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About Fortune REIT

Fortune Real Estate Investment Trust ("Fortune REIT") was listed on Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 August 2003. It holds a portfolio of eleven retail malls and properties in Hong Kong, through the ownership of special purpose companies, worth approximately HK\$9.2 billion.

Fortune REIT is managed by ARA Asset Management (Singapore) Limited ("ARASL" or the "Manager").

About ARA Asset Management (Singapore) Limited

ARA Asset Management (Singapore) Limited is part of ARA Asset Management Limited Group ("ARA"), a member of the Hong Kong based multinational conglomerate Cheung Kong (Holdings) Limited. Staffed by experienced professionals who have extensive experience in the real estate industry in Hong Kong, Singapore and the region, ARA currently also manages the publicly listed Suntec Real Estate Investment Trust, Prosperity Real Estate Investment Trust, AmFIRST Real Estate Investment Trust as well as private equity real estate funds such as Al Islami Far Eastern Real Estate Fund Limited and China Capital Partners Limited Fund.

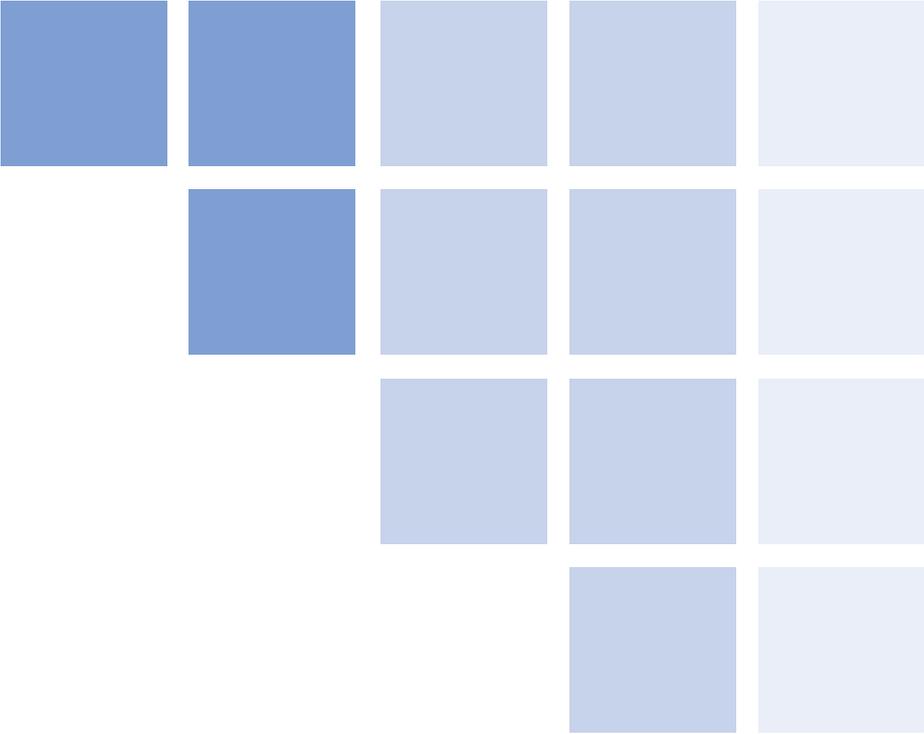
The Manager proactively sources acquisition opportunities, oversees asset management strategies, manages trust-related matters including financing, and handles investor-related matters for Fortune REIT.



Our Mission....

The Manager's key objective is to deliver regular and stable returns to Fortune REIT's unitholders ("Unitholders") through proactive management of Fortune REIT's portfolio of assets and acquiring properties that deliver yield accretion for Unitholders.

Financial Highlights....



The Metropolis Mall

Highlights

Fortune REIT's portfolio of eleven malls and properties performed well in 2006. Net property income grew by 35.4% over the previous year as a result of strong rental growth and high occupancies. The distribution per unit of Fortune REIT ("Unit") improved by 1.7% on the back of solid rental reversions and high occupancies.



Financial Highlights, year ended December 2006

	FY2006 (HK\$'000)	FY2005 (HK\$'000)	Variance (%)
Revenue	614,054	452,905	35.6
Net property income	437,582	323,230	35.4
Income available for distribution	276,621	216,731	27.6
Distribution per unit (HK cents)	34.26	33.69	1.7
Tax exempt distribution yield (%) ¹	5.8	5.9	(1.7)

	31 Dec 2006 (HK\$m)	31 Dec 2005 (HK\$m)	Variance (%)
Total assets	9,518	8,868	7.3
Total liabilities	2,652	2,653	-
Unitholders' equity	6,866	6,215	10.5
Adjusted net asset value per unit (HK\$) ²	8.53	7.72	10.5
Gearing (debt-to-asset) (%) ³	24.7	27.0	(8.5)
Units in issue (m)	806.2	801.9	0.5

Notes:

1. Based on the closing Unit price of HK\$5.70 and HK\$5.90 as at 30 December 2005 and 29 December 2006 respectively.
2. Adjusted net asset value per unit ("NAV") is calculated based on net assets of the Group excluding hedging reserves and negative goodwill.
3. This excludes the front end fee and is calculated based on total debt to Deposited Property.

Source: ARASL

Chairman's Report.....

“Fortune REIT’s portfolio of eleven retail malls and properties delivered yet another good year in 2006 despite a rising interest rate environment in Hong Kong. Total revenue and distributable income rose by 35.6% and 27.6% respectively over the previous year.”

Dear Unitholders,

On behalf of the Board of ARA Asset Management (Singapore) Limited, I am very pleased to present Fortune REIT’s annual report for 2006.

Fortune REIT’s portfolio of properties recorded a good performance in 2006. Retail tenants in our malls continued to benefit from Hong Kong’s buoyant economy and strong retail spending during the year. Our portfolio of eleven retail malls and properties delivered a positive return and distribution per Unit despite an uncertain and rising interest rate environment in 2006. Total revenue and distributable income rose by 35.6% and 27.6% respectively over 2005. The valuation of our portfolio of assets also increased by 7.5% to HK\$9.2 billion at the end of 2006.

The Hong Kong economy registered a growth of 6.8% in 2006 compared to the previous year. Unemployment rate reached a six-year low and domestic demand, as reflected in the private consumption expenditure, also rose. Supported by these strong economic fundamentals, the portfolio experienced a high occupancy rate of 95% and a 10% rental reversion for renewals. 74% of existing tenants were also retained, adding to the stability of income and distributions.

Interest rates in Hong Kong continued its upward trend in the first six months of 2006 before the 3-month Hong Kong Inter Bank Offer Rate (“HIBOR”) finally stabilized at about 4% as at year end. Although Fortune REIT has hedged about 78% of its debt as a pre-emptive move, opportunities exist to lower borrowing costs this year as the interest rate curve flattens and current hedges of between 1 to 4 years mature in a more stable environment. We remain optimistic that interest rates will ease in 2007.

As at the end of 2006, our Unitholders enjoyed a high tax-exempt yield of 5.8% or 7.0% on pre-tax basis from a clean structure with a highly transparent cashflow. Fortune REIT is an attractive investment currently trading at a deep discount of 31% to its net asset value. This is primarily due to the recent upward revaluation of the portfolio.

Looking ahead, we believe 2007 will be an exciting year for Fortune REIT on the back of the positive retail market outlook and economic stability in Hong Kong. Fortune REIT will benefit from a more stable interest rate environment as it gears up to acquire retail malls in Hong Kong and People’s Republic of China (“PRC”). We will also capitalize on a more favourable interest rate environment to lower

borrowing costs. We aim to continue to deliver stable and sustainable distributions to Unitholders through proactive lease management, effective cost management, asset enhancements and yield accretive acquisitions.

I take this opportunity to extend my thanks to my fellow directors and management at all levels for their commitment and dedication in delivering continued growth for Fortune REIT. I would also like to thank all investors, tenants and business partners for their support in 2006 and in the years ahead.



Chiu Kwok Hung, Justin
Chairman

ARA Asset Management (Singapore) Limited
Manager of Fortune REIT
5 March 2007



Trust Review

Financial performance

Fortune REIT has consistently delivered sustainable growth in revenue, net property income and distributable income since its listing on SGX-ST in 2003. Fortune REIT's portfolio of eleven retail malls and properties continued to perform well in 2006 with income available for distribution rising about 27.6% over the preceding year to HK\$276.6 million. The higher distributions were achieved despite a significant rise in borrowing costs due to the unfavourable interest rate environment in Hong Kong.

Financial Performance	FY2006 (HK\$'000)	FY2005 (HK\$'000)	Variance (%)
Total revenue ¹	614,054	452,905	35.6
Net property income ("NPI")	437,582	323,230	35.4
Income available for distribution	276,621	216,731	27.6
DPU (HK\$)	0.3426	0.3369	1.7

Source: ARASL

Note:

1. Includes rental income, carpark income, licence income, atrium income, charge-out collections and others.

Unit activity

Fortune REIT's Unit price traded between HK\$5.55 and HK\$6.50 in 2006 and ended the year at HK\$5.90 as at 29 December 2006. This represented a 3.5% increase when compared with the closing Unit price of HK\$5.70 as at 30 December 2005. Trading volume during the year was approximately 285.5 million Units or equivalent to an average of 1.1 million Units per trading day, about 20.1% higher than 2005.

Based on the closing Unit price as at 29 December 2006 of HK\$5.90, Fortune REIT delivered a full year tax-exempt distribution per Unit ("DPU") yield of 5.8%. At the initial public offering ("IPO") price of HK\$4.75 per Unit, this translates to a tax-exempt yield of 7.2%.

Since Fortune REIT's listing in August 2003, investors have enjoyed capital appreciation of 24% (from IPO price of HK\$4.75 per Unit to 2006 year-end closing price of HK\$5.90 per Unit). Taking into account the distributions declared, the total return to Unitholders since listing is 48.2%¹.

¹ Calculated by dividing the sum of (i) Unit price increase of HK\$1.15 per Unit (based on IPO price of HK\$4.75 per Unit and closing price of HK\$5.90 per Unit as at 29 December 2006), (ii) total distributions of HK\$1.14 per Unit (including HK\$0.1673 payable on 28 February 2007) for the period since listing to year ended 31 Dec 2006, by the IPO Unit price of HK\$4.75.

Fortune REIT Price and Volume



Net asset value

Fortune REIT's portfolio of eleven retail malls and properties are geographically diversified across Hong Kong. Savills Valuation and Professional Services Limited ("Savills"), an independent valuer, appraised the portfolio as at 31 December 2006 at approximately HK\$9.2 billion. This represented an overall increase of 7.5% in value from a year earlier, reflecting the strong retail investment environment in Hong Kong and the improvement in Fortune REIT's asset performance. With the revaluation of assets, the NAV rose 10.5% from HK\$7.72 per Unit as at 31 December 2005 to HK\$8.53 per Unit as at 31 December 2006. Compared to the year-end closing price of HK\$5.90 per Unit, Fortune REIT is currently trading at a discount to NAV of nearly 31%, making Fortune REIT an attractive investment for long term investors.

Property Valuation	31 Dec 06 ¹ (HK\$m)	31 Dec 05 ¹ (HK\$m)	Increase (%)
City One Shatin Property	3,300 ²	3,050	8.2
The Metropolis Mall	1,961	1,959	0.1
Ma On Shan Plaza	1,695	1,475	14.9
Waldorf Garden Property	540	480	12.5
Smartland	433	396	9.3
The Household Center	325	315	3.2
Jubilee Court Shopping Centre	321	310	3.5
Tsing Yi Square Property	309	290	6.6
Centre de Laguna Property	188	168	11.9
Lido Garden Property	105	95	10.5
Rhine Garden Property	58	54	7.4
Total	9,235	8,592	7.5

Source: ARASL

Notes:

- Independently valued by Savills.
- Excludes 326 car park lots which were divested in 2006, of which the sales of 322 lots to individual buyers were completed during the financial year for a total consideration of HK\$75.7 million. The said 322 lots were valued by Savills at HK\$72.8 million.

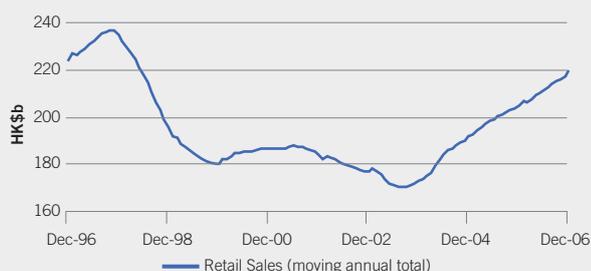


Ma On Shan Plaza

Hong Kong's economy in 2006

In 2006, the Hong Kong economy continued to improve steadily. Major economic indicators registered positive growth, in particular, the Gross Domestic Product recorded a robust year-on-year growth rate of 6.8% for 2006. Total retail sales also continued to remain buoyant, rising 7.3% from 2005.

Hong Kong Retail Sales

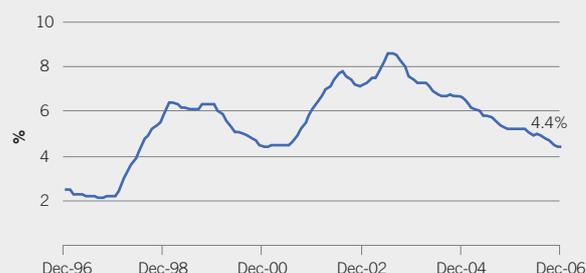


Source: Census and Statistics Department, HKSAR Government

Retail property sector in 2006

The growth in retail spending was driven primarily by the increase in local demand and the booming tourist receipts in Hong Kong. Local demand continued to register major improvements during the year due to healthier labour market conditions and higher household income growth. Hong Kong's unemployment rate dropped to a six-year low of 4.4% as at end of 2006 from more than 8% in late 2003.

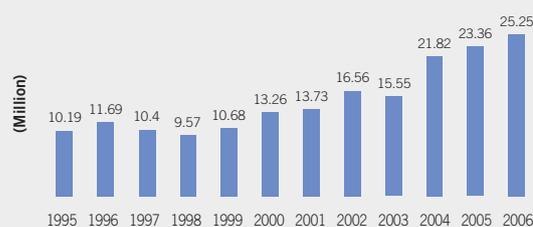
Hong Kong Unemployment Rate



Source: Census and Statistics Department, HKSAR Government

An all-time high of approximately 25.3 million tourists visited Hong Kong in 2006 further fuelling demand in the retail sector. This growth was aided by the expansion of the Individual Visit Scheme, which offers Mainland Chinese tourists easier access into Hong Kong, to 38 cities in the PRC. The opening of Hong Kong Disneyland in September 2005, coupled with an aggressive marketing campaign, also contributed to the tourist boom. Chinese tourists still remain the dominant source of tourists in Hong Kong, contributing more than half of all tourist arrivals.

Tourist Arrivals



Source: Hong Kong Tourism Board

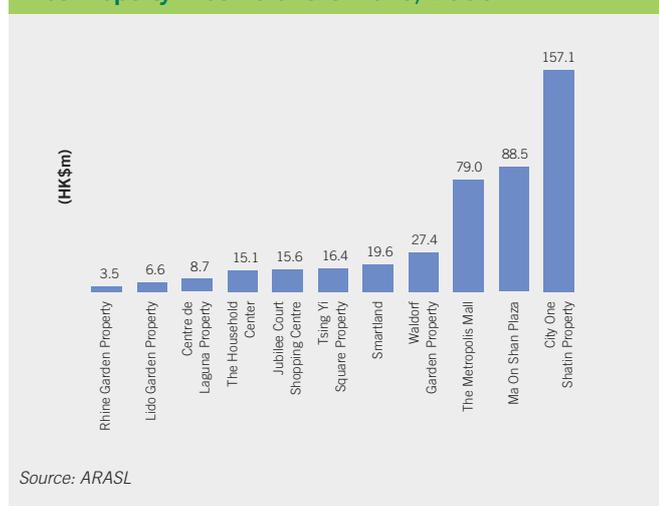
Outlook for 2007

Looking ahead to 2007, we expect the Hong Kong economy to remain buoyant, barring any unforeseen circumstances. With improving household income and better job opportunities, retail sales are likely to enjoy yet another year of solid growth, albeit at a lower rate than the strong 7.3% increase recorded in 2006.

Portfolio overview

Fortune REIT's eleven retail malls and properties continued to grow from strength to strength. Key factors contributing to the strong asset performance from the portfolio in 2006 were the significant improvements in occupancies and rental rates.

Net Property Income of the Malls, 2006



Stable occupancy rates cement bottom line

Our consistently high occupancies in the retail malls and properties continued to underpin income stability over the long term. Through the Manager's proactive asset management and leasing initiatives, the portfolio maintained a high level of occupancy at 95% and a tenant retention rate of 74% in 2006. Rental reversion for the eleven properties was a healthy 10% for renewals in 2006. As a result, the portfolio's passing rental rose to HK\$23.74 psf per month at the end of 2006.

74% of tenants retained in 2006

Under normal operating circumstances where existing tenants are able to meet rent expectations, the Manager places greater priority on tenant retention since tenant acquisition may result in higher opportunity costs such as vacancy and leasing commission. This provides the REIT with stability of income over the long term. In 2006, over 74% of existing tenants were retained. Other than a proactive tenant retention programme, the Manager is also dedicated to building strong tenant-landlord relationships to foster greater understanding of the tenants' needs and enhance business growth. Lease renewals of 524,360 sq ft, represented 31% of the total gross rentable area, were committed in 2006.

The Manager aims to focus on optimizing tenant mix and improving rental rates in the coming year.

Mall Occupancy and No. of Tenants	Dec-06 (%)	Dec-05 (%)
City One Shatin Property	96.8	95.6
The Metropolis Mall	89.9	92.4
Ma On Shan Plaza	100.0	99.2
Waldorf Garden Property	100.0	98.9
Smartland	90.1	98.1
The Household Center	82.9	98.0
Jubilee Court Shopping Centre	98.2	95.7
Tsing Yi Square Property	97.7	99.1
Centre de Laguna Property	96.7	99.4
Lido Garden Property	97.8	100.0
Rhine Garden Property	100.0	100.0
Portfolio	95.1	96.4
No. of tenants	830	831

Source: ARASL

Ma On Shan Plaza continued to be one of the strong performers in the property portfolio, with an average rental reversion of 33.1% for renewals in 2006. Throughout the year, focus was placed on attracting higher paying trades, such as the banks and real estate agencies, to the mall. These trades continued to grow and now account for about 31.0% of the mall's gross rental income while occupying only 15.1% of the mall's gross rentable area. Shopper traffic also continued to increase, growing by 16% in the fourth quarter of 2006, boosted by the exciting advertising and promotion events at the mall's large atrium which lies just next to the Kowloon Canton Railway ("KCR") Ma On Shan Rail station.



Ma On Shan Plaza



The Metropolis Mall

City One Shatin Property is the largest property in the portfolio and was a strong income contributor for Fortune REIT. It achieved a solid rental reversion rate of 14.9% for renewals in 2006. The Manager intends to further improve net property income from City One Shatin Property in 2007 with appropriate asset enhancement initiatives. This includes the creation of more rentable space and initiatives to improve energy efficiency.

The Metropolis Mall achieved an occupancy rate of 89.9% as at December 2006. In February 2006, the Manager launched a new wedding zone in the mall together with Taiwan's No. 1 wedding magazine group, IdoWedding, by devoting approximately 5% of the gross rentable area of the mall to wedding-related retail trades in the initial phase. This repositioning exercise has been very successful, attracting tenants, all of which are top wedding operators in Taiwan, to open retail shops in the wedding zone of The Metropolis Mall. Supporting trades such as jewellery retailers, wedding planner and beauty trades have also been added to the mall. Other repositioning initiatives to enhance The Metropolis Mall as a retail destination of choice included the expansion of food and beverage offerings, as well as education trades, within the mall.



Waldorf Garden Property



Ma On Shan Plaza

Portfolio Passing Rental



Source: ARASL

Portfolio expiry profile

About 40.6% of existing leases will expire in 2007. The bulk of the lease expiries will originate from tenancies in Fortune REIT's larger and better performing malls such as Ma On Shan Plaza, City One Shatin Property, The Metropolis Mall and Waldorf Garden Property. We remain optimistic on the portfolio's asset performance in 2007, given the positive economic outlook for Hong Kong in the coming year and the healthy rental reversions achieved in the last year.

