



Fortune REIT
Portfolio

FORTUNE 置富產業信託 REIT

Results for the year ended 31 Dec 2007

ARA Asset Management (Singapore) Limited



Quarter ended 31 Dec 2007

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Results Highlights

Results Highlights

Total Revenue, FY07	HK\$615 mil	+ 0.1% Y-o-Y
Net Property Income (NPI), FY07	HK\$450 mil	+ 2.9% Y-o-Y
Distribution Per Unit (DPU), FY07	HK\$0.3512	+ 2.5%
Annualized Tax-exempt Yield¹	6.74%	
Net Asset Value (NAV) Per Unit	HK\$9.04	+ 6.0% Y-o-Y
Total Asset²	HK\$9,992 mil	+ 5.0% Y-o-Y
Gearing	23.5%	
Portfolio Rental Reversion³	15.6%	
Portfolio Occupancy⁴	92.1%	

Notes:

1. Based on the closing Unit price of HK\$5.21 on 31 Dec 07.
2. Investment properties were valued at HK\$9,713 mil. as at 31 Dec 07 by Knight Frank Petty Limited ("Knight Frank").
3. For all renewal leases from 1 Jan 07 to 31 Dec 07.
4. Actual occupancy at 31 Dec 07.



Ma On Shan Plaza Atrium

Financial Results

Trust Income

Total Revenue And NPI Rose By 5.3% And 5.7% In 4Q07 vs 4Q06

	4Q07 (HK\$'000)	4Q06 (HK\$'000)	Variance (%)
Total revenue	158,136	150,114	5.3%
Property operating expenses	(41,056)	(39,362)	4.3%
Manager's performance fee	(3,512)	(3,323)	5.7%
Net property income ("NPI")	113,568	107,429	5.7%
Borrowing costs	(30,016)	(27,317)	9.9%
Profit before tax ¹	83,552	80,112	4.3%
Hong Kong tax	(14,738)	(14,266)	3.3%
Net profit of property companies ¹	68,814	65,846	4.5%
Total cumulative income available for distribution	77,592²	68,742³	12.9%

➤ Total revenue and NPI increased by 5.3% and 5.7% respectively due to positive rental reversion from the portfolio and also higher rents achieved from completed AEIs at Waldorf Garden

Note:

- Fortune REIT recognized a gain of HK\$460.5 million and HK\$706.6 million in 2007 and 2006 respectively arising from changes in fair values of the properties. There will be no impact on income available for distribution. These figures are thus excluded for the purpose of this presentation.
- This includes accumulated interest income from fixed deposit at the Trust.
- This includes a HK\$3.5 million realized revaluation gain on the sales of carpark lots in City One Shatin Property in 2006.

DPU Rose 2.5% In FY07 vs FY06

	FY07 (HK\$'000)	FY06 (HK\$'000)	Variance (%)
Total revenue	614,757	614,054	0.1%
Property operating expenses	(150,791)	(162,939)	(7.5%)
Manager's performance fee	(13,911)	(13,533)	2.8%
Net property income ("NPI")	450,055	437,582	2.9%
Borrowing costs	(112,682)	(107,046)	5.3%
Profit before tax ¹	337,373	330,536	2.1%
Hong Kong tax	(59,814)	(58,576)	2.1%
Net profit of property companies ¹	277,559	271,960	2.1%
Total cumulative income available for distribution	284,876²	276,621³	3.0%
DPU (HK\$)	0.3512	0.3426	2.5%

Note:

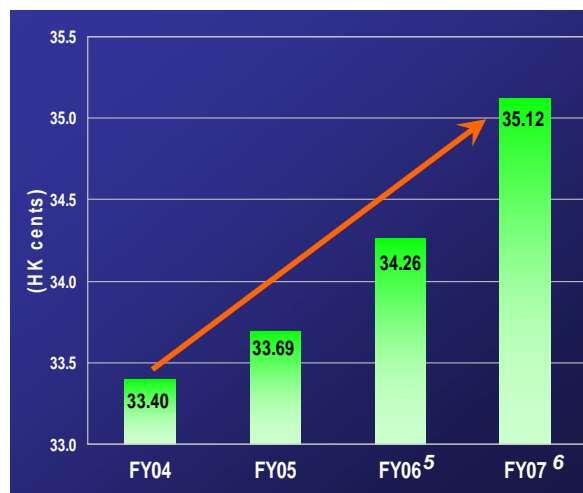
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- This includes accumulated interest income from fixed deposit at the Trust.
- This includes an one-off gain of approximately HK\$3million and a realized revaluation gain of HK\$3.5 million, both arising from the sale of car park lots in City One Shatin Property in 2006.

