



Fortune Real Estate Investment Trust
A portfolio of 14 retail properties in Hong Kong

Financial results for the period ended 31 December 2010
25 January 2011



Stock Code | Hong Kong: 778 | Singapore: F25U



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Managed by ARA Asset Management (Fortune) Limited

Results Highlights

Financial Results

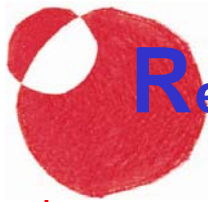
Hong Kong Economy

Portfolio Performance

Asset Enhancement & Marketing Initiatives

Key Strategies





Results Highlights

Period ended 31 Dec 2010

Total Revenue, FY2010	HK\$837.3 mil	+ 19.4% YoY
Net Property Income (NPI), FY2010	HK\$596.8 mil	+ 20.7% YoY
Distributable Income, FY2010	HK\$406.5 mil	+ 20.3% YoY
Distribution Per Unit (DPU), FY2010	HK\$0.2435	
Distribution Yield¹	6.1%	
Net Asset Value (NAV) Per Unit (as at 31 Dec 10)	HK\$6.18	
Portfolio Valuation² (as at 31 Dec 10)	HK\$13,300 mil	
Gearing	21.0%	
Portfolio Rental Reversion³	10.8%	
Portfolio Occupancy	98.7%	

Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$4.01 as at 31 December 2010.
2. The portfolio was valued by Savills Valuation and Professional Services Limited ("Savills").
3. For all renewal leases from 1 Jan 2010 to 31 December 2010.



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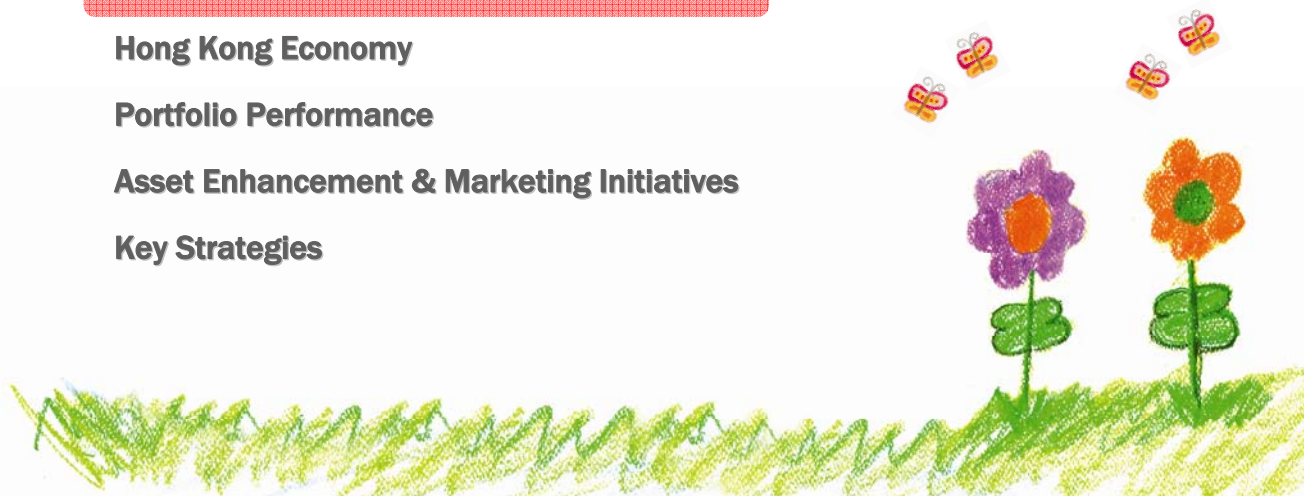
Financial Results

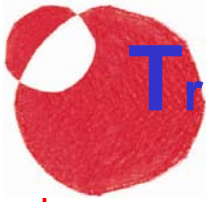
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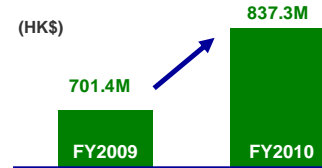
Trust Income FY2010

Period ended 31 Dec 2010

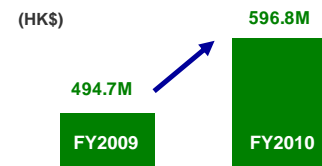
Net Property Income Rose By 20.7% in FY2010