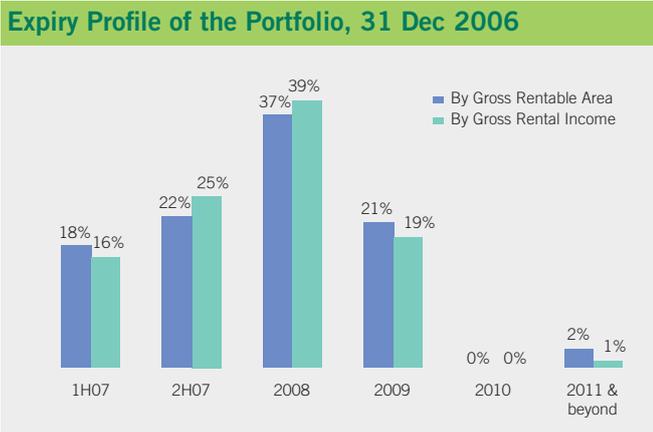
Note:

1. Based on gross rental income of the portfolio as at 31 Dec 2006.

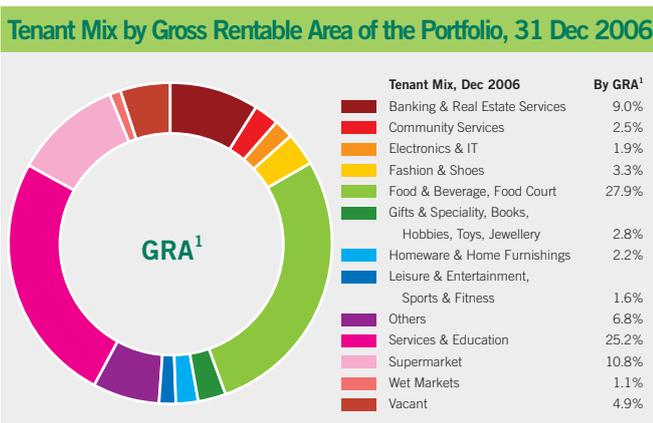
Expiry Profile by Gross Rental Income of the Portfolio, 31 Dec 2006

	1H	2H	2010 and			Total
	2007	2007	2008	2009	Beyond	
	(%)	(%)	(%)	(%)	(%)	(%)
City One Shatin Property	24.1	15.3	35.6	24.4	0.7	100.0
The Metropolis Mall	15.8	23.0	38.4	18.0	4.8	100.0
Ma On Shan Plaza	10.0	31.3	45.7	12.3	0.7	100.0
Waldorf Garden Property	0.0	58.4	41.6	0.0	0.0	100.0
Smartland	10.0	18.9	37.3	33.8	0.0	100.0
The Household Center	2.5	15.6	52.8	29.1	0.0	100.0
Jubilee Court Shopping Centre	9.1	58.1	20.5	12.3	0.0	100.0
Tsing Yi Square Property	19.1	32.7	36.6	10.7	0.0	100.0
Centre de Laguna Property	7.4	10.4	26.3	55.9	0.0	100.0
Lido Garden Property	26.5	15.3	44.7	13.5	0.0	100.0
Rhine Garden Property	12.6	0.5	86.8	0.0	0.0	100.0
Portfolio Total	15.5	25.1	39.2	19.2	1.0	100.0

Source: ARASL

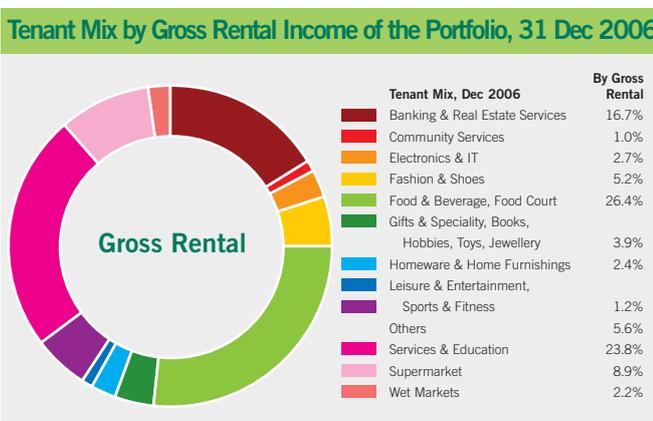


Source: ARASL



Source: ARASL

Note 1: GRA means Gross Rental Area.



Source: ARASL

To further enhance the assets and boost revenue contribution, the Manager aims to maximise usage of large atrium spaces and open spaces within the malls through revenue or publicity generating events and short term licensed use by retailers. In 2006, these initiatives included a Christmas fair at the City One Shatin Property, where festive offerings and stalls were well-received by tenants and shoppers at the mall. In The Metropolis Mall, the license of a specially designed kiosk space to Godiva chocolates, for example, generated additional revenue for the mall.

Fortune REIT currently has approximately 830 tenants in our eleven retail malls and properties. No single tenant represents more than 8.5% of our portfolio gross rental income, and our tenant base is well diversified by trade mix, largely reflecting the needs of the domestic catchment that the malls trade in, as well as the good health of the buoyant retail sector in Hong Kong. Going forward, we aim to focus on attracting higher yielding trades to the malls in order to improve portfolio income. The top 10 tenants come from diverse trade sectors and include established retailers such as Park'N Shop, Maxim's, 7-Eleven and Watson's. The top 10 tenants contributed approximately 25.0% of the portfolio's gross rental income and accounted for approximately 25.5% of gross rentable area.



Park'N Super Store at The Household Center



Gundum Expo at The Metropolis Mall

Top 10 Tenants, 31 Dec 2006

Name of Tenant	Trade Sector	% of Total Gross Rental Income	% of Total Gross Rentable Area
1 Park'N Shop	Supermarket	8.5	10.5
2 Bank of China (Hong Kong) Limited	Banking & Real Estate Services	3.0	1.4
3 Maxim's	Food & Beverage, Food Court	2.3	3.2
4 Union Ford Investments Limited	Banking & Real Estate Services	2.0	2.1
5 Midland Realty	Banking & Real Estate Services	1.7	0.4
6 Watson's	Services & Education	1.6	1.4
7 7-Eleven	Services & Education	1.6	0.7
8 International Christian School	Services & Education	1.5	3.7
9 Glorious Seafood Restaurant	Food & Beverage, Food Court	1.4	1.8
10 Centaline Property Agency Limited	Banking & Real Estate Services	1.4	0.3
Total		25.0	25.5

Source: ARASL

Cost management

Total cost-to-revenue remained stable at about 26.5% for 2006, reflecting the Manager's ability to effectively manage operating costs. Our long term target still remains at 25%. We aim to achieve this by improving rental income and rationalizing operating costs, with plans that include replacing aged equipment in order to improve energy efficiency.

Fortune REIT Borrowing Costs	FY2006	FY2005
Borrowing Costs (HK\$m)	107.0	59.1
Weighted Average Interest Rate	4.4%	3.3%

Source: ARASL

Prudent capital management

Fortune REIT is prudent in its approach to capital management and maintains sensible borrowing guidelines to reduce the risk of factors beyond the Manager's control such as interest rate trends. Fortune REIT's balance sheet was strengthened at the end of 2006 with a higher NAV, a reduced gearing ratio of 24.7% and a good interest coverage of about 4.1 times. As part of the Manager's strategy to mitigate fluctuations in interest rates, about 78% of Fortune REIT's debt is fixed at various maturities of between 1 year to 4 years, at a weighted average interest rate of 4.4% inclusive of margin.

Hong Kong Interest Rates



Interest rates in Hong Kong were on an upward trend in the first half of 2006, with the 3-month HIBOR rising about 50 basis points to 4.7% before coming down to around 4% at the end of the year. The Manager is of the opinion that interest rates will moderate in 2007. This presents opportunities for Fortune REIT to gear up for yield accretive acquisitions as well as to lower borrowing costs where appropriate.

Fortune REIT Debt Structure	31 Dec 2006 (HK\$m)	% of total	31 Dec 2005 (HK\$m)	% of total
Revolving	–	–	12	0.5
Floating ¹	505	21.5	541	22.6
Fixed	1,844	78.5	1,844	76.9
Total	2,349	100.0	2,397	100.0

Source: ARASL

Note:
1. Excludes the debt front-end fee.



Food Court in The Metropolis Mall

Fortune REIT's exposure to derivatives is elaborated in the Financial Statements. The net fair value of the derivatives, which was presented in the Financial Statements as Derivative Assets and Derivative Liabilities was HK\$0.09 million and HK\$23.45 million respectively. This represented (0.3%) of the net assets of Fortune REIT as at 31 December 2006.

Focus on growth

Fortune REIT had consistently demonstrated the ability to deliver sustainable distributable income from its portfolio of assets since listing in 2003. The Manager adopts a proactive approach to lease management and leans on asset enhancement initiatives to fuel future organic growth. As the retail properties are generally located in dense suburban areas with a ready residential catchment, we are well positioned to reap competitive advantages to provide Unitholders with continued solid growth. The domestic demographics of the assets' trading nucleus further adds to the stability of the tenant mix and localised customer base. With the stabilising interest rate environment, we are optimistic about our opportunities to capitalise on our low gearing of 24.7% to add yield accretive properties to the portfolio. We intend to ride on the back of Hong Kong's strong economic outlook in 2007 to improve revenue, occupancy and distributable income from the portfolio so as to maximise returns for our Unitholders.

Lim Hwee Chiang, John
Chief Executive Officer

Fortune REIT's Portfolio
Portfolio Summary.....





	Location	Gross Rentable Area (sf)	No. of Tenants ¹	Occupancy Rate ¹ (%)	Valuation (HK\$m) ²	Net Property Income (HK\$m)	Net Property Yield (%)
City One Shatin Property ³	New Territories	414,469	252	96.8	3,300	157.1	4.8
The Metropolis Mall	Kowloon	332,168	121	89.9	1,961	79.0	4.0
Ma On Shan Plaza	New Territories	310,084	136	100.0	1,695	88.5	5.2
Waldorf Garden Property	New Territories	80,842	40	100.0	540	27.4	5.1
Smartland	New Territories	123,544	97	90.1	433	19.6	4.5
The Household Center	New Territories	91,779	48	82.9	325	15.1	4.6
Jubilee Court Shopping Centre	New Territories	170,616	45	98.2	321	15.6	4.9
Tsing Yi Square Property	New Territories	78,836	58	97.7	309	16.4	5.3
Centre de Laguna Property	Kowloon	43,000	18	96.7	188	8.7	4.6
Lido Garden Property	New Territories	9,836	11	97.8	105	6.6	6.3
Rhine Garden Property	New Territories	14,604	4	100.0	58	3.5	6.0
Total Portfolio		1,669,778	830	95.1	9,235	437.5	4.7

Notes:

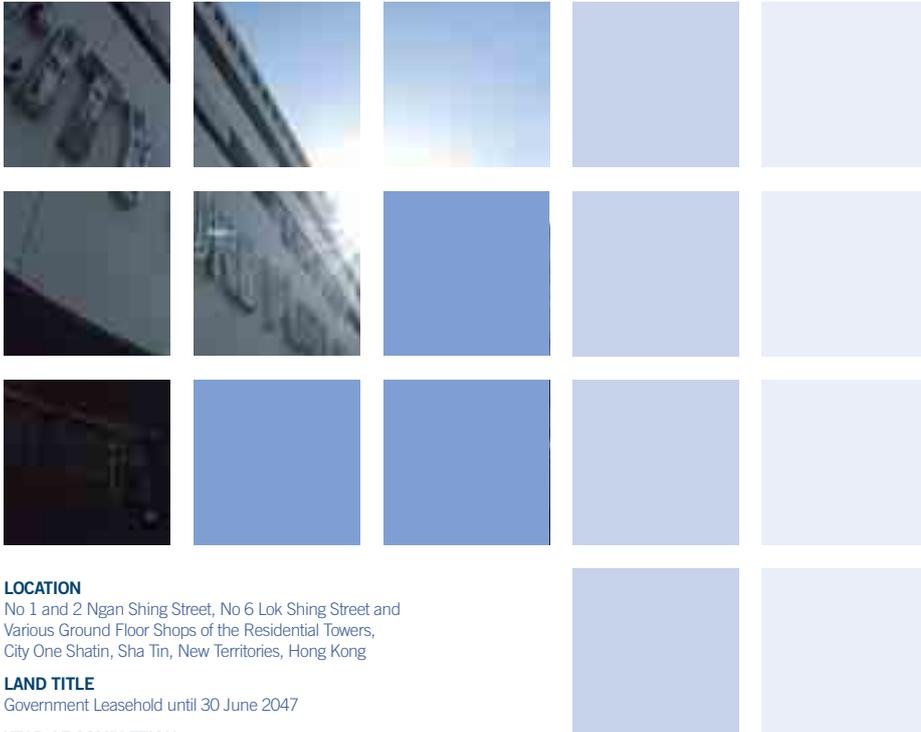
1. As at 31 Dec 2006.

2. As at 31 Dec 2006, valued by Savills.

3. 326 car park lots were sold in 2006 and therefore excluded from the valuation.

Fortune REIT's Portfolio

City One Shatin Property.....



LOCATION

No 1 and 2 Ngan Shing Street, No 6 Lok Shing Street and Various Ground Floor Shops of the Residential Towers, City One Shatin, Sha Tin, New Territories, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1981-1989

GROSS FLOOR AREA⁽¹⁾

414,469 sf

GROSS RENTABLE AREA⁽¹⁾

414,469 sf

CARPARKS⁽²⁾

660

ACQUISITION DATE

28 June 2005

ACQUISITION VALUE⁽³⁾

HK\$2,559M

VALUATION AT PURCHASE⁽⁴⁾

HK\$2,680M

LATEST APPRAISED VALUE⁽⁵⁾

HK\$3,300M

ACTUAL OCCUPANCY⁽¹⁾

96.8%

NUMBER OF TENANTS⁽¹⁾

252

GROSS RENTAL⁽⁶⁾

HK\$212.3M

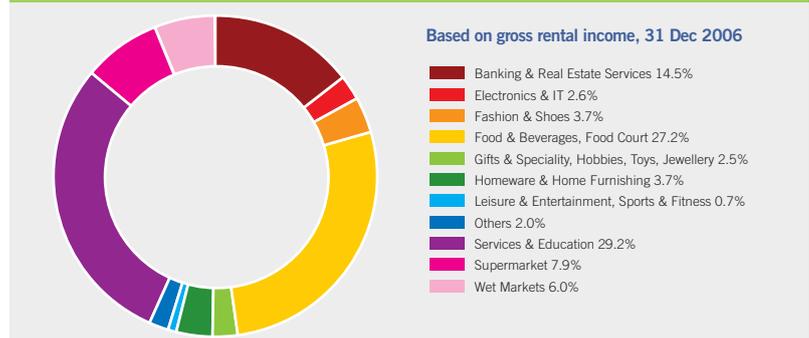
NET PROPERTY INCOME

HK\$157.1M

Notes:

1. As at 31 Dec 2006.
2. Excludes the 326 car park lots sold in 2006.
3. As defined in the Unitholder's Circular dated 13 May 2005.
4. As at 31 Jan 2005, valued by Chesterton Petty Ltd. ("Chesterton") and Vigers Appraisal & Consulting Ltd ("Vigers"), taking the lower of the two valuations.
5. As at 31 Dec 2006, valued by Savills.
6. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

Tenant Mix



Expiry Profile



Source: ARASL



The City One Shatin Property is located in Shatin, New Territories, south of the Shing Mun River. The City One Shatin Property is part of the 10,642-unit City One Shatin residential development completed in the 1980's and which represents one of the largest residential developments in Hong Kong. The City One Shatin Property is positioned as a retail mall that serves the daily needs of the local residents within City One Shatin. Its catchment population also includes students and workers within the vicinity.

The City One Shatin Property is easily accessible to shoppers via private and public transportation, namely buses, taxis and franchised buses. It is also strategically located near Ma On Shan Rail's City One Station which commenced operations in December 2004. It is also in close proximity to the Shatin Station on the East Rail of KCR.

The Manager's current objective is to increase its income by optimizing the trade mix of the mall, maintaining strong rental reversion and creating a more cosy shopping environment and additional rentable area through asset enhancements.

Top 5 Tenants

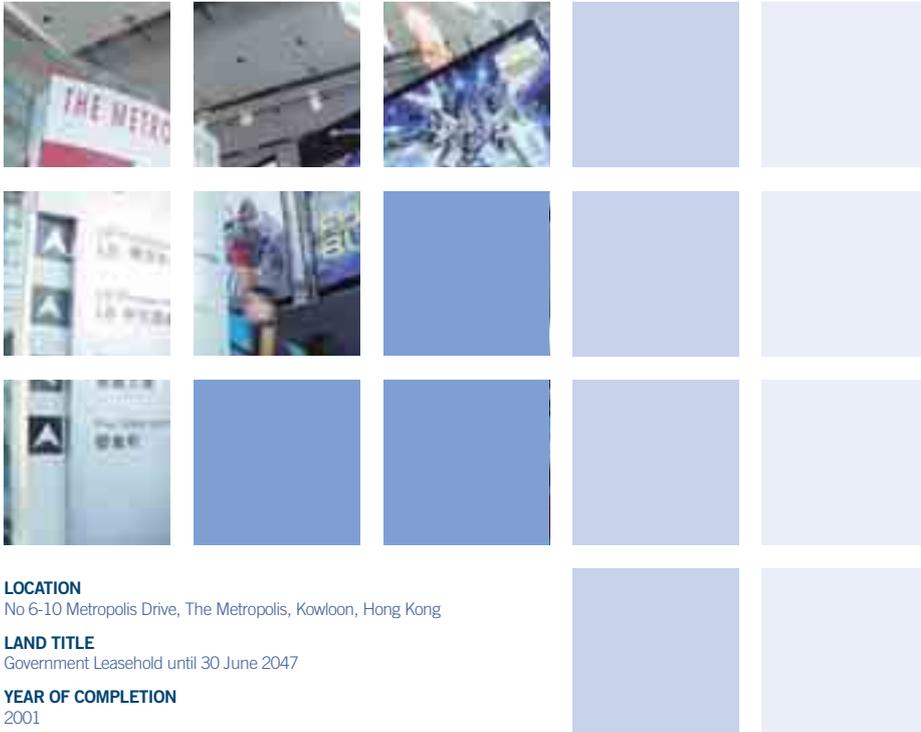
Name of Tenant	Trade Sector	% of Total Gross Rental Income	% of Total Gross Rentable Area
Park'N Shop	Supermarket	7.2	6.0
Bank of China (Hong Kong) Limited	Banking & Real Estate Services	3.5	1.8
Fook Choi Seafood Restaurant	Food & Beverage, Food Court	2.8	8.0
Cambridge Nursing Home (City One) Limited	Services & Education	2.8	6.1
McDonald's	Food & Beverage, Food Court	2.4	1.4

Source: ARASL

Note: Based on gross rental income as at 31 Dec 2006.

Fortune REIT's Portfolio

The Metropolis Mall....



LOCATION

No 6-10 Metropolis Drive, The Metropolis, Kowloon, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

2001

GROSS FLOOR AREA⁽¹⁾

344,055 sf

GROSS RENTABLE AREA⁽¹⁾

332,168 sf

CARPARKS

179

ACQUISITION DATE

12 August 2003

ACQUISITION VALUE⁽²⁾

HK\$1,464M

VALUATION AT PURCHASE⁽³⁾

HK\$1,560M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$1,961M

ACTUAL OCCUPANCY⁽¹⁾

89.9%

NUMBER OF TENANTS⁽¹⁾

121

GROSS RENTAL⁽⁵⁾

HK\$116.4M

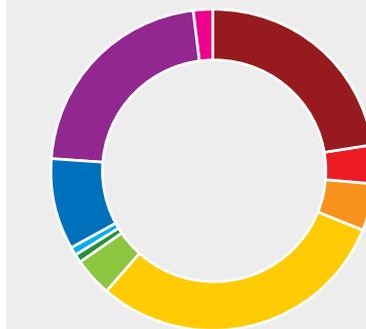
NET PROPERTY INCOME

HK\$79.0M

Notes:

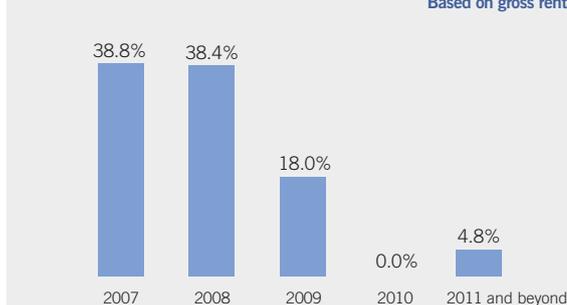
1. As at 31 Dec 2006.
2. As defined in the prospectus dated 28 Jul 2003 (the "Prospectus").
3. As at 31 May 2003, valued by Chesterton.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

Tenant Mix



Based on gross rental income, 31 Dec 2006

Expiry Profile



Based on gross rental income, 31 Dec 2006

Source: ARASL



The Metropolis Mall, completed in 2001, is located in the established residential and commercial hub of Hung Hom in South Kowloon. It is the retail portion of The Metropolis, a 1.4 million sf complex which also comprises offices, a hotel and serviced apartments. As an interchange for the major mass transport networks, including the KCR, Mass Transit Railway (“MTR”) and the Cross Harbour Tunnel, Hung Hom enjoys a strategic location and is one of the most important transport nodes in Hong Kong.

The Metropolis Mall is connected to the Hung Hom Station of the KCR East Rail, which is the only mass transportation network connecting Hong Kong with the PRC. In October 2004, the KCR East Rail was extended by the East Tsim Sha Tsui Station, which connects to the MTR Tsim Sha Tsui Station through an underground walkway. Moreover, The Metropolis Mall is served by the Hung Hom bus terminal and a taxi station and is just minutes away from the Kowloon entrance of the Cross Harbour Tunnel, the busiest undersea vehicular tunnel that links Kowloon Peninsula with Hong Kong Island.

The Metropolis Mall enjoys an extensive catchment area and a wide range of

shoppers, such as: residents of over some 16,000 apartments in the vicinity including The Metropolis Residences, The Royal Peninsula, Whampoa Garden, Whampoa Estate and Hung Hom Bay Centre; tourists and expatriates staying at the nearby 690-room Harbour Plaza Metropolis and two brand new 3,600-room serviced apartment blocks; concert-goers from the Hong Kong Coliseum; students from the Hong Kong Polytechnic University; office workers from The Metropolis Towers as well as the Mainland visitors coming via the KCR.

