

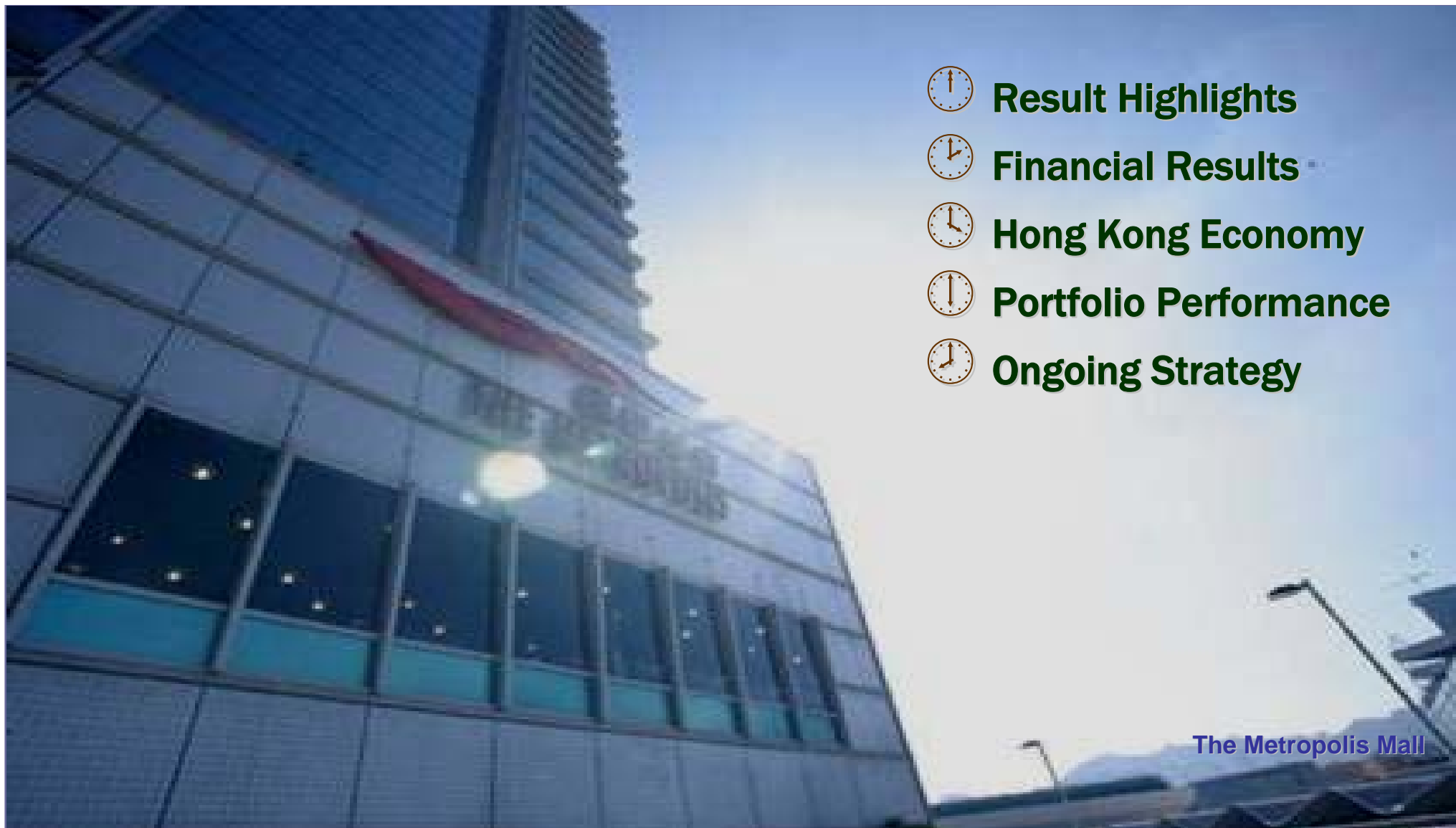
Fortune REIT
Portfolio

FORTUNE 置富產業信託 REIT

Results for the year ended 31 Dec 2006

30 January 2007

ARA Asset Management (Singapore) Limited



-  **Result Highlights**
-  **Financial Results**
-  **Hong Kong Economy**
-  **Portfolio Performance**
-  **Ongoing Strategy**

The Metropolis Mall

*Result
Highlights*

*Financial
Results*

HK Economy



*Portfolio
Performance*

Strategy



Result Highlights

Result Highlights

Total Revenue, FY06	HK\$614 mil	 35.6 %
Net Property Income (NPI), FY06	HK\$438 mil	 35.4 %
Distribution Per Unit (DPU), FY06	HK\$0.3426	 1.7 %
Tax-exempt Yield¹	5.8%	
Net Asset Value (NAV) Per Unit	HK\$8.53, Trading at discount of 31% ¹	
Portfolio Valuation²	HK\$9,235 mil	 7.5%
Gearing	24.7%	
Portfolio Rental Reversion	10.0%	
Portfolio Occupancy³	95.1%	
Cost-to-Revenue Ratio⁴	26.5%	

Notes:

1. Based on the closing unit price of HK\$5.90 on 29 Dec 06
2. Valuation as at 31 Dec 06 by Savills Valuation and Professional Services Ltd ("Savills")
3. Actual occupancy as at 31 Dec 06
4. Cost to revenue ratio - before Manager's performance fee

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Financial Results

Trust Income

Revenue rose 1.5% in 2H06 vs 2H05

	2H06 (HK\$'000)	2H05 (HK\$'000)	Variance (%)
Total Revenue	303,327	298,856	1.5
Net property income ("NPI")	214,406	211,670	1.3
Income available for distribution¹	135,484	134,438	0.8

➤ **Total Revenue and NPI increased by 1.5% and 1.3%**

➤ **Income available for distribution improved by 0.8%**

Note:

1. Due to the early adoption of FRS 40 in 2005, the Group recognized a gain of HK\$799.3m and HK\$706.6m in 2005 and 2006 respectively arising from changes in fair value of the properties. There will be no impact on income available for distribution. These figures are thus excluded for the purpose of this presentation.

