

A resilient portfolio of 11 suburban retail malls in Hong Kong



Period Ended 30 June 2009

28 July 2009

**FORTUNE**  
置富產業信託 **REIT**

## Results Highlights

Period Ended 30 Jun 2009

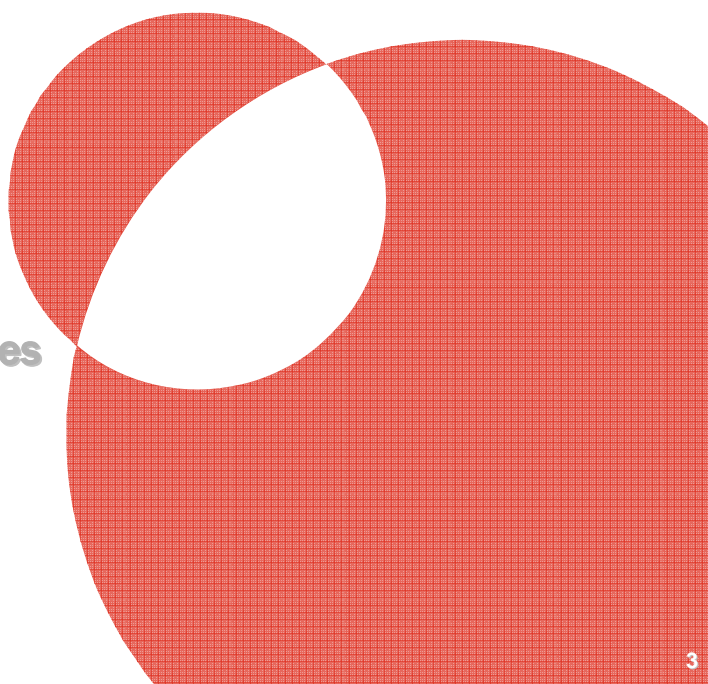
Total Revenue, 1H09	HK\$334.3 mil	↑ 8.2% YoY
Net Property Income (NPI), 1H09	HK\$238.4 mil	↑ 4.1% YoY
Distribution Per Unit (DPU), 1H09	HK\$0.1960	↑ 5.9% YoY
Annualized Tax-exempt Yield <sup>1</sup>	10.6%	
Net Asset Value (NAV) Per Unit	HK\$7.89	
Portfolio Valuation <sup>2</sup>	HK\$8,900 mil	↑ 3.5% from Dec 08
Gearing	25.7%	
Portfolio Rental Reversion <sup>3</sup>	4.0%	
Portfolio Occupancy <sup>4</sup>	92.1%	

Notes:

1. Based on the closing Unit price of HK\$3.74 as at 30 Jun 09.
2. As at 30 Jun 2009, Investment properties were re-valued by Savills Valuation and Professional Services Limited ("Savills").
3. For all renewal leases from 1 Jan 09 to 30 Jun 09.
4. Actual occupancy as at 30 Jun 09. Committed occupancy as at 28 Jul 09 is 93.6%



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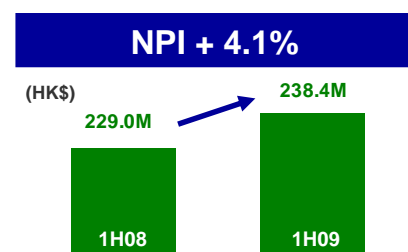
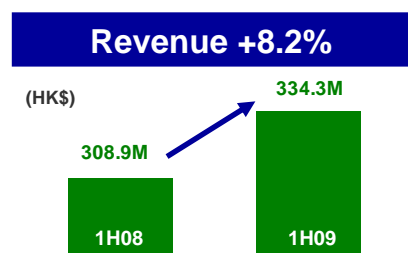