To further mature a new mall like The Metropolis Mall, the Manager is repositioning it as a more thematic mall, focusing on education, food and beverage and wedding trades. Advertising and promotion will be the major focus for the mall in 2007 with the objective of bringing in more publicity and patronage to the mall and further leveraging on the growing number of PRC tourists, hotel guests, students and concert-goers in Hung Hom.

Top 5 Tenants

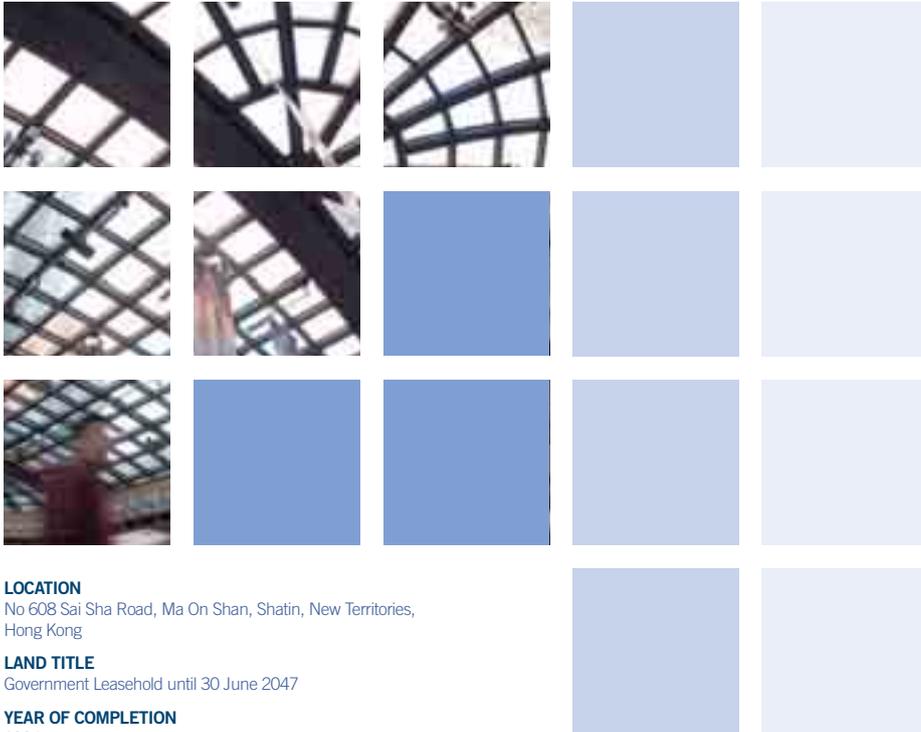
Name of Tenant	Trade Sector	% of Total Gross Rental Income	% of Total Gross Rentable Area
Union Ford Investment Limited	Banking and Real Estate Services	13.0	10.5
Choi Fook Seafood Restaurant	Food & Beverage, Food Court	7.3	5.5
HKCT Group Limited	Services & Education	6.6	6.5
Diamond Jubilee Investment Limited	Banking and Real Estate Services	5.9	5.4
The Metropolis Wedding Group Limited	Services & Education	4.7	5.5

Source: ARASL

Note: Based on gross rental income as at 31 Dec 2006.

Fortune REIT's Portfolio

Ma On Shan Plaza.....



LOCATION

No 608 Sai Sha Road, Ma On Shan, Shatin, New Territories, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1994

GROSS FLOOR AREA⁽¹⁾

319,560 sf

GROSS RENTABLE AREA⁽¹⁾

310,084 sf

CARPARKS

290

ACQUISITION DATE

12 August 2003

ACQUISITION VALUE⁽²⁾

HK\$935M

VALUATION AT PURCHASE⁽³⁾

HK\$970M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$1,695M

ACTUAL OCCUPANCY⁽¹⁾

100.0%

NUMBER OF TENANTS⁽¹⁾

136

GROSS RENTAL⁽⁵⁾

HK\$122.6M

NET PROPERTY INCOME

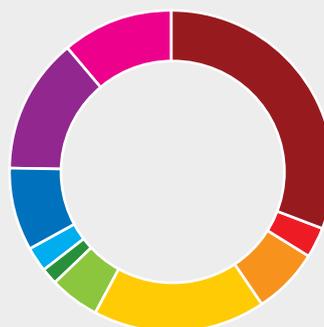
HK\$88.5M

Notes:

1. As at 31 Dec 2006.
2. As defined in the Prospectus dated 28 Jul 2003.
3. As at 31 May 2003, valued by Chesterton.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

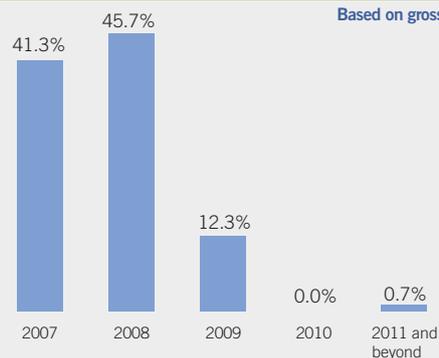
Tenant Mix

Based on gross rental income, 31 Dec 2006



Expiry Profile

Based on gross rental income, 31 Dec 2006



Source: ARASL



Ma On Shan Plaza is located strategically in Ma On Shan, Shatin, New Territories. Ma On Shan is a well established new town that is home to about 194,000 residents. The mall is easily accessible by public transportation, taxis and franchised buses, public light bus terminal, taxi waiting area and bus stations on its ground floor. It is directly connected

to the Ma On Shan Station of the KCR Ma On Shan Rail.

Ma On Shan Plaza is part of the 1,102-unit Bayshore Towers residential complex and is linked to the adjacent 4,760-unit Sunshine City residential development and the 5.5-hectare Ma On Shan Park via a number of covered footbridges.

Being fully occupied, the Manager's ongoing objectives for Ma On Shan Plaza are to enhance its income by tapping on the increased shopper traffic due to the operation of the new KCR Railway Station, optimizing its tenant mix with higher paying trades and a more efficient mall layout.

Top 5 Tenants

Name of Tenant	Trade Sector	% of Total Gross Rental Income	% of Total Gross Rentable Area
Park'N Shop	Supermarket	11.1	18.2
Maxim's	Food & Beverage, Food Court	8.6	15.8
Bank of China (HK) Limited	Banking & Real Estate Services	7.8	4.9
The Bank of East Asia	Banking & Real Estate Services	3.3	1.6
The Hong Kong Jockey Club	Others	2.7	0.6

Source: ARASL

Note: Based on gross rental income as at 31 Dec 2006.

Waldorf Garden Property....



LOCATION

No 1 Tuen Lee Street, Tuen Mun, New Territories, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1982

GROSS FLOOR AREA⁽¹⁾

80,842 sf

GROSS RENTABLE AREA⁽¹⁾

80,842 sf

CARPARKS

73

ACQUISITION DATE

28 June 2005

ACQUISITION VALUE⁽²⁾

HK\$430M

VALUATION AT PURCHASE⁽³⁾

HK\$430M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$540M

ACTUAL OCCUPANCY⁽¹⁾

100.0%

NUMBER OF TENANTS⁽¹⁾

40

GROSS RENTAL⁽⁵⁾

HK\$37.3M

NET PROPERTY INCOME

HK\$27.4M

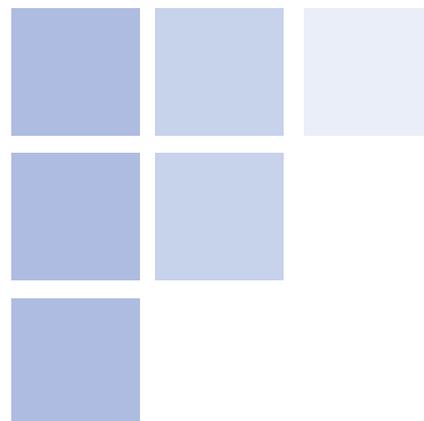
Notes:

1. As at 31 Dec 2006.
2. As defined in the Unitholder's Circular dated 13 May 2005.
3. As at 31 Jan 2005, valued by Chesterton and Vigers, taking the lower of the two valuations.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

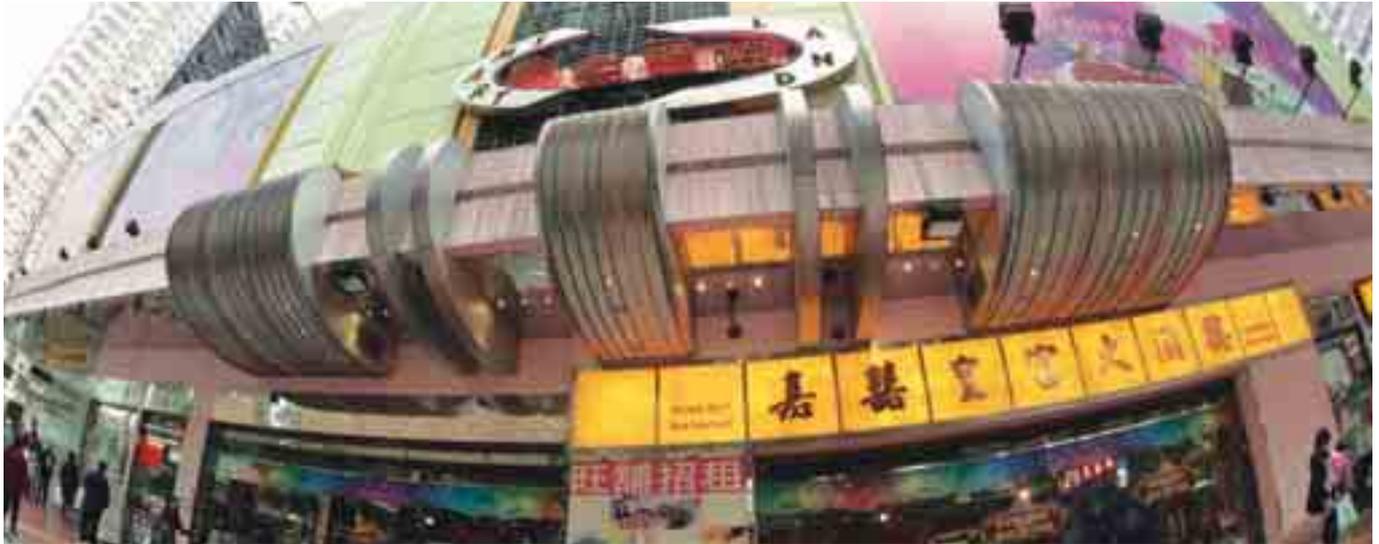
The Waldorf Garden Property is located in the heart of Tuen Mun District. It is part of the Waldorf Garden residential development, comprising 5 residential tower blocks on top of a commercial podium. The Waldorf Garden Property is connected to the adjacent Tuen Mun Town Plaza, one of the largest shopping malls in the Northwest New Territories, via a covered footbridge.

The Waldorf Garden Property is located next to the Tuen Mun Highway. An extensive transportation network of buses, light rail and taxis provides convenient access to different parts of the New Territories, Kowloon and Hong Kong Island. The KCR West Rail, which commenced operation in December 2003 with a terminus at Tuen Mun, has generated even more shopping traffic to the Waldorf Garden Property.

The Manager's objective is to capitalize on its heavy shopper traffic to enhance income through refurbishment and regular re-mix of higher paying tenants.



Fortune REIT's Portfolio Smartland....



LOCATION

No 16 Tsuen Wah Street, Tsuen Wan, New Territories, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1981

GROSS FLOOR AREA⁽¹⁾

125,446 sf

GROSS RENTABLE AREA⁽¹⁾

123,544 sf

CARPARKS

67

ACQUISITION DATE

12 August 2003

ACQUISITION VALUE⁽²⁾

HK\$258M

VALUATION AT PURCHASE⁽³⁾

HK\$265M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$433M

ACTUAL OCCUPANCY⁽¹⁾

90.1%

NUMBER OF TENANTS⁽¹⁾

97

GROSS RENTAL⁽⁵⁾

HK\$29.4M

NET PROPERTY INCOME

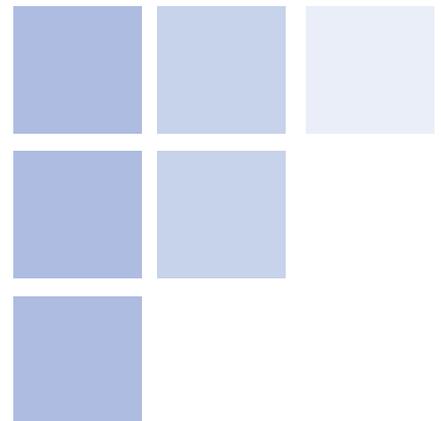
HK\$19.6M

Notes:

1. As at 31 Dec 2006.
2. As defined in the Prospectus dated 28 Jul 2003.
3. As at 31 May 2003, valued by Chesterton.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

Smartland is located in the densely populated district of Tsuen Wan, New Territories, opposite the 1,026-room Panda Hotel. Situated near the Tai Wo Hau MTR station, it is easily accessible by shoppers, residents and tourists via public and private transport. The mall features a 32,000 sf supermarket and an Identity Card Issuing Office that serve the whole Tsuen Wan District with approximately 275,500 residents.

The Manager's current objective for Smartland, is to re-configure the layout and refine the trade mix in order to enhance revenue and the mall's presence in the Tsuen Wan District.



Fortune REIT's Portfolio

The Household Center....



LOCATION

No 8 King Lai Path, Kwai Chung, New Territories, Hong Kong

LAND TITLE

Government Leasehold until 16 July 2047

YEAR OF COMPLETION

2002

GROSS FLOOR AREA⁽¹⁾

100,599 sf

GROSS RENTABLE AREA⁽¹⁾

91,779 sf

CARPARKS

43

ACQUISITION DATE

12 August 2003

ACQUISITION VALUE⁽²⁾

HK\$233M

VALUATION AT PURCHASE⁽³⁾

HK\$243M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$325M

ACTUAL OCCUPANCY⁽¹⁾

82.9%

NUMBER OF TENANTS⁽¹⁾

48

GROSS RENTAL⁽⁵⁾

HK\$22.1M

NET PROPERTY INCOME

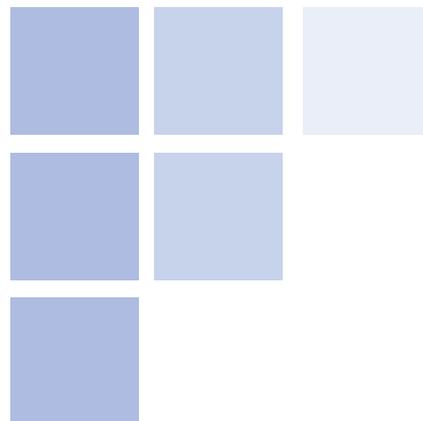
HK\$15.1M

Notes:

1. As at 31 Dec 2006.
2. As defined in the Prospectus dated 28 Jul 2003.
3. As at 31 May 2003, valued by Chesterton.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

The Household Center is located in the developed urban centre of Kwai Chung, New Territories. The mall caters to the daily needs of the nearby residents, including those of Nob Hill (a 696-unit residential development above the mall) and 13,110 residential units in Mei Foo Sun Chuen, Lai Yan Court, Wah Lai Estate, Lai King Estate, Regency Park, Wonderland Villas and Ching Lai Court. The mall is conveniently located above a bus terminus and within walking distance to Mei Foo MTR station. It is also strategically located near the new West Rail Mei Foo Interchange Station where the peak hourly volume comprises some 25,000 passengers.

As The Household Center is a relatively new retail centre, the Manager's objective is to increase its income contribution and visibility within the established and densely populated Mei Foo area by offering dining, grocery shopping and educational facilities.



Fortune REIT's Portfolio

Jubilee Court Shopping Centre.....



LOCATION

No 2-18 Lok King Street, Fo Tan, Shatin, New Territories, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1986

GROSS FLOOR AREA⁽¹⁾

172,179 sf

GROSS RENTABLE AREA⁽¹⁾

170,616 sf

CARPARKS

97

ACQUISITION DATE

12 August 2003

ACQUISITION VALUE⁽²⁾

HK\$218M

VALUATION AT PURCHASE⁽³⁾

HK\$237M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$321M

ACTUAL OCCUPANCY⁽¹⁾

98.2%

NUMBER OF TENANTS⁽¹⁾

45

GROSS RENTAL⁽⁵⁾

HK\$25.5M

NET PROPERTY INCOME

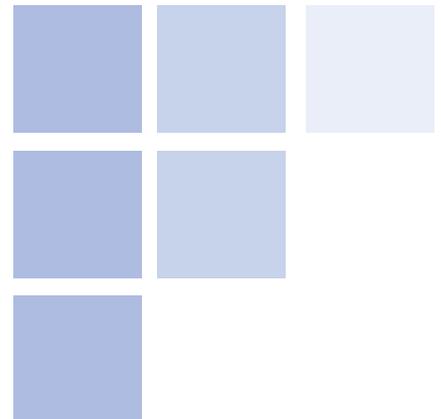
HK\$15.6M

Notes:

1. As at 31 Dec 2006.
2. As defined in the Prospectus dated 28 Jul 2003.
3. As at 31 May 2003, valued by Chesterton.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

Jubilee Court Shopping Centre is located opposite Fo Tan KCR Station, near the Shatin Racecourse and is one station away from The Chinese University of Hong Kong as well as Shatin town centre. It is the retail podium of the established 2,260-unit Jubilee Garden residential development. The mall caters to the strong demand of education and domestic services in the local community and surrounding areas. Major tenants include an elementary school, a kindergarten, a playgroup, a Christian centre and an immigration office.

The Manager's objective for Jubilee Court Shopping Centre is to strengthen its position as a leading community shopping centre in the immediate vicinity and to maintain a stable rental growth through proactive lease management and asset enhancement initiatives.



Fortune REIT's Portfolio

Tsing Yi Square Property....



LOCATION

No 7-19 Tsing Luk Street, Tsing Yi,
New Territories, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1986

GROSS FLOOR AREA⁽¹⁾

78,836 sf

GROSS RENTABLE AREA⁽¹⁾

78,836 sf

CARPARKS

27

ACQUISITION DATE

28 June 2005

ACQUISITION VALUE⁽²⁾

HK\$290M

VALUATION AT PURCHASE⁽³⁾

HK\$250M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$309M

ACTUAL OCCUPANCY⁽¹⁾

97.7%

NUMBER OF TENANTS⁽¹⁾

58

GROSS RENTAL⁽⁵⁾

HK\$23.5M

NET PROPERTY INCOME

HK\$16.4M

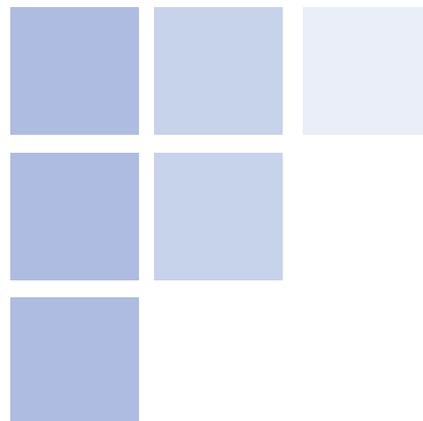
Notes:

1. As at 31 Dec 2006.
2. As defined in the Unitholder's Circular dated 13 May 2005.
3. As at 31 Jan 2005, valued by Chesterton and Vigers, taking the lower of the two valuations.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

The Tsing Yi Square Property is located on Tsing Yi Island, to the northwest of Hong Kong Island. It is part of the residential development of Tsing Yi Garden, which was completed in 1986 comprising some 1,520 residential units above a commercial podium. The Tsing Yi Square Property is situated opposite the Tsing Yi Urban Service Complex Building which houses a wet and dry market, a library, a sports centre and government offices. It is also near to many other public facilities such as Tsing Yi Swimming Pool, Tsing Yi Sports Ground, Tsing Yi Clinic and badminton courts serving the Tsing Yi neighbourhood.

The Tsing Yi Square Property is situated within walking distance of Tsing Yi MTR Station, which provides convenient access to Hong Kong Island, Kowloon and Hong Kong International Airport. It is also easily accessible via buses, mini-buses and taxis.

The Manager's objective for Tsing Yi Square Property is to maintain its high occupancy levels through proactive lease management initiatives.



Fortune REIT's Portfolio

Centre de Laguna Property.....