Trust Income

Revenue rose 35.6% in FY06 vs FY05

	FY06 (HK\$'000)	FY05 (HK\$'000)	Variance (%)	
Total Revenue	614,054	452,905	35.6	➤ Total Revenue and NPI increased by 35.6% and 35.4%
Property operating expenses Manager's performance fee	(162,939) (13,533)	(119,677) (9,998)	36.1 35.4	
Net property income ("NPI")	437,582	323,230	35.4	➤ DPU improved by 1.7% despite rise in interest expense
Borrowings costs	(107,046)	(59,133)	81.0	
Profit before tax¹	330,536	264,097	25.2	➤ Cost-to-revenue ratio remain stable at 26.5%
Hong Kong tax	(58,576)	(46,195)	26.8	
Net profit of property companies	271,960	217,902	24.8	
Income available for distribution¹	276,621	216,731	27.6	
DPU (HK\$)	0.3426	0.3369	1.7	

Note:

1. Due to the early adoption of FRS 40 in 2005, the Group recognized a gain of HK\$799.3m and HK\$706.6m in 2005 and 2006 respectively arising from changes in fair value of the properties. There will be no impact on income available for distribution. These figures are thus excluded for the purpose of this presentation.

Distribution Yield

Delivers FY06 DPU of 34.26 HK cents, Tax-exempt yield of 5.8%

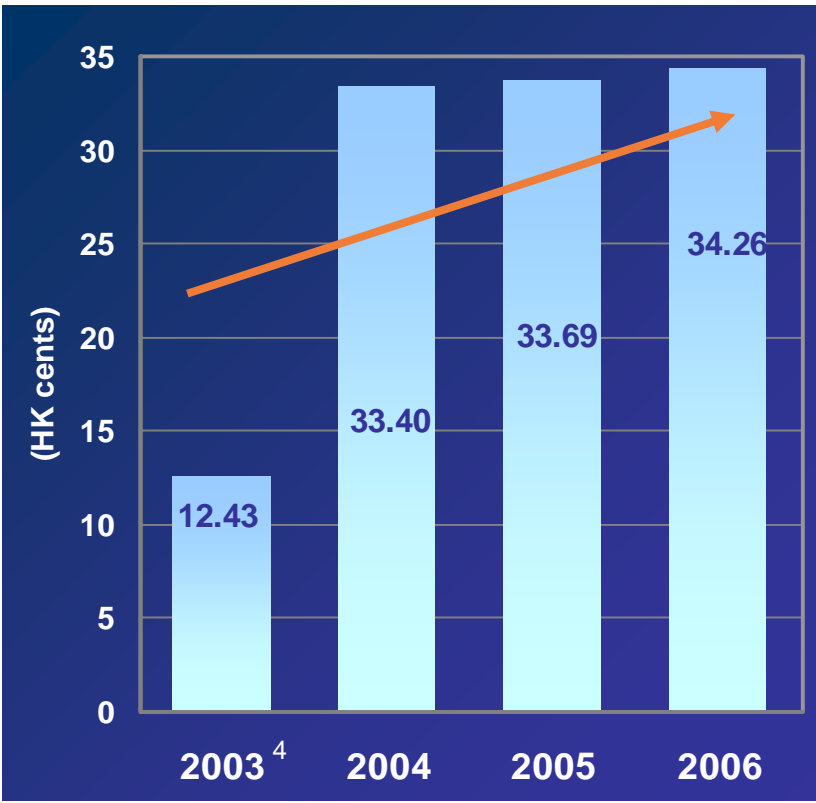
Pre-tax yield of 7.0%

FY06	Tax-exempt	Actual Pre-tax ¹ Equivalent
DPU ² (HK\$)	0.3426	0.4158
DPU yield ³	5.8%	7.0%

Notes:

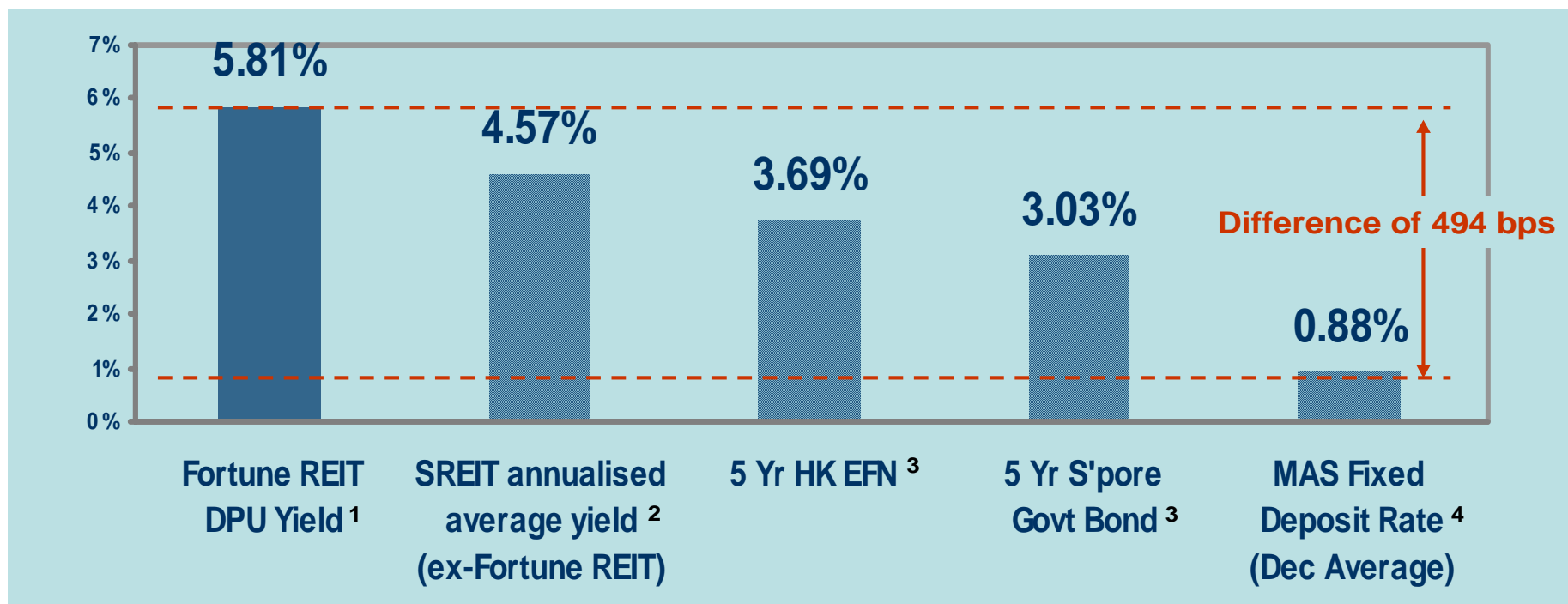
1. Before HK income taxes. This figure is shown solely to illustrate the yield before the impact of HK taxes on the property companies. It does not imply investors are eligible for any dividend tax credits
2. Based on 807.4m units issued
3. Based on the closing unit price of HK\$5.90 on 29 Dec 06
4. Distribution for the period of 13 Aug 03 to 31 Dec 03.

