



Fortune REIT
Portfolio

FORTUNE

置富產業信託

REIT

Results for the half year ended 30 Jun 2008

ARA Asset Management (Singapore) Limited



Half year ended 30 Jun 2008

Contents



The Metropolis Mall

- Results Highlights
- Financial Results
- Hong Kong Economy
- Portfolio Performance
- Asset Enhancement Initiatives
- Growth Strategies

Total Revenue, 1H08	HK\$308.9 mil
Net Property Income (NPI), 1H08	HK\$229.0 mil
Distribution Per Unit (DPU), 1H08	HK\$0.1851
Annualized Tax-exempt Yield¹	8.2%
Net Asset Value (NAV) Per Unit	HK\$9.02
Total Asset²	HK\$10.04 bil
Gearing	23.4%
Portfolio Rental Reversion³	25.6%
Portfolio Occupancy⁴	92.6%

Notes:

1. Based on the closing Unit price of HK\$4.54 on 30 Jun 08.
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 08 to 30 Jun 08.
4. Actual occupancy at 30 Jun 08.



The Metropolis Mall

- Results Highlights
- **Financial Results**
- Hong Kong Economy
- Portfolio Performance
- Asset Enhancement Initiatives
- Growth Strategies

Total Revenue And NPI Rose By 2.8% And 2.0% In 2Q08 vs 2Q07

	2Q08 (HK\$'000)	2Q07 (HK\$'000)	Variance (%)
Total revenue	156,558	152,287	2.8%
Property operating expenses	(38,048)	(36,068)	5.5%
Manager's performance fee	(3,555)	(3,478)	2.2%
Net property income ("NPI")	114,954	112,741	2.0%
Borrowing costs	(26,182)	(26,961)	(2.9%)
Profit before tax	88,772	85,780	3.5%
Hong Kong tax	(7,177)	(15,115)	(52.5%)
Net profit of property companies	81,595	70,665	15.5%
Income available for distribution	79,387	69,948	13.5%
DPU (HK\$)	0.0972	0.0863	12.6%

DPU Rose By 4.6% In 1H08 vs 1H07

	1H08 (HK\$'000)	1H07 (HK\$'000)	Variance (%)
Total revenue	308,941	308,238	0.2%
Property operating expenses	(72,897)	(72,297)	0.8%
Manager's performance fee	(7,081)	(7,070)	0.2%
Net property income ("NPI")	228,963	228,871	0.0%
Borrowing costs	(53,142)	(53,346)	(0.4%)
Profit before tax	175,821	175,525	0.2%
Hong Kong tax	(22,236)	(30,240)	(26.5%)
Net profit of property companies	153,585	145,285	5.7%
Income available for distribution	150,916	143,322	5.3%
DPU (HK\$)	0.1851	0.1770	4.6%

Delivers Tax Exempt Yield Of 8.2%

1H08	Tax-exempt	Actual Pre-tax ¹ Equivalent
DPU ^{2,3} (HK\$)	0.1851	0.2138
DPU yield ⁴	8.22%	9.50%

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 the deemed Units in issue of approximate 815.3m Units.
4. Based on the closing Unit price of HK\$4.54 on 30 Jun 08.

Fortune REIT Units Trade Ex-distribution On 5 Aug 2008

Distribution for the period 1 Jan 2008 to 30 Jun 2008	
18.51 HK cents per Unit	
Ex-distribution Date	5 Aug 2008
Book Closure	7 Aug 2008
Currency Election ¹	18 Aug 2008
Distribution Payment	29 Aug 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.

Low Gearing At 23.4% Offers Financing Flexibility

As at 30 June 2008	Debt Profile	
Total Debt ¹	HK\$2,349 mil	48% debt floated at 3M HIBOR 52% debt fixed at different maturities
Gearing Ratio ²	23.4%	Further debt flexibility of approximately HK\$1.8 bn to HK\$3.9 bn to finance new acquisitions ⁴
Interest Cover ³	4.3x	
Weighted Avg. Cost of Debt	4.49%	

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 30 Jun 2008	(HK\$'000)
Current Asset	323,504
Non Current Asset	9,718,777
Total Asset	10,042,281
Current Liabilities	244,631
Non Current Liabilities	2,477,756
Total Liabilities	2,722,387
Net Asset	7,319,894
Units In Issue ('000)	813,690
NAV Per Unit ^{1, 2}	HK\$9.02



Ma On Shan Plaza

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 815,301,841 Units. This comprises: (a) number of Units in issue as at 30 Jun 2008 of 813,690,240 Units; (b) Units issued on 7 Jul 2008 to the Manager as the Manager's Base Fees for 2Q 2008 of 1,611,601 Units.