LOCATION

No 95 and 99 Cha Kwo Ling Road, Kwun Tong, Kowloon, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1992

GROSS FLOOR AREA⁽¹⁾

43,000 sf

GROSS RENTABLE AREA⁽¹⁾

43,000 sf

CARPARKS

-

ACQUISITION DATE

28 June 2005

ACQUISITION VALUE⁽²⁾

HK\$135M

VALUATION AT PURCHASE⁽³⁾

HK\$145M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$188M

ACTUAL OCCUPANCY⁽¹⁾

96.7%

NUMBER OF TENANTS⁽¹⁾

18

GROSS RENTAL⁽⁵⁾

HK\$12.6M

NET PROPERTY INCOME

HK\$8.7M

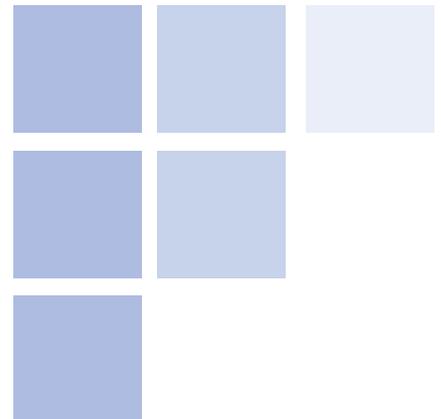
Notes:

1. As at 31 Dec 2006.
2. As defined in the Unitholder's Circular dated 13 May 2005.
3. As at 31 Jan 2005, valued by Chesterton and Vigers, taking the lower of the two valuations.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

The Centre de Laguna Property is located in a relatively newly developed area of Kwun Tong District in East Kowloon. As an established urban area, the Kwun Tong district is very densely populated comprising mainly of large housing developments. The proposed redevelopment of the old Kwun Tong town centre into a new retail/commercial hub of the East Kowloon is poised to be the largest urban renewal project in Hong Kong in the next 10 years.

The Centre de Laguna Property is the commercial podium under Phase 3 of the Laguna City project. Completed in 1992, the whole Laguna City development is stands on about one million sq ft and houses some 8,000 households in 38 residential blocks. It is easily accessible by public and private transport including buses, public light buses, and taxis. It is also within walking distance to the Lam Tin MTR Station.

The Manager's objective for Centre de Laguna Property is to maintain high occupancy levels and to secure stable income through proactive lease management.



Fortune REIT's Portfolio

Lido Garden Property....



LOCATION

No 41-63 Castle Peak Road, Sham Tseng, Tsuen Wan, New Territories, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1989

GROSS FLOOR AREA⁽¹⁾

9,836

GROSS RENTABLE AREA⁽¹⁾

9,836

CARPARKS

-

ACQUISITION DATE

28 June 2005

ACQUISITION VALUE⁽²⁾

HK\$75M

VALUATION AT PURCHASE⁽³⁾

HK\$80M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$105M

ACTUAL OCCUPANCY⁽¹⁾

97.8%

NUMBER OF TENANTS⁽¹⁾

11

GROSS RENTAL⁽⁵⁾

HK\$7.8M

NET PROPERTY INCOME

HK\$6.6M

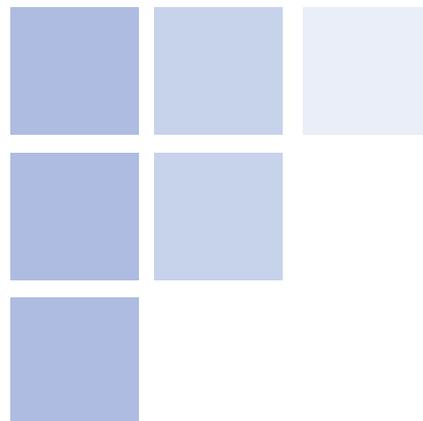
Notes:

1. As at 31 Dec 2006.
2. As defined in the Unitholder's Circular dated 13 May 2005.
3. As at 31 Jan 2005, valued by Chesterton and Vigers, taking the lower of the two valuations.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

The Lido Garden Property comprises 12 ground floor shops of a commercial/residential development called Lido Garden. It is located in Sham Tseng, an area along the waterfront facing Tsing Ma Bridge and Ting Kau Bridge. It is a residential area west of Tsuen Wan New Town.

The Property is part of the Lido Garden residential development. Sham Tseng is well known for its themed restaurants which attract crowds of local and tourist patrons. It is easily accessible via buses, mini buses and taxis. It has been enjoying an expanding residential catchment with more than 4,000 residential units recently completed in the neighbourhood.

The Manager's objective for Lido Garden Property is to maintain its high occupancy levels and to secure satisfactory stable income through proactive lease management.



Fortune REIT's Portfolio Rhine Garden Property....



LOCATION

No 38 Castle Peak Road, Sham Tseng, Tsuen Wan, New Territories, Hong Kong

LAND TITLE

Government Leasehold until 30 June 2047

YEAR OF COMPLETION

1992

GROSS FLOOR AREA⁽¹⁾

14,604

GROSS RENTABLE AREA⁽¹⁾

14,604

CARPARKS

-

ACQUISITION DATE

28 June 2005

ACQUISITION VALUE⁽²⁾

HK\$40M

VALUATION AT PURCHASE⁽³⁾

HK\$43M

LATEST APPRAISED VALUE⁽⁴⁾

HK\$58M

ACTUAL OCCUPANCY⁽¹⁾

100.0%

NUMBER OF TENANTS⁽¹⁾

4

GROSS RENTAL⁽⁵⁾

HK\$4.7M

NET PROPERTY INCOME

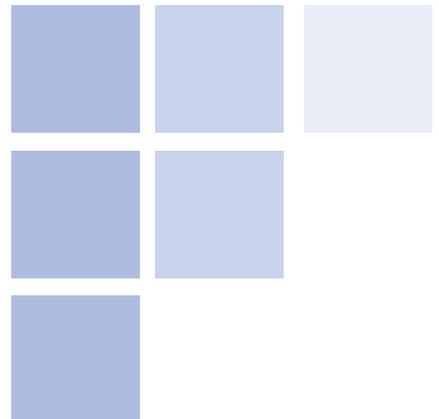
HK\$3.5M

Notes:

1. As at 31 Dec 2006.
2. As defined in the Unitholder's Circular dated 13 May 2005.
3. As at 31 Jan 2005, valued by Chesterton and Vigers, taking the lower of the two valuations.
4. As at 31 Dec 2006, valued by Savills.
5. Includes base rental, charge-out collections, licence fees, turnover rent, carpark revenues and other revenues.

The Rhine Garden Property comprises some ground floor retail shops of the podium of a commercial/residential development known as Rhine Garden. The Rhine Garden Property is part of the Rhine Terrace residential development, which was completed in 1992. It is located next to Lido Garden Property and it shares the same accessibility, catchment and patronage as Lido Garden Property.

The Manager's objective for Rhine Garden Property is to maintain its high occupancy levels and to secure stable income through proactive lease management.



Board of Directors.....



Chiu Kwok Hung, Justin
Chairman and Director

Lim Hwee Chiang, John
Director and Chief Executive Officer

Ip Tak Chuen, Edmond
Director

Yeung, Eirene
Director



Lim Lee Meng
*Independent Director and
Chairman of Audit Committee*

Cheng Mo Chi, Moses
Independent Director

Sng Sow-Mei (alias Poon Sow Mei)
Independent Director

Board of Directors.....

Chiu Kwok Hung, Justin

Chairman and Director

Mr. Chiu is the Chairman of the Manager. He is also the Chairman of ARA Trust Management (Suntec) Limited, the manager of Suntec Real Estate Investment Trust ("Suntec REIT") which is publicly listed on the SGX-ST and the Chairman of ARA Asset Management (Prosperity) Limited, the manager of Prosperity Real Estate Investment Trust ("Prosperity REIT"), which is publicly listed on the Hong Kong Stock Exchange. Mr. Chiu is also an Executive Director of Cheung Kong (Holdings) Limited ("Cheung Kong"). He joined Cheung Kong in 1997 and has been an Executive Director since 2000, heading the real estate sales, marketing and property management team. He is also a Director of Al Islami Far Eastern Real Estate Fund Limited.

Mr. Chiu has more than 27 years of international experience in real estate in Hong Kong as well as other countries and is one of the most respected professionals in the property business in Hong Kong. He is also a financial columnist for two major newspapers in Hong Kong.

Prior to joining Cheung Kong, Mr. Chiu was with Hang Lung Development Company Limited for 15 years from 1979 to 1994 and Sino Land Company Limited for 3 years from 1994 to 1997. He was responsible for retail and commercial leasing as well as property management in those companies.

He holds a Bachelor of Sociology degree and a Bachelor of Economics degree from Trent University in Canada and is a fellow of the Hong Kong Institute of Real Estate Administration. Mr. Chiu is also a member of the Shanghai Committee of The Chinese People's Political Consultative Conference, The People's Republic of China.

Lim Hwee Chiang, John

Director and Chief Executive Officer

Mr. Lim is a Director of the Manager. He is also the Group Chief Executive Officer and Director of the ARA Group of companies, including ARA Trust Management (Suntec) Limited, the manager of Suntec REIT, ARA Asset Management (Prosperity) Limited, the manager of Prosperity REIT and Am

ARA REIT Managers Sdn Bhd, the manager of AmFIRST Real Estate Investment Trust, which is publicly listed on the main board of Bursa Malaysia Securities Berhad.

Mr. Lim has over 26 years of experience in real estate. From 1997 to 2002, Mr. Lim was an Executive Director of GRA (Singapore) Private Limited ("GRA"), which is a wholly-owned subsidiary of Prudential (US) Real Estate investors. From 1996 to 1997, prior to joining GRA he was the Founder and Managing Director of The Land Managers, a Singapore-based property and consulting firm specialising in feasibility studies, marketing and leasing management in Singapore, Hong Kong and China. Mr. Lim was also the General Manager of Singapore Labour Foundation Management Services Pte Ltd for 5 years from 1991 to 1995. Mr. Lim worked for DBS Land Limited (now known as CapitaLand Limited after its merger with Pidemco Land Pte Ltd), a public listed Singapore-based real estate development and investment company for 10 years from 1981-1990.

Mr. Lim holds an Engineering degree (First Class Honours), a Master of Science degree as well as a Diploma in Business Administration from the National University of Singapore. He sits on the board of Teckwah Industrial Corporation Ltd (as an independent director and a member of the audit committee) and Inter-Roller Engineering Limited, both of which are public listed companies in Singapore. He is also the Vice President of Hong Kong Singapore Business Association.

Ip Tak Chuen, Edmond

Director

Mr. Ip is a Director of the Manager. He is also a Director of ARA Trust Management (Suntec) Limited, the manager of Suntec REIT. Mr. Ip has been an Executive Director of Cheung Kong since 1993 and Deputy Managing Director since 2005, responsible for the finance department overseeing all financial and treasury functions of Cheung Kong and its subsidiaries, particularly in the field of corporate and project finance. He has been an Executive Director of Cheung Kong Infrastructure Holdings Limited ("CK Infrastructure") since its incorporation in May 1996 and Deputy Chairman since February

2003, and the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") since June 2002, overseeing the corporate finance, strategic acquisition and investment of both companies. He is also a Non-Executive Director of Tom Group Limited.

Prior to joining Cheung Kong, he held a number of senior financial positions in major financial institutions and acquired over 17 years of experience in the Hong Kong financial market covering diverse activities such as banking, capital market, corporate finance, securities brokerage and portfolio investments.

He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration from the University of British Columbia.

Yeung, Eirene

Director

Ms. Yeung is a Director of the Manager. She is also Director, Corporate Strategy Unit and Company Secretary of Cheung Kong, and the Company Secretary of CK Infrastructure and CK Life Sciences. Ms. Yeung joined Cheung Kong in 1994. She advises the Board on corporate strategy, and currently heads the corporate legal and secretarial team that oversees listing and regulatory compliance and corporate and commercial legal work of the above listed groups.

Ms. Yeung has extensive legal and corporate secretarial experience. Her experience covers many areas of law including corporate finance, general commercial, property development, finance, securities, tax and trust, joint ventures, intellectual property and employment. She has provided professional advice and support to the legal and regulatory aspects of significant corporate exercises of Cheung Kong and its subsidiaries such as the listing of CK Infrastructure in 1996, the restructuring of the Cheung Kong and its subsidiaries in 1997 which involved a total of four listed companies, the listing of CK Life Sciences in 2002, CK Infrastructure's acquisition of the North of England Gas Distribution Network in 2004 and disposal of CK Infrastructure's interest in Australian power distribution assets to the Spark Infrastructure Group Fund in 2005, CK Life

Sciences' various strategic acquisitions from 2004 to 2006 in Australia, Canada and the United States, the listing of Prosperity REIT in Hong Kong in 2005 and the Cheung Kong's strategic investment in Bank of China in its IPO on the Main Board of The Stock Exchange of Hong Kong Limited in June 2006.

Prior to joining Cheung Kong, she was in private practice at the law firms of Messrs. Robert W.H. Wang & Co (now known as Robert Wang Solicitors) and Deacons for a total of 10 years from 1984 to 1994 where she handled a wide spectrum of corporate and commercial legal work. Ms. Yeung has been a solicitor of the High Court of the Hong Kong Special Administrative Region ("HKSAR") from 1986 and of the Supreme Court of Judicature in England and Wales from 1990.

Ms. Yeung holds a Bachelor of Laws degree from the University of Hong Kong, and a Master of Science degree in Business Administration and a Master's degree in Finance from The Chinese University of Hong Kong. Ms. Yeung is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She is a Part-time Member of the Central Policy Unit of the HKSAR Government (2005, 2006 and 2007), and a member of the Companies Ordinance Rewrite Advisory Group.

Lim Lee Meng

Independent Director and Chairman of Audit Committee

Mr. Lim is a Director and Chairman of the Audit Committee of the Manager. He is currently a senior partner of RSM Chio Lim, a member firm of RSM International. Mr. Lim is also an Independent Director of Teckwah Industrial Corporation Ltd ("Teckwah"), Datapulse Technology Limited ("Datapulse"), Tye Soon Ltd, Eurotronic Group Ltd ("Eurotronic") and ARA Trust Management (Suntec) Limited, the manager of Suntec REIT. He also serves as the Chairman of the audit committees of Teckwah, Datapulse and Eurotronic.

Mr. Lim is also a practising member of the Institute of Certified Public Accountants of Singapore, an associate member of

the Institute of Chartered Secretaries and Administrators and a member of the Singapore Institute of Directors.

Mr. Lim graduated from the Nanyang University of Singapore with a Bachelor of Commerce (Accountancy) in May 1980. He also has a Master of Business Administration degree from the University of Hull (1992), a Diploma in Business Law from the National University of Singapore (1989) and an ICOSA qualification from the Institute of Chartered Secretaries and Administrators.

Cheng Mo Chi, Moses

Independent Director

Mr. Cheng is a Director and member of the Audit Committee of the Manager. He is the Senior Partner of the law firm of Messrs. P.C. Woo & Co. and also serves as an independent Non-Executive Director of a number of companies whose shares are listed on The Stock Exchange of Hong Kong Limited. Between 1991 and 1995, he was appointed and served as a member of the Legislative Council of Hong Kong. In recognition of his public services, he was awarded an OBE by Her Majesty the Queen of the United Kingdom and appointed a Justice of Peace by the Hong Kong Government in 1997. He was also awarded the Gold Bauhinia Star medal by the Hong Kong Special Administrative Region Government in 2003.

Mr. Cheng has been actively participating in community services. At the moment, he is the Chairman of the Betting and Lotteries Commission and the Citizens Advisory Committee on Community Relations of the ICAC. He is also a Director of the Hong Kong Exchanges and Clearing Limited. He is also the Deputy Chairman of the Council of the Hong Kong Academy for Performing Arts and a member of the Advisory Committee on Corruption of the ICAC, the Financial Reporting Council, the Executive Committee of the Commission on Strategic Development and the Aviation Development Advisory Committee. He is the Founder Chairman of The Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. In addition, he is an active Rotarian and served as District Governor of Rotary International District 3450 from 1993 to 1994. Further, he is also an active member of the Anglican Church and

is the Chancellor of the Province of the Hong Kong Sheng Kung Hui.

Mr. Cheng holds a Bachelor of Laws from the University of Hong Kong and a Post-Graduate Certificate in Laws from the University of Hong Kong.

Sng Sow-Mei (alias Poon Sow Mei)

Independent Director

Mrs. Sng is a Director and member of the Audit Committee of the Manager. Mrs. Sng, who has been appointed as Non-Executive Independent Director and member of the Audit Committee of Cheung Kong Infrastructure Limited, is also an Independent Director of ARA Trust Management (Suntec) Limited, the manager of Suntec REIT and ARA Asset Management (Prosperity) Limited, the manager of Prosperity REIT. Currently, she is the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd and Advisor of InfoWave Pte Ltd.

Prior to her appointments with Singapore Technologies Pte Ltd, where she was Director, Special Projects for North East Asia during 2000-2001, Mrs. Sng was the Managing Director of CapitalLand Hong Kong Ltd for investment in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. She was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997.

Mrs. Sng, with a Bachelor of Arts degree from the Nanyang University of Singapore, has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA (P) – Pingat Pentadbiran Awam (Perak) and the Singapore Public Administration Medal (Silver).

Management Team....

Lim Hwee Chiang, John

Director and Chief Executive Officer

Mr. Lim is responsible for the performance and direction of Fortune REIT. He leads his team of managers to achieve the key mission of deliver regular and stable returns to all Unitholders of Fortune REIT.

He works closely with Executive Director on the planning, implementation and execution of the asset enhancement strategies as well as the identification and evaluation of investment, acquisition and growth opportunities.

His experience is highlighted in the section on the Board of Directors.

Yip Kam Thai

Executive Director

Mr. Yip assists the CEO in strategic planning, asset management and implementation of asset enhancement initiatives of Fortune REIT. He also directs the investment team in the sourcing and evaluation of potential acquisition or divestment opportunities with a view to enhance the REIT's portfolio.

Prior to joining the Manager in 2006, Mr. Yip was the Executive Director of Suntec REIT assisting the CEO in the asset management and investment initiatives of the REIT. He was involved from the acquisition of Suntec City for the initial public offering in 2004 to the acquisition of Park Mall and Chijmes for Suntec REIT in 2005.

Mr. Yip started his career in listed Tuan Sing Holdings Limited in 1993 and was responsible for investment, lease

management and marketing of the group's property portfolio in Singapore, Hong Kong and China. In 1998, he co-founded and was principal partner of Maxus Holdings Pte Ltd ("Maxus"), a boutique property consultancy firm specializing in investment brokerage, and collaborating with international consultancies or local developers on leasing and project marketing work in Singapore.

Thereafter, Mr. Yip became the Chief Operating Officer of a joint venture company between listed YTL Corporation Berhad and listed Sun Business Network Ltd in 2000 to develop, market and deploy the online real estate system created by Maxus to real estate companies throughout Asia. In 2003, Mr. Yip was the Vice President of Sun Business Network Ltd in charge of business development in China.

Mr. Yip, who is a Malaysian, holds a Bachelor of Science (Estate Management) Honours degree from the National University of Singapore. He also possesses a Type 9 Regulated Activity License issued by the Hong Kong's Securities and Futures Commission for asset management work in Hong Kong.

Tan Wee Sze

Finance Manager

Ms. Tan is the Finance Manager of the Manager. She is primarily responsible for the financial accounting, taxation and secretariat compliance of Fortune REIT.

Prior to joining the Manager in 2005, she was a Finance Manager of a petrochemical trading company from 2004 to 2005 where she handled the finance matters of the company and its subsidiaries.

From 1999 to 2004, she was the Finance & Administrative Manager of Ban Joo & Company Limited ("Ban Joo"), a company which is listed on the SGX-ST. She was involved in the initial public offering of Ban Joo in 2001 and handled the finance, tax, administration and corporate secretarial matters of Ban Joo and its subsidiaries.

Ms. Tan began her career in 1994 with Chio Lim & Associates (now known as RSM Chio Lim), an international accounting firm where she managed the audit assignments of several private and publicly listed companies of various industries including construction, trading and service.

Ms. Tan, who is a Singapore citizen, graduated from the Nanyang Technological University and holds a degree in the Bachelor of Accountancy. She is a Certified Public Accountant with the Institute Certified Public Accountants of Singapore.

Hung Yuen Chun, Jenny

Manager, Investment and Investor Relations

Ms. Hung is the Investment and Investor Relations Manager of the Manager. Ms. Hung is responsible for communicating and liaising with Unitholders and investors of Fortune REIT. Ms. Hung is also responsible for identifying, researching and evaluating potential acquisitions or divestments which are consistent with the Manager's investment strategy with a view to enhance Fortune REIT's returns to Unitholders. Ms. Hung has more than 9 years experience in the real estate industry with exposure to the Hong Kong and People's Republic of China ("PRC") markets.

Prior to joining the Manager, Ms. Hung worked with Cheung Kong (Holdings) Limited from 2000 to 2006 as Assistant Manager, Market Research. She was involved in market analysis and formulation of marketing strategies for the launch of new residential projects as well as undertaking feasibility studies, deal structuring and negotiations for potential investments in Hong Kong and PRC.

From 1999 to 2000, Ms. Hung was the Manager, Valuation Advisory Services in Jones Lang LaSalle, where she was involved in asset valuation and development advisory works. Ms. Hung started her career in the Hong Kong SAR Government Lands Department in 1997 after obtaining a Bachelor of Science degree in Surveying (First Class Honours) from the University of Hong Kong. She is a qualified General Practice Surveyor and an associate member of the Hong Kong Institute of Surveyors. Ms. Hung is a Hong Kong citizen.

Lai Siu Man, Sandra

Asset Manager

Ms. Lai is the Asset Manager of the Manager and is responsible for leasing, marketing, strategic planning and asset enhancement of the properties in Fortune REIT.

Prior to joining the Manager, Ms. Lai was the leasing manager of listed Chinese Estates Holdings Limited where she was responsible for the retail planning, marketing and lease management of various retail and commercial properties in Hong Kong. The portfolio under management included Tung Ying Building and Silvercord in Tsim Sha Tsui and La Foret and Causeway Place in Causeway Bay amongst others. Ms Lai also

worked for Sino Real Estate Agency Limited, Great Eagle Holdings Limited, Kwong Li Nam Investment Limited and L&D Associates in her career spanning over 16 years of experience in sales and leasing of properties and property management.