	FY 2010 (HK\$'000)	FY 2009 ² (HK\$'000)	Variance (%)
Total revenue	837,263	701,354	19.4%
Property operating expenses	(221,981)	(191,395)	16.0%
Manager's performance fee	(18,458)	(15,299)	20.7%
Net property income ("NPI")	596,824	494,660	20.7%
Borrowing costs	(109,750)	(88,159)	24.5%
Profit before tax¹	487,074	406,501	19.8%
Hong Kong tax	(77,915)	(66,079)	17.9%
Net profit of property companies ¹	409,159	340,422	20.1%
Income available for distribution	406,487	337,841	20.3%
DPU (HK\$)³	0.2435	0.3020	-

Revenue +19.4%



NPI +20.7%



Notes:

- Fortune REIT recognized a gain of HK\$1,761.0 million in FY2010 arising from changes in fair values of the properties and a loss of HK\$54.9 million in FY2010 arising from changes in fair values of financial instrument. There will be no impact on income available for distribution. These figures are thus excluded for the purpose of this presentation.
- Fortune REIT acquired 3 new properties on 15 October 2009.
- 824.9 million of rights units and 6.4 million of acquisition fee in units were issued on 15 October 2009 and 16 October 2009 respectively. Earnings per units and Distribution per unit were based on the total enlarged units in issue from fourth quarter 2009.



Distribution details

Period ended 31 Dec 2010

Fortune REIT Units Trade Ex-distribution On 8 February 2011

Final Distribution for the period 1 Jul 2010 to 31 Dec 2010

12.08 HK cents per Unit

Ex-distribution

8 February 2011

Distribution Payment

1 March 2011

Note:

- Unitholders can choose to have the distribution paid in HKD or SGD if the units are registered on the Singapore register. By default, the payment is made in SGD.

Portfolio Valuation

Period ended 31 Dec 2010

Portfolio Valuation Increased to HK\$13.3 billion

	Dec 10 ¹ (HK\$ million)	Jun 10 ¹ (HK\$ million)	Change (Dec 10 vs Jun 10)	Dec 09 ¹ (HK\$ million)	Change (Dec 10 vs Dec 09)
City One Shatin Property	4,146	3,883	+6.8%	3,548	+16.9%
Ma On Shan Plaza	2,376	2,166	+9.7%	1,974	+20.4%
Metro Town	1,775	1,666	+6.5%	1,544	+15.0%
The Metropolis Mall	1,589	1,489	+6.7%	1,413	+12.5%
Waldorf Garden Property	925	869	+6.4%	810	+14.2%
Caribbean Bazaar	511	483	+5.8%	449	+13.8%
Smartland	411	389	+5.7%	376	+9.3%
Tsing Yi Square Property	364	340	+7.1%	314	+15.9%
Jubilee Court Shopping Centre	355	328	+8.2%	304	+16.8%
The Household Center	302	286	+5.6%	274	+10.2%
Centre de Laguna Property	185	175	+5.7%	166	+11.4%
Hampton Loft	177	173	+2.3%	164	+7.9%
Lido Garden Property	111	105	+5.7%	100	+11.0%
Rhine Garden Property	73	69	+5.8%	64	+14.1%
Fortune REIT Portfolio	13,300	12,421	+7.1%	11,500	+15.7%

Note:

1. Valued by Savills.

Balance Sheet

Period ended 31 Dec 2010

As at 31 Dec 10	(HK\$'000)	Gearing Ratio	21.0%
Current Assets	569,314		
Non Current Assets	13,300,000		
Total Assets	13,869,314	Portfolio Valuation¹	HK\$13,300 M
Current Liabilities	559,719		
Non Current Liabilities	2,975,907		
Total Liabilities	3,535,626	NAV Per Unit ²	HK\$6.18
Net Assets	10,333,688		


Notes:


- As at 31 Dec 2010 by Savills.
- The total number of deemed units used for the computation of net asset value per Unit is 1,671,599,900 Units. This comprises: (a) number of Units in issue as at 31 December 2010 of 1,669,032,247 Units and (b) Units issued on 5 January 2010 to the Manager as the Manager's Base Fee for 4Q10 of 2,567,653 Units.


