

# FORTUNE

is Retail

Financial Results  
for the period ended 31 March 2012

Stock Code | Hong Kong 778  
Singapore F25U

10 May 2012

## Important Note

This document has been prepared by ARA Asset Management (Fortune) Limited, in its capacity as the manager ("REIT Manager") of Fortune Real Estate Investment Trust ("Fortune REIT") solely for use at the presentation to analysts in relation to the announcement of the results of Fortune REIT for the 3 months ended 31 March 2012 and may not be reproduced or redistributed without permission. Neither this document nor any copy of it may be taken or transmitted into or distributed, directly or indirectly, in the United States or to any U.S. person (within the meaning of Regulation S under the United States Securities Act of 1933, as amended). Neither this document nor any copy of it may be taken or transmitted into Canada or distributed or redistributed in Japan or to any resident thereof. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about and observe, any such restrictions. By attending this presentation, you are agreeing to be bound by the foregoing restrictions and representing that you have understood and accepted the disclaimers set out herein. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

All information and data are provided for information purposes only. All opinions expressed herein are based on information available as of the date hereof and are subject to change without notice.

The information contained in this document is not intended to provide, and you may not rely on this document as providing, a complete or comprehensive analysis of the Fortune REIT's financial or trading position or prospects. The past performance of Fortune REIT is not necessarily indicative of the future performance of Fortune REIT and nothing contained in this document is or, shall be relied on, as a promise or forecast as to the future.

This document may contain forward looking statements. Investors are cautioned that the actual results may differ materially from those set forth in any forward looking statement herein. The REIT Manager, its affiliates, advisors or representatives make no representation or warranty as to the accuracy, suitability or completeness of the information contained in this document and none of the REIT Manager, Fortune REIT, nor any of its respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

This document does not constitute an offer or invitation to purchase or subscribe for any units of Fortune REIT in Hong Kong, Singapore or in any other jurisdiction and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto. No action has been taken or will be taken by the REIT Manager, Fortune REIT, any of their respective affiliates, directors, officers or employees, representatives or advisors, to register these materials as an offering document or otherwise to permit public distribution of this document.

## Results Highlights

Financial Results & Capital Management

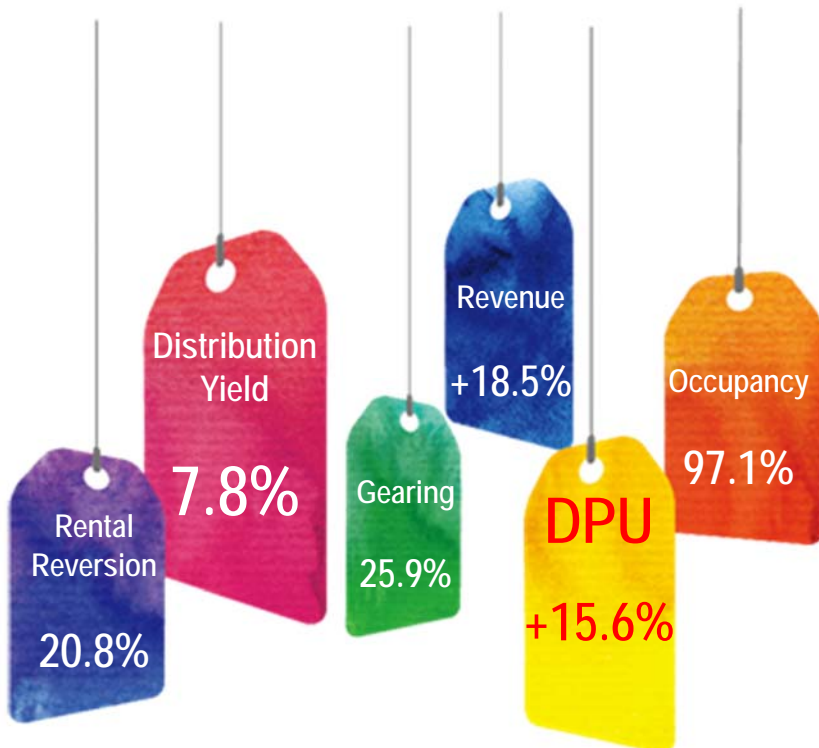
Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect

Period ended 31 Mar 2012 | 3

## Results Highlights



Total Revenue	HK\$259.2 M + 18.5% YoY
NPI	HK\$185.3 M + 15.1% YoY
Distributable Income	HK\$131.8 M + 16.9% YoY
DPU	HK\$0.0778 + 15.6% YoY
Distribution Yield <sup>1</sup>	7.8%
NAV Per Unit	HK\$7.81
Portfolio Valuation <sup>2</sup>	HK\$18,368 M
Gearing	25.9%
Rental Reversion <sup>3</sup>	20.8%
Occupancy	97.1%
Passing Rent	HK\$29.9 psf

Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$4.00 as at 30 Mar 2011.
2. Valuation of the original 14 properties were as at 31 Dec 2011 while valuation of the 2 new properties were as at 30 Sep 2011.
3. For all renewal leases from 1 Jan 2012 to 31 Mar 2012.