Delivers Tax Exempt Yield Of 6.74% ; FY07 DPU Of 35.12 HK Cents

Pre-tax Yield Of 8.15%

FY07 DPU Up By 2.5% Y-o-Y

FY 07	Tax-exempt	Actual Pre-tax ¹ Equivalent
DPU ^{2,3} (HK\$)	0.3512	0.4243
DPU yield ⁴	6.74%	8.15%



Notes:

- 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.
- Fortune REIT pays tax-exempt distributions semi-annually (for the half years ending Jun and Dec).
- Based on the deemed Units in issue of approximate 812.3m Units.
- Based on the closing Unit price of HK\$5.21 on 31 Dec 07.
- This includes an one-off gain of approximately HK\$3million and a realized revaluation gain of HK\$3.5 million, both arising from the sale of car park lots in City One Shatin Property in 2006.
- This includes accumulated interest income from fixed deposit at the Trust.

Distribution Details

Fortune REIT Units Trade Ex-distribution On 4 Feb 2008

Distribution for the period 1 Jul 2007 to 31 Dec 2007

17.42 HK cents per Unit

Ex-distribution Date	4 Feb 2008
Book Closure	6 Feb 2008
Currency Election ¹	19 Feb 2008
Distribution Payment	29 Feb 2008

Source: ARA Asset Management (Singapore) Limited ("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 23.5% Offers Financing Flexibility

As at 31 Dec 2007	Debt Profile	
Total Debt ¹	HK\$2,349 mil	22% debt floated at 3M HIBOR 78% debt fixed at 1 yr to 3 yrs
Gearing Ratio ²	23.5%	Further debt flexibility of approximately HK\$1.8 bn to HK\$3.9 bn to finance new acquisitions⁴
Interest Cover ³	4.0x	
Weighted Avg. Cost of Debt	4.75%	

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 it can increase to 60% with a credit rating.
3. Interest cover = EBIT / Total interest expense.
4. Assume a gearing ratio of between 35% to 45%.

As at 31 Dec 2007	(HK\$'000)
Current Asset	278,830
Non Current Asset	9,713,191
Total Asset	9,992,021
Current Liabilities	198,982
Non Current Liabilities	2,486,790
Total Liabilities	2,685,772
Net Asset	7,306,249
Units In Issue ('000)	810,853
NAV Per Unit ^{1, 2}	HK\$ 9.04



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 812,266,047 Units. This comprises: (a) number of Units in issue as at 31 Dec 2007 of 810,853,651 Units; (b) Units issued on 15 Jan 2008 to the Manager as the Manager's Base Fees for 4Q 2007 of 1,412,396 Units.

Portfolio Valuation Increased by 5.2% to HK\$9.7 Billion

	GRA	31 Dec 07 ¹ (HK\$m)
1. City One Shatin Property	414,469	3,450
2. The Metropolis Mall	332,168	1,830
3. Ma On Shan Plaza	310,084	1,900
4. Waldorf Garden Property	80,842	768
5. Smartland	123,544	434
6. The Household Center	91,779	326
7. Jubilee Court Shopping Centre	170,616	322
8. Tsing Yi Square Property	78,836	323
9. Centre de Laguna Property	43,000	188
10. Lido Garden Property	9,836	110
11. Rhine Garden Property	14,604	62
Fortune REIT Portfolio Total	1,669,778	9,713

Source: ARASL

Note:

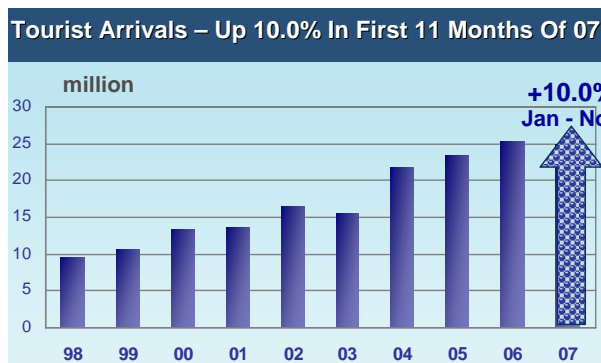
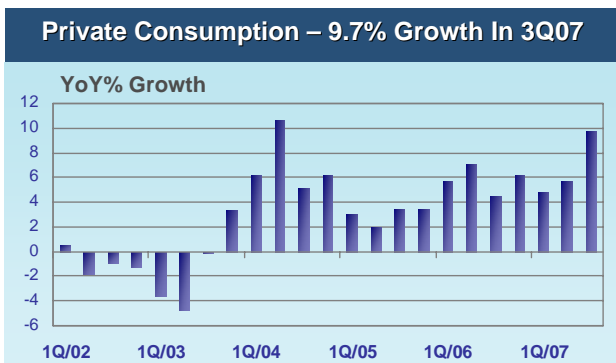
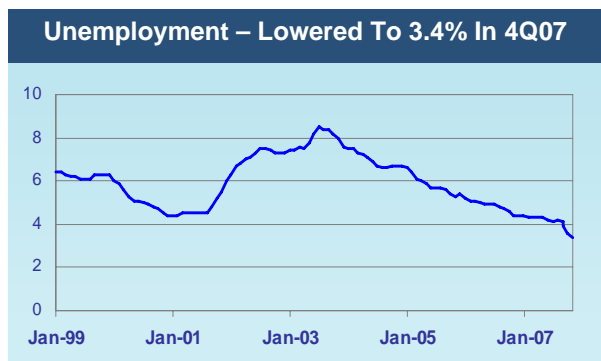
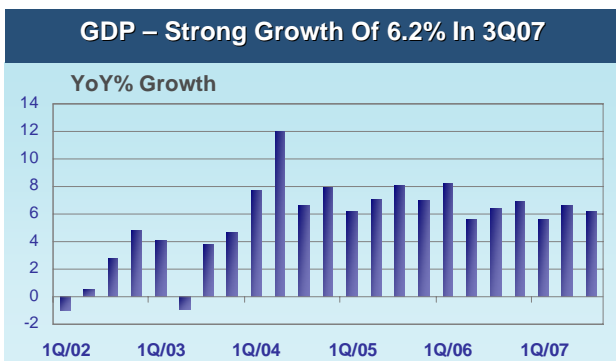
1. Valuation by Knight Frank.



Wet Market in City One Shatin Property

Hong Kong Economy

Solid And Sustainable Economic Growth



Source: Census & Statistics Department, HK

Improving Retail Sales In Hong Kong

Retail Sales – Strong Growth Of 12.4% In First 11 Months Of 2007

HK\$ bn (Retail sales-moving annual total)