# Trust Income

Period Ended 30 Jun 2009

**Income Available for Distribution Rose By 7.1% in 1H09 vs 1H08**

	1H09 (HK\$'000)	1H08 (HK\$'000)	Variance (%)
<b>Total revenue</b>	<b>334,314</b>	<b>308,941</b>	<b>8.2%</b>
Property operating expenses	(88,525)	(72,897)	21.4%
Manager's performance fee	(7,374)	(7,081)	4.1%
<b>Net property income ("NPI")</b>	<b>238,415</b>	<b>228,963</b>	<b>4.1%</b>
Borrowing costs	(43,943)	(53,142)	(17.3%)
<b>Profit before tax <sup>1</sup></b>	<b>194,472</b>	<b>175,821</b>	<b>10.6%</b>
Hong Kong tax <sup>2</sup>	(31,419)	(22,236)	41.3%
Net profit of property companies <sup>1</sup>	163,053	153,585	6.2%
<b>Income available for distribution</b>	<b>161,698</b>	<b>150,916</b>	<b>7.1%</b>
<b>DPU (HK\$)</b>	<b>0.1960</b>	<b>0.1851</b>	<b>5.9%</b>



Notes:

1. Fortune REIT recognized a gain of HK\$281.3 million in 2009 arising from changes in fair values of the properties. There will be no impact on income available for distribution. These figures are thus excluded for the purpose of this presentation.
2. There was a one-off write-back of deferred tax in the 2nd quarter of 2008 due to the change in Hong Kong tax rate from 17.5% to 16.5% with effect from April 2008.

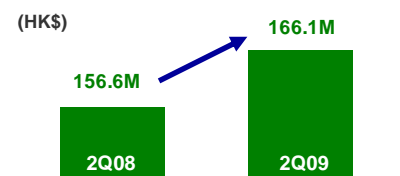


# Trust Income

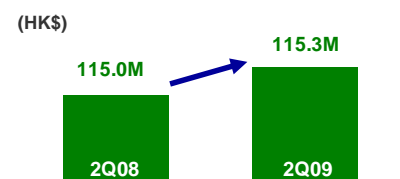
**Total Revenue Rose 6.1% In 2Q09 vs 2Q08**

	2Q09 (HK\$'000)	2Q08 (HK\$'000)	Variance (%)
<b>Total revenue</b>	<b>166,064</b>	<b>156,558</b>	<b>6.1%</b>
Property operating expenses	(47,217)	(38,048)	24.1%
Manager's performance fee	(3,565)	(3,555)	0.3%
<b>NPI</b>	<b>115,282</b>	<b>114,954</b>	<b>0.3%</b>
Borrowing costs	(20,443)	(26,182)	(21.9%)
<b>Profit before tax<sup>1</sup></b>	<b>94,839</b>	<b>88,772</b>	<b>6.8%</b>
Hong Kong tax <sup>2</sup>	(15,554)	(7,177)	116.7%
Net profit of property companies <sup>1</sup>	79,285	81,595	(2.8%)
<b>Income available for distribution</b>	<b>78,870</b>	<b>79,387</b>	<b>(0.7%)</b>

## Revenue +6.1%



## NPI + 0.3%



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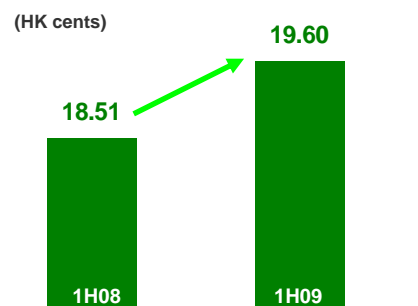


# Distribution Yield

**10.6% Tax-exempt yield backed by clean, transparent and steady cashflow**

1H09	Tax-exempt	Pre-tax <sup>1</sup> Equivalent
<b>DPU<sup>2,3</sup> (HK\$)</b>	<b>0.1960</b>	<b>0.2343</b>
<b>DPU yield<sup>4</sup></b>	<b>10.6%</b>	<b>12.6%</b>

## DPU +5.9%



**Notes:**

- Before HK income taxes. This figure is shown solely to illustrate the yield before the impact of HK taxes on the property companies. It does not imply investors are eligible for any dividend tax credits.
- Fortune REIT pays tax-exempt distributions semi-annually (for the half years ending Dec and Jun)
- Based on the deemed Units in issue of approximate 824.9 m Units.
- Based on the closing Unit price of HK\$3.74 on 30 Jun 09.