Debt Management

Period ended 31 Dec 2010

As at 31 Dec 10	Debt Profile
Total Debt ¹	HK\$2,907 mil
Gearing Ratio / Aggregate Leverage ²	21.0%
Interest Cover ³	4.57 X
Weighted Avg. Cost of Debt ¹	3.88%

 No refinancing requirement until 2013

 3 unencumbered assets provide financial flexibility

 Further debt headroom of HK\$3.0 billion before the 35% gearing limit

Notes:

1. Excludes the debt front-end fee.
2. Following the dual primary listing on 20 April 2010, Fortune REIT is required to comply with the regulatory regimes in both Singapore and Hong Kong. In Hong Kong, the limitation on borrowing by a REIT is 45% of the total gross asset value in accordance with the REIT Code. In Singapore, according to the Property Funds Appendix, Aggregate Leverage should not exceed 35% of Deposited Property, but it may increase up to 60% with a credit rating.
3. Interest cover = EBIT / Total interest expense. Included in the non-tax deductible trust expenses for the period 1 January 2010 to 31 December 2010 is a provision of HK\$30.0 million for the cost of the dual primary listing on The Stock Exchange of Hong Kong Limited. The amount have been added back for income available for distribution.

FORTUNE
置富產業信託 REIT Managed by ARA Asset Management (Fortune) Limited

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FORTUNE
置富產業信託 REIT

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Results Highlights

Financial Results

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Asset Enhancement & Marketing Initiatives

Key Strategies

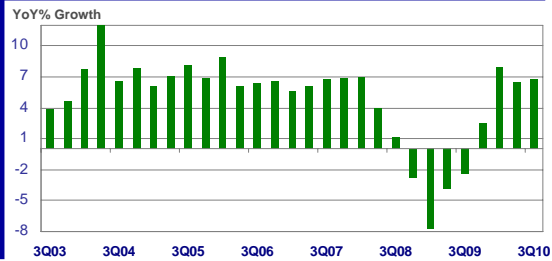


Hong Kong Economy

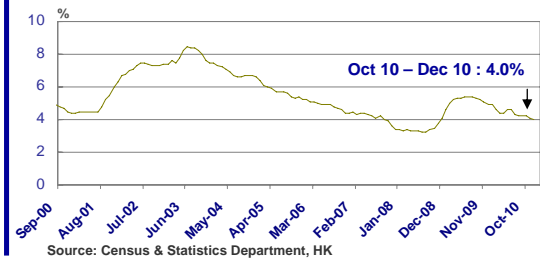
Hong Kong economy remained robust

- ✓ On a quarter-to-quarter comparison, Hong Kong GDP recorded the sixth consecutive quarter of expansions
- ✓ Economic growth in 2010 should exceed the government forecast of 5-6% announced in August. The GDP growth forecast for 2010 as a whole is revised upwards to 6.5% in November

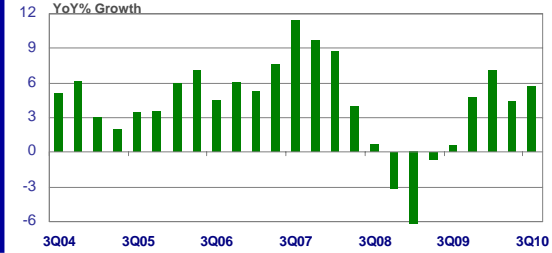
GDP: Expanded further by 6.8% y-o-y in 3Q10, after a growth of 7.2% in the first half of 2010.



Unemployment: Labour market continued to improve on a broad base.

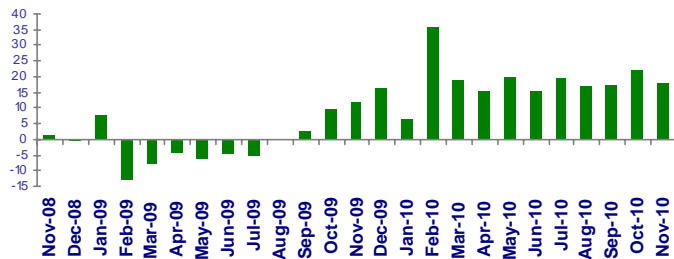


Private consumption: Supported by improving job and income prospects.



