


**Miscellaneous**

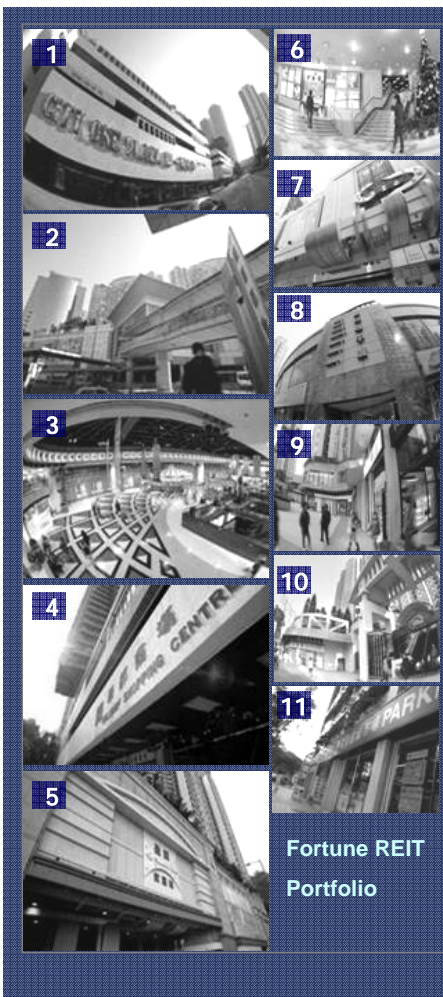
\* Asterisks denote mandatory information

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	31-Jul-2007 18:06:48
Announcement No.	00177

**>> Announcement Details**

The details of the announcement start here ...

Announcement Title \* Description **Attachments:** [Presentation\\_Slides\\_2007\\_2Q\\_final\\_SGX\\_1of2.pdf](#)  
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# FORTUNE 置富產業信託 REIT

Results for the half year ended 30 June 2007

**ARA** Asset Management (Singapore) Limited



Half year ended 30 Jun 2007

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# Results Highlights

## Results Highlights

<b>Total Revenue, 1H07</b>	HK\$308.2 mil	- 0.8 %
<b>Net Property Income (NPI), 1H07</b>	HK\$228.9 mil	+ 2.6 %
<b>Distribution Per Unit (DPU), 1H07</b>	HK\$0.1770	+1.0 %
<b>Annualized Tax-exempt Yield<sup>1</sup></b>	5.4%	
<b>Net Asset Value (NAV) Per Unit</b>	HK\$8.52, trading at discount of 22.5% <sup>1</sup>	
<b>Total Asset<sup>2</sup></b>	HK\$9,545.3 mil	
<b>Gearing</b>	24.6%	
<b>Portfolio Rental Reversion<sup>3</sup></b>	11%	
<b>Portfolio Occupancy<sup>4</sup></b>	92%	
<b>Cost-to-Revenue Ratio<sup>5</sup>, 1H07</b>	23.5%	

**Notes:**

1. Based on the closing Unit price of HK\$6.60 on 29 Jun 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. For all renewals in 1H07.
4. Committed occupancy as at 30 Jun 07. Actual occupancy of 91% as at 30 Jun 07.
5. Cost to revenue ratio - before Manager's performance fee.



Ma On Shan Plaza Atrium

# Financial Results

## Trust Income

### Net Property Income Rose 2.6% In 1H07 vs 1H06

	1H07 (HK\$'000)	1H06 (HK\$'000)	Variance (%)
<b>Total revenue</b>	<b>308,238</b>	<b>310,727</b>	<b>(0.8)</b>
Property operating expenses	(72,297)	(80,648)	(10.4)
Manager's performance fee	(7,070)	(6,903)	2.4
<b>Net property income ("NPI")</b>	<b>228,871</b>	<b>223,176</b>	<b>2.6</b>
Borrowing costs	(53,346)	(51,047)	4.5
<b>Profit before tax</b>	<b>175,525</b>	<b>172,129</b>	<b>2.0</b>
Hong Kong tax	(31,206)	(30,116)	3.6
Net profit of property companies	144,319	142,013	1.6
<b>Income available for distribution</b>	<b>143,322</b>	<b>141,137</b>	<b>1.5</b>
<b>DPU (HK\$)</b>	<b>0.1770</b>	<b>0.1753</b>	<b>1.0</b>