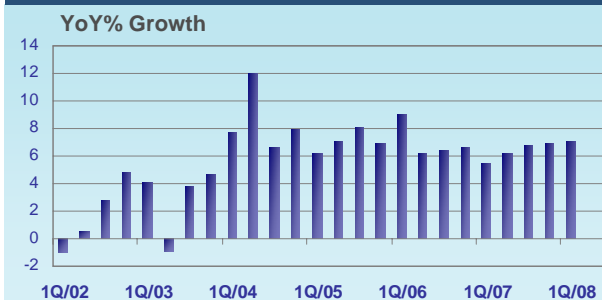


The Metropolis Mall

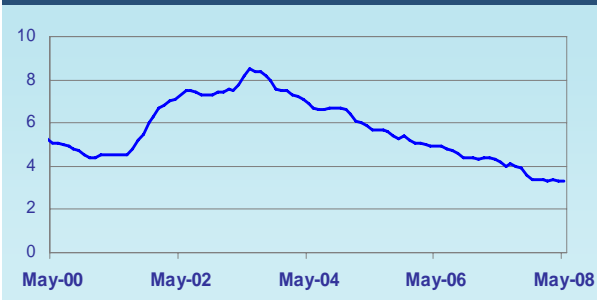
- Results Highlights
- Financial Results
- Hong Kong Economy
- Portfolio Performance
- Asset Enhancement Initiatives
- Growth Strategies

Solid And Sustainable Economic Growth

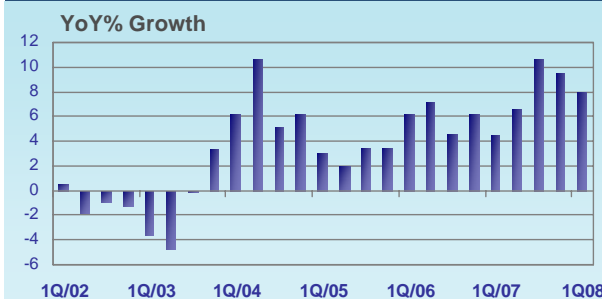
GDP – Strong Growth Of 7.1% In 1Q 2008



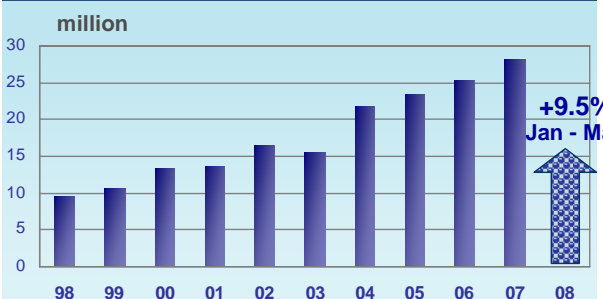
Unemployment – Lowered To 3.3% In Mar 08-May 08