Hong Kong Retail Sales

Value of Total Retail Sales YoY % change (Source: Census & Statistics Department, Hong Kong)

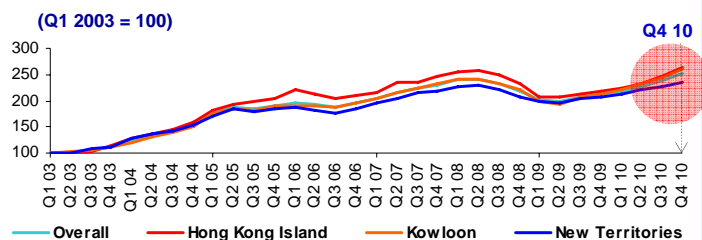


The value of total retail sales for Jan to Nov of 2010, increased by 18.2% over the same period a year ago.

Retail sales remained robust, supported by the continued expansion of the economy, improvement in labour market, and sustained vibrant performance of inbound tourism.

Non-discretionary spending sectors like food and beverage and supermarket continued to register growth.

Shopping Centre Rental Index by District (Source: Savills Research)



Shopping mall rents benefiting from the revived consumer confidence, rising for the 6th consecutive quarters since 2Q09.

In particular, Kowloon and New Territories rents rose by 23% and 12% respectively over a year earlier.

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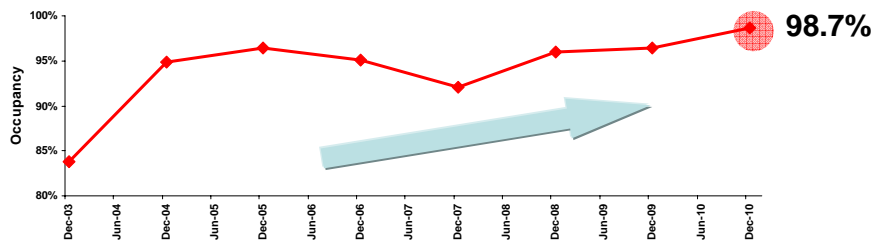
Key Strategies



Delivered strong organic growth

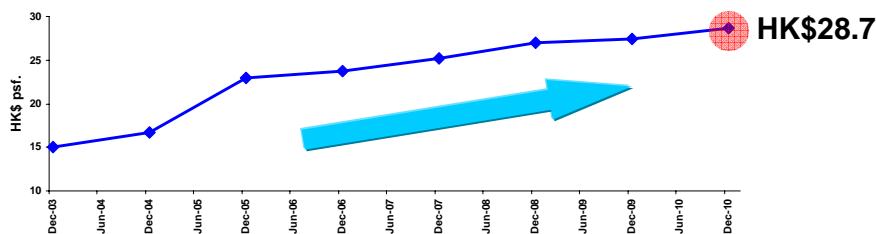
Period ended 31 Dec 2010

Historical High in Portfolio Occupancy as at 31 Dec 2010

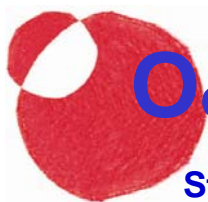


Strong leasing momentum continued as the occupancy rate climbed to an all-time high.

Historical High in Passing Rent as at 31 Dec 2010



Fortune REIT's underlying portfolio performance remained robust, anchored by a portfolio of resilient private housing estate retail properties.

