

Financial results for the period ended 31 March 2011

3 May 2011



Stock Code | Hong Kong: 778 | Singapore: F25U

## Results Highlights

Financial Results

Hong Kong Economy

Portfolio Performance

Asset Enhancement & Marketing Initiatives

Key Strategies



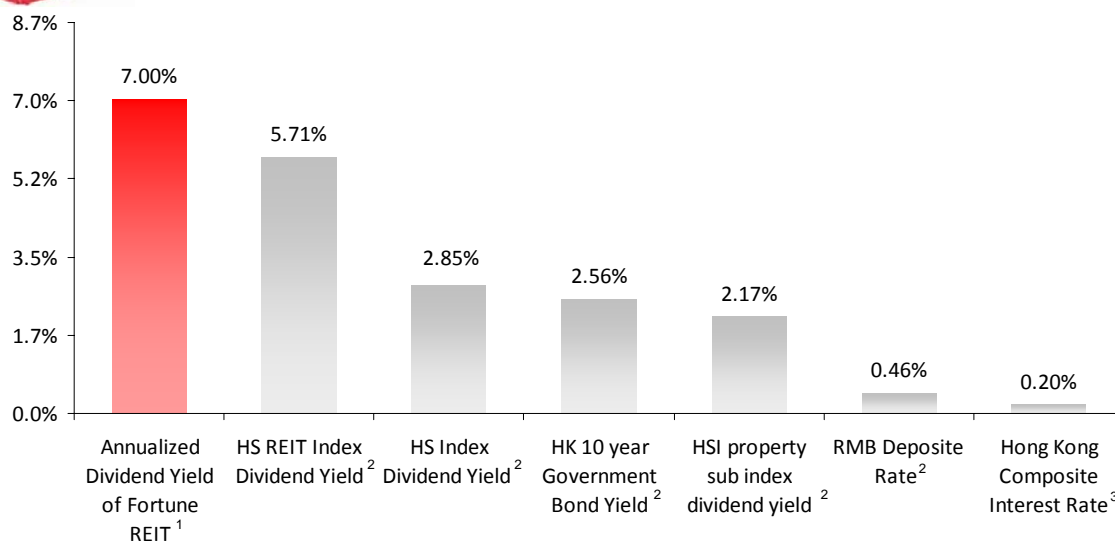
# Results Highlights

<b>Total Revenue, 1Q2011</b>	<b>HK\$218.8 mil</b>	<b>+ 4.6% YoY</b>
<b>Net Property Income (NPI), 1Q2011</b>	<b>HK\$161.0 mil</b>	<b>+ 3.3% YoY</b>
<b>Distributable Income, 1Q2011</b>	<b>HK\$112.8 mil</b>	<b>+ 6.2% YoY</b>
<b>Distribution Per Unit (DPU), 1Q2011</b>	<b>HK\$0.0673</b>	<b>+ 5.5% YoY</b>
<b>Distribution Yield<sup>1</sup></b>	<b>7.0%</b>	
<b>Net Asset Value (NAV) Per Unit (as at 31 Mar 11)</b>	<b>HK\$6.18</b>	
<b>Portfolio Valuation<sup>2</sup> (as at 31 Dec 10)</b>	<b>HK\$13,300 mil</b>	
<b>Gearing</b>	<b>20.6%</b>	
<b>Portfolio Rental Reversion<sup>3</sup></b>	<b>17.4%</b>	
<b>Portfolio Occupancy</b>	<b>97.8%</b>	

**Notes:**

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$3.88 as at 31 March 2011.
2. The portfolio was valued by Savills Valuation and Professional Services Limited ("Savills").
3. For all renewal leases from 1 Jan 2011 to 31 Mar 2011.

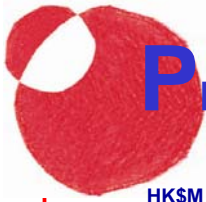
# Attractive yield



Source: Company Data, Hang Seng Indexes, Hong Kong Monetary Authority

**Notes:**

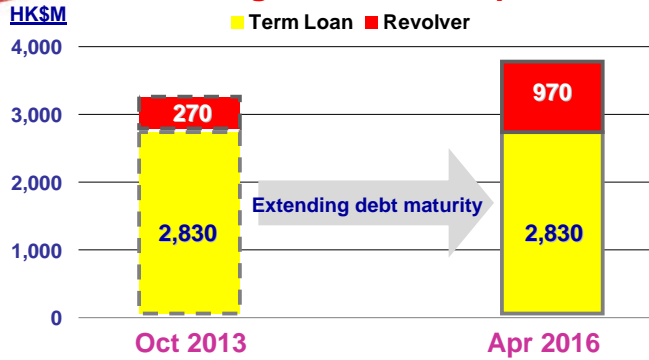
1. Based on the average closing unit price in Singapore and Hong Kong of HK\$3.88 as at 31 March 2011 and 1Q DPU of 0.0673
2. As at March 2011
3. As at Feb 2011