Private Consumption – 9.7% Growth In 1Q 2008



Tourist Arrivals – Up 9.5% In First 5 Months Of 08

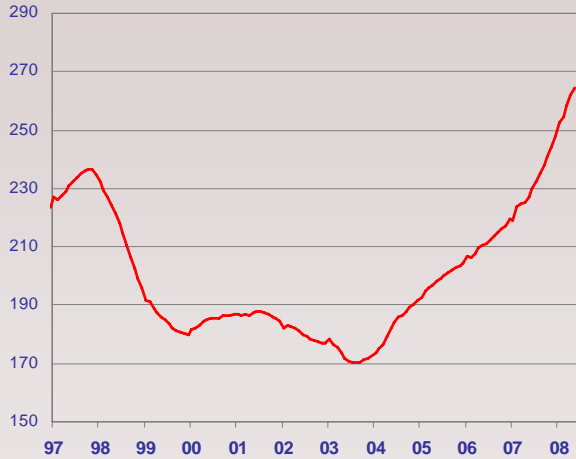


Source: Census & Statistics Department, HK

Improving Retail Sales In Hong Kong

Retail Sales – Strong Growth Of 16.4% In First 5 Months Of 2008

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



Source: Census & Statistics Department, HK

Growth Across Wide Spectrum Of Trades

Growth – Jan to May 08 over same period in 07



Source: Census & Statistics Department, HK

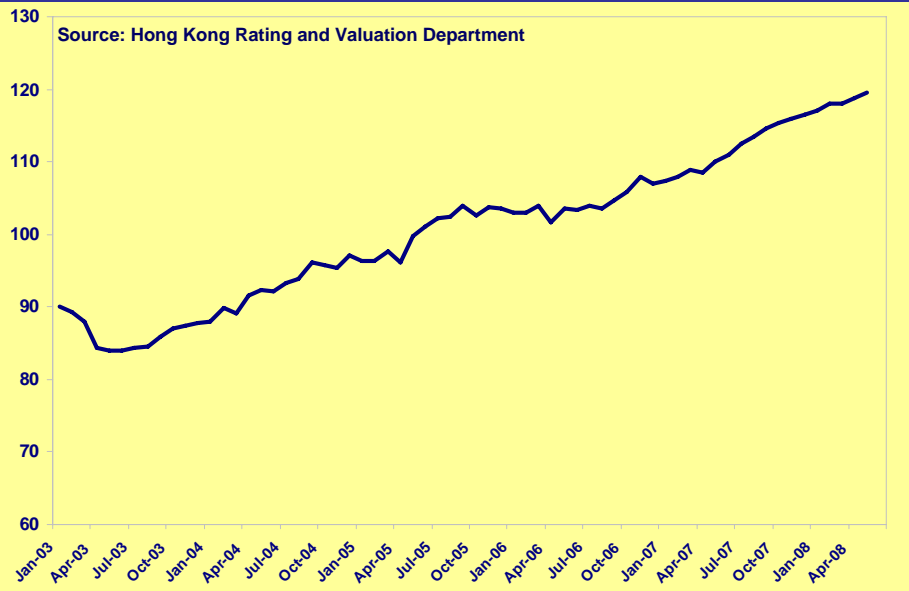
Hong Kong Retail Rents Improved By 8.7% Over A Year Earlier



Centre de Laguna Property

Private Retail Rental Index - Jan 2003 to May 2008

Source: Hong Kong Rating and Valuation Department





The Metropolis Mall

- Results Highlights
- Financial Results
- Hong Kong Economy
- **Portfolio Performance**
- Asset Enhancement Initiatives
- Growth Strategies



City One Shatin Property
 414,469 sf

- Renewals enjoyed a healthy reversion of 46% and a 96% tenant retention in 1H08
- Various opportunities for AELs under evaluation; a major focus going forward



Ma On Shan Plaza
 310,084 sf

- Strong reversion of 45% for renewals in 1H08; average passing rent up 13% y-o-y to above HK\$28 psf
- Various energy saving measures installed to save utilities expense



Metropolis Mall
 332,168 sf

- Changing tenant mix to capture shoppers from newly developed hotels, serviced apartments and deluxe residential apartments in catchment
- Strengthen the food & beverage, with alfresco dining zones and new wedding banquet restaurants



Waldorf Garden Property
 80,842 sf

- Rental reversion is 26% for renewals in 1H08
- Enjoyed full contribution from the completed AELs from 2Q08 onwards.