Ms. Lai graduated with a Bachelor of Science from the University of Hong Kong and has obtained a Certificate in Shopping Centre Management at the School of Professional and Continuing Education in 2005. She was awarded the HKSI Practising Certificate and the HKSI Specialist Certificate from the Hong Kong Securities Institute, both in asset management, in 2006. Ms. Lai is a Hong Kong citizen.

Chan, Edwin

Accountant

Mr. Chan is the Accountant of the Manager. He is primarily responsible for the financial accounting of Fortune REIT and provides support in areas of secretariat compliance and taxation.

Prior to joining the Manager, Mr. Chan was an Accountant with a major Singapore property developer, where he handled the full set of accounts for the company and its subsidiaries. Before that, Mr. Chan was the Senior Accountant with Jurong Town Corporation (“JTC”) which was one of the major Statutory Board under the Ministry of Trade and Industry of Singapore. JTC is the largest developer of industrial properties in Singapore. Mr. Chan began his career in 1999 with Ernst & Young, a leading international accounting and audit firm in Singapore, where he was involved in the audit assignments of several private and public listed companies.

Mr. Chan, who is a Singapore citizen, graduated from the Nanyang Technological University and holds a degree in the Bachelor of Accountancy (Honours). He is a Certified Public Accountant with the Institute of Certified Public Accountant of Singapore.

Lee Yu Zhi, Jeremy

Analyst

Mr. Lee is the Analyst of the Manager. He is responsible for developing and maintaining financial models to analyse the performance of Fortune REIT. He also supports the investment team in evaluating the impact of potential acquisitions and asset enhancement initiatives on Fortune REIT’s financial performance through the use of relevant financial analysis tools and models.

Prior to joining the Manager, Mr. Lee was an Analyst for the business development unit of ARA Asset Management Limited where he was involved in various projects including feasibility analyses and preparatory work towards the listing of the group’s various REIT products.

Mr. Lee, who is a Singapore citizen, holds a Bachelor of Economics (Honours) degree from the University of New South Wales and is based in the Hong Kong office of the Manager.

Investor Relations...

The Manager places great emphasis and commitment on maintaining high corporate transparency as well as good communication with investors and Unitholders.

During the year, the Manager maintained close relationship with institutional investors in Singapore, Hong Kong and all around the world. Other than hosting the media-cum-analysts' results briefings every six months to review Fortune REIT's performance, business outlook and ongoing strategies, the Manager also attended to physical meetings with investors, conferences and non-deal roadshows to widen various channels with the investment community. The Manager also conducted site visits to the Fortune REIT portfolio for analysts and investors for better understanding of the demographics, catchment and retail characteristics of the various retail centres.

Going forward, investor relations will remain a top priority alongside the Manager's objective to enhance investor awareness and understanding of Fortune REIT. We will continue to uphold the highest level of corporate governance and transparency by disseminating clear, concise and timely information on Fortune REIT's latest developments to the market.

Distribution

Fortune REIT pays distributions semi-annually. The distribution ex-dates are normally scheduled in early February and early August with payments in late February and late August every year.

Fortune REIT is exempted from Singapore income tax on dividends received from the Hong Kong property companies where these dividends are distributed out of income which had already been subject to Hong Kong profits tax at a rate of not less than 15%.

Unitholders receiving distributions made by Fortune REIT out of such tax-exempt income are not assessable to Singapore income tax on the distributions received.

Enquiries

For more information on Fortune REIT and its operations, please contact the Manager, ARA Asset Management (Singapore) Limited at:

Phone : +65 6835 9232 / +852 2169 0928
Fax : +65 6835 9672 / +852 2169 0968
E-mail : enquiries@fortunereit.com
Website : www.fortunereit.com

The Fortune REIT website provides detailed and timely information about Fortune REIT's assets as well as media releases, announcements and presentations. The website also provides visitors with an option of signing up for a free email alert service.

Fortune REIT Financial Calendar 2007-2008 (Tentative)

January 2007

2006 Full-Year Results Announcement

February 2007

2006 Final Distribution to Unitholders

March 2007

2006 Annual Report

May 2007

2007 First-Quarter Results Announcement

July 2007

2007 Second-Quarter Results Announcement

August 2007

2007 Interim Distribution to Unitholders

November 2007

2007 Third-Quarter Results Announcement

January 2008

2007 Full-Year Results Announcement

February 2008

2007 Final Distribution to Unitholders

March 2008

2007 Annual Report

Corporate Governance.....

ARA Asset Management (Singapore) Limited, as the Manager of Fortune REIT, has adopted an overall corporate governance framework that is designed to meet best practices principles and which recognises that an effective corporate governance culture is critical to the performance of the Manager and consequently, the success of Fortune REIT, which it manages. In particular, the Manager has an obligation to act honestly, with due care and diligence, and in the best interests of the Unitholders.

The following segments describe the Manager's main corporate governance policies and practices. They encompass proactive measures for avoiding situations of conflict and potential conflict of interest, including prioritising the interests of the Unitholders over the Manager's, ensuring that applicable laws and regulations are complied with, and that the Manager's obligations under Fortune REIT's trust deed (as amended) (the "Trust Deed") are properly and efficiently carried out.

THE MANAGER OF FORTUNE REIT

The Manager has general powers of management over the assets of Fortune REIT. The Manager's main responsibility is to manage Fortune REIT's assets and liabilities for the benefit of Unitholders.

The primary role of the Manager is to set the strategic direction of Fortune REIT and give recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of Fortune REIT (the "Trustee"), on the acquisition, divestment and enhancement of assets of Fortune REIT in accordance with its stated investment strategy.

Other main functions and responsibilities of the Manager include:

1. Using its best endeavours to ensure that the business of Fortune REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for Fortune REIT at arm's length.
2. Preparing property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs and any other relevant assumptions. The purpose of these plans is to explain the performance of Fortune REIT's assets.
3. Ensuring compliance with the applicable provisions of the Securities and Futures Act, Chapter 289 of Singapore and all other relevant legislation, the Listing Manual issued by SGX-ST, the Code on Collective Investment Schemes issued by Monetary Authority of Singapore ("MAS"), including the Property Funds Guidelines, the Trust Deed, the tax ruling dated 10 June 2003 issued by the Ministry of Finance of Singapore and all relevant contracts.
4. Attending to all regular communications with Unitholders.
5. Supervising the property manager of Fortune REIT (the "Property Manager"), Goodwell-Fortune Property Services Limited, which provides property management, lease management, and marketing services in relation to Fortune REIT's properties, pursuant to the property management agreements.

Fortune REIT, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations of the Manager. All directors and employees of the Manager are remunerated by the Manager, and not Fortune REIT.

Corporate Governance.....

BOARD OF DIRECTORS OF THE MANAGER

The Board of Directors of the Manager (the "Board") is entrusted with the responsibility for the overall management of the Manager. The Board is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of Fortune REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of directors. The Board has established a framework for the management of the Manager and Fortune REIT, including a system of internal control and a business risk management process.

The Board meets to review the Manager's key activities. Board meetings are held once every quarter (or more often if necessary) to discuss and review the strategies and policies of Fortune REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of Fortune REIT against a previously approved budget, and approve the release of the quarterly, half year and full year results. The Board also reviews the risks to the assets of Fortune REIT, and acts upon any comments from the auditors of Fortune REIT. Where necessary, additional Board meetings would be held to address significant transactions or issues.

The Board has adopted a set of internal controls which it believes is adequate and appropriate delegations of authority has been provided to the management to facilitate operational efficiency.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important impact on Fortune REIT and its disclosure obligations, the directors are briefed either during a Board meeting, at specially-convened sessions or via circulation of Board papers.

The Board presently consists of seven members, three of whom are independent directors. The Chairman of the Board is Mr. Chiu Kwok Hung, Justin. The Chief Executive Officer, who is also a Director, is Mr. Lim Hwee Chiang, John.

The composition of the Board is determined using the following principles:

1. the Chairman of the Board should be a non-executive director;
2. the Board should comprise directors with a broad range of commercial experience including expertise in fund management and the property industry; and
3. at least one-third of the Board should comprise independent directors.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Four Board meetings were held during the financial year. The most recent Board meeting was held on 30 January 2007.

The positions of Chairman and Chief Executive Officer are held by two separate persons in order to maintain an effective segregation of duties. The Chairman ensures that the members of the Board work together with management in a constructive manner to address strategies, business operations and enterprise issues. The Chief Executive Officer has full executive responsibilities over the business direction and operational decisions concerning the management of Fortune REIT.

At least one-third of the Board are independent directors. This enables management to benefit from their external and objective perspective of issues that are brought before the Board. A healthy exchange of ideas and views between the Board and management through regular meetings and updates will enhance the management of Fortune REIT. This, together with a clear separation of roles between the Chairman and Chief Executive Officer, provide a healthy and professional relationship between the Board and management.

In future, any newly appointed directors will be briefed by the management on the business activities of Fortune REIT and its strategic directions.

Corporate Governance.....

AUDIT COMMITTEE

The Board has established an Audit Committee to assist it in discharging its responsibilities.

The Audit Committee is appointed by the Board from among the members of the Board and is presently composed of three members, all of whom (including the Chairman of the Audit Committee) are independent directors. The members of the Audit Committee are Mr. Lim Lee Meng, Mr. Cheng Mo Chi, Moses and Mrs. Sng Sow-Mei (alias Poon Sow Mei). The Audit Committee meets at least four times a year.

Four Audit Committee meetings were held for the financial year. The most recent Audit Committee meeting was held on 30 January 2007.

In keeping with best practices in corporate governance, the Board has established that a majority of the members of the Audit Committee (including the Chairman of the Audit Committee) are required to be independent directors.

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports. The Audit Committee is responsible for the nomination of external auditors and internal auditors, and reviewing the adequacy of existing audits in respect of cost, scope and performance. The Audit Committee meets with the external auditors, and with the internal auditors, without the presence of the management, at least annually.

The Audit Committee's responsibilities also include:

1. reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management;
2. monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Guidelines;
3. reviewing and approving the financial statements and auditors' report;
4. monitoring the procedures established to regulate Related Party Transactions (as defined below), including ensuring compliance with the provisions of the Listing Manual relating to transactions between the Trustee (as the trustee of Fortune REIT) and an "interested person", and the provisions of the Property Funds Guidelines relating to transactions between the Trustee (as the trustee of Fortune REIT) and an "interested party" (both such types of transactions constituting Related Party Transactions).

The Audit Committee is authorised to investigate any matters within its terms of reference. It is entitled to full access to and co-operation by management and enjoys full discretion to invite any director or executive officer of the Manager to attend its meetings. The Audit Committee has full access to reasonable resources to enable it to discharge its functions properly.

The Audit Committee has also conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. No non-audit fees were paid to the external auditors during the financial year under review.

During the financial year, the Audit Committee has established a whistle blowing policy as recommended under the Code of Corporate Governance 2005. Under this policy, the Audit Committee reviews arrangements, by which employees of the Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. Details of the whistle blowing policy and arrangements have been made available to all employees of the Manager.

Corporate Governance.....

INTERNAL AUDIT

The Manager has put in place a system of internal controls of procedures and processes to safeguard Fortune REIT's assets, Unitholders' interest as well as to manage risk.

The internal audit function of the Manager is out-sourced to BDO McCabe Lo Limited, a member firm of BDO International. The Audit Committee is satisfied that the internal auditor has met the standards set by internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors report directly to the Audit Committee on audit matters, and to Board of Directors on administrative matters. The Audit Committee also reviews and approves the annual internal audit plan and reviews the internal audit reports and activities. The Audit Committee is of the view that the internal auditor has adequate resources to perform its functions and has to the best of its ability, maintained its independence from the activities that it audits.

DEALINGS IN FORTUNE REIT UNITS

In general, the Manager's policy encourages the directors and employees of the Manager to hold Units but prohibits them from dealing in such Units:

1. during the period commencing one month before the public announcement of Fortune REIT's annual, semi-annual and as applicable, quarterly results and (where applicable) property valuation and ending on the date of announcement of the relevant results; and
2. at any time whilst in possession of price sensitive information.

In addition, the Manager has given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within two business days after the date on which it acquires or disposes of any Units, as the case may be. The directors and employees of the Manager have been directed to refrain from dealing in Units on a short-term consideration. The Manager has also undertaken that it will not deal in the Units during the period commencing one month before the public announcement of Fortune REIT's annual, semi-annual and as applicable, quarterly results and (where applicable) property valuation, and ending on the date of announcement of the relevant results.

RISK ASSESSMENT AND MANAGEMENT OF BUSINESS RISK

Effective risk management is a fundamental part of Fortune REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. Fortune REIT operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved. Responsibility for managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

The Board meets quarterly or more often if necessary and reviews the financial performance of Fortune REIT against a previously approved budget. The Board also reviews the risks to the assets of Fortune REIT, and acts upon any comments of the auditors of Fortune REIT. In assessing business risk, the Board considers the economic environment and the property industry risk. Management meets weekly to review the operations of Fortune REIT and discuss continuous disclosure issues.

DEALING WITH CONFLICTS OF INTEREST

The Manager has instituted the following procedures to deal with potential conflicts of interest issues which the Manager may encounter in managing Fortune REIT:

1. The Manager will be a dedicated manager to Fortune REIT and will not manage any other real estate investment trust which invests in the same type of properties as Fortune REIT or be involved in any other real property business.
2. The entry into any Related Party Transaction must be reviewed and/or approved by the Audit Committee by a majority vote.

Corporate Governance.....

3. At least one-third of the Board shall comprise independent directors.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Fortune REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee (as trustee of Fortune REIT) has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreements. The directors of the Manager will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Fortune REIT with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

Under the Trust Deed, the Manager and its associates are prohibited from voting at or being part of a quorum for any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest in the business to be conducted.

DEALING WITH RELATED PARTY TRANSACTIONS

Review Procedures for Related Party Transactions

In general, the Manager has established internal control procedures to ensure that all future transactions involving the Trustee, as trustee of Fortune REIT, and whether by itself or through the property companies which own the investment properties forming the portfolio of Fortune REIT or other single purpose companies or a related party of the Manager or Fortune REIT are undertaken on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of Fortune REIT and the Unitholders. As a general rule, the Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Guidelines).

In addition, the following procedures will be undertaken:

1. transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of Fortune REIT's net tangible assets will be subject to review by the Audit Committee at regular intervals;
2. transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Fortune REIT's net tangible assets will be subject to the review and approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee (as trustee of Fortune REIT) with third parties which are unrelated to the Manager; and
3. transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of Fortune REIT's net tangible assets will be reviewed and approved, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Guidelines, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Corporate Governance.....

Where matters concerning Fortune REIT relate to transactions entered into or to be entered into by the Trustee (as trustee of Fortune REIT) with a related party of the Manager or Fortune REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on arm's length basis and on normal commercial terms, are not prejudicial to the interests of Fortune REIT and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question. Further, the Trustee (as trustee of Fortune REIT) has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or Fortune REIT. If the Trustee (as trustee of Fortune REIT) is to sign any contract with a related party of the Manager or Fortune REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Guidelines (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

Role of the Audit Committee for Related Party Transactions and Internal Control Procedures

All Related Party Transactions will be subjected to regular periodic reviews by the Audit Committee. The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on arm's length basis and on normal commercial terms and are not prejudicial to Unitholders.

The Manager will maintain a register to record all Related Party Transactions (and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into) which are entered into by Fortune REIT. The Manager will incorporate into its internal audit plan a review of all Related Party Transactions entered into by Fortune REIT. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Fund Guidelines have been complied with. The Audit Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Listing Manual and the Property Funds Guidelines. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he is required to abstain from participating in the review and approval process in relation to that transaction.

The Manager will disclose in Fortune REIT's annual report the aggregate value of Related Party Transactions entered into during the relevant financial period/year.

COMMUNICATION WITH UNITHOLDERS

The Listing Manual of the SGX-ST requires that a listed entity discloses to the market matters that would be likely to have a material effect on the price of the entity's securities. The Manager upholds a strong culture of continuous disclosure and transparent communication with Fortune REIT Unitholders and the investing community. The Manager's Investor Relations Manager is tasked with overseeing this function. The Manager's disclosure policy requires timely and full disclosure of all material information relating to Fortune REIT by way of public releases or announcements through the SGX-ST via SGXNET at first instance and then including the release on Fortune REIT's website at www.fortunereit.com.

The Manager also conducts regular briefings for analysts and media representatives, which will generally coincide with the release of Fortune REIT's results. During these briefings, management will review Fortune REIT's most recent performance as well as discuss the business outlook for Fortune REIT. In line with the Manager's objective of transparent communication, briefing materials are released through the SGX-ST via SGXNET and also made available at Fortune REIT's website.

The Manager pursues opportunities to educate and keep retail investors informed of the emergence of the real estate investment trust industry through seminars such as those organised by SGX-ST and the Real Estate Developers' Association of Singapore.

Corporate Governance.....

BOARD COMPOSITION AND AUDIT COMMITTEE

The Manager believes that contributions from each director go beyond his/her attendances at Board and committee meetings. A director of the Manager would have been appointed on the principles outlined earlier in this statement, and his/her ability to contribute to the proper guidance of the Manager in its management of Fortune REIT.

The three Board members who have additional responsibilities on the Audit Committee are Mr. Lim Lee Meng (Chairman of the Audit Committee), Mr. Cheng Mo Chi, Moses and Mrs. Sng Sow-Mei (alias Poon Sow Mei) (members of the Audit Committee).

The matrix of the Board members participation in the various Board and Audit Committee Meetings is as follows:

Board Members	Board Meetings		Audit Committee Meetings	
	Participation	Attendance / Number of Meetings held	Participation	Attendance / Number of Meetings held
Mr. Chiu Kwok Hung, Justin	Chairman	4/4	NA	NA
Mr. Lim Hwee Chiang, John	Member	4/4	NA	NA
Mr. Ip Tak Chuen, Edmond	Member	4/4	NA	NA
Ms. Yeung, Eirene	Member	4/4	NA	NA
Mr. Lim Lee Meng	Member	4/4	Chairman	4/4
Mr. Cheng Mo Chi, Moses	Member	4/4	Member	4/4
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	Member	4/4	Member	4/4

Notes: NA – Not applicable

All board members are non-executive except Mr. Lim Hwee Chiang, John who is an executive director.

Financial Statements ■■■■

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Report of the Trustee.....

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Fortune Real Estate Investment Trust ("Fortune REIT") held by it or through its property companies ("Group", which shall mean Fortune REIT and its property companies) in trust for the holders of Units (the "Unitholders") in Fortune REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of ARA Asset Management (Singapore) Limited ("the Manager") for compliance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed dated 4 July 2003 (as amended by the Amending and Restating Deed dated 29 June 2005 and a 2nd supplemental deed dated 20 April 2006) between the Trustee and the Manager (the "Trust Deed") in each annual accounting year and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Fortune REIT and the Group during the financial year covered by these financial statements in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,

HSBC Institutional Trust Services (Singapore) Limited



Arjun K Bambawale

Director

Singapore

30 January 2007

Statement by the Manager.....

In the opinion of the directors of ARA Asset Management (Singapore) Limited, the consolidated financial statements of the Group and the financial statements of Fortune Real Estate Investment Trust ("Fortune REIT") as set out on pages 48 to 88, comprising the Balance Sheets, Statements of Return, Statements of Movement in Unitholders' Funds, Consolidated Cash Flow Statement and Notes to the financial statements are properly drawn up in accordance with the provisions of the Trust Deed and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of Fortune REIT as at 31 December 2006, and of the return and movement in Unitholders' funds of the Group and of Fortune REIT and cash flows of the Group for the financial year then ended. At the date of this statement, there are reasonable grounds to believe that Fortune REIT will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,

ARA Asset Management (Singapore) Limited



Lim Hwee Chiang, John

Director

Singapore

30 January 2007

Independent Auditors' Report....

We have audited the financial statements of Fortune Real Estate Investment Trust ("Fortune REIT") and its subsidiaries ("the Group") which comprise the balance sheets of the Group and Fortune REIT as at 31 December 2006, and the statements of return and the statements of movement in unitholders' funds of the Group and of Fortune REIT and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 48 to 88.

Manager and Trustee's Responsibility for the Financial Statements

ARA Asset Management (Singapore) Limited (The "Manager" of Fortune REIT) and HSBC Institutional Trust Services (Singapore) Limited (The "Trustee" of Fortune REIT) are responsible for the preparation and fair presentation of these financial statements in accordance with the provision of the Trust Deed and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Fortune REIT's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fortune REIT's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager and the Trustee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of Fortune REIT are properly drawn up in accordance with the provisions of the Trust Deed and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of Fortune REIT as at 31 December 2006, and of the return and movement in unitholders' funds of the Group and of Fortune REIT and cash flows of the Group for the financial year ended on that date.



Certified Public Accountants

Cheng Ai Phing

Partner

Singapore

30 January 2007

Balance Sheets.....