# Proactive Capital Management

Period ended 31 Mar 2011

## Strengthen financial position when opportunities arise



	Old	New
Loan	HK\$2,830M	<b>HK\$2,830 M</b>
Committed Facilities	HK\$270M	<b>HK\$970M</b>
Due	Oct 2013	<b>Apr 2016</b>
Margin over HIBOR	2.00%	<b>0.91%</b>

**Extended debt maturity**

- Debt maturity extended from 2.5 years to 5 years. Due in Apr 2016.

**Lowered borrowing cost**

- Margin reduced to 0.91% from 2.00%.
- Interest saving expected to kick-in from 2<sup>nd</sup> half of 2011

**Enhanced financial flexibility**

- Standby committed facilities of HK\$970M for AELs and potential acquisition
- Able to respond quickly to investment opportunities



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Managed by ARA Asset Management (Fortune) Limited

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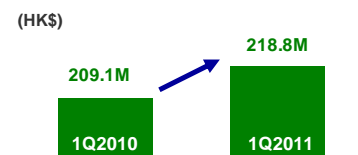


# Trust Income 1Q2011

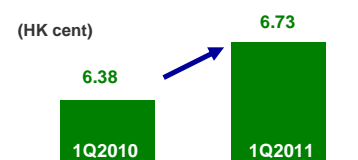
## Income Available for Distribution Rose By 6.2% in 1Q2011

	1Q 2011 (HK\$'000)	1Q 2010 (HK\$'000)	Variance (%)
<b>Total revenue</b>	<b>218,842</b>	<b>209,147</b>	<b>4.6%</b>
Property operating expenses	(52,816)	(48,482)	8.9%
Manager's performance fee	(4,981)	(4,820)	3.3%
<b>Net property income ("NPI")</b>	<b>161,045</b>	<b>155,845</b>	<b>3.3%</b>
Borrowing costs	(26,356)	(28,387)	(7.2%)
<b>Profit before tax</b>	<b>145,872</b>	<b>120,809</b>	<b>20.7%</b>
Hong Kong tax	(21,585)	(20,699)	4.3%
Net profit of property companies	124,287	100,110	24.2%
<b>Income available for distribution</b>	<b>112,778</b>	<b>106,208</b>	<b>6.2%</b>
<b>DPU (HK\$)</b>	<b>0.0673</b>	<b>0.0638</b>	<b>5.5%</b>

### Revenue +4.6%



### DPU +5.5%



# Balance Sheet

<b>As at 31 Mar 11</b>	<b>(HK\$'000)</b>	<b>Gearing Ratio</b>	<b>20.6%</b>
Current Assets	427,610		
Non Current Assets	13,311,452		
<b>Total Assets</b>	<b>13,739,062</b>	<b>Portfolio Valuation<sup>1</sup></b>	<b>HK\$13,300 M</b>
Current Liabilities	420,634		
Non Current Liabilities	2,979,726		
<b>Total Liabilities</b>	<b>3,400,360</b>	<b>NAV Per Unit<sup>2</sup></b>	<b>HK\$6.18</b>
<b>Net Assets</b>	<b>10,338,702</b>		

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 1,674,182,145 Units. This comprises: (a) number of Units in issue as at 31 March 2011 of 1,671,599,900 Units and (b) Units issued on 4 April 2011 to the Manager as the Manager's Base Fee for 1Q11 of 2,582,245 Units.



