

**Miscellaneous**

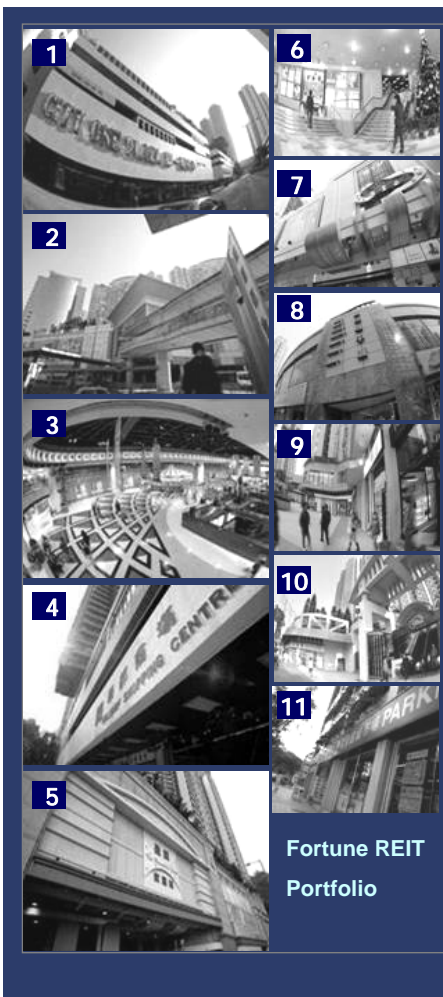
\* Asterisks denote mandatory information

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
Date & Time of Broadcast	08-May-2007 17:36:15
Announcement No.	00091

**>> Announcement Details**

The details of the announcement start here ...

Announcement Title \* Description **Attachments:** [FRT\\_Slides\\_1Q07\\_Part\\_1\\_of\\_2.pdf](#)Total size = **1065K**  
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# FORTUNE

置富產業信託

# REIT

Results for the quarter ended 31 Mar 2007

**ARA** Asset Management (Singapore) Limited



Quarter ended 31 Mar 2007

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# Results Highlights

## Results Highlights

<b>Total Revenue, 1Q07</b>	HK\$156 mil	↑ 1.2 %
<b>Net Property Income (NPI), 1Q07</b>	HK\$116 mil	↑ 2.1 %
<b>Distribution Per Unit (DPU), 1Q07</b>	HK\$0.0907	↑ 0.7 %
<b>Tax-exempt Yield<sup>1</sup></b>	6.3%	
<b>Net Asset Value (NAV) Per Unit</b>	HK\$8.45, Trading at discount of 31% <sup>1</sup>	
<b>Total Asset<sup>2</sup></b>	HK\$9,468 mil.	
<b>Gearing</b>	24.8%	
<b>Portfolio Rental Reversion</b>	11.7%	
<b>Portfolio Occupancy<sup>3</sup></b>	95.9%	
<b>Cost-to-Revenue Ratio<sup>4</sup></b>	23.2%	

**Notes:**

1. Based on the closing Unit price of HK\$5.85 on 30 Mar 07.
2. Investment properties were valued at HK\$9,235 mil. as at 31 Dec 06 by Savills Valuation and Professional Services Ltd ("Savills").
3. Actual occupancy as at 31 Mar 07.
4. Cost to revenue ratio - before Manager's performance fee.



# Financial Results

## Trust Income

**Net Property Income rose 2.1% in 1Q07 vs 1Q06**

	1Q07 (HK\$'000)	1Q06 (HK\$'000)	Variance (%)
<b>Total Revenue</b>	<b>155,951</b>	<b>154,129</b>	<b>1.2</b>
Property operating expenses	(36,229)	(36,897)	(1.8)
Manager's performance fee	(3,592)	(3,517)	2.1
<b>Net property income ("NPI")</b>	<b>116,130</b>	<b>113,715</b>	<b>2.1</b>
Borrowings costs	(26,385)	(25,457)	3.6
<b>Profit before tax</b>	<b>89,745</b>	<b>88,258</b>	<b>1.7</b>
Hong Kong tax	(15,780)	(15,383)	2.6
Net profit of property companies	73,965	72,875	1.5
<b>Income available for distribution</b>	<b>73,375</b>	<b>72,474</b>	<b>1.2</b>
<b>DPU (HK\$)</b>	<b>0.0907</b>	<b>0.0901</b>	<b>0.7</b>