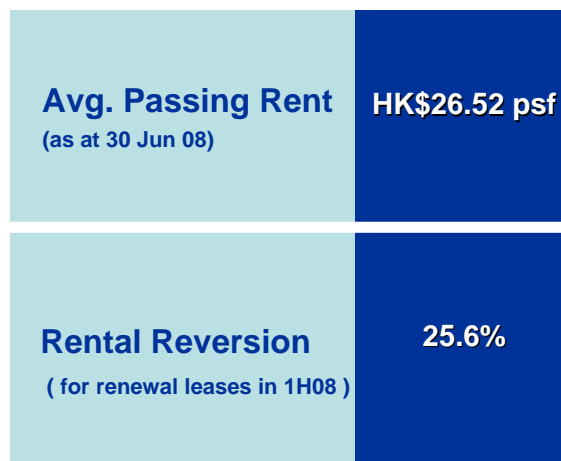
Occupancy And Passing Rent

Portfolio Occupancy At 92.6%; Average Unit Rent At HK\$26.52psf

As at 30 Jun 08	GRA (sf)	Actual Occupancy
1. City One Shatin Property	414,469	96.6%
2. Ma On Shan Plaza	310,084	98.6%
3. The Metropolis Mall	332,168	88.2%
4. Waldorf Garden Property	80,842	99.5%
5. Smartland	123,544	92.1%
6. Jubilee Court Shopping Centre	170,616	78.8%
7. Tsing Yi Square Property	78,836	96.8%
8. The Household Center	91,779	81.8%
9. Centre de Laguna Property	43,000	99.3%
10. Lido Garden Property	9,836	97.8%
11. Rhine Garden Property	14,604	100.0%
Portfolio Total	1,669,778	92.6%

Source: ARASL

Portfolio Passing Rents up 8.1% Y-o-Y



Source: ARASL

Portfolio Expiry Profile

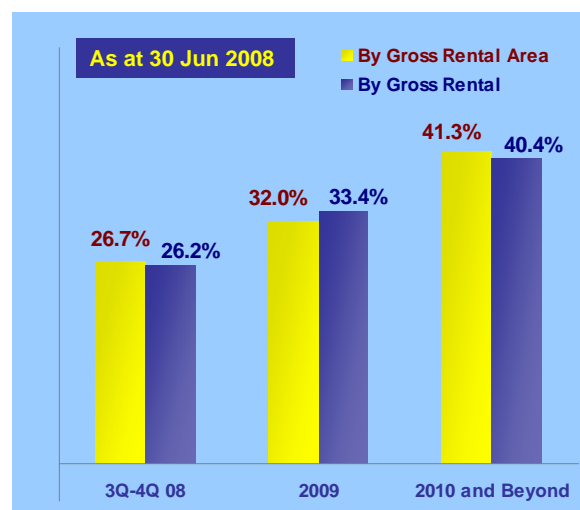
26.7% Of Leases Due For Renewal In 2H Of 2008

Expiry Profile By Gross Rentable Area

As at 30 Jun 2008	% of occupied space expiring		
	2H08	2009	2010 & Beyond
1. City One Shatin	19.0	43.4	37.6
2. Ma On Shan Plaza	38.1	21.6	40.3
3. The Metropolis Mall	22.6	25.2	52.2
4. Waldorf Garden	18.9	6.1	75.0
5. Smartland	33.8	38.2	28.0
6. Jubilee Court Shopping Centre	14.9	48.3	36.8
7. Tsing Yi Square	28.5	30.4	41.1
8. The Household Center	51.5	37.3	11.2
9. Centre de Laguna	37.2	30.5	32.3
10. Lido Garden	48.3	29.7	22.0
11. Rhine Garden	0.0	2.4	97.6
Portfolio Total	26.7	32.0	41.3