Steady Growth in DPU



Attractive Trading Yield

4th Highest Trading Yield Among S-REITs



Sources: ARASL, Bloomberg, Hong Kong Monetary Authority, Monetary Authority of Singapore (MAS)

Notes:

1. Based on Fortune REIT's closing unit price of HK\$5.90 as at 29 Dec 06.
2. Indicative trading yield based on annualised DPU and closing prices as at 29 Dec 06.
3. As at 29 Dec 06
4. 12-month bank fixed deposit rate for Dec 06

Distribution Details

Fortune REIT Units Trade Ex-distribution on 2 Feb 2007

Distribution for the period 1 July 2006 – 31 December 2006
16.73 HK cents per unit

Ex Date	2 February 2007
Book Closure	6 February 2007
Currency Election ¹	15 February 2007
Distribution Payment	28 February 2007

Source: ARASL

Note:

1. Unitholders can choose to have the distribution paid in HKD or SGD. By default, the payment is made in SGD.

Debt Management

Low Gearing at 24.7% Provides Further Flexibility

As at 31 Dec 2006	Debt Profile	
Total Debt ¹	HK\$ 2,349 mil	22% debt floated at 3M HIBOR 78% debt fixed at 1yr to 4 yrs
Gearing Ratio ²	24.7%	Further debt flexibility of approximately HK\$1.5bn to finance acquisitions⁴
Interest Cover ³	4.1 x	
Weight Avg. cost of Debt	4.4%	

Source: ARASL

Notes:

1. Excludes the debt front end fee
2. According to the Singapore Property Fund Guidelines, Aggregate Borrowing Limit as a % of Deposited Property must not exceed 35%, but can increase to 60% with a credit rating
3. Interest Cover = EBIT / Total Finance Cost
4. Assume a maximum gearing ratio of 35% without a credit rating

Portfolio Valuation Increased by 7.5% to HK\$9.2 Billion

	GRA	31 Dec 06 ¹ (HK\$m)	31 Dec 05 ¹ (HK\$m)	Increase (%)
1. City One Shatin Property	414,469	3,300 ²	3,050	8.2%
2. The Metropolis Mall	332,168	1,961	1,959	0.1%
3. Ma On Shan Plaza	310,084	1,695	1,475	14.9%
4. Waldorf Garden Property	80,842	540	480	12.5%
5. Smartland	123,544	433	396	9.3%
6. The Household Center	91,779	325	315	3.2%
7. Jubilee Court Shopping Centre	170,616	321	310	3.5%
8. Tsing Yi Square Property	78,836	309	290	6.6%
9. Centre de Laguna Property	43,000	188	168	11.9%
10. Lido Garden Property	9,836	105	95	10.5%
11. Rhine Garden Property	14,604	58	54	7.4%
Fortune REIT Portfolio Total	1,669,778	9,235	8,592	7.5%

Notes:

1. Valuation by Savills
2. 326 carparks in City One Shatin were sold in 2006 and has been excluded from the Valuation dated 31 Dec 06.

Balance Sheet

As at 31 Dec 2006	(HK\$'000)
Non Current Asset	9,235,357
Current Asset	282,383
Total Asset	9,517,740
Current Liabilities	200,615
Non Current Liabilities	2,451,372
Total Liabilities	2,651,987
Net Asset	6,865,753
Units in Issue ('000)	806,218

NAV Statistics	
NAV Per Unit ^{1,2}	HK\$ 8.53
Adjusted NAV per Unit ² (excluding distributable income)	HK\$ 8.36
Closing Unit Price (as at 29 Dec 2006)	HK\$ 5.90
Trading discount to:	
- NAV Per Unit	31%
- Adjusted NAV per Unit	29%

Source: ARASL

Notes:

1. Based on net assets of the Group excluding hedging reserve.
2. The number of units used for computation of NAV per unit is 807,386,478 units. This comprises: (a) number of units in issue as at 31 Dec 2006 of 806,217,648 units; (b) units issued on 16 Jan 2007 to the Manager as the Manager's Base Fees for 4Q 2006 of 1,168,830 units.

*Result
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HK Economy

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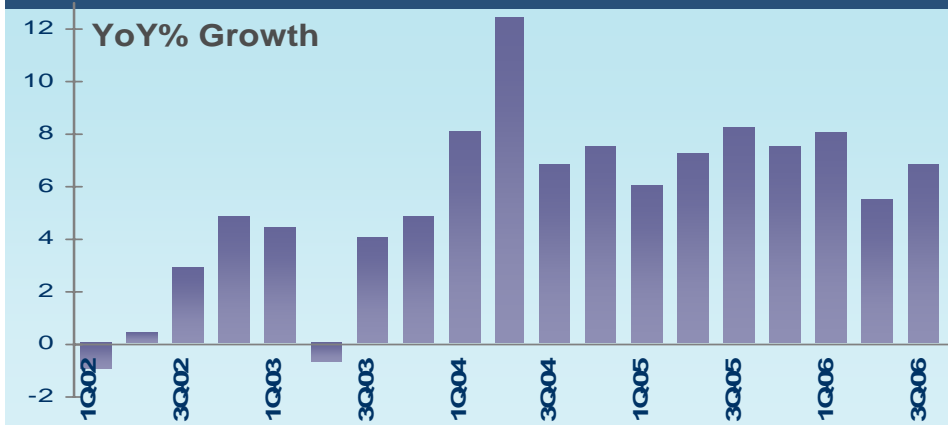
Strategy