↗ Total Revenue and NPI increased by 1.2% and 2.1%

↗ DPU improved by 0.7%

↗ Cost-to-revenue ratio<sup>1</sup> at 23.2%

Note:

1. Before Manager's performance fee.

## Delivers Tax-exempt Yield of 6.3% ; 1Q07 DPU of 9.07 HK cents

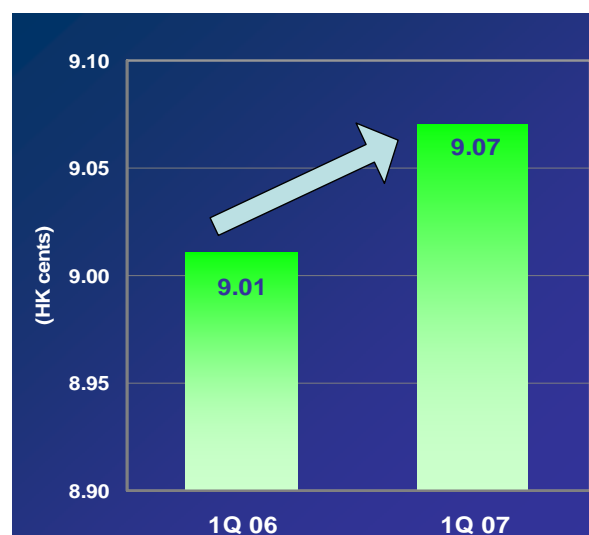
### Pre-tax yield of 7.6%

1Q07	Tax-exempt	Actual Pre-tax <sup>1</sup> Equivalent
DPU <sup>2,3</sup> (HK\$)	0.0907	0.1103
DPU yield <sup>4</sup>	6.3%	7.6%

**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. Fortune REIT pays tax-exempt distributions semi-annually (for the half years ending Jun and Dec).
3. Based on 808.6m Units in issue.
4. Based on the closing Unit price of HK\$5.85 on 30 Mar 07.

### 1Q07 DPU up by 0.7% Y-o-Y



## Low Gearing at 24.8% Offers Financing Flexibility

As at 31 Mar 2007	Debt Profile	
Total Debt <sup>1</sup>	HK\$ 2,349 mil	22% debt floated at 3M HIBOR 78% debt fixed at 1yr to 4 yrs
Gearing Ratio <sup>2</sup>	24.8%	Further debt flexibility of approximately HK\$1.5bn to finance acquisitions <sup>4</sup>
Interest Cover <sup>3</sup>	4.4 x	
Weighted Avg. Cost of Debt	4.5%	

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 Interest Expenses.
4. Assume a maximum gearing ratio of 35% without a credit rating.

As at 31 Mar 2007	(HK\$'000)
Non Current Asset	9,238,222
Current Asset	229,879
<b>Total Asset</b>	<b>9,468,101</b>
Current Liabilities	204,527
Non Current Liabilities	2,447,636
<b>Total Liabilities</b>	<b>2,652,163</b>
<b>Net Asset</b>	<b>6,815,938</b>
<b>Units in Issue ('000)</b>	<b>807,386</b>

	NAV Statistics
NAV Per Unit <sup>1,2</sup>	HK\$ 8.45
Closing Unit Price (as at 30 Mar 2007)	HK\$ 5.85
Trading discount to NAV Per Unit	31%

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 808,560,010 Units. This comprises: (a) number of Units in issue as at 31 Mar 2007 of 807,386,478 Units; (b) Units issued on 9 Apr 2007 to the Manager as the Manager's Base Fees for 1Q 2007 of 1,173,532 Units.