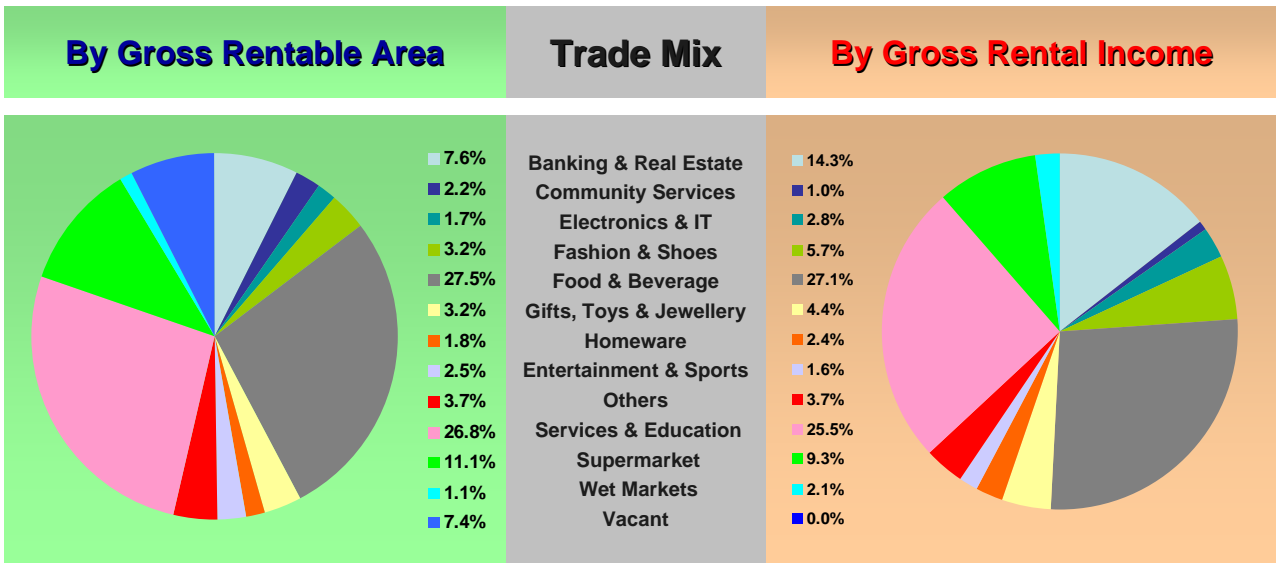
Source: ARASL

Portfolio Expiry Profile



Source: ARASL

Trade Mix Well Diversified To Meet Catchment Needs



Source: ARASL

Ma On Shan Plaza

The Metropolis Mall



Pivotal Promotional Activities Draw Crowds



The Metropolis Mall

- Results Highlights
- Financial Results
- Hong Kong Economy
- Portfolio Performance
- **Asset Enhancement Initiatives**
- Growth Strategies

City One Shatin Property (“COP”) AEI



*Conceptual drawings for reference only

Proposed Total CAPEX

HK\$ 95 million

Target Start Date

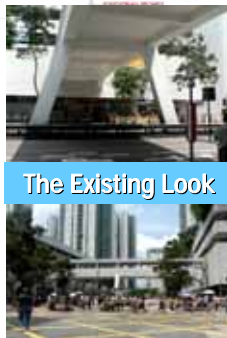
4Q 2008

Target Completion Date

From 4Q09 to 2Q10

Scope Of Works	City One Shatin Property, total GRA of 414,496sf, largest property in Fortune REIT
Overall	To enhance the shopping ambience
City One Plaza (COP)	To enhance the open atrium. Upgrade the trade mix.
Ngan Shing Com. Ctr (NSCC)	To improve the connection between COP and NS.
Wet Market	Repositioning to a modern and clean Wet Market

- ✓ Introduce “re-united” idea for shopping between NSCC and COP
- ✓ Enhance the linkage by extending the road crossing to underneath of footbridge (subject to government’s approval)



Proposed new layout in COP

- To enhance the shopping ambiance, both indoor and outdoor
- To enclose and provide air-conditioning for part of the walkway along the periphery of the Central Open Atrium, which will improve shopper circulation within COP and lead to more footfall to NSCC
- To revive the Open Atrium by putting in seating and landscaping the area

Reconfiguration to improve the circulation and visibility



Proposed new layout in NSCC

- To identify a central atrium, both physically and visually linking up major zones in NSCC
- Entrances for both the NSCC and COP are connected by potential realign the street crossing
- Traffic flow from the busier COP is easily diverted to NSCC

Reconfiguration and re-zoning of 14,000sf Wet Market



Cooked Food Stall

- Cooked Food / Deli

Wet Market

- Meat & Poultry
- Veggie
- Seafood
- Frozen food

Take Away

- Chinese BBQ
- Florist
- Fruit



Ongoing Energy Efficiency Enhancement (EEE)

Full Energy Audit To Enhance Energy Efficiency And Promote Cost Saving

- Utilities cost account for about 15-20% of the total operating expenses
- Various measures to enhance energy efficiency in the malls:
 - Lighting
 - Installation of energy saving transformers
 - Installation of LED lighting and high efficient reflectors
 - Air-conditioning
 - Replacement of old chiller plant
 - Physical barrier to block the leakage of cool air
- Ma On Shan Plaza, Household Centre and Jubilee Court Shopping Centre are the first batch of properties to implement the energy saving measures.