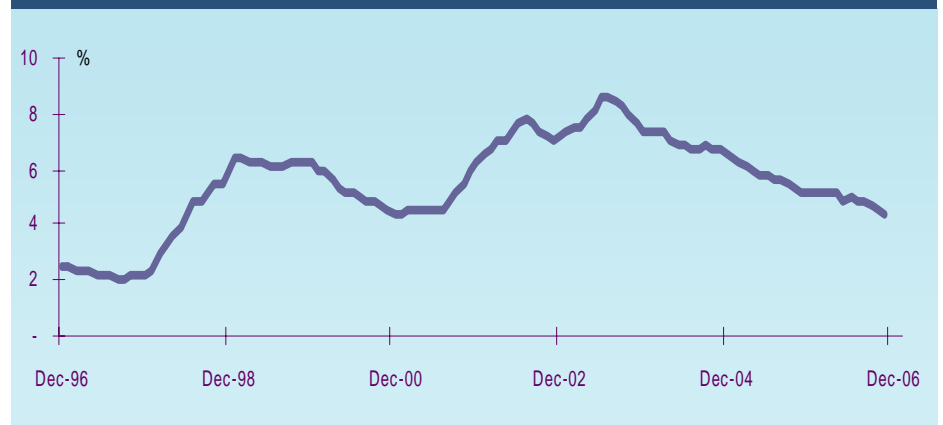
Hong Kong Economy

Solid and Sustainable Economic Growth

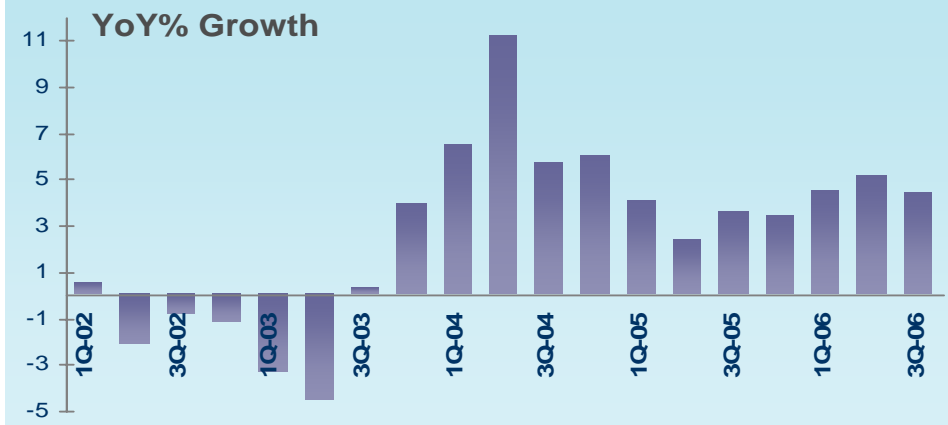
GDP – strong growth of 6.8%



Unemployment – 6 yrs' low of 4.4%

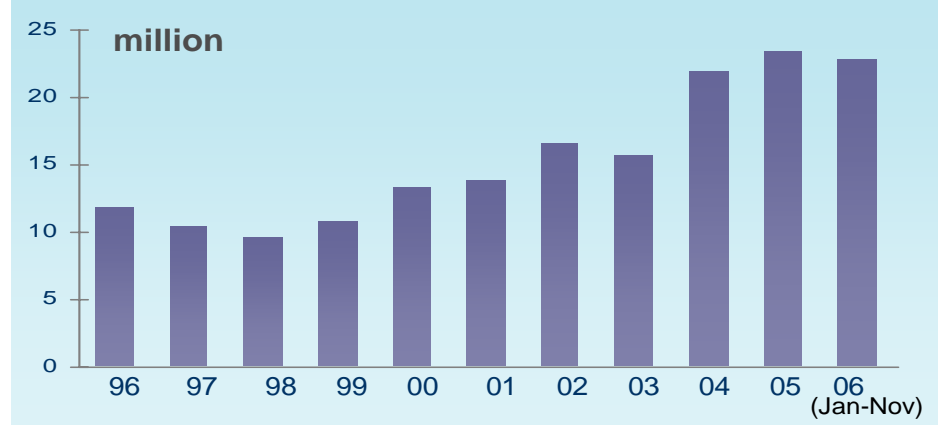


Private Consumption Expenditure – 4.4% growth



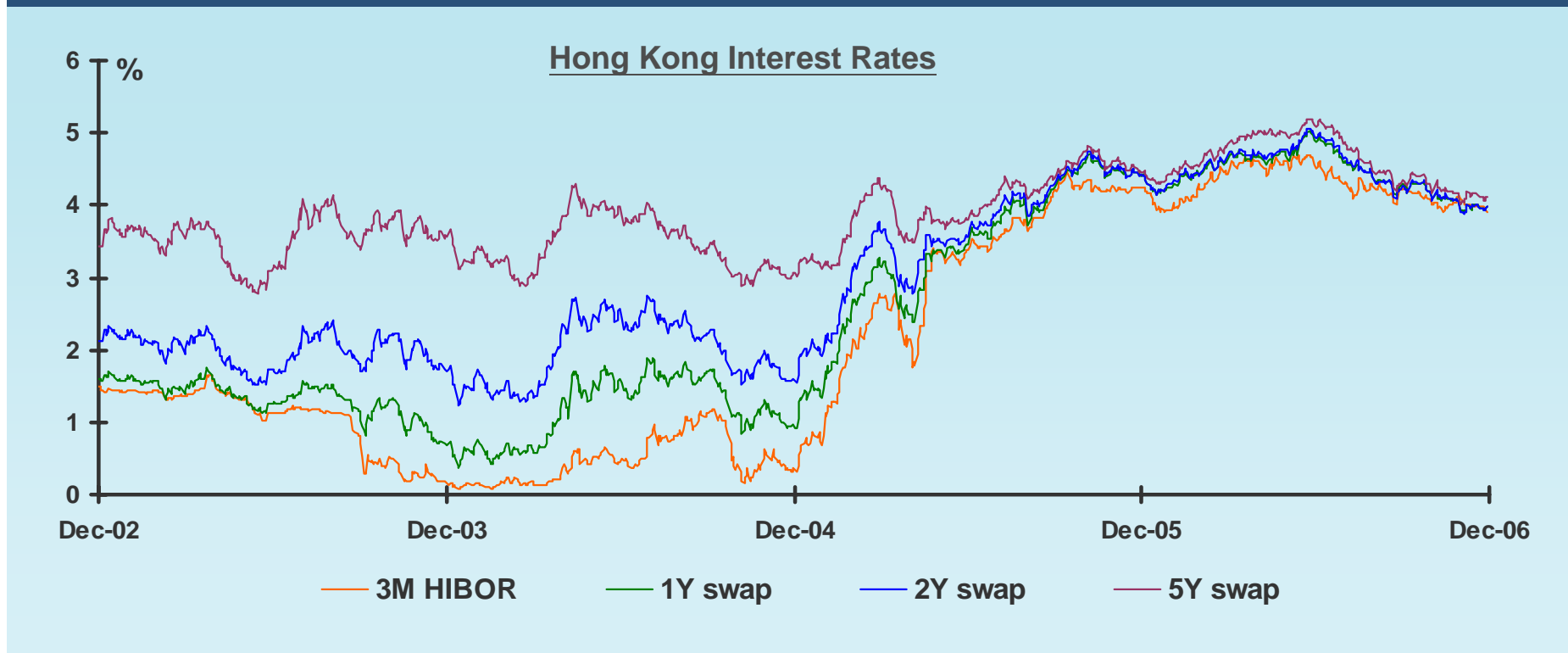
Source: Census & Statistics Department, HK