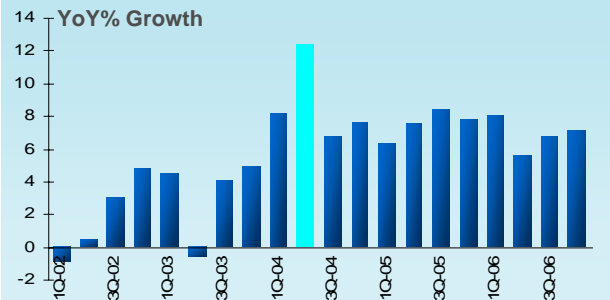


Wet Market in City One Shatin Property

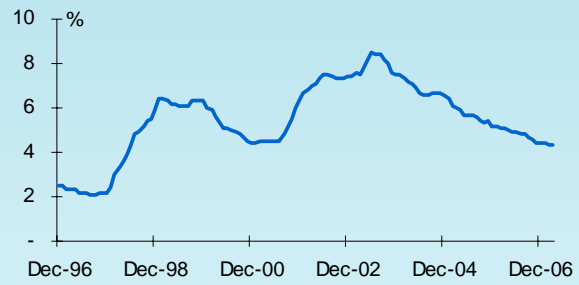
# Hong Kong Economy

# Solid and Sustainable Economic Growth

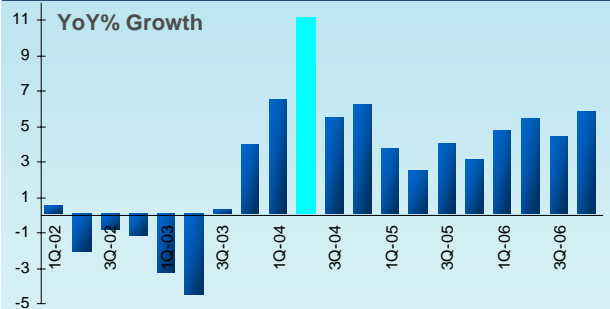
## GDP – strong growth of 7.0% in 4Q06



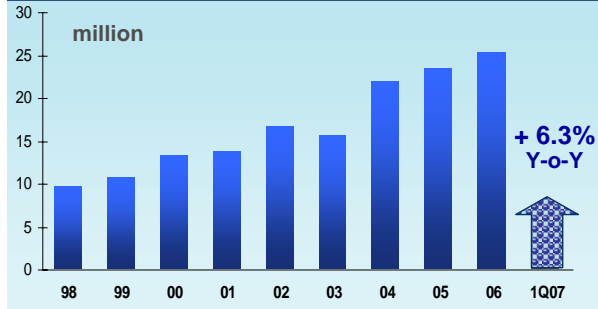
## Unemployment – 8 yrs' low of 4.3% in Mar 07