# Debt Management

Period ended 31 Mar 2011

As at 31 Mar 11 **Debt Profile**

**Total Debt** <sup>1</sup> **HK\$2,830 mil**

**Gearing Ratio / Aggregate Leverage**<sup>2</sup> **20.6%**

**Interest Cover** <sup>3</sup> **5.49 X**

**Weighted Avg. Cost of Debt** <sup>1</sup> **3.74%**

No refinancing requirement until Apr 2016

HK\$2.5 billion unencumbered assets provide financial flexibility

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

75% of interest cost was fixed through plain vanilla swaps

**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.

## Results Highlights

## Financial Results

## Hong Kong Economy

## Portfolio Performance

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## Key Strategies

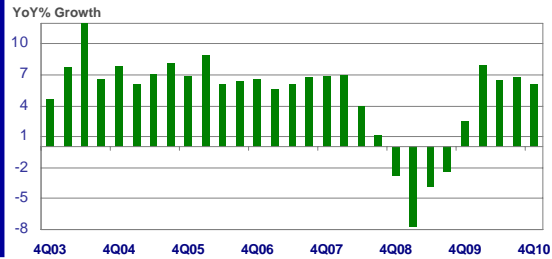


# Hong Kong Economy

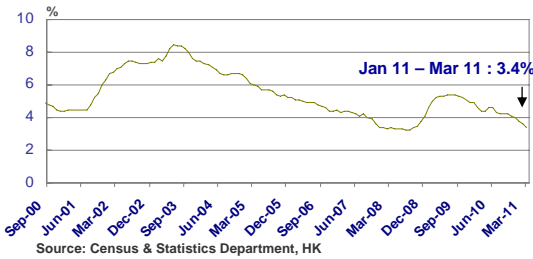
## Hong Kong economy remained robust

- ✓ Economy maintained notable growth pace at 6.2% in 4Q10, making 6.8% growth for 2010 as a whole.
- ✓ Domestic demand and inbound tourism likely to take up a more prominent role in driving overall economic growth in 2011. GDP growth forecast for 2011 is 4% to 5%.

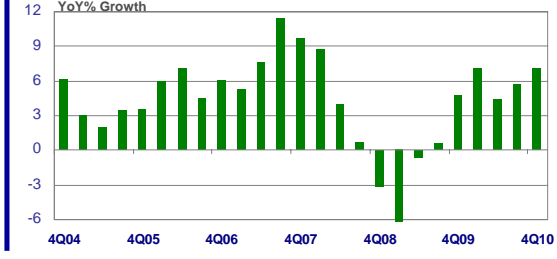
GDP: Expanded further by 6.2% y-o-y in 4Q10, after a growth of 6.8% in the third quarter of 2010.



Unemployment: Local economy has remained robust, resulted in substantial job growth.

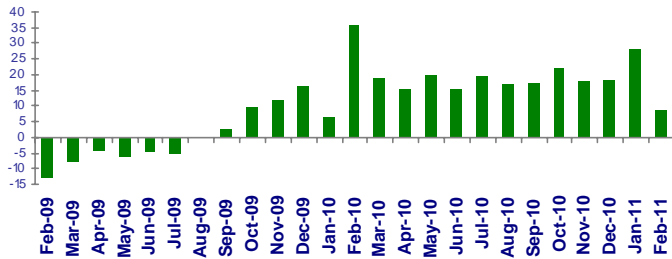


Private consumption: Improving job markets and rising incomes should bode well for consumption spending.



# Hong Kong Retail Sales

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

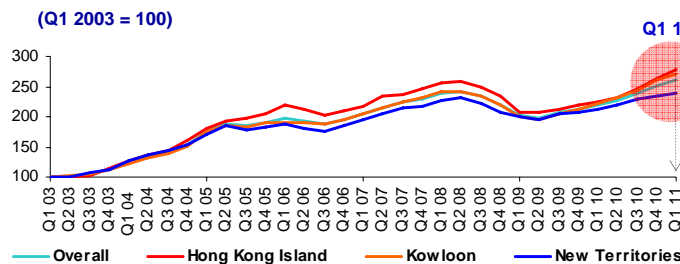


The value of total retail sales for Jan to Feb of 2011, increased by 18.8% over the same period a year ago.

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 7th consecutive quarters since 2Q09.

In particular, Kowloon and New Territories rents rose by 22% and 13% respectively over a year earlier.

Results Highlights

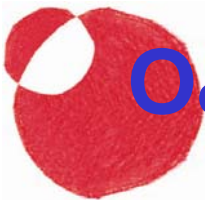
Financial Results

Hong Kong Economy

Portfolio Performance

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# Occupancy and Passing Rent