➤ NPI and DPU increased by 2.6% and 1.0% respectively despite a slight dip in revenue mainly due to ongoing asset enhancement and repositioning initiatives

➤ Cost-to-revenue ratio<sup>1</sup> effectively managed at 23.5%

Note:

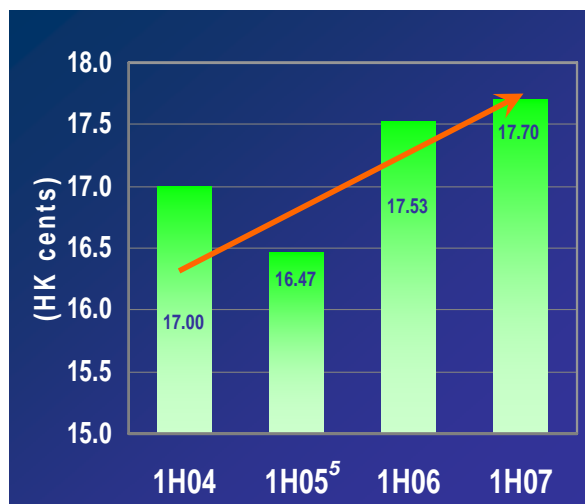
1. Before Manager's performance fee.

**Delivers Tax Exempt Yield Of 5.4% ; 1H07 DPU Of 17.70 HK Cents**

**Pre-tax yield of 6.6%**

1H07	Tax-exempt	Actual Pre-tax <sup>1</sup> Equivalent
DPU <sup>2,3</sup> (HK\$)	0.1770	0.2156
DPU yield <sup>4</sup>	5.4%	6.6%

**1H07 DPU up by 1.0% Y-o-Y**



**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 809.6m Units.
4. Based on the closing Unit price of HK\$6.60 on 29 Jun 07.
5. A rescheduled distribution for the period 1 Jan to 27 Jun 2005 in lieu of the normal half yearly distribution, due primarily to Fortune REIT's acquisition of 6 properties on 28 Jun 2005.

**Fortune REIT Units Trade Ex-distribution On 6 Aug 2007**

**Distribution for the period 1 Jan 2007 to 30 Jun 2007**

**17.70 HK cents per Unit**

<b>Ex-distribution Date</b>	<b>6 Aug 2007</b>
<b>Book Closure</b>	<b>8 Aug 2007</b>
<b>Currency Election <sup>1</sup></b>	<b>20 Aug 2007</b>
<b>Distribution Payment</b>	<b>29 Aug 2007</b>

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 24.6% Offers Financing Flexibility

As at 30 Jun 2007	Debt Profile	
Total Debt <sup>1</sup>	HK\$2,349 mil	22% debt floated at 3M HIBOR 78% debt fixed at 1 yr to 3 yrs
Gearing Ratio <sup>2</sup>	24.6%	Further debt flexibility of approximately HK\$1.5 bn to finance acquisitions <sup>4</sup>
Interest Cover <sup>3</sup>	4.3x	
Weighted Avg. Cost of Debt	4.5%	

Source: ARASL

Notes:

- Excludes the debt front end fee.
- 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.
- Interest cover = EBIT / Total interest expenses.
- Assume a maximum gearing ratio of 35% before a credit rating.