Source: Census & Statistics Department, HK

Growth Across Wide Spectrum Of Trades

Growth – Jan to Nov 07 over same period in 06



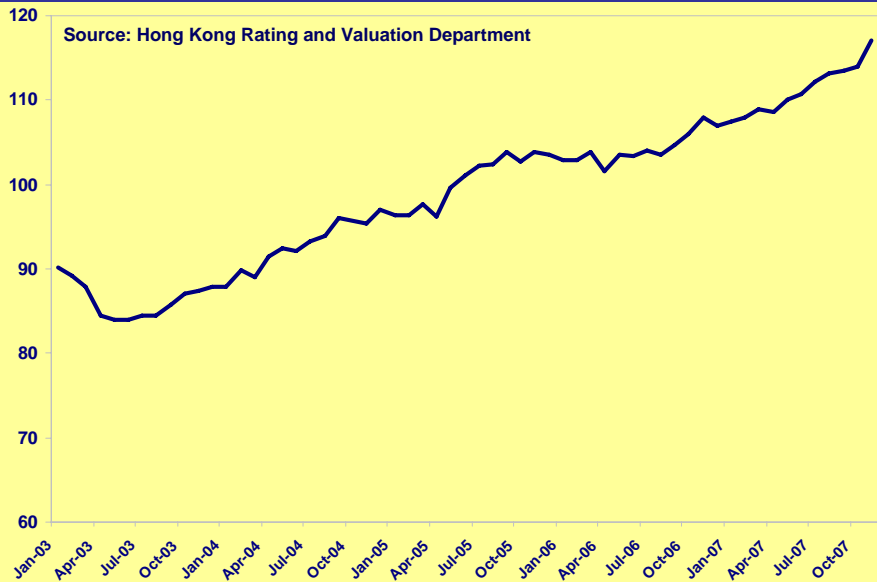
Source: Census & Statistics Department, HK

Retail Rents Increased By 9.5% For 11 Months Of 2007



Centre de Laguna Property

Private Retail Rental Index - Jan 2003 to Nov 2007





Portfolio Performance

Portfolio Highlights 1

City One Shatin Property



Immediate catchment of over 10,000 units in City One Shatin development



- Renewals enjoyed a healthy reversion of 10% in FY07 and tenant retention was a high 82%
- Various opportunities for AEIs under evaluation; a major focus in 2008.

Ma On Shan Plaza

- Strong rental reversion of 35% for renewals in FY07
- Passing rent for the entire mall increased by 11% y-o-y to about HK\$28psf
- Repositioning initiatives underway to capitalize on the strong leasing demand



Repositioning initiatives underway to create a new theme to the mall

Portfolio Highlights 1

The Metropolis Mall



Tenant repositioning to capture the expanding catchment

- Wedding services were expanded to meet market demand
- Refreshing the trade mix to meet the needs of the higher population density in the Hung Hom catchment area
- Coordination with the Government on the 2008-2010 Hung Hom Harbour Study Project

Waldorf Garden Property

- Continue to deliver a strong growth
 - A strong reversion of 19% for renewals in FY07; overall mall passing rent increased by 53% y-o-y to \$45psf
 - FY07 revenue increased by 7% contributed mainly by the higher rental from the enhanced area in 4Q07
- Second stage of AEIs ongoing to maximize rental returns



Benefits of completed AEI contributed positively to the portfolio revenue

Portfolio Occupancy

Portfolio Occupancy At 92.1%; Passing Rent Rose 6.3% To HK\$25.23psf

	GRA (sf)	31 Dec 07 Occupancy (%)
1. City One Shatin Property	414,469	95.7
2. Ma On Shan Plaza	310,084	100.0
3. The Metropolis Mall	332,168	85.1
4. Waldorf Garden Property	80,842	92.7
5. Smartland	123,544	89.6
6. Jubilee Court Shopping Centre	170,616	87.9
7. Tsing Yi Square Property	78,836	92.6
8. The Household Center	91,779	82.2
9. Centre de Laguna Property	43,000	96.5
10. Lido Garden Property	9,836	85.0
11. Rhine Garden Property	14,604	100.0
Portfolio Total	1,669,778	92.1