# Distribution Details

## Fortune REIT Units Trade Ex-distribution On 3 Aug 2009

Distribution for the period 1 Jan 2009 to 30 Jun 2009

**19.60 HK cents per Unit**

Ex-distribution Date	3 Aug 2009
Book Closure	5 Aug 2009
Currency Election <sup>1</sup>	14 Aug 2009
Distribution Payment	28 Aug 2009

**Note:**

1. Unitholders can choose to have the distribution paid in HKD or SGD. By default, the payment is made in SGD.



# Portfolio Valuation

## Portfolio Valuation Increased by 3.5% to HK\$8.9 billion

As at 30 Jun 09	GRA	(HK\$M)
1. City One Shatin Property	414,469	3,370
2. Ma On Shan Plaza	310,084	1,841
3. The Metropolis Mall	332,168	1,382
4. Waldorf Garden Property	80,842	770
5. Smartland	123,544	362
6. Tsing Yi Square Property	78,836	297
7. Jubilee Court Shopping Centre	170,616	292
8. The Household Center	91,779	265
9. Centre de Laguna Property	43,000	162
10. Lido Garden Property	9,836	97
11. Rhine Garden Property	14,604	62
<b>Fortune REIT Portfolio Total</b>	<b>1,669,778</b>	<b>8,900</b>

Note: As at 30 Jun 2009 by Savills.



# Balance Sheet

As at 30 Jun 09	(HK\$'000)
Current Assets	341,082
Non Current Assets	8,905,865
<b>Total Assets</b>	<b>9,246,947</b>
Current Liabilities	2,656,157
Non Current Liabilities	121,612
<b>Total Liabilities</b>	<b>2,777,769</b>
<b>Net Assets</b>	<b>6,469,178</b>

**Gearing Ratio** **25.7%**

**Portfolio Valuation<sup>1</sup>** **HK\$8,900 M**

**NAV Per Unit<sup>2,3</sup>** **HK\$7.89**

**Notes:**

1. As at 30 Jun 2009 by Savills.
2. Based on net assets of the Group excluding hedging reserve.
3. The number of Units used for computation of NAV per Unit is 824,879,427 Units. This comprises: (a) number of Units in issue as at 30 Jun 2009 of 823,118,206 Units; (b) Units issued on 10 July 2009 to the Manager as the Manager's Base Fees for 2Q 2009 of 1,761,221 Units.




# Debt management

**Low Gearing At 25.7% ; Certainty Of Financing Cost**

As at 30 Jun 09	Debt Profile
<b>Total Debt<sup>1</sup></b>	<b>HK\$2,379 mil</b>
<b>Gearing Ratio<sup>2</sup></b>	<b>25.7%</b>
<b>Interest Cover<sup>3</sup></b>	<b>5.0x</b>
<b>Weighted Avg. Cost of Debt</b>	<b>3.73%</b>

 **Begin negotiations with banks to secure refinancing**

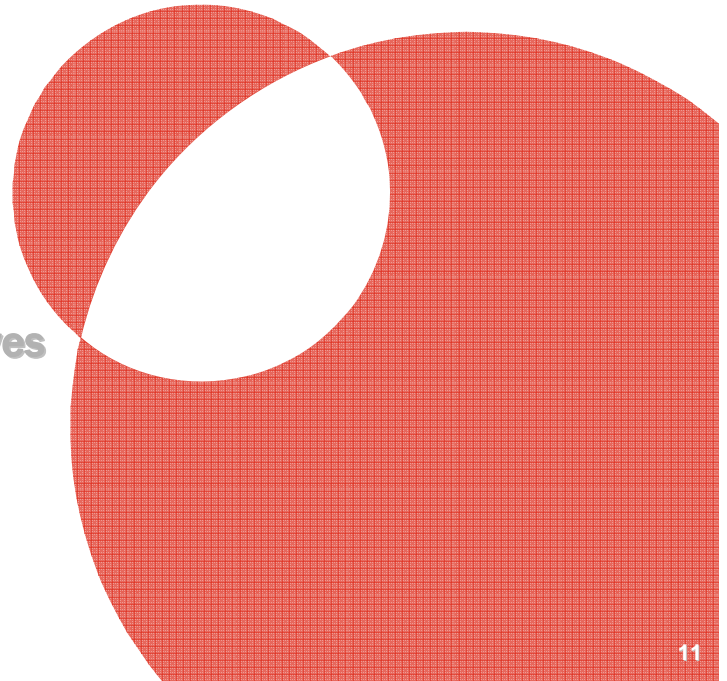
 **100% of the interest cost has been fixed with various plain vanilla swaps**