Period ended 31 Mar 2011

**Passing rent reached all-time high**  
**Strong occupancy resulted from proactive leasing strategy**

	GRA (s.f.)	Actual Occupancy (31 Mar 11)	Actual Occupancy (31 Dec 10)	Actual Occupancy (31 Mar10)
1. City One Shatin Property	414,469	97.2%	96.0%	96.7%
2. Ma On Shan Plaza	310,084	100.0%	100.0%	100.0%
3. Metro Town	180,822	100.0%	100.0%	98.8%
4. The Metropolis Mall	332,168	92.6%	98.4%	99.2%
5. Waldorf Garden Property	80,842	100.0%	100.0%	100.0%
6. Caribbean Bazaar	63,018	98.0%	100.0%	100.0%
7. Smartland	123,544	99.1%	99.5%	94.5%
8. Tsing Yi Square Property	78,836	100.0%	98.4%	100.0%
9. Jubilee Court Shopping Centre	170,616	98.6%	100.0%	84.1%
10. The Household Center	91,779	97.4%	96.8%	98.1%
11. Centre de Laguna Property	43,000	100.0%	99.5%	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%
<b>Portfolio Total</b>	<b>1,988,352</b>	<b>97.8%</b>	<b>98.7%</b>	<b>97.3%</b>

Portfolio  
Occupancy  
(as at 31 Mar 11)

**97.8%**

Average  
Passing Rent  
(as at 31 Mar 11)

**HK\$29.4 psf**

Rental  
Reversion  
(for renewals in 1Q 2011)

**17.4%**

# Portfolio Expiry Profile

## Opportunities to capitalize on lease expiries for rental growth

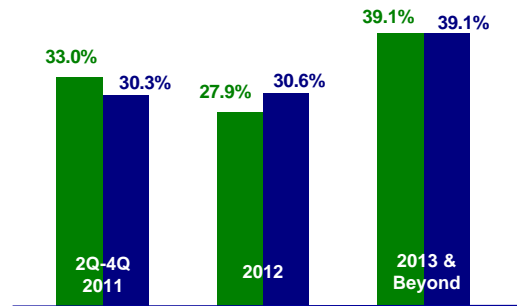
### Expiry Profile By Gross Rentable Area

As at 31 Mar 11	% of occupied GRA		
	2Q-4Q 2011	2012	2013 & Beyond
1. City One Shatin Property	26.7%	26.5%	46.9%
2. Ma On Shan Plaza	46.9%	21.7%	31.3%
3. Metro Town	10.5%	17.6%	71.8%
4. The Metropolis Mall	56.6%	24.3%	19.1%
5. Waldorf Garden Property	16.3%	18.4%	65.4%
6. Caribbean Bazaar	31.3%	56.8%	11.9%
7. Smartland	34.7%	23.3%	42.0%
8. Tsing Yi Square Property	39.4%	33.1%	27.5%
9. Jubilee Court Shopping Centre	15.5%	51.2%	33.3%
10. The Household Center	31.0%	47.1%	21.9%
11. Centre de Laguna Property	47.0%	11.9%	41.2%
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%
<b>Portfolio Total</b>	<b>33.0%</b>	<b>27.9%</b>	<b>39.1%</b>

### Portfolio Expiry Profile

As at 31 Mar 11

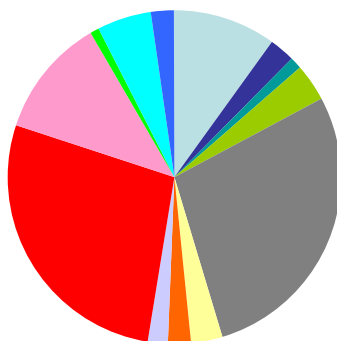
■ By Occupied GRA  
■ By Gross Rental Income



# Portfolio Trade Mix

## Trade Mix Well Diversified To Meet Catchment Needs

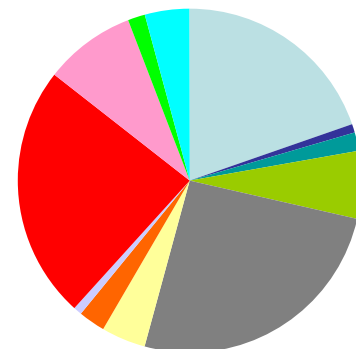
### By Gross Rentable Area



### Tenant's Trade Mix

10.0%	Banking & Real Estate	19.7%
2.5%	Community Services	0.8%
1.2%	Electronics & IT	1.6%
3.5%	Fashion & Shoes	6.4%
28.0%	Food & Beverages	25.8%
3.2%	Gifts, Toys & Jewellery	4.0%
2.2%	Homewares	2.4%
2.0%	Entertainment & Sports	1.1%
27.5%	Services & Education	23.8%
11.5%	Supermarkets	8.5%
1.0%	Wet Markets	1.7%
5.2%	Others	4.2%
2.2%	Vacant	0.0%

### By Gross Rental Income



Note:  
1. As at 31 Mar 2011.