New and Anchor Tenants



Source: ARASL

Portfolio Expiry Profile

45% Of Leases Due For Renewal In 2008

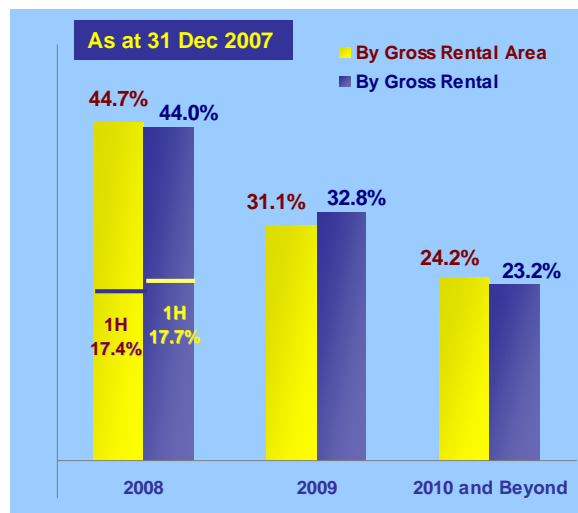
Expiry Profile By Gross Rentable Area

As at 31 Dec 2007

	% of occupied space expiring			
	1H08	2H08	2009	2010 & Beyond
1. City One Shatin	19.8	19.0	40.2	21.0
2. Ma On Shan Plaza	6.8	36.5	21.0	35.7
3. The Metropolis Mall	33.0	22.7	24.5	19.8
4. Waldorf Garden	22.8	19.9	6.4	50.9
5. Smartland	9.2	33.9	38.5	18.4
6. Jubilee Court Shopping Centre	7.9	21.3	58.2	12.6
7. Tsing Yi Square	15.6	25.5	32.7	26.2
8. The Household Center	3.2	52.0	38.2	6.6
9. Centre de Laguna	0.7	38.5	30.5	30.3
10. Lido Garden	5.5	55.5	34.2	4.8
11. Rhine Garden	97.6	0.0	2.4	0.0
Portfolio Total	17.4	27.3	31.1	24.2

Source: ARASL

Portfolio Expiry Profile

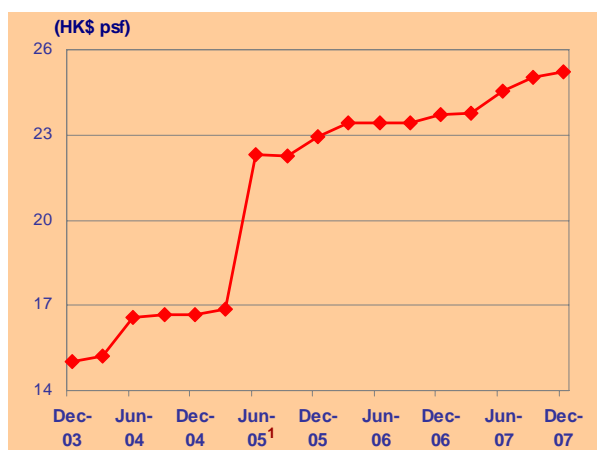


Source: ARASL

Rentals

Average Passing Rent Increased 6.3% Y-o-Y To HK\$25.23 psf

Portfolio Rents



Note:

1. 6 properties were acquired in Jun 05.

Source: ARASL

Avg. Passing Rent
 (as at 31 Dec 07)