**Notes:**

1. Excludes the debt front-end fee.
2. According to the Singapore Property Fund Guidelines, Aggregate Borrowing Limit as a % of Deposited Property must not exceed 35%, but it can increase to 60% with a credit rating.
3. Interest cover = EBIT / Total interest expense.



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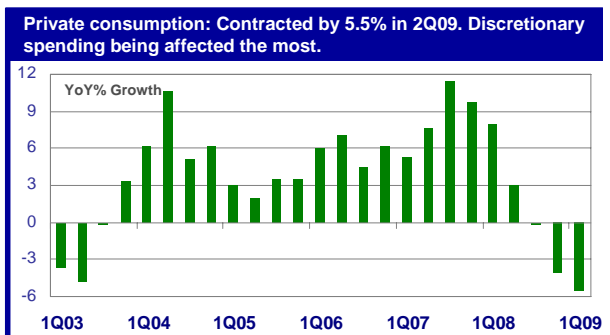
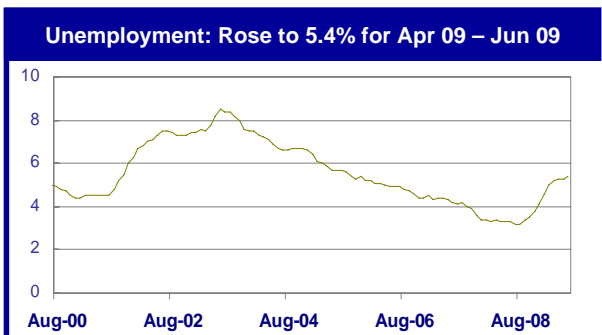
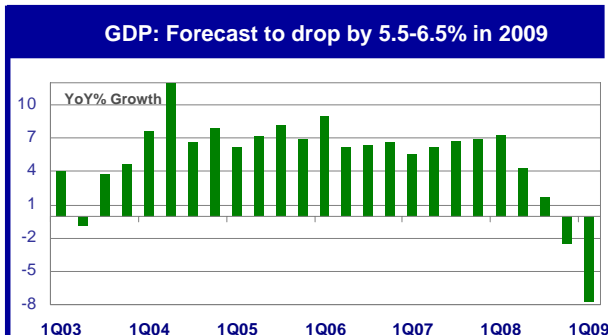


# Hong Kong Economy

Period Ended 30 Jun 2009

**Well positioned to recover from recession**

- ✓ Asian economies are outperforming their global counterparts and could see a sustained recovery because of stronger domestic demand and greater liquidity.
- ✓ HK is better positioned than many other economies to withstand the crisis and recover, given its sound fundamentals and Mainland Central government's supportive measure.