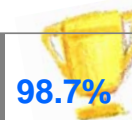


Occupancy and Passing Rent

Strong leasing performance; occupancy climbed to all time high

	GRA (s.f.)	Actual Occupancy (31 Dec 10)	Actual Occupancy (30 Jun 10)	Actual Occupancy (31 Dec 09)
1. City One Shatin Property	414,469	96.0% ↑	89.6%	98.2%
2. Ma On Shan Plaza	310,084	100.0%	100.0%	100.0%
3. Metro Town	180,822	100.0% ↑	99.0%	100.0%
4. The Metropolis Mall	332,168	98.4% ↑	95.1%	93.0%
5. Waldorf Garden Property	80,842	100.0%	100.0%	100.0%
6. Caribbean Bazaar	63,018	100.0%	100.0%	100.0%
7. Smartland	123,544	99.5% ↑	98.7%	94.4%
8. Tsing Yi Square Property	78,836	98.4%	100.0%	100.0%
9. Jubilee Court Shopping Centre	170,616	100.0% ↑	93.7%	81.5%
10. The Household Center	91,779	96.8%	98.7%	97.0%
11. Centre de Laguna Property	43,000	99.5%	100.0%	100.0%
12. Hampton Loft	74,734	100.0%	100.0%	100.0%
13. Lido Garden Property	9,836	100.0%	100.0%	100.0%
14. Rhine Garden Property	14,604	100.0%	100.0%	100.0%
Portfolio Total	1,988,352	98.7% ↑	96.2%	96.4%

Portfolio Occupancy (as at 31 Dec 10)

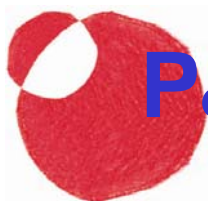


Average Passing Rent (as at 31 Dec 10)



Rental Reversion (for renewals in FY 2010)

10.8%



Portfolio Expiry Profile

Opportunities to capitalize on lease expiries for rental growth

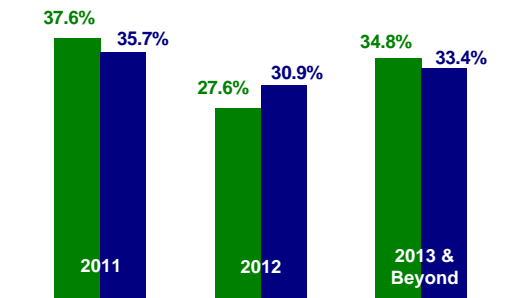
Expiry Profile By Gross Rentable Area

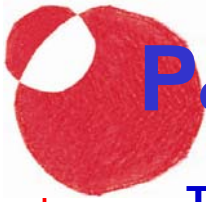
As at 31 Dec 10	% of occupied GRA		
	2011	2012	2013 & Beyond
1. City One Shatin Property	33.7%	27.8%	34.0%
2. Ma On Shan Plaza	48.3%	20.6%	31.1%
3. Metro Town	19.9%	16.9%	63.2%
4. The Metropolis Mall	62.0%	22.5%	15.5%
5. Waldorf Garden Property	22.7%	18.4%	58.9%
6. Caribbean Bazaar	38.7%	55.7%	5.6%
7. Smartland	39.0%	22.6%	38.4%
8. Tsing Yi Square Property	38.5%	35.5%	26.0%
9. Jubilee Court Shopping Centre	16.7%	50.5%	32.7%
10. The Household Center	32.3%	47.4%	20.3%
11. Centre de Laguna Property	47.8%	11.9%	40.2%
12. Hampton Loft	0.0%	25.2%	74.8%
13. Lido Garden Property	12.9%	51.7%	35.4%
14. Rhine Garden Property	98.5%	1.5%	0.0%
Portfolio Total	37.6%	27.6%	34.8%