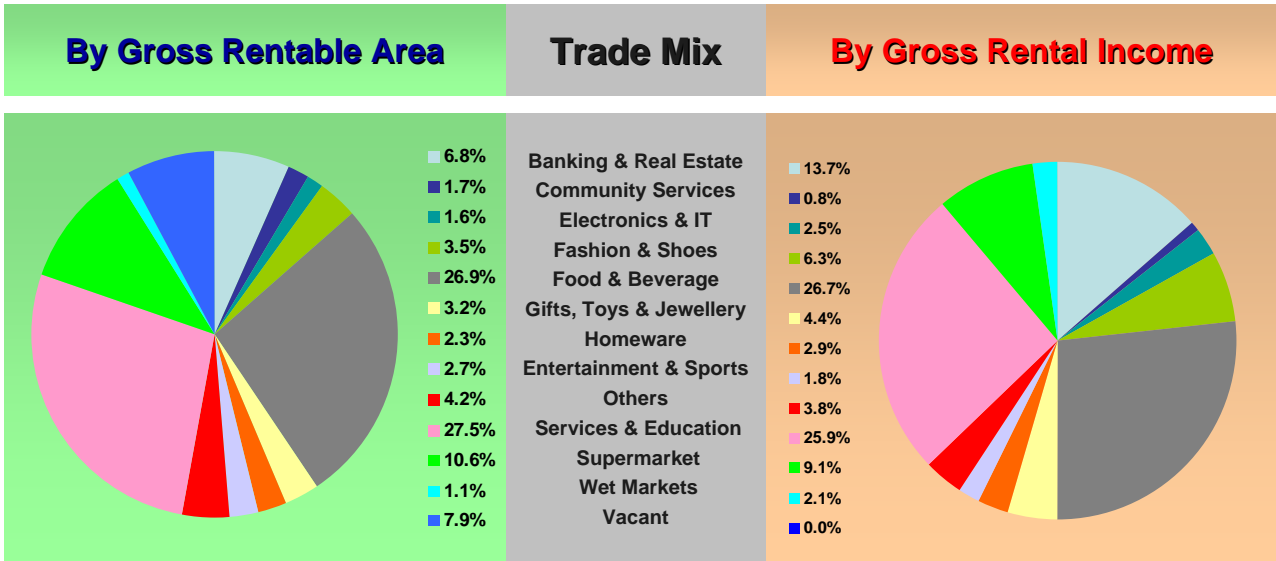
HK\$25.23 psf

Rental Reversion
 (for renewal leases in FY07)

15.6%

Source: ARASL

Trade Mix Well Diversified To Meet Catchment Needs



Source: ARASL

The Metropolis Mall

Greater Footfall And Visibility



Pivotal Promotional Activities Draw Crowds

Marketing and Promotions...

Ma On Shan Plaza Carving A Family Niche Through Targeted Activities



City One Shatin Fun-filled Events To Attract Young Shoppers



AEIs 1: City One Shatin Property

52 residential blocks of 11,000 households built in 1981-1988



City One Station of the Ma On Shan Rail opened in 2004

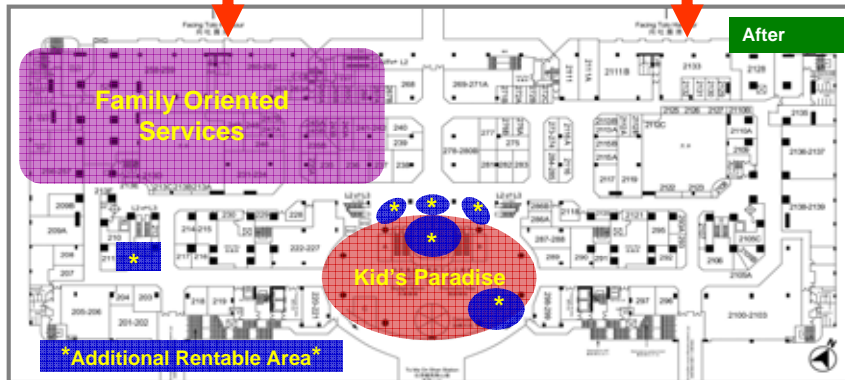
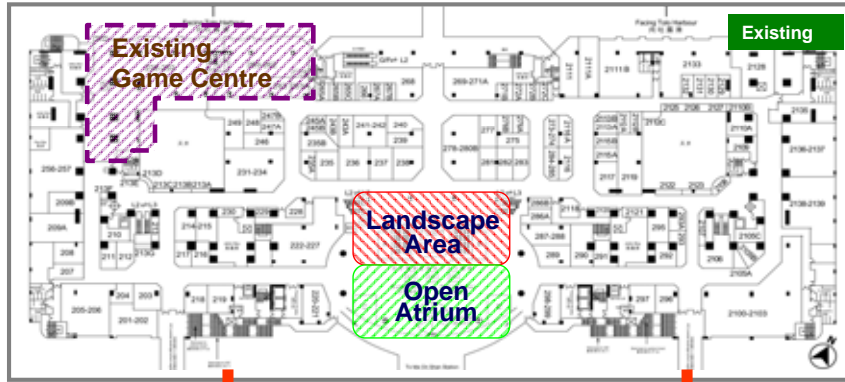