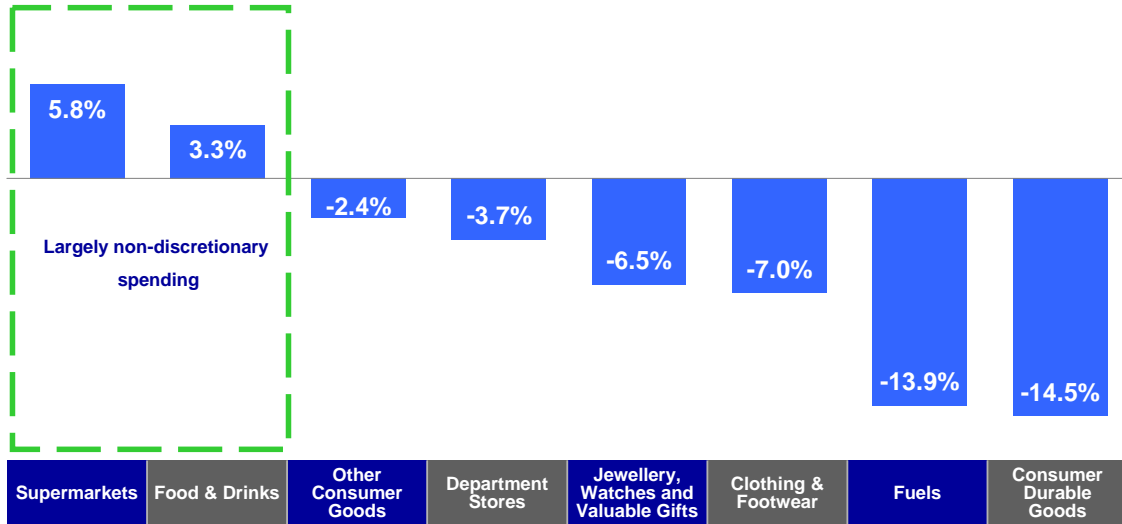
Source: Census & Statistics Department, HK



# Hong Kong Retail Sales

Suburban retail still benefiting from the growth of non-discretionary spending

Hong Kong Retail Sales Value – YoY changes for the five months ended May 2009




Source: Census & Statistics Department, HK

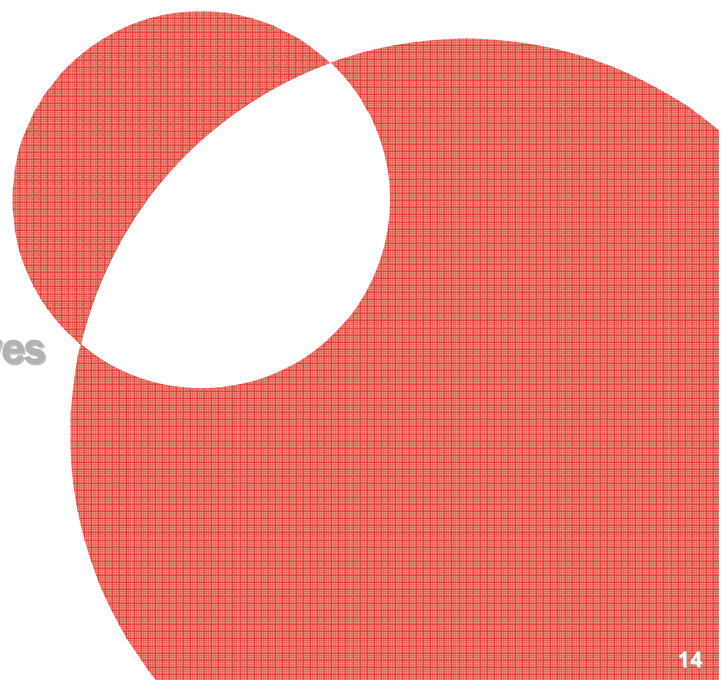


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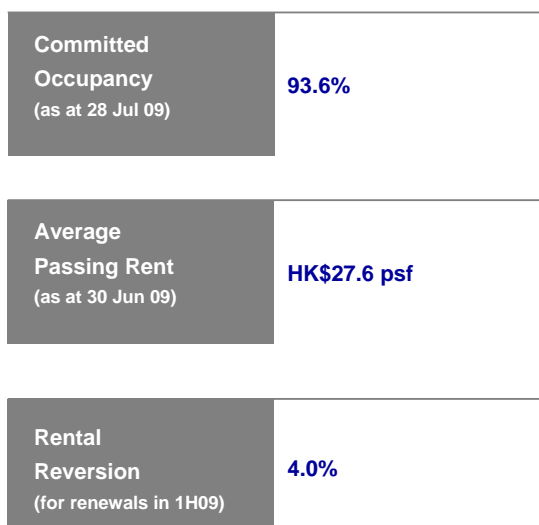
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# Occupancy and Passing Rent