Tourist Arrivals – 8% up in Jan-Nov 06



Interest Rate To Stabilize

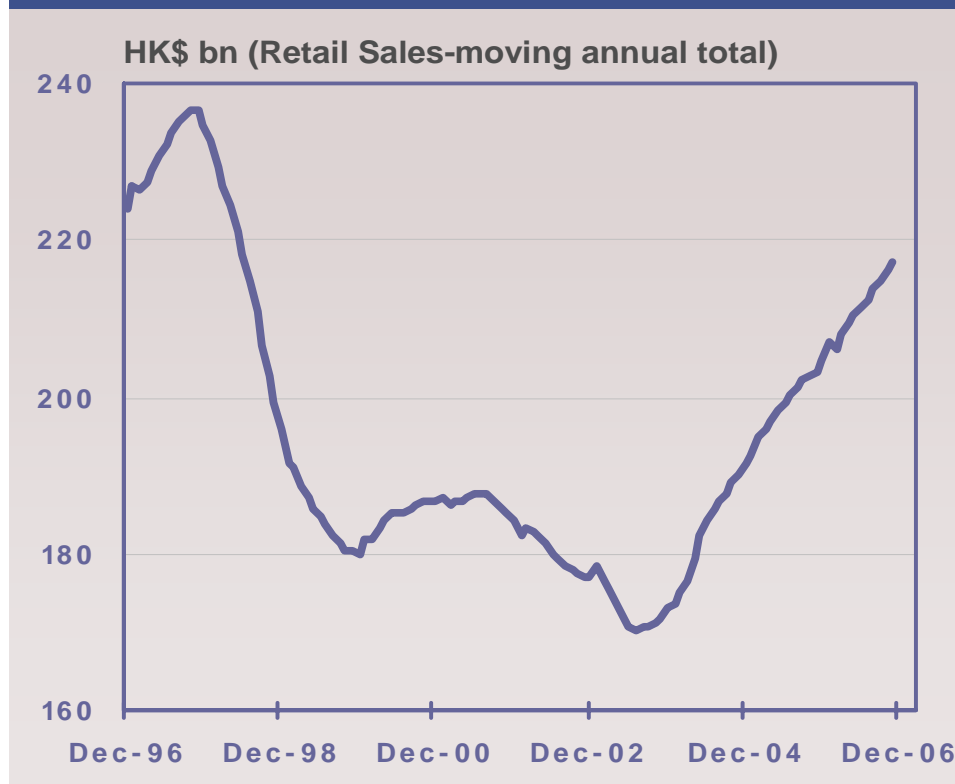
Indications of a More Favorable Environment in 2007