As at 31 December 2006

	Note	Group		Fortune REIT	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
ASSETS AND LIABILITIES					
Current assets					
Cash and cash equivalents	6	251,524	213,145	115,123	124,408
Trade and other receivables	7	29,955	48,034	150,847	156,527
Investment properties held for resale	8	904	73,000	–	–
Total current assets		282,383	334,179	265,970	280,935
Non-current assets					
Investments in property companies	9	–	–	3,939,224	3,939,224
Investment properties	8	9,235,000	8,519,000	–	–
Plant and equipment	10	270	357	–	–
Derivative assets	11	87	14,272	–	–
Total non-current assets		9,235,357	8,533,629	3,939,224	3,939,224
Total assets		9,517,740	8,867,808	4,205,194	4,220,159
Current liabilities					
Trade and other payables	12	189,669	189,239	7,374	7,099
Short-term borrowing	13	–	12,000	–	–
Derivative liabilities	11	2,233	–	2,233	–
Provision for taxation		8,713	5,825	1,501	203
Total current liabilities		200,615	207,064	11,108	7,302
Non-current liabilities					
Derivative liabilities	11	21,213	–	–	–
Borrowings	13	2,334,613	2,366,888	–	–
Deferred tax liabilities	14	95,546	78,707	–	–
Total non-current liabilities		2,451,372	2,445,595	–	–
Total liabilities		2,651,987	2,652,659	11,108	7,302
Net assets		6,865,753	6,215,149	4,194,086	4,212,857

	Note	Group		Fortune REIT	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
UNITHOLDERS' FUNDS					
Equity and reserves					
Issued equity	15	4,314,163	4,287,901	4,314,163	4,287,901
Unit issue costs	16	(173,097)	(173,097)	(173,097)	(173,097)
Hedging reserve		(21,126)	14,272	–	–
Accumulated profits		2,745,813	2,086,073	53,020	98,053
Net Unitholders' funds		6,865,753	6,215,149	4,194,086	4,212,857
Units in issue ('000)		806,217	801,922		
Net asset value per Unit (HK\$)	17	8.52	7.75		
Adjusted net asset value per Unit (HK\$)	17	8.53	7.72		

See accompanying notes to financial statements.

Statements of Return.....

Year ended 31 December 2006

	Note	Group		Fortune REIT	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Revenue	18	614,054	452,905	278,063	217,330
Property operating expenses	19	(176,472)	(129,675)	–	–
Net property income/dividend income		437,582	323,230	278,063	217,330
Negative goodwill	20	–	141,169	–	–
Manager's base fee		(26,262)	(18,688)	(26,262)	(18,688)
Foreign currency exchange adjustment gain (loss)		2,120	(240)	2,120	(240)
Gain on disposal of investment properties held for resale	8	2,940	–	–	–
Interest income		6,799	1,266	6,799	1,266
Trust expenses	21	(25,031)	(8,326)	(25,031)	(8,326)
Profit before taxation and borrowing costs		398,148	438,411	235,689	191,342
Gain on revaluation of investment properties	8	706,638	799,295	–	–
Borrowing costs	22	(107,046)	(59,133)	–	–
Profit before income tax		997,740	1,178,573	235,689	191,342
Income tax expenses	23	(58,576)	(46,195)	(1,298)	(184)
Net profit		939,164	1,132,378	234,391	191,158
Income available for distribution	24, 26	276,621	216,731		
Basic earnings per Unit (cents) - weighted average	25	116.62	176.14		
Adjusted basic earnings per Unit (cents) - notional	25	28.84	47.73		
Distribution per Unit (cents)	26	34.26	33.69		

See accompanying notes to financial statements.

Statements of Movement In Unitholders' Funds.....

Year ended 31 December 2006

	Note	Issued equity HK\$'000	Unit issue costs HK\$'000	Hedging reserve HK\$'000	Accumulated profits HK\$'000	Net HK\$'000
GROUP						
Net assets at 1 January 2005		2,245,560	(87,540)	(11,902)	1,110,122	3,256,240

OPERATIONS FOR YEAR ENDED 31 DECEMBER 2005

Net profit for the year		-	-	-	1,132,378	1,132,378
Cashflow hedge:						
Transferred to Statements of return		-	-	11,902	-	11,902
Gains taken to Unitholders' Funds		-	-	14,272	-	14,272
Net income recognised directly in Unitholders' Funds		-	-	26,174	-	26,174
Increase in net assets resulting from operations		-	-	26,174	1,132,378	1,158,552

UNITHOLDERS' TRANSACTIONS

Creation of Units:						
Issuance of new Units	15	1,986,100	-	-	-	1,986,100
Manager's base fees paid in Units	15	56,241	-	-	-	56,241
Distribution to Unitholders	26	-	-	-	(156,427)	(156,427)
Unit issue costs		-	(85,557)	-	-	(85,557)
Increase (Decrease) in net assets resulting from Unitholders' transactions		2,042,341	(85,557)	-	(156,427)	1,800,357
Net assets at 31 December 2005		4,287,901	(173,097)	14,272	2,086,073	6,215,149

OPERATIONS FOR YEAR ENDED 31 DECEMBER 2006

Net profit for the year		-	-	-	939,164	939,164
Cashflow hedge:						
Transferred to Statements of return		-	-	(14,272)	-	(14,272)
Losses taken to Unitholders' Funds		-	-	(21,126)	-	(21,126)
Net losses recognised directly in Unitholders' Funds		-	-	(35,398)	-	(35,398)
(Decrease) Increase in net assets resulting from operations		-	-	(35,398)	939,164	903,766

UNITHOLDERS' TRANSACTIONS

Creation of Units:						
Manager's base fees paid in Units	15	26,262	-	-	-	26,262
Distribution to Unitholders	26	-	-	-	(279,424)	(279,424)
Increase (Decrease) in net assets resulting from Unitholders' transactions		26,262	-	-	(279,424)	(253,162)
Net assets at 31 December 2006		4,314,163	(173,097)	(21,126)	2,745,813	6,865,753

Statements of Movement In Unitholders' Funds.....

Year ended 31 December 2006

	Note	Issued equity HK\$'000	Unit issue costs HK\$'000	Accumulated profits HK\$'000	Net HK\$'000
FORTUNE REIT					
Net assets at 1 January 2005		2,245,560	(87,540)	63,322	2,221,342
OPERATIONS FOR YEAR ENDED 31 DECEMBER 2005					
Net profit for the year		–	–	191,158	191,158
UNITHOLDERS' TRANSACTIONS					
Creation of Units:					
Issuance of new Units	15	1,986,100	–	–	1,986,100
Manager's base fees paid in Units	15	56,241	–	–	56,241
Distribution to Unitholders	26	–	–	(156,427)	(156,427)
Unit issue costs		–	(85,557)	–	(85,557)
Increase (Decrease) in net assets resulting from Unitholders' transactions		2,042,341	(85,557)	(156,427)	1,800,357
Net assets at 31 December 2005		4,287,901	(173,097)	98,053	4,212,857
OPERATIONS FOR YEAR ENDED 31 DECEMBER 2006					
Net profit for the year		–	–	234,391	234,391
UNITHOLDERS' TRANSACTIONS					
Creation of Units:					
Manager's base fees paid in Units	15	26,262	–	–	26,262
Distribution to Unitholders	26	–	–	(279,424)	(279,424)
Increase (Decrease) in net assets resulting from Unitholders' transactions		26,262	–	(279,424)	(253,162)
Net assets at 31 December 2006		4,314,163	(173,097)	53,020	4,194,086

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2006

	Group	
	2006	2005
	HK\$'000	HK\$'000
Operating activities		
Profit before income tax	997,740	1,178,573
Adjustments for:		
Changes in fair value of properties	(706,638)	(799,295)
Manager's base fees paid by Units	26,262	18,688
Negative goodwill	–	(141,169)
Changes in fair value of derivative asset	14,523	–
Gain on disposal of investment properties	(2,940)	–
Depreciation	87	45
Interest income	(6,799)	(1,266)
Borrowing costs	107,046	59,133
	<hr/>	<hr/>
Operating profit before working capital changes	429,281	314,709
Decrease (Increase) in trade and other receivables	18,079	(5,437)
Increase in trade and other payables	430	62,993
	<hr/>	<hr/>
Cash generated from operations	447,790	372,265
Income tax paid	(38,850)	(57,015)
	<hr/>	<hr/>
Net cash from operating activities	408,940	315,250
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of property companies, net of cash acquired (Note A)	–	(2,879,926)
Acquisition of investment properties	–	(498,000)
Upgrading of investment properties	(10,038)	(957)
Proceeds from disposal of investment properties	75,713	(371)
Interest received	6,799	1,266
	<hr/>	<hr/>
Net cash from (used in) investing activities	72,474	(3,377,988)
	<hr/>	<hr/>
Cash flows from financing activities		
Purchase of structured swap	(12,290)	–
Proceeds from issue of new Units (net of issue costs)	–	1,934,933
Distribution paid	(279,424)	(156,427)
(Repayment) Drawdown of borrowings	(44,275)	1,452,888
Borrowing costs paid	(107,046)	(59,133)
	<hr/>	<hr/>
Net cash (used in) from financing activities	(443,035)	3,172,261
	<hr/>	<hr/>
Net increase in cash and bank balances	38,379	109,523
Cash and bank balances at beginning of the year	213,145	103,622
	<hr/>	<hr/>
Cash and bank balances at end of year	251,524	213,145

Consolidated Cash Flow Statement

Year ended 31 December 2006

A. Summary of the effects of acquisition of property companies:

	Group	
	2006	2005
	HK\$'000	HK\$'000
Investment properties	–	(3,110,000)
Non-current liabilities	–	3,306
Net current liabilities	–	12,771
Group's share of net assets acquired	–	(3,093,923)
Negative goodwill arising	–	141,169
Payment for acquisition of property companies	–	(2,952,754)
Net cash acquired	–	72,828
Acquisition of property companies, net of cash acquired	–	(2,879,926)

The property companies were acquired by Fortune REIT during the previous financial year on 28 June 2005. These property companies contributed the following to the Group from the acquisition date to 31 December 2005:

	2005
	HK\$'000
Total revenue	146,161
Profit before taxation	608,734
Net profit	594,812

See accompanying notes to financial statements.

Notes to the Financial Statements

31 December 2006

These notes form an integral part of the financial statements.

The consolidated financial statements of the Group and the financial statements of Fortune REIT for the financial year ended 31 December 2006, were authorised for issue by the Manager and the Trustee on 30 January 2007.

1 GENERAL

Fortune Real Estate Investment Trust (known as “Trust” or “Fortune REIT”) is a Singapore-domiciled unit trust. The Trust Deed dated 4 July 2003 (as amended by the Amending and Restating Deed dated 29 June 2005 and a 2nd supplemental deed dated 20 April 2006) (“Trust Deed”) is governed by the laws of the Republic of Singapore. On 4 July 2003, Fortune REIT was declared an authorised unit trust scheme under the Trustees Act, Chapter 337. The Manager and Trustee are ARA Asset Management (Singapore) Limited and HSBC Institutional Trust Services (Singapore) Limited respectively and their registered offices and principal places of business are at 9 Temasek Boulevard, #09-01 Suntec City Tower 2, Singapore 038989 and 21 Collyer Quay, #10-01 HSBC Building, Singapore 049320, respectively.

The consolidated financial statements of the Group and the financial statements of Fortune REIT are expressed in Hong Kong dollars.

Fortune REIT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 12 August 2003.

The principal activity of Fortune REIT is to own and invest in a portfolio of retail shopping malls located in Hong Kong through the subsidiaries (“property companies”) or other companies whose primary purpose is to hold or own real estate properties, or directly in properties, with the primary objective of producing stable distributions for Unitholders and to achieve long term growth in the net asset value per Unit.

Fortune REIT has entered into several service agreements in relation to the management of Fortune REIT and its property operations. The fee structures of these services are as follows:

(a) Property management fees

Property management fee

Under the Property Management Agreement, the Property Manager, Goodwell-Fortune Property Services Limited, which is a party related to a major Unitholder, will receive from each of the ten property companies a fee of 3% per annum of gross property revenue for the provision of property management services and lease management services.

In respect of City One Shatin Property, the Property Manager, Urban Property Management Limited which is not a party related to a major Unitholder, will receive a fee of 3% per annum of gross property revenue for the provision of property management services. The lease management services and the marketing services are provided by the Property Manager.

Gross property revenue means the amount equivalent to the gross revenue less charge-out collections and car park revenues.

Notes to the Financial Statements.....

31 December 2006

1 GENERAL (cont'd)

(a) Property management fees (cont'd)

Marketing services

For the marketing services, the property companies will pay the Property Manager the following commissions:

- one month's base rent for securing a tenancy of three years or more;
- one-half month's base rent for securing a tenancy of less than three years;
- one-half month's base rent for securing a renewal of tenancy irrespective of duration of the renewal term; and
- 10.0% of the total licence fee for securing a licence for duration of less than 12 months.

(b) Trustee's fees

The Trustee's fees are 0.03% per annum (subject to a minimum of HK\$50,000 per month) on the value of the real estate properties and are accrued daily and paid monthly in arrears in accordance with the Trust Deed.

(c) Manager's fees

The Manager is entitled to receive the following remuneration for the provision of asset management services:

Base fee

Under the Trust Deed, the Manager will receive a base fee from Fortune REIT at 0.3% per annum on the value of the properties. The base fee (referable only to the initial portfolio of Fortune REIT on listing on SGX-ST) will be paid quarterly in arrears and in the form of Units in the Trust during the first five years after the Units are listed on SGX-ST. Thereafter, the base fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect).

Performance fee

Under the Trust Deed, the Manager will receive a performance fee from each property company at 3% of the net property income of the property companies with certain adjustments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The consolidated financial statements of the Group and the financial statements of Fortune REIT are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with Singapore Financial Reporting Standards (FRSs); Interpretations of Financial Reporting Standards (INT FRSs), and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“MAS”) and the Trust Deed.

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after 1 January 2006. The adoption of these new/revised FRSs and INT FRSs does not result in any significant changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior years.

As highlighted in the previous financial year, the Group had early adopted FRS 40 in 2005 as the subsidiaries which operated in Hong Kong were required by the Hong Kong accounting standard to apply the equivalent FRS 40 in that year. FRS 40 is effective in Singapore for annual financial period beginning on or after 1 January 2007.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS were issued but not effective:

FRS 107	–	Financial Instruments: Disclosures
INT FRS 107	–	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	–	Scope of FRS 102
INT FRS 109	–	Reassessment of Embedded Derivatives
INT FRS 110	–	Interim Financial Reporting and Impairment

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Manager and the Trustee anticipate that the adoption of the above FRSs, INT FRSs and the amendments to FRS that were issued but not yet effective until future periods will not have any material impact on the financial statements of the Group and Fortune REIT in the period of their initial application.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Fortune REIT and the property companies controlled by Fortune REIT made up to 31 December. Control is achieved when Fortune REIT has the power to govern the financial and operating policies of the property companies so as to obtain benefits from their activities. On acquisition, the assets and liabilities of the relevant property companies are measured at their fair values at the date of acquisition. The results of property companies acquired or disposed of during the year are included in the consolidated statements of return from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany transactions and balances are eliminated on consolidation.

In Fortune REIT’s financial statements, investments in the property companies are carried at cost less any impairment in net recoverable value.

Notes to the Financial Statements.....

31 December 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Business combination

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statements of return.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(e) Financial assets and liabilities

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest is not material.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial assets and liabilities (cont'd)

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derivative financial instruments and hedge accounting

The Group enters into interest rate swaps to manage its exposure to interest rate risk. Further details of the interest rate swaps are disclosed in Note 11 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the statements of return immediately unless the derivative is designated and effective as a hedging instrument. In which event, the timing of the recognition in the statements of return depends on the nature of the hedge relationship. The Group designates certain interest rate swaps as hedges of the cash flow of its long term borrowings which carry interest at floating rates ("cash flow hedge").

The effective portion of the changes in the fair value of the interest rate swaps that are designated and qualified as cash flow hedges are deferred in Unitholders' Funds. The gain or loss relating to the ineffective portion is recognised immediately to the statements of return.

The amounts deferred in Unitholders' Funds are recycled to the statements of return in the periods when the hedged item is recognised in the statements of return.

The fair value of the hedging interest rate swaps is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

The fair values changes of derivatives not designated as hedging instruments in an effective hedge relationship are taken to the statements of return and are classified as current asset or current liability.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in statements of return.

(f) Unit issue costs

Costs incurred in relation to the initial public offering and equity fund raising and subsequent issues of new Units in Fortune REIT on a stock exchange are charged against the Unitholders' Funds.

Notes to the Financial Statements.....

31 December 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Plant and equipment

Plant and equipment are carried at cost, less accumulated depreciation and any impairment losses.

Depreciation is provided on gross carrying amounts in equal annual instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:

Office equipment, furniture and fittings – 20% to 33.3%

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statements of return.

(h) Investment properties

Investment properties are held for investment potential and income. Investment properties are stated at annual valuation performed by independent professional valuers on an open market value for existing use basis. Fair value changes are taken to the statements of return.

Investment properties are classified as held for resale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The gain or loss arising on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying amount of the investment property and is recognised in the statements of return.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statements of return. Changes in the carrying amount of the allowance account are recognised in the statements of return.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the statements of return to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(j) Impairment of tangible assets

At every balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication of impairment loss. If such indication exists, the recoverable amount of the tangible asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating Unit to which the tangible asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating Unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating Unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statements of return.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating Unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating Unit) in prior years. A reversal of an impairment loss is recognised immediately in the statements of return.

Notes to the Financial Statements.....

31 December 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Share based payments

Base fee payable to the Manager in the form of Units in Fortune REIT is recorded in Unitholders' Funds when the Units become payable. The corresponding debit balance is taken to the statements of return as an expense.

(m) Revenue recognition

Rental income from operating lease is recognised on a straight-line basis over the terms of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit of use of the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Rental compensation under guarantee is recognised over the contractual period of the rental guarantee. Lease incentives granted are recognised as an integral part of the total rental to be received.

Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Charge-out collections, representing mainly air conditioning expenses, management expenses, promotion expenses, government rates and government rents payable by the tenants and licensees are recognised when the services and facilities are provided.

Interest revenue is recognised on a time proportion basis using the effective interest basis on the principal amount outstanding.

Dividend revenue from the property companies is recognised when the right to receive dividend is legally established.

(n) Borrowing costs

Borrowing costs are recognised as an expense in the statements of return in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Foreign currency transactions and translation

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the financial statements of Fortune REIT are presented in Hong Kong dollars, which is the functional currency of Fortune REIT and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the statements of return for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statements of return for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in Unitholders' Funds. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in Unitholders' Funds.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as part of Unitholders' Funds and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the statements of return in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Financial Statements.....

31 December 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Taxation

Taxation on the profits for the period comprises current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of return because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where Fortune REIT and its subsidiaries operate by the balance sheet date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the statements of return, except when it relates to items charged or credited directly to Unitholders' Funds, in which case the deferred tax is also dealt with in the Unitholders' Funds.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities have not been provided on the fair value changes on investment properties as the Manager expects to recover the property value substantially through disposal, the gain of which is not subject to tax.

At present, Fortune REIT has not been accorded the tax transparency treatment and income earned will be subject to Singapore income tax at the trustee level at the prevailing corporate tax rate.

The Ministry of Finance of Singapore ("MOF") has issued a tax ruling on the taxation of Fortune REIT for income earned and expenditure incurred after its initial public offering. Subject to meeting the terms and conditions of tax ruling, the Singapore taxation of Fortune REIT are described below:

(i) Tax-Exempt Income

Fortune REIT will be exempt from Singapore income tax on the dividends received from the property companies that are distributed out of income (including interest income and gains from the sale of real properties) which have been subject to Hong Kong profits tax at a rate of not less than 15%.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Taxation (cont'd)

(ii) Taxable Income

Fortune REIT will be subject to Singapore income tax on dividends received from the property companies that are paid out of income or gains which are not subject to Hong Kong profits tax, and on all income derived from or accrued in Singapore, or received in Singapore from outside Singapore.

(iii) Non-Taxable Capital Gain

Fortune REIT is not assessable to Singapore Income Tax on the gains from the disposal of investments in the property companies that have been confirmed by MOF to be capital gains.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, the Manager is of the opinion that there are no instances of application of judgements or the use of estimation techniques which may have a significant effect on the amounts recognised in the financial statements other than as follows:

i) Valuation of the investment properties

As described in Note 2(h), investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have determined the fair values using various methods of valuation which involve the making of certain assumptions and the use of estimates. In relying on the valuation reports of the professional valuers, the Manager has exercised judgement in arriving at a value which is reflective of the current market conditions.

ii) Provision for deferred tax liabilities

As described in Note 2(p), the Manager provides for deferred tax based on its judgement on the probability of the temporary differences not reversing in the foreseeable future. The deferred tax liabilities amount would be affected should unanticipated events, not considered in the Manager's judgement come about.

Notes to the Financial Statements.....

31 December 2006

4 FINANCIAL RISKS AND MANAGEMENT

Exposure to credit, interest rate, liquidity and foreign currency risks arise in the normal course of the Group's business. The Group has guidelines, which set out its overall business strategies and its general risk management philosophy.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or counterparty to settle its financial and contractual obligations to the property companies, as and when they fall due.

The Manager has established credit limits for tenants and monitors their balances on an ongoing basis. Credit evaluations are performed by the Property Manager on behalf of the Manager before lease agreements are entered into with tenants. Cash and fixed deposits are placed with reputable financial institutions.