**Portfolio Occupancy Remains Strong At 92.1%; Passing Rents rose to HK\$27.6 psf**

As at 30 Jun 09	GRA (sf)	Actual Occupancy (30 Jun 09)
1. City One Shatin Property	414,469	97.2%
2. Ma On Shan Plaza	310,084	100.0%
3. The Metropolis Mall	332,168	88.4%
4. Waldorf Garden Property	80,842	100.0%
5. Smartland	123,544	76.7%
6. Tsing Yi Square Property	78,836	98.4%
7. Jubilee Court Shopping Centre	170,616	75.9%
8. The Household Center	91,779	88.0%
9. Centre de Laguna Property	43,000	99.4%
10. Lido Garden Property	9,836	100.0%
11. Rhine Garden Property	14,604	100.0%
<b>Portfolio Total</b>	<b>1,669,778</b>	<b>92.1%</b>



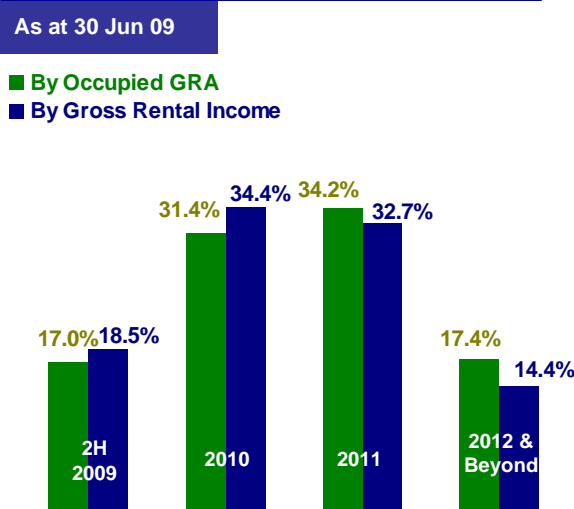
# Portfolio Expiry Profile

**67.9% of Lease Expiring in 2009 has been Committed**

## Expiry Profile By Gross Rentable Area

As at 30 Jun 09	% of occupied GRA		
	2H 2009	2010	2011
1. City One Shatin	20.5	32.9	31.6
2. Ma On Shan Plaza	11.5	37.9	42.3
3. The Metropolis Mall	16.1	31.6	42.4
4. Waldorf Garden	5.0	18.5	18.5
5. Smartland	11.4	14.3	44.0
6. Tsing Yi Square	22.4	41.5	30.7
7. Jubilee Court Shopping Centre	27.1	22.0	13.3
8. The Household Center	7.3	32.9	30.9
9. Centre de Laguna	45.9	41.4	12.6
10. Lido Garden	38.6	61.4	0.0
11. Rhine Garden	1.2	1.5	97.2
<b>Portfolio Total</b>	<b>17.0</b>	<b>31.4</b>	<b>34.2</b>