Portfolio Expiry Profile

As at 31 Dec 10

■ By Occupied GRA
■ By Gross Rental Income

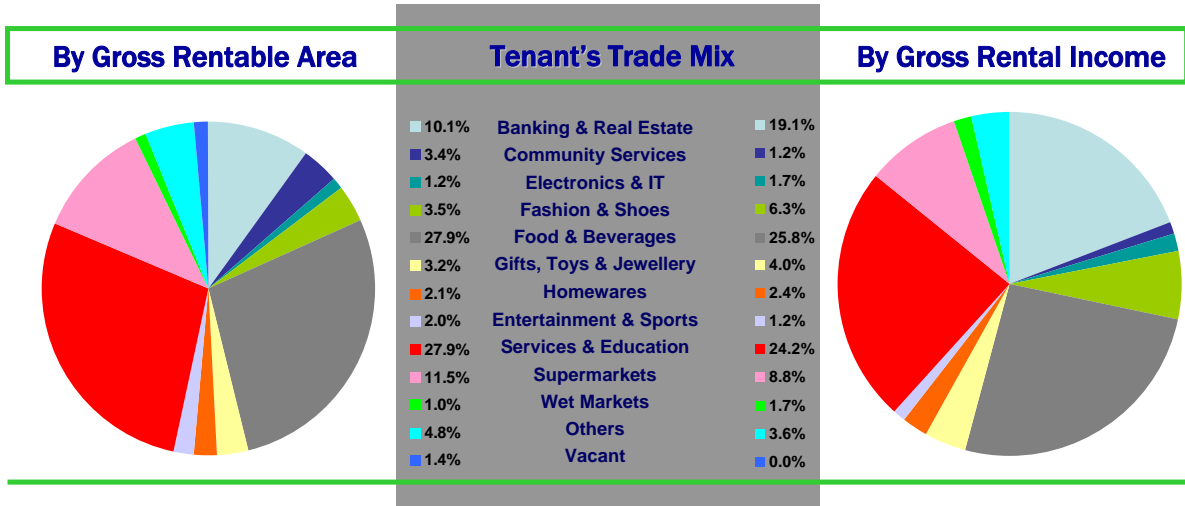




Portfolio Trade Mix

Period ended 31 Dec 2010

Trade Mix Well Diversified To Meet Catchment Needs



Note:
1. As at 31 Dec 2010.



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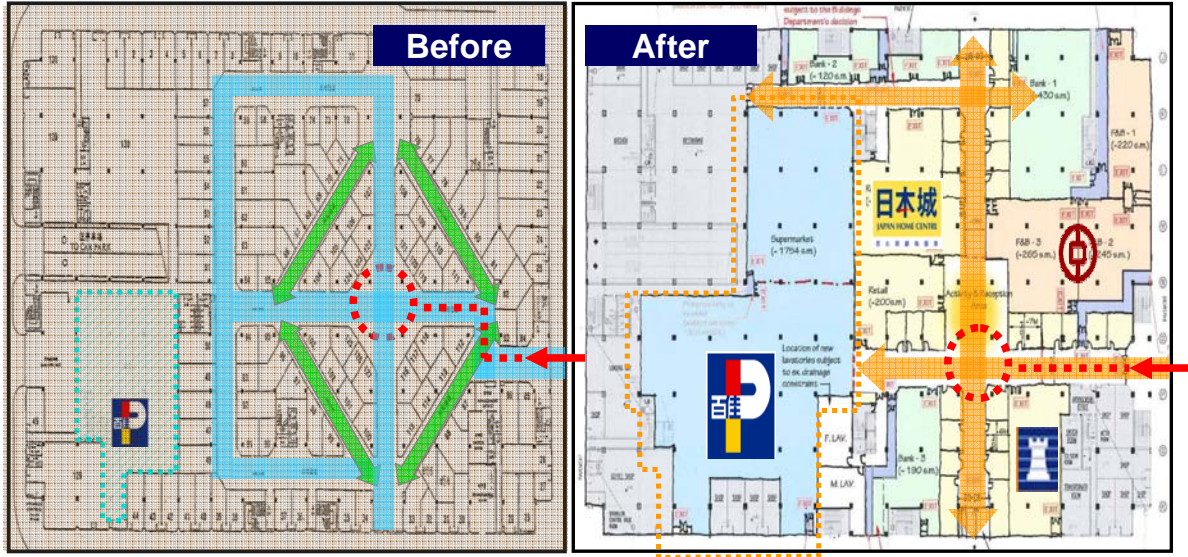
Asset Enhancement & Marketing Initiatives

Key Strategies



AEIs at City One Shatin Property

Layout reconfiguration in NSCC: To create easy accessible passageways that see through the mall and an entrance that leads directly to the center.



AEIs at City One Shatin Property

Remarkable AEI results at Ngan Shing Commercial Center (NSCC)



22% ROI

100% leased

3 times increase in footfall



AEIs at City One Shatin Property

Snapshots of the shops in NSCC



Wet Market at Jubilee Court Shopping Centre

Brought in well-known operator

Successfully revived the wet market





Marketing And Promotions

Co-operate with different organizations and brands to host theme-specific festive events



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Key Strategies

Period ended 31 Dec 2010

Focus on Stability and Sustainability



Operational

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



Asset Enhancement

- ✓ Embark AEs to unlock asset value
- ✓ Ongoing facilities upgrading and cost saving measures



Capital Management

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



Disclaimer

Period ended 31 Dec 2010

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