Results Highlights

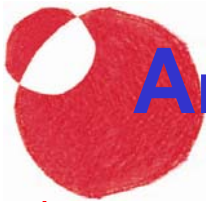
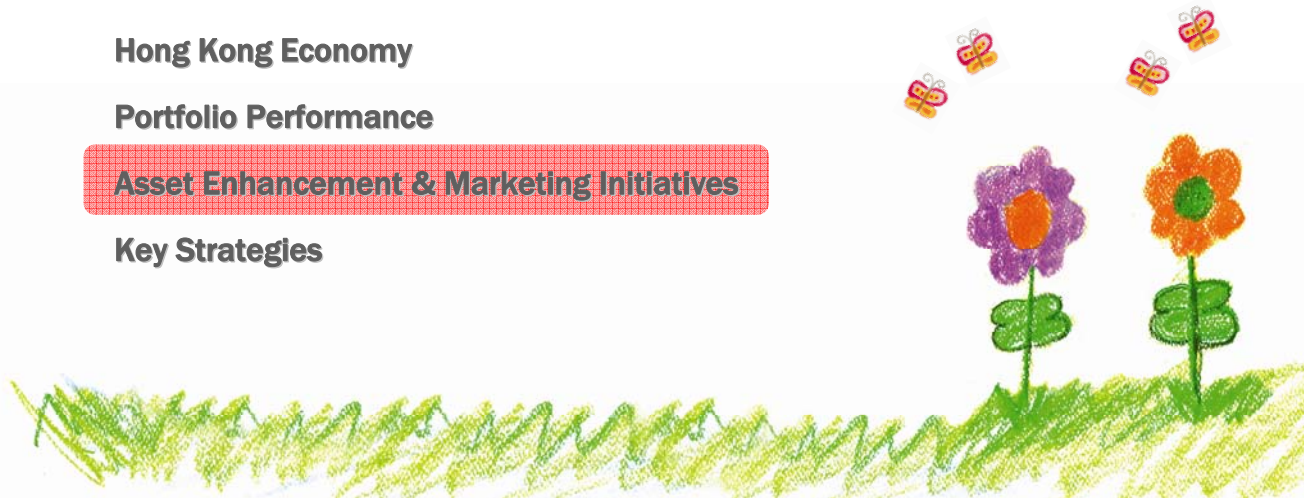
Financial Results

Hong Kong Economy

Portfolio Performance

**Asset Enhancement & Marketing Initiatives**

Key Strategies



## AEIs at City One Shatin Property

Period ended 31 Mar 2011

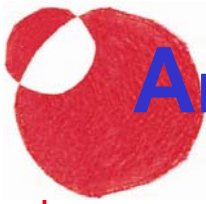
The old ParkNShop space at City One Plaza has been successfully reconfigured for higher paying tenants.

The previous ParkNShop space



New tenants





# AEIs at City One Shatin Property

Allowed CAPEX of HK\$100M; Target ROI 15%



Artist's impression of the enhanced shopping ambiance.

Renovation will start in 3Q 2011; Expect to complete in phases until end 2012



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# Marketing And Promotions

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



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**Results Highlights**

**Financial Results**

**Hong Kong Economy**

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**Key Strategies**

Period ended 31 Mar 2011

**Focus on Stability and Sustainability**



**Operational**

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



**Asset Enhancement**

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



**Capital Management**

- A prudent approach on gearing ratio and interest cost management



The Household Center



# Disclaimer

Period ended 31 Mar 2011

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## Contact Us

### ARA Asset Management (Fortune) Limited

Anthony Ang  
Chief Executive Officer  
[anthonyang@ara.com.hk](mailto:anthonyang@ara.com.hk)

Justina Chiu  
Deputy Chief Executive Officer  
[justinachiu@ara.com.hk](mailto:justinachiu@ara.com.hk)

Jenny Hung  
Senior Manager, Investment and IR  
[jennyhung@ara.com.hk](mailto:jennyhung@ara.com.hk)

Singapore Office  
#16-02 Suntec Tower 4  
6 Temasek Boulevard  
Singapore 038986

Tel: +65 6835 9232  
Fax: +65 6835 9672

Hong Kong Office  
Units 5508-10, 55/F The Center  
99 Queen's Road Central  
Hong Kong

Tel: +852 2169 0928  
Fax: +852 2169 0968

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