Various plans underway to optimize the use of the large open atrium

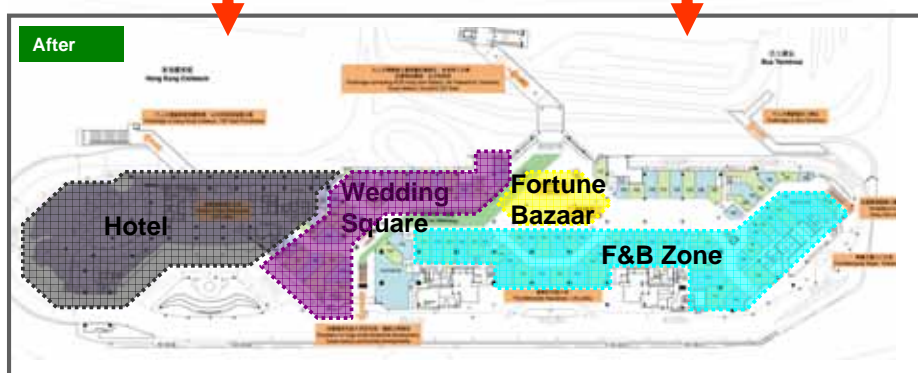
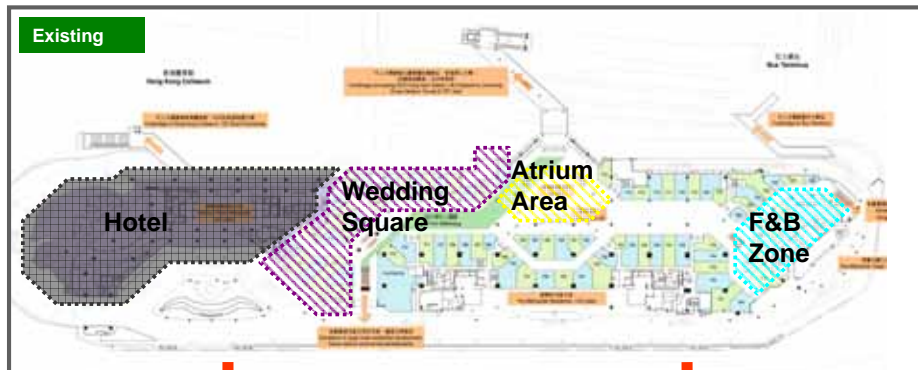


With an objective to draw crowds and enhance the mall's overall rental revenue

AEIs 2: Ma On Shan Plaza



AEIs 3: Metropolis Mall



AEIs 4: Waldorf Garden



Reversions of new lettings hit 50%, benefited from the positive spill over effect

Stage II renovation

Shop reconfiguration to optimize traffic flow and rental revenue, targeted to be completed in 1Q 2008

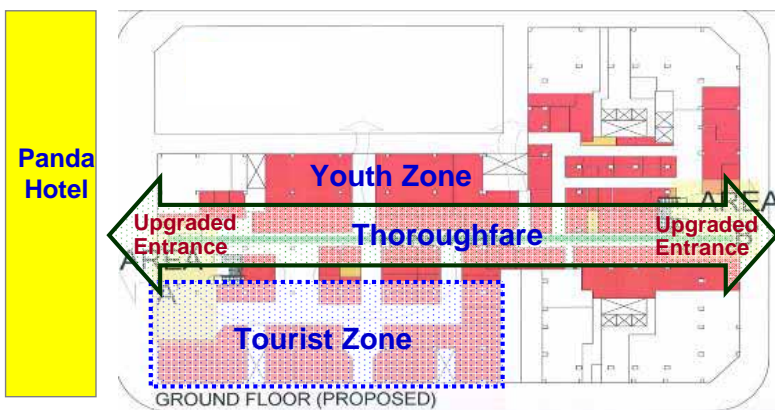
Existing



After



AEIs 5: Smartland



Existing – Mall entrance with façade facing Panda Hotel



Targeted at trades like jewelry, souvenir and pharmacy to capture Chinese tourists



