted average number of units in issue	11.20	7.67	16.81	16.34
Weighted average number of units in issued (million)	814.6	809.2	814.6	809.2
Distribution per unit for the period based on the total number of units in issue	9.72	8.63	18.51	17.70
Total number of units in issued (million)	815.3	809.6	815.3	809.6

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

	Actual 30/6/08 HK\$	Actual 31/12/07 HK\$
Net asset value per unit ^(a)	9.02	9.04

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 815.3 million (31 December 2007: 812.3 million). The decrease in net asset value was mainly due to an increase in units issued to Manager as base fee for the period 1 January 2008 to 30 June 2008.

8. Review of performance

Income Statement

	HK\$ '000		%	HK\$ '000		%
	Actual 1/4/08 to 30/6/08	Actual 1/4/07 to 30/6/07	Increase	Actual 1/1/08 to 30/6/08	Actual 1/1/07 to 30/6/07	Increase
Total Revenue	156,558	152,287	2.8%	308,941	308,238	0.2%
Net Property Income	114,954	112,741	2.0%	228,963	228,871	0.0%
Income Available for Distribution	79,387	69,948	13.5%	150,916	143,322	5.3%

2Q 2008 (“Reporting Period”) versus 2Q 2007

Total revenue for the Reporting Period was HK\$156.6 million, which was about 2.8% higher as compared to the corresponding quarter last year. This was mainly attributed to the higher rents achieved from the enhanced area of The Waldorf Garden after the two-phased asset enhancement works which were completed in the third quarter of 2007 and the first quarter of 2008 respectively. As of the end of reporting period, the portfolio occupancy rate was 92.6% with passing rent improved Y-o-Y by 8.1% to HK\$26.52 psf.

Property Operating Expenses for the Reporting Period was higher by 5.5% as compared to the same quarter last year. This was mainly due to higher leasing commission as a result of pro-active leasing effort. Despite the higher expenses, the portfolio was still efficiently managed at a cost-to-revenue ratio of 24.3%.

Borrowing cost for the Reporting Period was HK\$26.2 million, with a weighted average borrowing cost of 4.49% p.a. Out of the total borrowings, the interest cost on about 52% of the debts has been fixed for various maturities.

All in, the Net Property Income and Income Available for Distribution for the Reporting Period were HK\$115.0 million and HK\$79.4 million respectively.

1H 2008 versus 1H 2007

For the half year ended 30 June 2008 (“1H08”), total revenue was marginally higher than the same period last year by approximately 0.2% mainly due to lower revenue in 1Q08 as a result of progressive repositioning of tenants’ mix at The Metropolis Mall and Jubilee Court Shopping Centre. The portfolio recorded a healthy rental reversion of 25.6% for renewals in the first six months of the year. The portfolio passing rent also improved to HK\$26.52 psf in 1H08.

Property operating expenses for 1H08 was marginally higher than the same period last year by 0.8% due to higher expenditure on leasing commission.

Borrowing cost for the first half of 2008 was HK\$53.1 million, which represented a decrease of 0.4% over the same period last year due to the low interest rate environment.

Overall, the net property income for the first half of 2008 was HK\$229.0 million. The income available for distribution for the half year ended 30 June 2008 was higher than the same period in 2007 by 5.3% mainly due to a one-off write-back of deferred tax due to the change in Hong Kong tax rate from 17.5% to 16.5% with effect from April 2008.

9. Variance between actual and the forecast results for the period from 1 January 2008 to 30 June 2008

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 expand in the first quarter of 2008, despite the growing adversities in the external environment. GDP and private consumption expenditure rose by 7.1% and 7.9% in real terms respectively, underpinned by the strong labour market conditions and rising incomes. The unemployment remained at the relatively low 3.3% level for the 3 months ended May 2008.

The value of total retail sales in May 2008, provisionally estimated at \$23.1 billion, increased by 12.9% over a year earlier. Taking the first five months of 2008 together, total retail sales have increased by 16.8% in value or 10.4% in volume over the same period a year earlier. Retail rents have also been improving over the same period, with private retail rents up 8.7% according to Rating and Valuation Department in Hong Kong.

Looking ahead, the expected global economic slowdown, the ongoing financial market turbulence, inflation and high international commodity prices, the tight debt market, and the consolidation in local asset prices in recent months are likely to have some impact on the local economy and consumer sentiment. Nevertheless, the strong labour market conditions and further growth of inbound tourism should continue to support the retail business.

Fortune REIT which invests in Hong Kong decentralized retail properties tends to maintain a more steady performance when compared to the overall market and economic conditions in general.

Source: Hong Kong Census and Statistics Department, Hong Kong Rating and Valuation Department

Outlook for the financial year ending 31 December 2008

Based on the performance of the portfolio and the financials prepared for the financial period from 1 January 2008 to 30 June 2008, the Manager of Fortune REIT expects the performance of the portfolio for the year ending 31 December 2008 to be comparable with the 2007 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 2008 to 30 June 2008
Distribution Type	Tax-exempt income
Distribution Rate	18.51 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 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.

(c) Date Payable 29 August 2008

(d) Book Closure Date 7 August 2008

Footnotes:

N.M. - Not meaningful

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

Not 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 2008 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

29 July 2008

ARA Asset Management (Singapore) Limited
(as Manager of Fortune REIT)
6 Temasek Boulevard
#16-02 Suntec City Tower 4
Singapore 038986

HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of Fortune REIT)
21 Collyer Quay
#10-01, HSBC Building
Singapore 049320

Attention: Mr Stephen Chu

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, 2008, and the statements of return, statements of movements in unitholders’ funds of the Group and of Fortune REIT and consolidated 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, 2008 and will be revalued at the end of financial year pursuant to the policy as enacted in the Trust Deed, which is in accordance with the Property Funds Guidelines.

Yours faithfully

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants
Singapore

July 29, 2008