## Balance Sheet

As at 30 Jun 2007	(HK\$'000)	NAV Statistics	
Non Current Asset	9,242,185	NAV Per Unit <sup>1,2</sup>	HK\$ 8.52
Current Asset	303,066		
<b>Total Asset</b>	<b>9,545,251</b>	Closing Unit Price (as at 29 Jun 2007)	HK\$ 6.60
Current Liabilities	207,640		
Non Current Liabilities	2,440,041		
<b>Total Liabilities</b>	<b>2,647,681</b>	Trading Discount to NAV Per Unit	22.5%
<b>Net Asset</b>	<b>6,897,570</b>		
<b>Units In Issue ('000)</b>	<b>808,560</b>		

Source: ARASL

Notes:

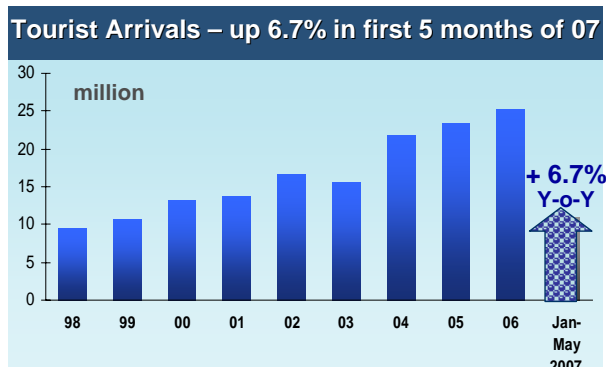
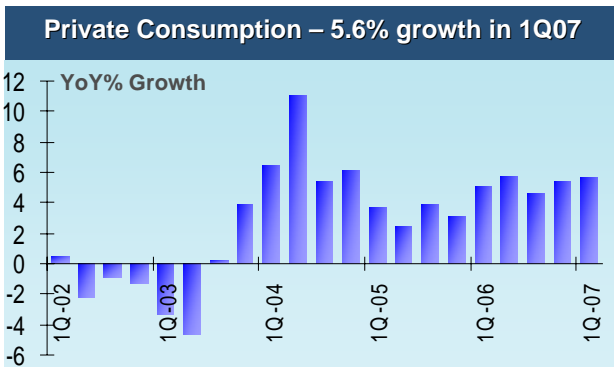
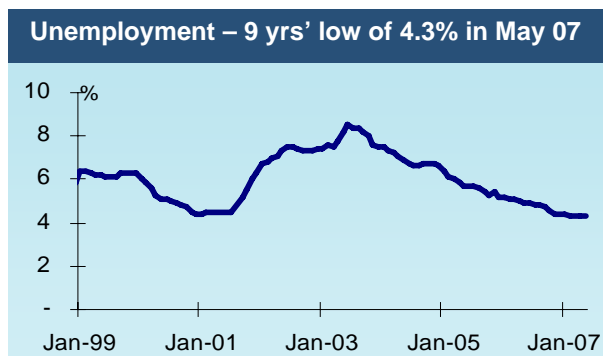
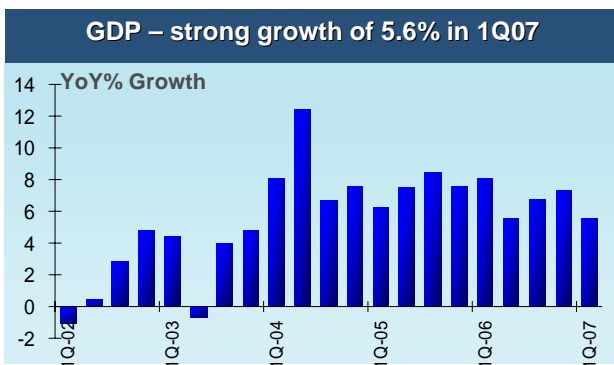
- Based on net assets of the Group excluding hedging reserve.
- The number of Units used for computation of NAV per Unit is 809,641,049 Units. This comprises: (a) number of Units in issue as at 30 Jun 2007 of 808,560,010 Units; (b) Units issued on 4 July 2007 to the Manager as the Manager's Base Fees for 2Q 2007 of 1,081,039 Units.