After – Eye catching signage to attract visitors from Panda Hotel



Open concept food and beverage in City One Shatin Property

Growth Strategies

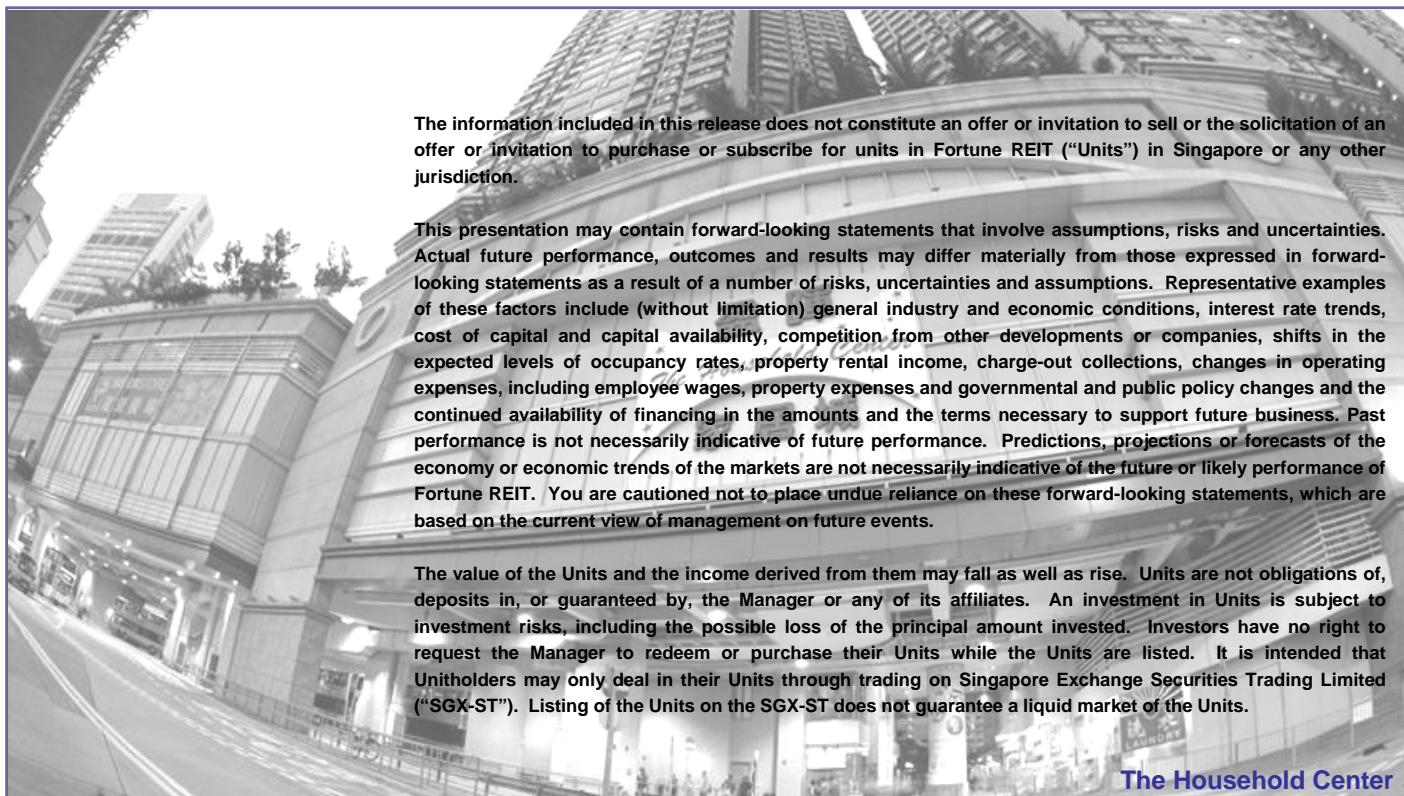
Growth Strategies

Growth Focused Strategies

- **Asset Enhancement Growth**
 - ☑ Optimize trade mix to serve the respective catchment areas
 - ☑ Upgrading access channels to increase footfall
 - ☑ Resizing units to maximize rent
- **Organic Growth**
 - ☑ Aggressive negotiations to maximize reversion rents
 - ☑ Strategic and focused advertising and promotions
- **Asset Base Growth**
 - ☑ Yield accretive acquisitions on suburban malls in HK
 - ☑ Opportunistic but prudent foray into PRC (second tier cities)



The Metropolis Mall



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The Household Center



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