## Private Consumption – 5.8% growth in 4Q06



## Tourist Arrivals – 6.3% up in 1Q07

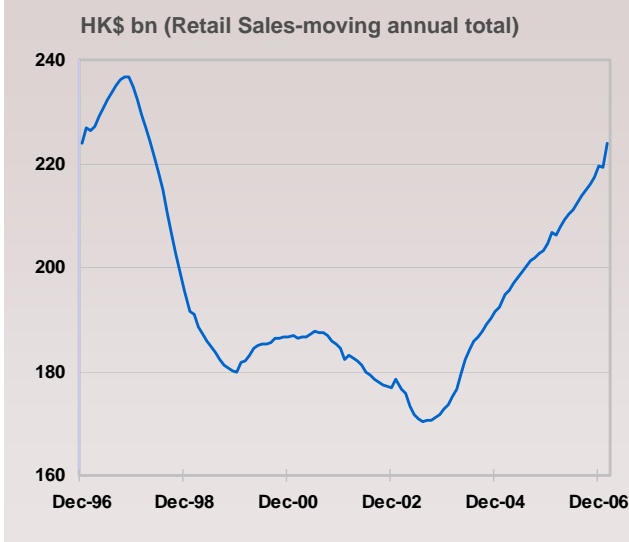


Source: Census & Statistics Department, HK

# Retail Sales

## Strong Retail Sales In Hong Kong

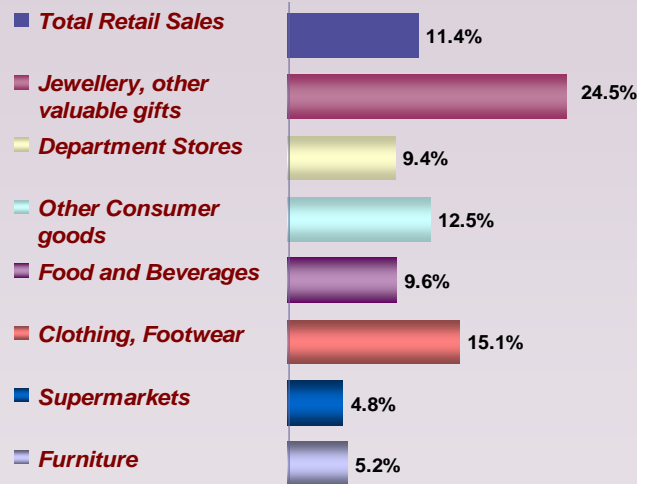
### Retail Sales – strong growth of 11.4% in first two months of 2007



Source: Census & Statistics Department, HK

### Growth across wide spectrum of trades

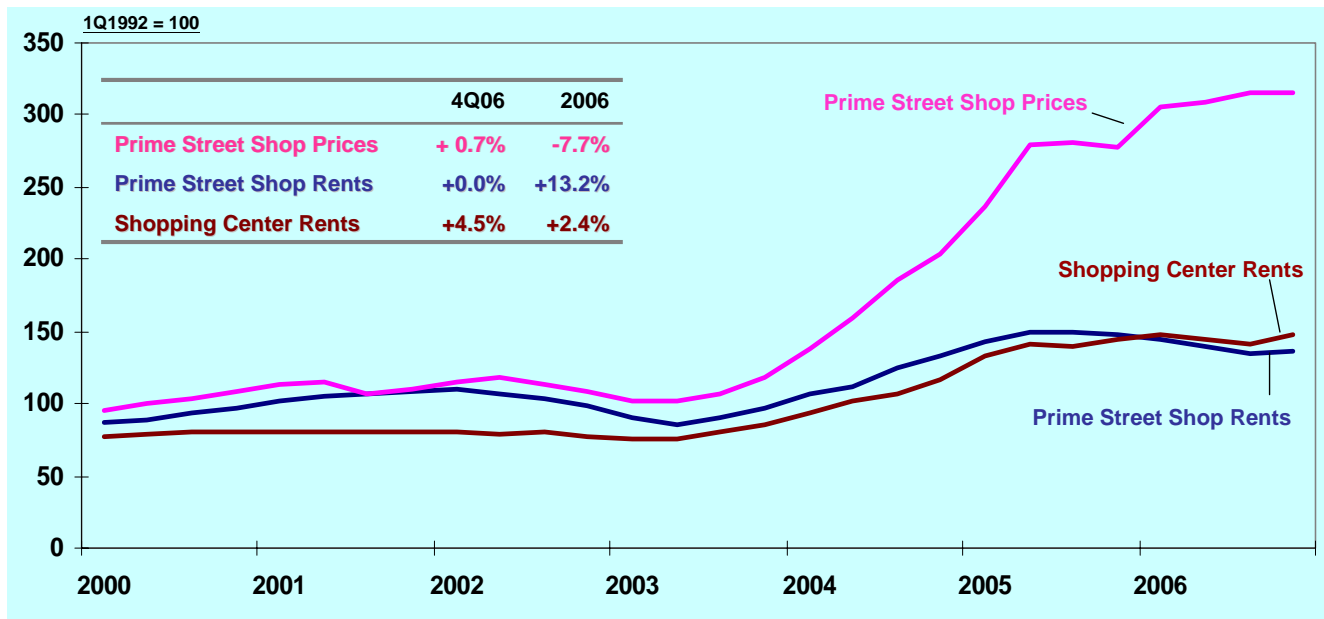
#### Growth – Jan-Feb 07 over same period in 06



Source: Census & Statistics Department, HK

# Retail Property Market Overview

## Retail Indices 1Q2000 – 4Q2006



Source: Savills Research and Consultancy

Results Highlights    Financial Results    HK Economy    **Portfolio Performance**    Strategy



## Portfolio Performance