At 31 December 2006, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Where necessary, the Group adopts an appropriate hedging policy to minimise interest rate exposure. This may involve fixing certain portion of the interest payable on its underlying debt liabilities via financial derivatives or other suitable financial products.

Liquidity risk

The Manager monitors and maintains a level of cash and bank balances equivalents deemed adequate by management to finance the Group's operations. In addition, the Manager also monitors and observes the Code on Collective Investment Schemes issued by the MAS concerning limits on total borrowings.

Foreign currency risk

The Group is primarily exposed to foreign currency risk arising from its Singapore dollars bank balances and deposits. The foreign currency risk is managed by the Manager on an ongoing basis.

Fair value of financial assets and financial liabilities

The carrying amounts of the financial assets and financial liabilities reported on the balance sheet approximate their respective fair values due to their short term maturity. The long-term borrowings are floating rate loans and hence their carrying values approximate their fair values.

5 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Many of the Group's transactions and arrangements are with related parties and the effects of these on the bases determined between the parties are reflected in these financial statements. The balances are unsecured and free from interest.

Significant related party transactions, other than those disclosed elsewhere in the notes to the financial statements.

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Base rental	(62,959)	(78,388)	-	-
Charge-out collections	(22,580)	(24,702)	-	-
Rental compensation under Guarantee	(11,927)	(13,313)	-	-
Building management expenses	53,865	49,131	-	-
Management fee and other charges	22,927	31,704	-	-
Carpark agency fee	2,676	2,012	-	-
Manager's performance fees	13,533	9,997	-	-
Manager's base fees	26,262	18,688	26,262	18,688
Trustee fees	2,549	1,869	2,549	1,869

Pursuant to the Rental Guarantee Deed entered into between Cheung Kong (Holdings) Limited ("the Sponsor"), Hutchison Whampoa Limited ("Strategic Investor") and Vision Million Limited, the property company which owns Metropolis Mall, the Sponsor and the Strategic Investor had undertaken for the three years starting from 12 August 2003, to effect top up payment to Vision Million Limited if:

- i) the net property income, subject to certain adjustments, is less than HK\$90 million per annum, to make up the difference between HK\$90 million and the adjusted net property income for the relevant period; and
- ii) the net parking space income is less than HK\$4,296,000 per annum, to make up the difference between HK\$4,296,000 per annum and the net parking space income for the relevant period.

The Rental Guarantee Deed lapsed on 12 August 2006 and ceased to be in force thereafter.

Notes to the Financial Statements.....

31 December 2006

6 CASH AND CASH EQUIVALENTS

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Cash at bank and in hand	56,545	68,347	16,434	31,687
Fixed deposits with financial institutions	194,979	144,798	98,689	92,721
Total	251,524	213,145	115,123	124,408

Effective interest rate and repricing analysis:

	Effective interest rate per annum		Total		Within 1 month	
	2006 %	2005 %	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Group						
Fixed deposits with financial institutions	3.295	4.2449	194,979	144,798	194,979	144,798
Fortune REIT						
Fixed deposits with financial institutions	3.295	4.2449	98,689	92,721	98,689	92,721

The above fixed deposits are normally placed for a period from 7 days to 33 days (2005 : 7 days to 17 days).

The cash and bank balances which are not denominated in the functional currencies of the respective Group entities are as follows:

	Group and Fortune REIT	
	2006 HK\$'000	2005 HK\$'000
Denominated in:		
Singapore dollars	23,517	30,503

7 TRADE AND OTHER RECEIVABLES

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
a) Trade receivables				
Outside parties	11,007	9,890	–	–
Less allowances for doubtful trade receivables	(200)	(7,274)	–	–
Net	10,807	2,616	–	–
Property companies (dividend receivable)	–	–	135,826	138,405
Related parties:				
– Rental compensation under Guarantee (Note 5)	–	6,840	–	–
– Others	383	–	–	–
Total trade receivables	11,190	9,456	135,826	138,405

During the financial year, HK\$7.2 million (2005 : HK\$25,000) of doubtful debts were written off against allowances.

b) Other receivables and prepayments

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Security deposits	14,948	13,450	–	–
Other receivables	1,155	23,028	923	–
Prepayments	2,662	2,100	14,098	18,122
Total other receivables and prepayments	18,765	38,578	15,021	18,122
Total trade and other receivables	29,955	48,034	150,847	156,527

Trade and other receivables which are not denominated in the functional currencies of the respective Group entities are as follows:

	Group and Fortune REIT	
	2006 HK\$'000	2005 HK\$'000
Denominated in:		
Singapore dollars	9	8

Notes to the Financial Statements

31 December 2006

8 INVESTMENT PROPERTIES

	Group	
	2006 HK\$'000	2005 HK\$'000
At beginning of year	8,592,000	4,184,000
During the year:		
Acquisition of property companies	-	3,110,000
Acquisition of properties	-	498,000
Disposal of investment properties	(72,772)	-
Capital expenditure incurred	10,038	705
Fair value changes	706,638	799,295
At end of year	9,235,904	8,592,000

Details of the investment properties as at the balance sheet date are set out below:

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Valuation	
					2006 HK\$'000	2005 HK\$'000
City One Shatin ⁽¹⁾	Leasehold	99 years	40.5 years	1 & 2 Ngan Shing Street, 6 Lok Shing Street, Shatin New Territories, Hong Kong	3,300,904	3,050,000
The Metropolis Mall	Leasehold	50.5 years	40.5 years	Nos. 6 -10 Metropolis Drive, The Metropolis Mall, Kowloon	1,961,000	1,959,000
Ma On Shan Plaza	Leasehold	55.5 years	40.5 years	No. 608 Sai Sha Road, Ma On Shan, Shatin, New Territories, Hong Kong	1,695,000	1,475,000
Waldorf Garden ⁽¹⁾	Leasehold	99 years	40.5 years	No 1 Tuen Lee Street, Tuen Mun, New Territories, Hong Kong	540,000	480,000

8 INVESTMENT PROPERTIES (cont'd)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Valuation	
					2006 HK\$'000	2005 HK\$'000
Smartland	Leasehold	149 years	40.5 years	No. 16 Tsuen Street, Tsuen Wan, New Territories, Hong Kong	433,000	396,000
The Household Center	Leasehold	50 years	41.5 years	No. 8 King Lai Path, Kwai Chung, New Territories, Hong Kong	325,000	315,000
Jubilee Court Shopping Centre	Leasehold	149 years	40.5 years	Nos. 2 - 18 Lok King Street, Fo Tan, Shatin, New Territories, Hong Kong	321,000	310,000
Tsing Yi Square ⁽¹⁾	Leasehold	99 years	40.5 years	No 7-19 Tsing Luk Street, Tsing Yi, New Territories, Hong Kong	309,000	290,000
Centre de Laguna ⁽¹⁾	Leasehold	58 years	40.5 years	95/99 Cha Kwo Ling Road Kwun Tong, Kowloon, Hong Kong	188,000	168,000
Lido Garden ⁽¹⁾	Leasehold	149 years	40.5 years	No 41-63 Castle Peak Road, Sham Tseng Tsuen Wan New Territories, Hong Kong	105,000	95,000
Rhine Garden ⁽¹⁾	Leasehold	57 years	40.5 years	No 38 Castle Peak Road, Sham Tseng Tsuen Wan New Territories, Hong Kong	58,000	54,000
Total					9,235,904	8,592,000
Classified as:						
Held for resale					904	73,000
Investment properties					9,235,000	8,519,000
Total					9,235,904	8,592,000

Notes to the Financial Statements.....

31 December 2006

8 INVESTMENT PROPERTIES (cont'd)

- ⁽¹⁾ On 28 June 2005, Fortune REIT acquired these properties and property companies through Fortune Port Limited, a company which is related to the Manager, ARA Asset Management (Singapore) Limited.

On 31 December 2006 and 31 December 2005, an independent valuation was undertaken by Savills Valuation and Professional Services Limited. The firm is an independent valuer having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for the eleven properties were based on a combination of Investment Method, Direct Comparison Method and Discounted Cash Flow Analysis. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The valuations adopted amounted to HK\$9,235,000,000 (2005 : HK\$8,592,000,000).

The Group early adopted FRS 40 during 2005. Following the adoption of this accounting standard, the revaluation reserves from the revaluation of investment properties of HK\$908.2 million as at 1 January 2005 was taken to accumulated profits and an amount HK\$799.3 million property fair value changes to the investment properties during 2005 was reflected in the Group's statements of return.

As at 31 December 2005, an amount of HK\$73.0 million had been reclassified from the investment properties to current assets as "Investment properties held for resale" as the Group had on 30 September 2005, entered into agreements to dispose of certain investment properties subsequent to the balance sheet date. These certain investment properties pertain to car park lots which were substantially disposed off during the current financial year. As at 31 December 2006, the investment properties held for resale amount to HK\$904,000 and these were excluded from the independent valuation undertaken by Savills Valuation and Professional Services Limited.

The investment properties located in Hong Kong comprise a portfolio of retail shopping mall properties with a diverse tenant base. Most of the leases contain tenancy periods ranging from two to three years. Subsequent renewals are negotiated with the lessees at prevailing market rates.

The investment properties (except Waldorf Garden Property and Jubilee Court Shopping Centre) have been mortgaged to Hong Kong Shanghai Banking Corporation Limited and DBS Bank Ltd, as collaterals for credit facilities granted by these banks.

9 INVESTMENTS IN PROPERTY COMPANIES

	Fortune REIT	
	2006 HK\$'000	2005 HK\$'000
Unquoted, ordinary shares, at cost	2,446,240	2,446,240
Unquoted, preference shares, at cost	1,492,984	1,492,984
Total	3,939,224	3,939,224

Subsidiaries of Fortune REIT:

Name of company	Country of incorporation	Effective equity interest held by Fortune REIT		Cost of investment by Fortune REIT		Principal activities in Hong Kong
		2006 %	2005 %	2006 HK\$'000	2005 HK\$'000	
Mightypattern Limited ⁽¹⁾	Hong Kong	100	100	1,519,004	1,519,004	Property investment in City One Shatin
Vision Million Limited	British Virgin Islands	100	100	938,809	938,809	Property investment in The Metropolis Mall
Poko Shine Limited	Hong Kong	100	100	487,258	487,258	Property investment in Ma On Shan Plaza
Waldorf Realty Limited ⁽¹⁾	Hong Kong	100	100	395,749	395,749	Property investment in Waldorf Garden
Yee Pang Realty Limited	Hong Kong	100	100	152,832	152,832	Property investment in Jubilee Court Shopping Centre
Art Full Resources Limited	Hong Kong	100	100	130,431	130,431	Property investment in The Household Center

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9 INVESTMENTS IN PROPERTY COMPANIES (cont'd)

Name of company	Country of incorporation	Effective equity interest held by Fortune REIT		Cost of investment by Fortune REIT		Principal activities in Hong Kong
		2006 %	2005 %	2006 HK\$'000	2005 HK\$'000	
Quick Switch Limited	British Virgin Islands	100	100	115,157	115,157	Property investment in Smartland
Team Challenge Limited ⁽²⁾	British Virgin Islands	100	100	95,620	95,620	Property investment in Tsing Yi Square
Ace Courage Limited ⁽³⁾	British Virgin Islands	100	100	56,059	56,059	Property investment in Centre de Laguna
Partner Now Limited ⁽²⁾	British Virgin Islands	100	100	30,810	30,810	Property investment in Lido Garden
Proven Effort Limited ⁽²⁾	British Virgin Islands	100	100	17,495	17,495	Property investment in Rhine Garden
Genuine Joy Limited ⁽⁴⁾	British Virgin Islands	100	–	–	–	Property investment
Full Belief Limited ⁽⁵⁾	British Virgin Islands	100	–	–	–	Property investment
Subsidiaries of Mightypattern Limited:						
Maxon Investment Limited ⁽¹⁾	Hong Kong	100	100	–	–	Financing
Pinelink Investment Limited ⁽¹⁾⁽⁶⁾	British Virgin Islands	100	100	–	–	Investment holding
Million Nice Development Limited ⁽¹⁾	Hong Kong	100	100	–	–	Property Investment
Subsidiaries of Waldorf Realty Limited:						
Prostar Resources Limited ⁽¹⁾⁽⁶⁾	British Virgin Islands	100	100	–	–	Investment holding
Colour Sky International Limited ⁽¹⁾	Hong Kong	100	100	–	–	Property Investment
Total				3,939,224	3,939,224	

9 INVESTMENTS IN PROPERTY COMPANIES (cont'd)

Notes:

- (1) Acquired on 28 June 2005.
- (2) Incorporated on 3 May 2005.
- (3) Incorporated on 26 April 2005.
- (4) Incorporated on 22 September 2006.
- (5) Incorporated on 6 October 2006.
- (6) No audit required under country of incorporation.

Fortune REIT holds 100% of the ordinary shares and redeemable preference shares in all the direct subsidiaries. The interest in subsidiaries, except for Full belief Limited and Genuine Joy Limited, were pledged as securities to the banks for the loan facility granted to the subsidiaries as stated in Note 13.

The redeemable preference shares are redeemable at the option of the subsidiaries and they have the following terms:

- (a) They do not carry any right to dividend;
- (b) They are not participating (i.e. there is no right to participate in the surplus profits of the company after payment of dividend to the holders of the ordinary shares);
- (c) They shall not have any voting rights at general meetings of the company;
- (d) In the event of a winding up of the subsidiary, the holders of the redeemable preference shares shall have priority over the holders of the ordinary shares as to repayment of capital and premium paid on the issue of such redeemable preference shares, but that the holders of the redeemable preference shares shall not be entitled to participate in the surplus assets (if any) of the company; and
- (e) Each redeemable preference share shall be redeemable at any time at the option of the subsidiary at a redemption price equal to the issue price thereof.

All the property companies are audited by Deloitte Touche Tohmatsu, Hong Kong.

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10 PLANT AND EQUIPMENT

	Office equipment, furniture and fittings	
	2006 HK\$'000	2005 HK\$'000
Cost:		
At beginning of year	411	40
Additions	-	371
At end of year	411	411
Accumulated depreciation:		
At beginning of year	54	9
Depreciation for the year	87	45
At end of year	141	54
Depreciation	45	9
Carrying value:		
At end of year	270	357
At beginning of year	357	31

11 DERIVATIVE ASSETS (LIABILITIES)

At the balance sheet date, the total notional principal amounts to which the Group is committed are as follows:

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Interest rate swaps	1,843,500	1,843,500	-	-
Structured swaps	614,500	-	614,500	-
Total	2,458,000	1,843,500	614,500	-

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of these borrowings from floating rates to fixed rates. Contracts with nominal values of HK\$1,843.5 million have fixed interest payments at rates ranging from 3.825% to 5.12% (2005 : 3.685% to 3.93%) per annum for periods up to 2010 and have floating interest receipts at Hong Kong Inter-bank Offer Rate plus a margin. The margin ranges from 0.3% to 0.42% over the remaining period of the interest rate swaps. The fair value of interest rate swaps that are designated and effective as cash flow hedges of liability amounting to HK\$ 21,126,000 (2005 : assets HK\$14,272,000) has been deferred in equity.

The fair value of the swaps are based on quoted market prices for equivalent instruments at the balance sheet date. The fair value changes of the other interest rate swaps which do not qualify for hedge accounting have been taken to the statements of return.

The derivative assets (liabilities) of the Group are denominated in the functional currencies of the respective Group entities.

12 TRADE AND OTHER PAYABLES

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
a) Trade payables				
Sales deposits	275	22,931	–	–
Tenant's deposits				
– Outside parties	126,817	119,376	–	–
– Related parties (Note 5)	510	728	–	–
Rental received in advance				
– Outside parties	3,469	6,276	–	–
Total trade payables	131,071	149,311	–	–
b) Other payables				
Trustee's fee	1,376	682	1,376	682
Manager's base fee	349	325	349	325
Unit issue costs	4,391	5,123	4,391	5,123
Operating expenses	51,396	32,609	1,258	969
Interest payable	1,086	1,189	–	–
Total other payables	58,598	39,928	7,374	7,099
Total trade and other payables	189,669	189,239	7,374	7,099

Trade and other payables which are not denominated in the functional currencies of the respective Group entities are as follows:

	Group and Fortune REIT	
	2006 HK\$'000	2005 HK\$'000
Denominated in:		
Singapore dollars	430	418

Notes to the Financial Statements.....

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13 BORROWINGS

	Group	
	2006 HK\$'000	2005 HK\$'000
Short-term borrowing:		
Revolving loan	–	12,000
Long-term borrowings:		
Term loans	2,385,000	2,385,000
Less repayment during the year	(36,300)	–
	2,348,700	2,385,000
Less unamortised front end fee	(14,087)	(18,112)
Net	2,334,613	2,366,888

Under the facility agreement between HongKong Shanghai Banking Corporation Limited and DBS Bank Ltd and the property companies, the banks have granted the property companies an Omnibus Facility of HK\$2,613.7 million (2005 : HK\$2,650 million) comprising a HK\$2,348.7 million (2005 : HK\$2,385 million) term loan facility and a HK\$265 million (2005 : HK\$265 million) revolving credit facility, each for a term of five years from 28 June 2005.

Each loan made under the Facilities bears interest at the Hong Kong Interbank Offer Rate plus a margin. The margin is 0.28% for the first year, 0.30% for the second year, 0.34% for the third year, 0.36% for the fourth year and 0.42% for the fifth year.

Included in the loan obligation is an front end fee of HK\$20.1 million paid to the banks to secure loan facilities. The front end fee is amortised over a period of 5 years. The movement in the front end fee and the accumulated amortisation is as follows:

	Group and Fortune REIT	
	2006 HK\$'000	2005 HK\$'000
Cost	20,125	20,125
Movement in accumulated amortisation:		
Balance at beginning of year	(2,013)	–
Amortised during the year	(4,025)	(2,013)
Balance at end of year	(6,038)	(2,013)
Net book value	14,087	18,112

The loan facilities are secured by, inter alia, a mortgage over the existing and the newly acquired properties (except for Jubilee Court Shopping Centre and Waldorf Garden Property).

13 BORROWINGS (cont'd)

The total facilities drawn down by the property companies (before deduction of unamortised front end fee), as at 31 December 2006 were HK\$2,348.7 million (2005 : HK\$2,397 million) consisting of:

- i) HK\$2,348.7 million (2005 : HK\$2,385 million) term loan bearing interest at floating interest rate ranging from 4.508% to 4.969% (2005 : 3.606% to 4.400%) per annum, fully repayable in June 2010. Under the facility agreement, the property companies have the option to prepay the loan at the end of each interest period, by giving not less than 21 days' prior written notice to the bank.

During the financial year, the Group made a prepayment of HK\$36.3 million (2005 HK\$Nil) of the term loan out of the proceeds from the divestment of car park lots in one of the properties, City One Shatin Property.

The Group entered into interest rate swap contracts to swap the floating rate borrowings into fixed rate borrowings. As at 31 December 2006, the fixed interest rates of borrowings vary from 3.825% to 5.12% (2005 : 3.685% to 3.93%) per annum.

The remaining terms and notional principal amounts of the outstanding interest rate swap contracts are disclosed in Note 11.

- ii) HK\$Nil million (2005 : HK\$12 million) revolving loan bearing interest at floating interest rate ranging from 4.006% to 4.850% (2005 : 3.593% to 4.337%) per annum. The final maturity is in June 2010.

The effective interest rates and repricing analysis:

	Effective interest rate		Carrying value		Repricing within 3 months	
	2006 %	2005 %	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Interest bearing borrowings – Group						
Term loans (with swap cost)	4.42	3.27	2,348,700	2,385,000	2,348,700	2,385,000
Revolving loan	-	3.28	-	12,000	-	12,000
Total			2,348,700	2,397,000	2,348,700	2,397,000

The borrowings are denominated in Hong Kong dollars.

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14 DEFERRED TAX LIABILITIES

	Group	
	2006	2005
	HK\$'000	HK\$'000
Deferred tax liabilities	95,546	78,707

The movements in deferred tax position during the year were as follows:

At beginning of year	78,707	55,556
Charge to statements of return for the year (Note 23)	16,839	19,845
On acquisition of property companies	-	3,306
At end of year	95,546	78,707

The followings are the major deferred tax liabilities and assets recognised by Fortune REIT and the Group and movements thereon during the year:

Deferred tax liabilities (assets)

	Accelerated tax depreciation		Tax losses		Total	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group						
At beginning of year	89,706	74,616	(10,999)	(19,060)	78,707	55,556
On acquisition of property companies	-	3,306	-	-	-	3,306
Charge to statements of return for the year	12,461	11,784	4,378	8,061	16,839	19,845
At end of year	102,167	89,706	(6,621)	(10,999)	95,546	78,707

15 ISSUED EQUITY

	Group and Fortune REIT			
	2006	2005	2006	2005
	Number of Units '000		HK\$'000	HK\$'000
Balance at beginning of year	801,922	475,169	4,287,901	2,245,560
Issue of new Units during the year:				
On 28 June 2005	-	318,796	-	1,986,100
As payment of manager's base fee	4,296	7,957	26,262	56,241
Balance at end of year	806,218	801,922	4,314,163	4,287,901

On 28 June 2005, Fortune REIT issued 318,796,148 Units at an issue price of HK\$6.23 per Unit for cash to partly finance the purchase of 6 new properties.