## Portfolio Expiry Profile

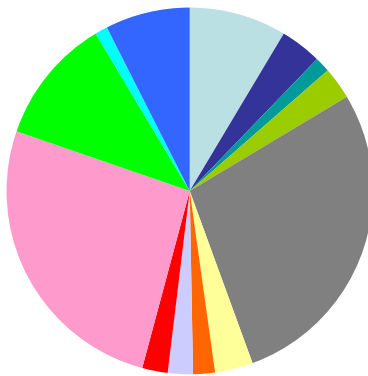




# Portfolio Trade Mix

## Trade Mix Well Diversified To Meet Catchment Needs

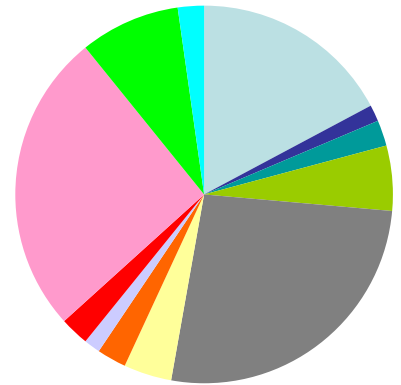
### By Gross Rentable Area



### Tenant's Trade Mix

8.7%	Banking & Real Estate	17.2%
3.6%	Community Services	1.5%
1.2%	Electronics & IT	2.0%
2.9%	Fashion & Shoes	5.6%
28.0%	Food & Beverage	26.3%
3.2%	Gifts, Toys & Jewellery	4.4%
2.0%	Homeware	2.4%
2.3%	Entertainment & Sports	1.4%
2.2%	Others	2.6%
25.6%	Services & Education	25.7%
11.2%	Supermarket	8.7%
1.2%	Wet Markets	2.2%
7.9%	Vacant	0.0%

### By Gross Rental Income



Note:  
1. As at 30 Jun 2009.



# Marketing And Promotions

**Cooking Together 溫馨滿載母親節**

**Mother's Day**

5月9日 (星期日) 5月10日 (星期日)

5月11日(星期日) 5月12日(星期一)

**Wedding Expo**

**Summer Learning Zone Promotion**

**全港寶貝模特兒大賽**

2010/2011 幼稚園及教育機構聯合招生日

6月13-14日 馬鞍山廣場(海逸閣)

6月20-21日 紅磡「都會商場」(快車)


2010/2011 全港寶貝模特兒大賽

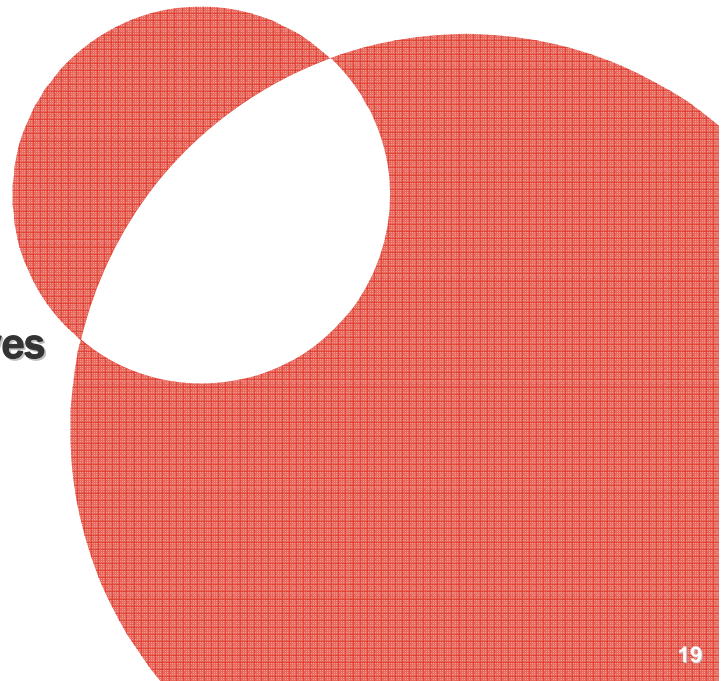
自我增值地帶 Fan Club會員大舞臺

歡迎報名

查詢及報名熱線：2961 4517



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# 2009 CAPEX Planning

Period Ended 30 Jun 2009

## Capex: Planning to spend HK\$30M – HK\$40M in 2009





City One Shatin Property

-  City One Plaza Renovation
-  Replacement of the chiller plant
-  Upgrading of the Wet Market



Metropolis Mall

-  Renovation of the food court
-  Upgrading of the toilet facilities



Smartland

-  Completion of the ceiling and floor tiles replacement

# Facilities Upgrading in Metropolis Mall

## Renovation of Food Court



- ✓ Contemporary new design for food court.
- ✓ To capitalize on the increased dining demand from the concert-goers at the Hong Kong Coliseum.