Source: Bloomberg

Strong Retail Sales In Hong Kong

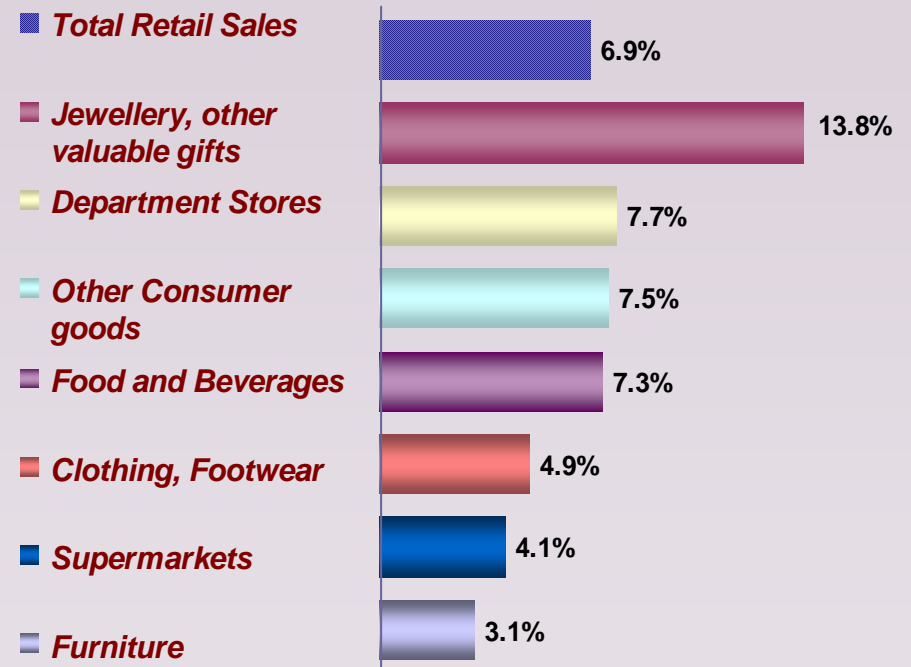
Retail Sales – strong growth of 6.9%



Source: Census & Statistics Department, HK

Growth across wide spectrum of trades

Growth - Year to Nov 06 over same period 05



Source: Census & Statistics Department, HK

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Portfolio Performance

Portfolio Occupancy

Actual portfolio occupancy remains high at 95.1% with 830 tenants

	GRA (sf)	Actual Occupancy (%)		No. of Tenants (As at Dec 06)
		Jun 06	Dec 06	
1. City One Shatin Property	414,469	94.6	96.8	252
2. The Metropolis Mall	332,168	82.1	89.9	121
3. Ma On Shan Plaza	310,084	100.0	100.0	136
4. Waldorf Garden Property	80,842	100.0	100.0	40
5. Smartland	123,544	98.4	90.1	97
6. The Household Center	91,779	79.5	82.9	48
7. Jubilee Court Shopping Centre	170,616	98.5	98.2	45
8. Tsing Yi Square Property	78,836	93.7	97.7	58
9. Centre de Laguna Property	43,000	96.9	96.7	18
10. Lido Garden Property	9,836	100.0	97.8	11
11. Rhine Garden Property	14,604	100.0	100.0	4
Portfolio Total	1,669,778	93.3	95.1	830

Source: ARASL

Portfolio Expiry Profile

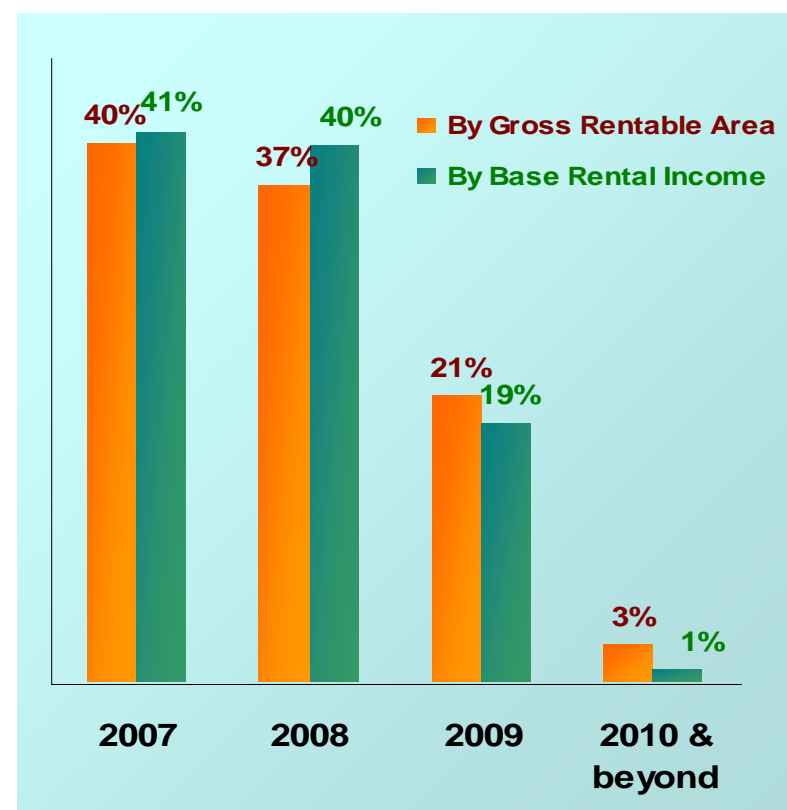
39.6% of leases will expire in 2007

Expiry Profile by Gross Rentable Area*

	% of occupied space expiring				
	1H 07	2H 07	2008	2009	2010 & Beyond
1. City One Shatin	19.5	15.9	31.9	29.3	3.4
2. The Metropolis Mall	20.7	14.0	38.2	20.2	6.9
3. Ma On Shan Plaza	10.6	34.2	41.8	11.8	1.7
4. Waldorf Garden	54.3	17.7	27.9	0.0	0.1
5. Smartland	7.0	13.7	50.9	28.5	0.0
6. The Household Ctr.	2.4	12.0	52.4	33.1	0.0
7. Jubilee Court Shopping Ctr.	20.1	45.7	14.5	17.9	1.8
8. Tsing Yi Square	19.5	26.0	37.3	15.6	1.6
9. Centre de Laguna	7.1	4.4	39.1	49.4	0.0
10 Lido Garden	18.8	8.8	53.1	19.4	0.0
11. Rhine Garden	2.4	0.0	97.6	0.0	0.0
Portfolio Total	17.6	22.0	36.6	21.1	2.8