EEE in Household Center

Cost Effective Energy Saving Measures



EEE in Jubilee Court Shopping Center



New replacement of Air-conditioning chiller



New A/C Electronic Control System

Jubilee Court Shopping Centre, GRA of 170,616sf

- Capex of \$3.6M spent to replace the aged non-efficient chiller and to install a new control system
 - Cost to be capitalized for the long term benefit of the mall
- Completed in April 2008
- Energy consumption reduced by 50% in 2Q08 over same period last year

Contents



The Metropolis Mall

- Results Highlights
- Financial Results
- Hong Kong Economy
- Portfolio Performance
- Asset Enhancement Initiatives
- 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

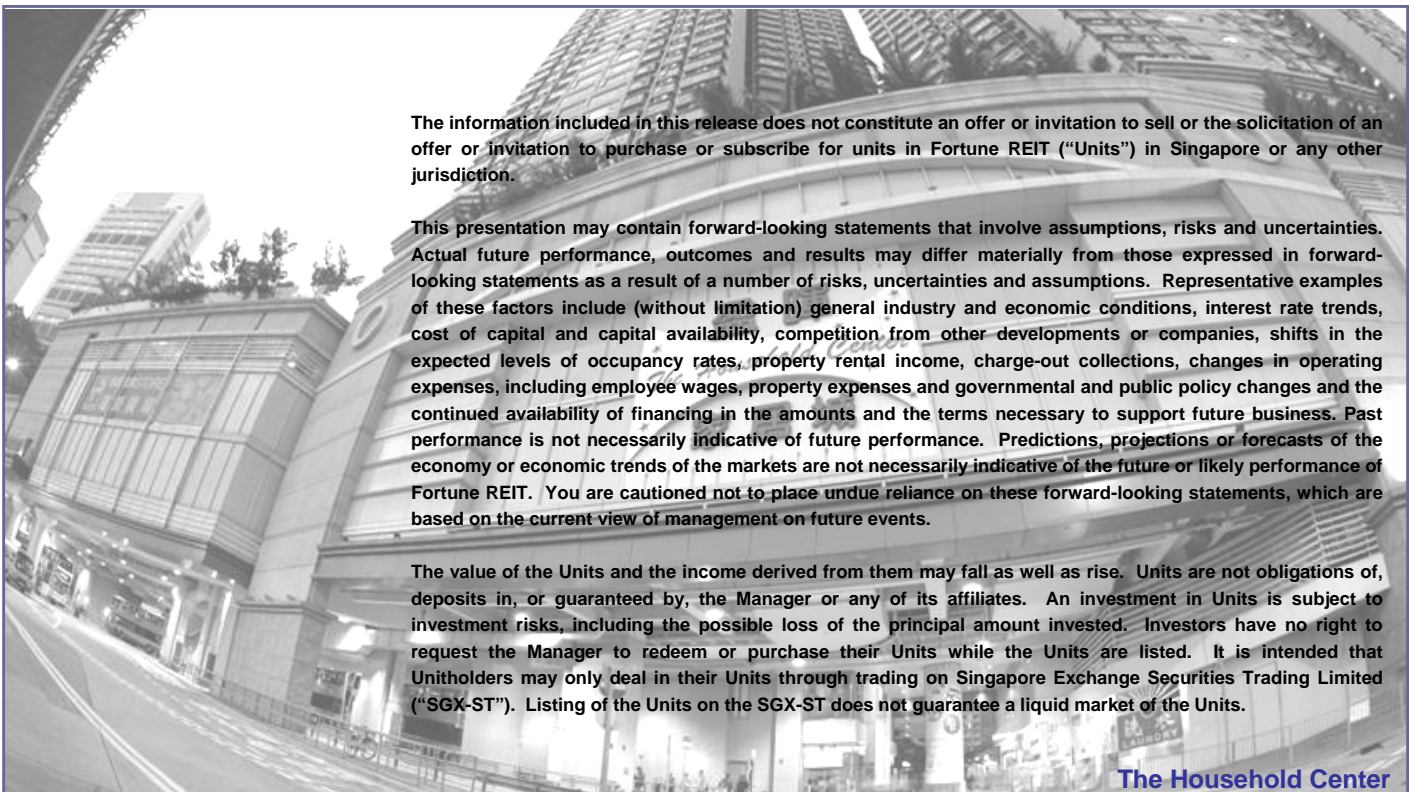
- ☑ Aggressive negotiations to maximize reversion rents
- ☑ Strategic and focused advertising and promotions

➔ 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



Centre de Laguna