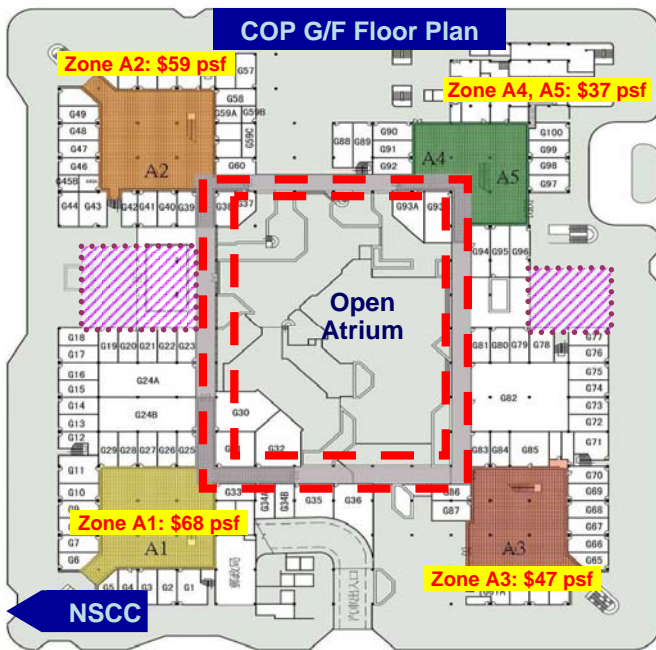


Artist Impression

## Washrooms Upgrading



# AEI Continued in COP



Legend: Proposed air-conditioned corridor Outdoor seating zone

## City One Plaza (COP)

- ✓ Installing air-conditioned corridor to improve shopper's circulation
- ✓ Re-define zoning in the mall to create interesting shopping experience





# Energy Efficiency Enhancement

## Chiller replacement in COP

✓ Utilities cost saved by 20% in 2Q09 compared to a year earlier

## Advanced control



## Link-Up Chiller Plants of The Household Center

✓ Linked up 2 sets of chiller plant serving 1/F and 2/F to maximize efficiency and reduce energy consumption



Existing Chiller Plants



Link-up piping

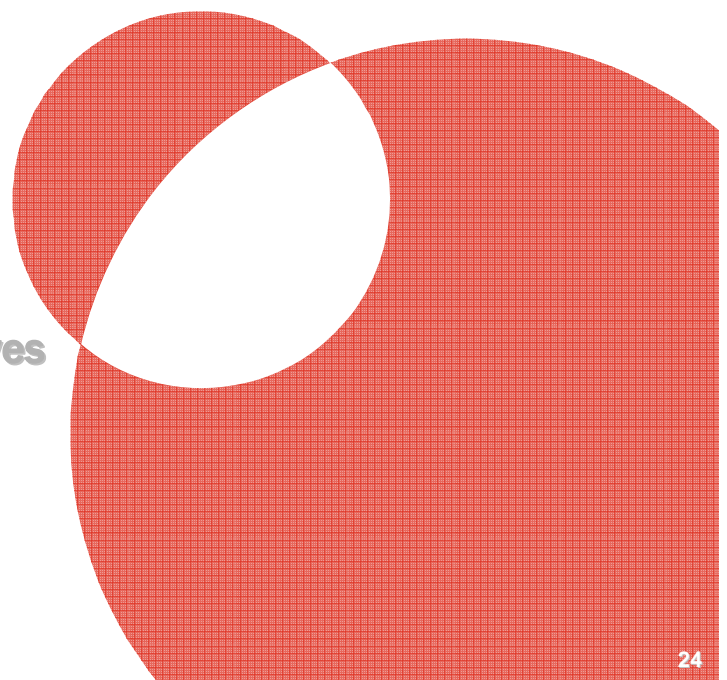


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# Key Strategies

## Focus on Stability and Sustainability



### Operational

- Maintain occupancy levels at all malls
- Work closely with tenants to drive footfall and sales



### Asset Enhancement

- Focus on cost savings measures
- Ongoing facilities upgrading



### Capital Management

- A prudent approach on gearing ratio and interest cost management
- Current market may present acquisition opportunities



The Household Center



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