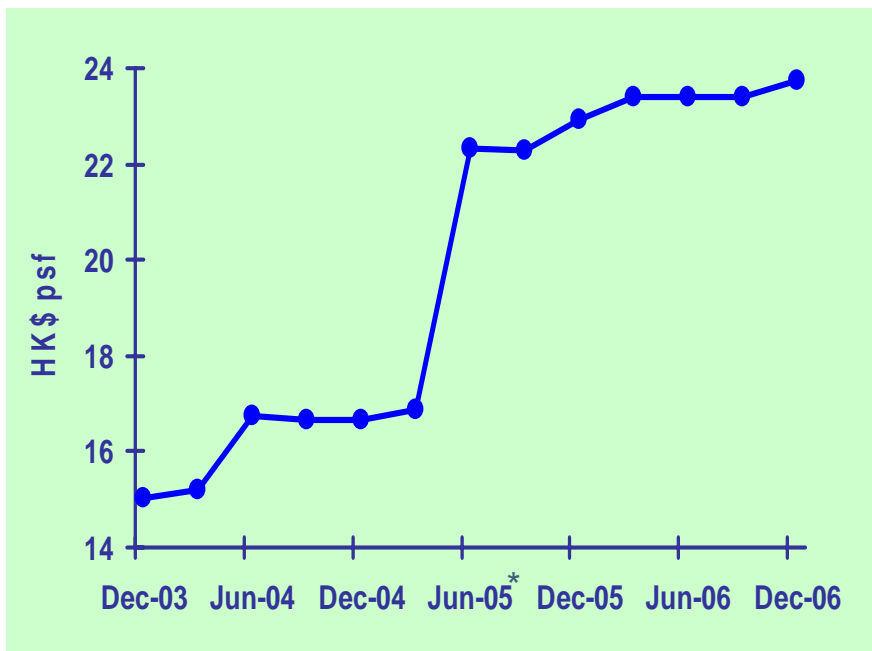
* As at 31 Dec 06

Portfolio Expiry Profile*



Average passing rental increased 3.5% Y-o-Y

Portfolio Rents



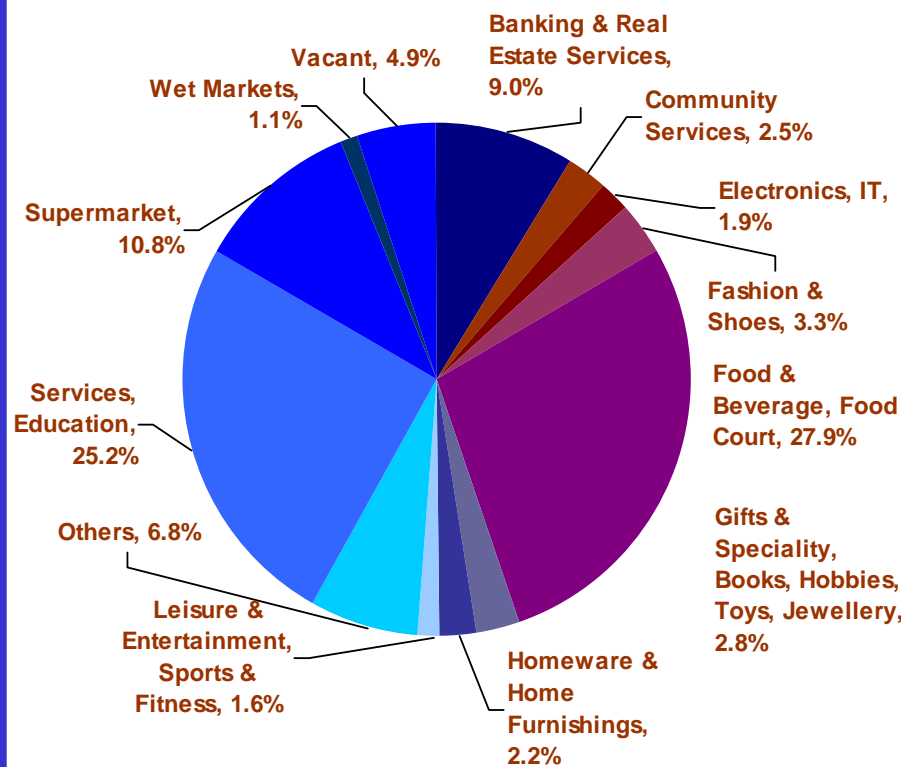
* 6 properties acquired in Jun 05

	4Q'06	YTD'06
Avg. Passing Rental (HK\$psf)	23.74 (as at 31 Dec 06)	
Tenant Retention	69%	74%
Rental Reversion	22%	10%

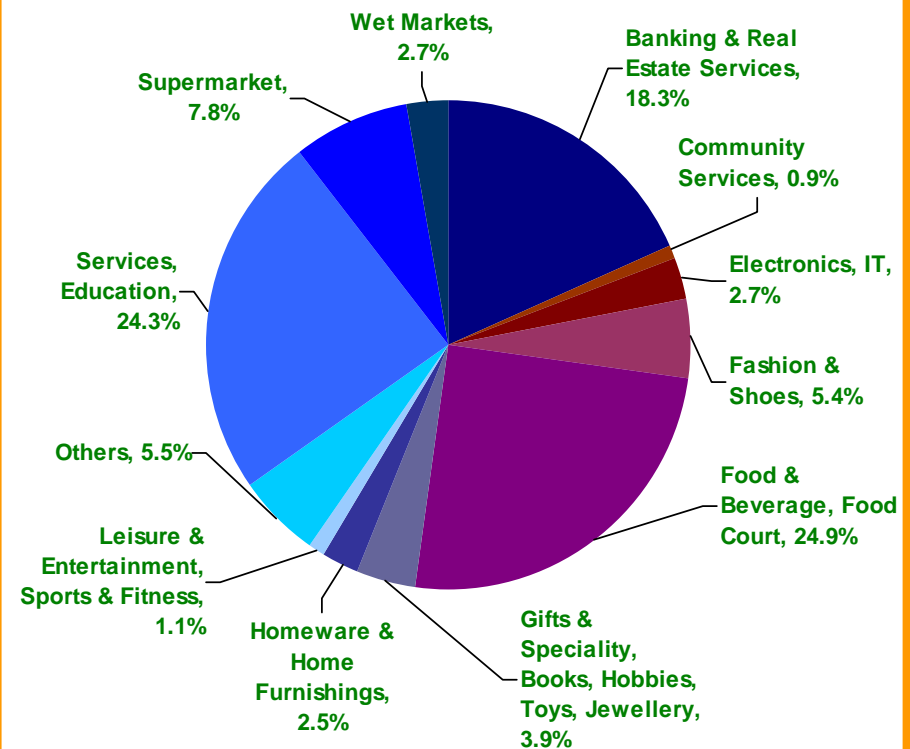
Portfolio Tenant Trade Mix

Trade mix well diversified to meet catchment needs

Trade Mix by Gross Rentable Area



Trade Mix by Rental Income



Marketing and Promotions....