Wet Market in City One Shatin Property

# Hong Kong Economy

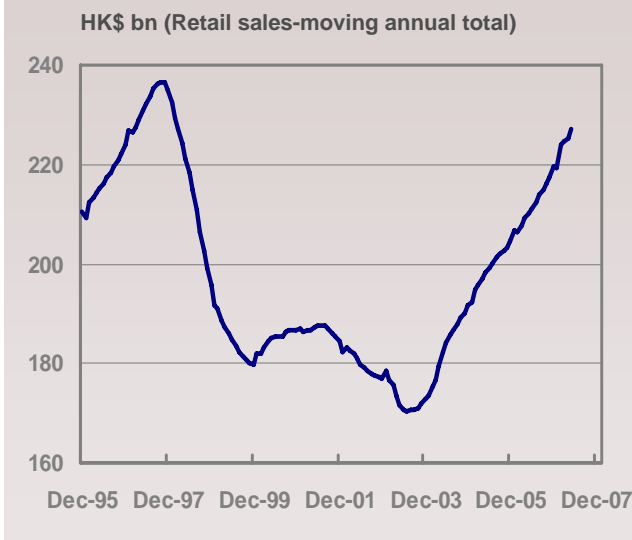
## Solid And Sustainable Economic Growth



Source: Census & Statistics Department, HK

**Strong Retail Sales In Hong Kong**

Retail sales – strong growth of 8.3% in first 5 months of 2007



Source: Census & Statistics Department, HK

Growth across wide spectrum of trades

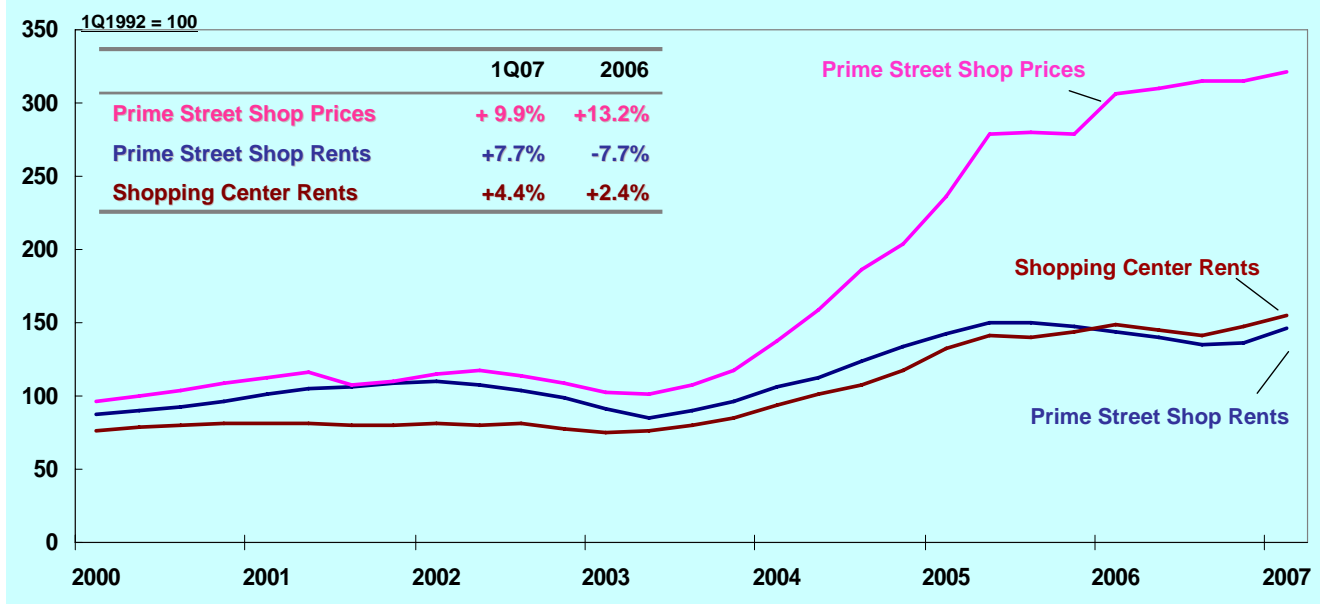
Growth – Jan to May 07 over same period in 06



Source: Census & Statistics Department, HK

**Retail Property Market Overview**

**Retail Indices 1Q2000 – 1Q2007**



Source: Savills (Hong Kong) Limited