15 ISSUED EQUITY (cont'd)

Included in the payment of Manager's base fees in 2005 were 5,520,064 Units which relate to the acquisition fee component issued to the Manager as payment of base fees for the acquisition of the 6 new properties.

On 16 January 2007, Fortune REIT issued 1,168,830 Units to the Manager at HK\$5.9745 per Unit as base fee for the period from 1 October 2006 to 31 December 2006.

Each Unit in Fortune REIT represents an undivided interest in Fortune REIT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the Units held;
- Receive audited financial statements and the annual reports of Fortune REIT; and
- Participate in the termination of Fortune REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Fortune REIT less any liabilities, in accordance with their proportionate interests in Fortune REIT. However, an Unitholder has no right to require that any asset of Fortune REIT be transferred to him.

Further, Unitholders cannot give any directions to the Trustee or the Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- Fortune REIT ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

A Unitholder's liability is limited to the amount paid or payable for any Units in Fortune REIT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of Fortune REIT exceed its assets.

16 UNIT ISSUE COSTS

Expenses incurred in issuing new Units totalling HK\$173.1 million (2005 : HK\$173.1 million) had been charged against the Unitholders' funds. Included in the Unit issue costs in 2005 were amounts paid to the auditors of Fortune REIT of HK\$2.4 million for acting as independent reporting accountants for the second equity offering of Fortune REIT and the provision of other services relating to the second equity offering.

17 ADJUSTED NET ASSET VALUE PER UNIT

The adjusted net asset value per Unit is calculated based on the total net assets of the Group excluding hedging reserve. The total number of Units used for computing the adjusted net asset value per Unit is 807,386,478 (2005 : 803,045,878). This comprises:

- i) the number of Units in issue as at 31 December 2006 of 806,217,648 (2005 : 801,921,642); and
- ii) the Units payable to the Manager on 16 January 2007 as base fee for the period from 1 October 2006 to 31 December 2006 of 1,168,830 (2005 : 1,124,236).

Notes to the Financial Statements.....

31 December 2006

18 REVENUE

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Net dividend income	–	–	278,063	217,330
Base rental	419,954	300,861	–	–
Charge-out collections	120,895	98,638	–	–
Rental guaranteed for net property income	11,199	11,993	–	–
Rental guaranteed for net parking space income	728	1,320	–	–
Short-term rental	57,123	37,036	–	–
Other income	4,155	3,057	–	–
Total	614,054	452,905	278,063	217,330

The rental revenue included HK\$1,262,426 (2005 : HK\$653,038) of contingent rents.

19 PROPERTY OPERATING EXPENSES

	Group	
	2006 HK\$'000	2005 HK\$'000
Utilities	32,937	24,257
Government rents and rates	20,251	14,570
Contribution to Estate Common	16,339	13,703
Reimbursement of staff costs	14,881	13,001
Service contracts and maintenance	19,450	12,411
Manager's performance fee	13,533	9,998
Property management fee	13,751	9,866
Car park expenses	8,453	7,139
Advertising and promotion	10,821	5,413
Audit fees paid to		
– auditors of property companies		
current year	629	372
under provision of prior year audit fees	262	–
– internal auditors of property companies	332	–
Allowance for doubtful debts	200	37
Other operating expenses	24,633	18,908
Total	176,472	129,675

20 NEGATIVE GOODWILL

During the financial year ended 31 December 2005, the negative goodwill of HK\$141,169,000 arising from the acquisition of the property companies were recognised as income in accordance with FRS 103.

21 TRUST EXPENSES

	Group and Fortune REIT	
	2006 HK\$'000	2005 HK\$'000
Audit fees paid to auditor of Fortune REIT	375	312
Professional fees	97	135
Trustee's fee	2,549	1,869
Other charges	22,010	6,010
Total	25,031	8,326

22 BORROWING COSTS

	Group	
	2006 HK\$'000	2005 HK\$'000
Interest expense on		
– Term loans	105,678	54,063
– Revolving loan	1,008	4,596
Commitment fee	360	474
Total	107,046	59,133

23 INCOME TAX EXPENSE

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Current – Singapore	1,298	184	1,298	184
– Foreign	40,439	26,166	–	–
Deferred (Note 14)	41,737	26,350	1,298	184
	16,839	19,845	–	–
Total	58,576	46,195	1,298	184

Notes to the Financial Statements.....

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23 INCOME TAX EXPENSE (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2005 : 20%) to profit before income tax as a result of the following differences:

	Group		Fortune REIT	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Profit before income tax	997,740	1,178,573	235,689	191,342
Income tax expense at statutory rate	199,548	235,715	47,138	38,268
Non-allowable items	9,475	5,224	9,475	5,197
Non taxable income	(142,004)	(188,093)	–	–
Tax exempt income	–	–	(55,252)	(43,232)
Effect of different tax rates of overseas operations	(8,263)	(6,602)	–	–
Other items	(180)	(49)	(63)	(49)
Net income tax expense	58,576	46,195	1,298	184

24 INCOME AVAILABLE FOR DISTRIBUTION

Income available for distribution during the financial year is derived from net profit of the Group after adjustment for appropriate trust expenses.

25 EARNINGS PER UNIT

(i) Weighted average earnings per Unit

Weighted average basic earnings per Unit is calculated by dividing the net profit by the weighted average number of Units in issue during the year as follows:

	2006 HK\$'000	2005 HK\$'000
Net profit for the year	939,164	1,132,378
Weighted average number of Units in issue during the year	805,342	642,879
Weighted average earnings per Unit	116.62	176.14

HK cents

25 EARNINGS PER UNIT (cont'd)

The weighted average number of Units in issue during the year takes into account the 1,168,830 (2005 : 1,124,236) Units issued to the Manager on 16 January 2007 (16 January 2006) as base fee for the period from 1 October 2006 to 31 December 2006 (1 October 2005 to 31 December 2005).

(ii) Adjusted notional basic earnings per Unit

Adjusted notional basic earnings per Unit is calculated by dividing the net profit excluding fair value gains on investment properties by the total number of Units issued during the first and second half of the year respectively including the base fee issued to the Manager in Unit for the period 1 October 2006 and 31 December 2006 (1 October 2005 and 31 December 2005) as follows:

	2006 HK\$'000	2005 HK\$'000
Profit for the year adjusted for fair value gain on investment properties	232,526	333,083
	Number of Units '000	
Total number of Units in issue during the period from:		
– 1 January 2006 to 30 June 2006 (1 January 2005 to 27 June 2005)	805,130	476,131
– 28 June 2005 to 30 June 2005	–	795,424
– 1 July 2006 to 31 December 2006 (1 July 2005 to 31 December 2005)	807,386	803,046
	HK cents	
Adjusted notional earnings per Unit for period from:		
– 1 January 2006 to 30 June 2006 (1 January 2005 to 27 June 2005)	15.83	14.91
– 28 June 2005 to 30 June 2005	–	18.19
– 1 July 2006 to 31 December 2006 (1 July 2005 to 31 December 2005)	15.83 13.01	33.10 14.63
Total	28.84	47.73

On 28 June 2005, Fortune REIT completed the equity fund raising for the acquisition of 6 additional properties. The distribution of Fortune REIT's tax-exempt income is for the period from 1 January 2005 to 27 June 2005, the day immediately prior to the date on which the new Units were issued. Fortune REIT's tax-exempt income derived from properties held before the New Units were issued was to be paid only in respect of the Units in issue prior to the New Units being issued. The notional earnings for the first half of the year was thus computed on this basis.

The total number of Units in issue during the first half of the year includes the Units issued to the Manager of 2,084,030 (2005: 496,797) as base fee for the period 1 January 2006 to 30 June 2006. A further 5,520,064 Units was issued in first half of 2005 for the acquisition fee in relation to the acquisition of additional properties during the second equity offering.

Notes to the Financial Statements.....

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25 EARNINGS PER UNIT (cont'd)

The total number of Units in issue during the second half of the year includes the Units issued to the Manager of 1,168,830 (2005 : 1,124,236) on 16 January 2007 (16 January 2006) as base fee for the period 1 October 2006 to 31 October 2006 (1 July 2005 to 31 December 2005).

Diluted earnings per Unit is the same as the weighted average basic earning per Unit as there are no dilutive instruments in issue during the current financial year nor outstanding at the end of the financial year.

26 DISTRIBUTION POLICY

	2006 HK\$'000	2005 HK\$'000
Distributions to Unitholders during the year comprise:		
2006		
Distribution of 17.22 Hong Kong cents per Unit for the period 28 June 2005 to 31 December 2005	138,285	–
Distribution of 17.53 Hong Kong cents per Unit for the period 1 January 2006 to 30 June 2006	141,139	–
2005		
Distribution of 16.40 Hong Kong cents per Unit for the period 1 July 2004 to 31 December 2004	–	78,010
Distribution of 16.47 Hong Kong cents per Unit for the period 1 January 2005 to 27 June 2005	–	78,417
Total	<u>279,424</u>	<u>156,427</u>

Fortune REIT's distribution policy is to distribute 100% of its Tax-Exempt Income (except gain on revaluation of properties and dividends paid out of interest income and gains, which are distributable at the discretion of the Manager) after deduction of applicable expenses. Tax-Exempt Income consists of dividends receivable in Singapore from the property companies which are paid out of income subject to Hong Kong Profits Tax at a rate of not less than 15%. This income will be distributed on a semi-annual basis to Unitholders and will be paid by the Manager within 60 days from the end of each distribution period. Under the Trust Deed, the Manager is required to pay distributions within 60 days of the end of each distribution period.

26 DISTRIBUTION POLICY (cont'd)

The distribution per Unit is based on the income available for distribution for the relevant distribution period and the number of Units in issue as at the end of each distribution period plus the number of Units to be issued after the distribution period to the Manager as base fee for the last quarter of the relevant distribution period as follows:

Distribution period	Income available for distribution HK'000	Number of Units '000	Distribution per Unit HK cents
<u>Year ended 31 December 2006</u>			
1 January 2006 to 30 June 2006	141,139	805,130	17.53
1 July 2006 to 31 December 2006	135,147	807,386	16.73
Total	<u>276,286^(*)</u>		<u>34.26</u>
<u>Year ended 31 December 2005</u>			
1 January 2005 to 27 June 2005	78,431	476,131	16.47
28 June 2005 to 31 December 2005	138,300	803,046	17.22
Total	<u>216,731</u>		<u>33.69</u>

(*) The income available for distribution is adjusted to exclude interest income amounting to HK\$335,000 which was not remitted to Singapore.

27 SEGMENTAL REPORTING

Fortune REIT's business is investing in retail shopping malls and all the existing properties are located in Hong Kong.

Notes to the Financial Statements.....

31 December 2006

28 OPERATING LEASE ARRANGEMENTS

	Group	
	2006	2005
	HK\$'000	HK\$'000
Minimum lease income under operating leases included in the statements of return	540,849	399,499

As at the balance sheet date, commitments in respect of non-cancellable operating leases for the rental of mall premises were as follows:

	Group	
	2006	2005
	HK\$'000	HK\$'000
Future minimum lease payments receivable:		
Within one year	356,683	353,822
In the second to fifth year inclusive	241,862	291,977
After five years	-	3,661
Total	598,545	649,460

Operating lease income represent rentals receivable by the Group for its investment properties. Leases are negotiated for an average of 1-3 years and rentals are fixed for an average of 1-3 years.

29 SUBSEQUENT EVENTS

On 16 January 2007, Fortune REIT issued 1,168,830 Units to the Manager of Fortune REIT at HK\$5.9745 per Unit as base fee for the period from 1 October 2006 to 31 December 2006.

Unitholders' Statistics.....

ISSUED AND FULLY PAID-UP UNITS

As at 5 March 2007

Date	Event	No of Units	Amount (HK\$)	Price (HK\$)
12-08-03	Initial public offering	473,000,000	2,234,045,650 ¹	4.7500
16-10-03	Manager's base fee	285,275	1,318,969	4.6235
13-01-04	Manager's base fee	508,329	2,562,639	5.0413
01-04-04	Manager's base fee	491,656	2,534,746	5.1556
02-07-04	Manager's base fee	471,649	2,534,783	5.3743
01-10-04	Manager's base fee	411,900	2,562,636	6.2215
12-01-05	Manager's base fee	501,966	3,163,791	6.3028
06-04-05	Manager's base fee	460,047	3,095,012	6.7276
28-06-05	Equity fund raising	318,796,148	1,986,100,002	6.2300
18-07-05	Acquisition fee	5,520,064	34,389,999	6.2300
18-07-05	Manager's base fee	496,767	3,189,039	6.4192
03-10-05	Manager's base fee	977,811	5,907,152	6.0412
16-01-06	Manager's base fee	1,124,236	6,496,960	5.7790
06-04-06	Manager's base fee	995,742	6,355,722	6.3829
05-07-06	Manager's base fee	1,088,288	6,426,341	5.9050
03-10-06	Manager's base fee	1,087,740	6,496,962	5.9729
16-01-07	Manager's base fee	1,168,830	6,983,175	5.9745
Total Units outstanding		807,386,478		

Note:

1. After volume discount.

There were 807,386,478 Units (voting rights: one vote per Unit) outstanding as at 5 March 2007. There is only one class of Units in Fortune REIT.

TOP TWENTY UNITHOLDERS

As at 5 March 2007

As shown in the Register of Substantial Unitholders as at 5 March 2007

Ranking	Unitholders	No. of Units	% of total
1	Focus Eagle Investments Limited	216,516,342	26.82
2	Citibank Nominees Singapore Pte Ltd	164,374,035	20.36
3	DBS Nominees Pte Ltd	155,871,944	19.31
4	DBSN Services Pte Ltd	81,537,905	10.10
5	HSBC (Singapore) Nominees Pte Ltd	56,772,970	7.03
6	Meren Pte Ltd	27,610,000	3.42
7	Raffles Nominees Pte Ltd	27,379,500	3.39
8	DBS Vickers Securities (S) Pte Ltd	16,537,900	2.05
9	ThioEquities Pte Ltd	5,311,000	0.66
10	DB Nominees (S) Pte Ltd	2,324,000	0.29
11	BNP Paribas Nominees Singapore Pte Ltd	1,844,000	0.23
12	ARA Asset Management (Singapore) Limited	1,169,330	0.14
13	Bank of East Asia Nominees Pte Ltd	1,055,500	0.13
14	Chan U Seek	1,050,000	0.13
15	Liew Chee Kong	1,012,000	0.13
16	NTUC Fairprice Co-operative Ltd	1,000,000	0.12
17	Tan Chee Jin	1,000,000	0.12
18	Teng Ngiek Lian	977,000	0.12
19	Lai Chooi Foong	842,000	0.10
20	Tan Geok Eng	627,000	0.08
Total		764,812,426	94.73

Unitholders' Statistics.....

SUBSTANTIAL UNITHOLDERS

As at 5 March 2007

As shown in the Register of Substantial Unitholders as at 5 March 2007

	No. of Units	
	Direct interest	Deemed interest
1 Focus Eagle Investments Limited	216,516,342	–
2 Ballston Profits Limited	58,995,000	–
3 PGGM	120,000,000	–
4 DBS Bank Ltd	51,700,000	927,500 ⁴
5 Cohen & Steers, Inc	–	40,397,000 ⁶
6 The Capital Group Companies, Inc.	–	51,199,500
7 Cheung Kong (Holdings) Limited	–	276,680,672 ¹
8 Hutchison Whampoa Limited	–	58,995,000 ²
9 DBS Group Holdings Ltd	–	52,627,500 ³
10 Temasek Holdings (Private) Limited	–	55,689,500 ⁵

Notes:

- Cheung Kong is deemed to be interested in 276,680,672 Units, of which:
 - 216,516,342 Units are held by Focus Eagle Investments Limited (a wholly-owned subsidiary of Cheung Kong)
 - 58,995,000 Units are held by Ballston Profits Limited (a wholly-owned subsidiary of Hutchison Whampoa Limited, which in turn is 49.9% owned by Cheung Kong); and
 - 1,169,330 Units are held by the Manager (a wholly-owned subsidiary of ARA Asset Management Limited) by virtue of Cheung Kong's ownership of 30% of the shares in ARA Asset Management Limited.
- Hutchison Whampoa Limited is deemed to be interested in 58,995,000 Units held by its wholly-owned subsidiary company, Ballston Profits Limited.
- DBS Group Holdings Ltd is deemed to be interested in 52,627,500 Units held by its subsidiary, DBS Bank Ltd.
- DBS Bank Ltd is deemed to be interested in 927,500 Units held by DBS Asset Management Ltd (a wholly owned subsidiary of DBS Bank Ltd).
- Temasek Holdings (Private) Limited is deemed to be interested in 55,689,500 Units of which:
 - 2,500,000 Units are held by Fullerton (Private) Limited (a subsidiary of Temasek Holdings (Private) Limited)
 - 471,000 Units are held by Temasek Fullerton Alpha Pte Ltd (a subsidiary of Temasek Holdings (Private) Limited)
 - 52,627,500 Units are held indirectly by DBS Group Holdings Limited (Temasek Holdings (Private) Limited holds directly and indirectly approximately 28.46% of total issued share capital of DBS Group Holdings Limited)
 - 91,000 Units are held by Singapore Technologies Aerospace Limited (a subsidiary of Temasek Holdings (Private) Limited)
- Cohen & Steers, Inc is deemed to be interested in 40,397,000 Units of which:
 - 96,000 Units are held by Daiwa C&S Kaigai REIT Mother Fund
 - 12,741,000 Units are held by Daiwa C&S Global REIT Mother Fund
 - 17,375,000 Units are held by Daiwa C&S Sekai REIT Mother Fund
 - 985,000 Units are held by Cohen & Steers Asia Pacific Realty Shares
 - 9,200,000 Units are held by Cohen & Steers Worldwide Realty Income Fund

SIZE OF HOLDINGS*As at 5 March 2007*

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units	% of Units
1 - 999	12	0.65	2,647	0.00
1,000 - 10,000	1,111	60.38	5,981,404	0.74
10,001 - 1,000,000	702	38.15	41,036,001	5.08
1,000,001 and above	15	0.82	760,366,426	94.18
Total	1,840	100.00	807,386,478	100.00

MANAGER'S DIRECTORS' UNITHOLDINGS

As shown in the Register of Directors' Unitholdings as at 21 January 2007

		No. of Units	
		Direct interest	Deemed interest
1	Lim Hwee Chiang, John	–	1,169,330 ¹
2	Sng Sow-Mei (alias Poon Sow Mei)	110,000	–

Note:

- Mr. Lim Hwee Chiang, John is deemed to be interested in 1,169,330 Units held by the Manager (a wholly-owned subsidiary of ARA Asset Management Limited) by virtue of Mr. Lim's ownership of 70% of the shares in ARA Asset Management Limited, the holding company of the Manager.

FREE FLOAT

Based on information made available to the Manager as at 5 March 2007, approximately 32.6% of the Units in Fortune REIT is held in public hands. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public.

Additional Information.....

RELATED PARTY TRANSACTIONS

The transactions entered into during the financial year with an “interested person” or an “interested party” which fall under the Listing Manual of the SGX-ST and Property Funds Guidelines respectively are as follows:

Name of Related Party	Aggregate value of all related party transactions entered during the financial period under review (excluding transactions of less than S\$100,000 (HK\$467,000¹ equivalent) each) HK\$'000
Base rent and charge-out collections	
A.S. Watson Group (HK) Limited	42,788
Jetmark Limited	3,961
Union Ford Investments Limited	831
Bermington Investment Limited	782
Hutchison Telephone Company Limited	480
Total	48,842

Save as disclosed above, there were no additional related party transactions (excluding transactions of less than S\$100,000 (HK\$467,000 equivalent) each) entered during the year ended 31 December 2006.

Please also see Significant Related Party Transactions in Note 5 in the financial statements.

Note:

1. Exchange rate as at 2 January 2006

SUBSCRIPTION OF FORTUNE REIT UNITS

As at 31 December 2006, an aggregate of 806,217,648 Units were in issue. On 16 January 2007, Fortune REIT issued 1,168,830 Units to the Manager as base fee for the period from 1 October 2006 to 31 December 2006.

Directory

Manager

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Telephone: +65 6835 9232
Facsimile: +65 6835 9672

Directors of the Manager

CHIU Kwok Hung, Justin

Chairman and Director

LIM Hwee Chiang, John

Director and Chief Executive Officer

IP Tak Chuen, Edmond

Director

YEUNG, Eirene

Director

LIM Lee Meng

Independent Director

CHENG Mo Chi, Moses

Independent Director

SNG Sow-Mei (alias POON Sow Mei)

Independent Director

Audit Committee

LIM Lee Meng

Independent Director (Chairman)

CHENG Mo Chi, Moses

Independent Director

SNG Sow-Mei (alias POON Sow Mei)

Independent Director

Company Secretary of the Manager

YAP Lune Teng

Trustee

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Auditors of the Trust

Deloitte & Touche

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Singapore 068809
Telephone: +65 6224 8288
Facsimile: +65 6538 6166
(Partner-in-charge: Cheng Ai Phing)
(Appointed on 3 November 2003)

Stock Exchange

BBG: FRT SP Equity
RIC: FORT.SI

Website

www.fortunereit.com



Asset Management (Singapore) Limited

FORTUNE REAL ESTATE INVESTMENT TRUST
Managed by ARA Asset Management (Singapore) Limited