HK\$9 mil Budget For Advertising and Promotions in 2007



Shopper traffic increased by 21% and 16% in Metropolis Mall and Ma On Shan Plaza in 4Q'06

.... Marketing and Promotions



Gundum Expo – substantial coverage across the media



Gundum Setup



Events to reinforce the Wedding Theme



“Keroro” characters boosts attendances and coverage



On-site broadcast by TVB’s Kids Channel Studio



CNY 2007 Decoration

The Metropolis Mall

Gundum Expo

- Increase some 20% in shopper traffic
- Booster to tenants’ business

TVB Kids Channel sets up an on-site studio

- Reinforces the learning zone
- Benefits education related tenants with additional publicity

.... Marketing and Promotions

The atrium event



Ma On Shan Plaza

- More than 100 events in 2006
- Shopper traffic increased by 16% in 4Q'06

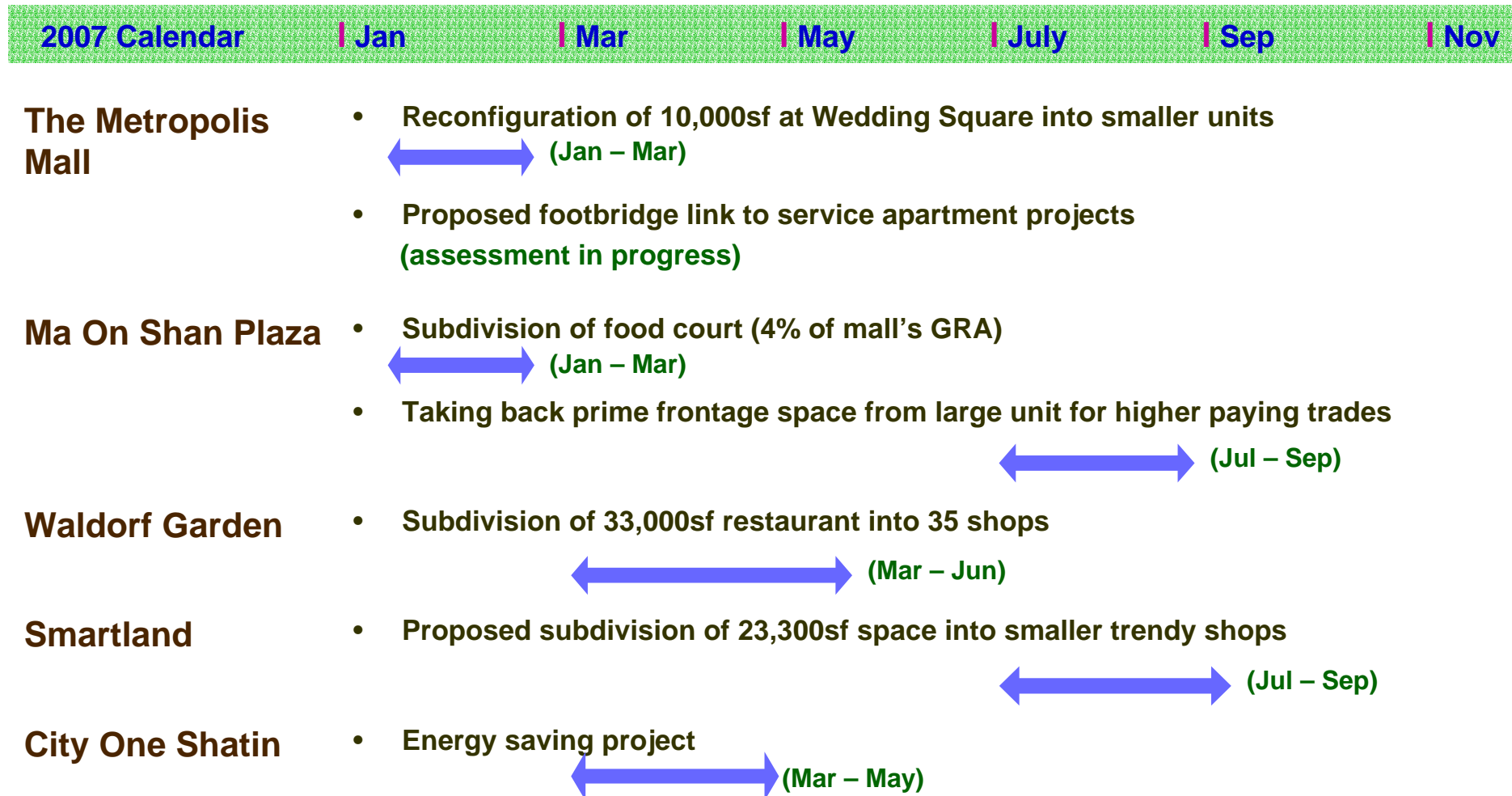


Asset Enhancement Plans

Capital Expenditure of HK\$68 mil in 2007

	Asset Enhancement Initiative	Objectives and Benefits
The Metropolis Mall	<ul style="list-style-type: none"> • Reconfiguration of 10,000sf at Wedding Square into smaller units • Proposed footbridge link to the two 3,600 rooms service apartment projects 	<ul style="list-style-type: none"> • Reinforce wedding theme • Capitalise on the expanding catchment
Ma On Shan Plaza	<ul style="list-style-type: none"> • Subdivision of food court (4% of mall's GRA) • Taking back prime frontages from large units for higher paying trades 	<ul style="list-style-type: none"> • Committed rents improved by 130% • Rents are expected to improve by 50%
Waldorf Garden	<ul style="list-style-type: none"> • Subdivision of 33,000sf restaurant into 35 shops 	<ul style="list-style-type: none"> • Rental income is expected to double in 3Q07
Smartland	<ul style="list-style-type: none"> • Proposed subdivision of 23,300sf space into smaller trendy shops 	<ul style="list-style-type: none"> • Rental income can improve from \$10psf to \$15psf for reconfigured space
City One Shatin	<ul style="list-style-type: none"> • Energy saving initiative 	<ul style="list-style-type: none"> • Estimate cost saving of HK\$0.5 mil per yr.

Asset Enhancement Calendar



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Ongoing Strategy

Favourable Platform

- Stable interest rate environment in Hong Kong
 - Opportunities to acquire
 - Opportunities to lower borrowing costs
- Stable distributions from a clean structure
 - Highly transparent cashflow
- Low gearing underpins financing flexibility
- Attractive discount to NAV



Ascension to Household Center

Ongoing Strategy

- **Growth through acquisitions - the primary focus in 2007**
 - **Suburban shopping centres in Hong Kong**
 - **Prime malls in major PRC cities**

- **Focus on themed and pivotal A&P programs for higher centre profiles**

- **Capitalise on organic rental reversions from 39.6% of leases expiring in '07**

- **Maximise highest and best use with better paying trades**

- **Maximise highest and best rents from smaller sized reconfigured units**

- **Capital management to remain prudent**



Metropolis Mall Atrium

Disclaimer

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The Household Center

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Centre de Laguna