Period ended 31 Mar 2012 | 4



## Results Highlights

Strong reversion of 20.8%.  
Metro Town & MOSP  
above 30%



Reduce effective  
interest cost by 78 bps  
to 2.87%



Acquisition completed on 17 Feb 12.  
Accounted for 5.2% NPI growth for 1Q12.



AEI enhance rental kicked-in.  
NPI for FCO and MOSP  
increased 13.0% and 18.1% yoy

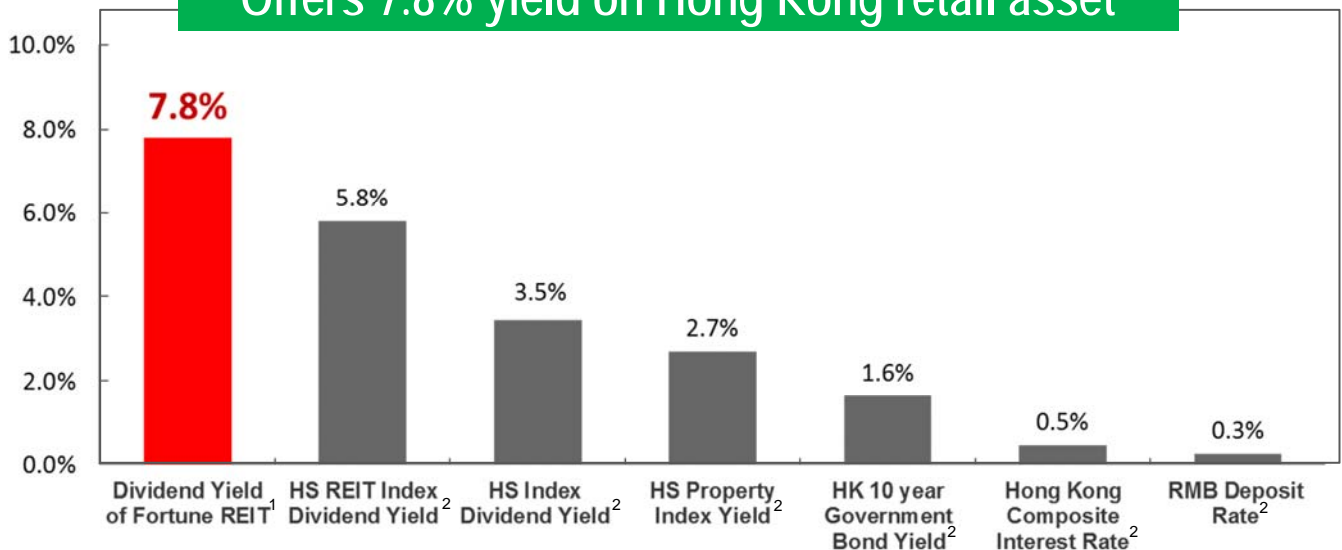


Passing rent for original  
portfolio up 10.9%

Period ended 31 Mar 2012 | 5

## Resilient Asset Class with Attractive Yield

Offers 7.8% yield on Hong Kong retail asset



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\$4.00 as at 30 Mar 2012.
2. As at Mar 2012

Period ended 31 Mar 2012 | 6

## Results Highlights

### Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect

Period ended 31 Mar 2012 | 7

## Financial performance

	1Q 2012 (HK\$'000)	1Q 2011 (HK\$'000)	Variance (%)
Total revenue	259,219	218,842	18.5%
NPI	185,310	161,045	15.1%
Income available for distribution	131,789	112,778	16.9%
DPU (HK cents)	7.78	6.73	15.6%

- 9.9% NPI growth for original portfolio backed by strong reversion and AEI results

- 5.2% NPI growth from 2 new properties for 1.5 months contribution.

- NPI for FCO + 13.0%; MOSP + 18.1%

Period ended 31 Mar 2012 | 8

## Balance Sheet

As at 31 Mar 12	(HK\$'000)
Current Assets	570,523
Non Current Assets	18,310,664
<b>Total Assets</b>	<b>18,881,187</b>
Current Liabilities	1,496,210
Non Current Liabilities	4,171,100
<b>Total Liabilities</b>	<b>5,667,310</b>
<b>Net Assets</b>	<b>13,213,877</b>

**Gearing Ratio** 25.9%

**Portfolio Valuation<sup>1</sup>** HK\$18,368 M

**NAV Per Unit<sup>2</sup>** HK\$7.81

Notes:

- As at 31 Dec 2011 for the original 14 properties and as at 30 Sep 2011 for the 2 new assets.
- The total number of deemed units used for the computation of net asset value per Unit is 1,692 million Units.

Period ended 31 Mar 2012 | 9

## Capital Management

Debt Profile	As at 31 Mar 12	As at 31 Dec 11
Total Debt	HK\$4,890 M	HK\$3,250 M
Gearing Ratio / Aggregate Leverage	25.9%	18.8%
Interest Cover <sup>1</sup>	5.29X	4.65X
Effective Interest Cost <sup>2</sup>	2.87%	3.65%

Effective interest cost at 2.87%, reduced by 78bps

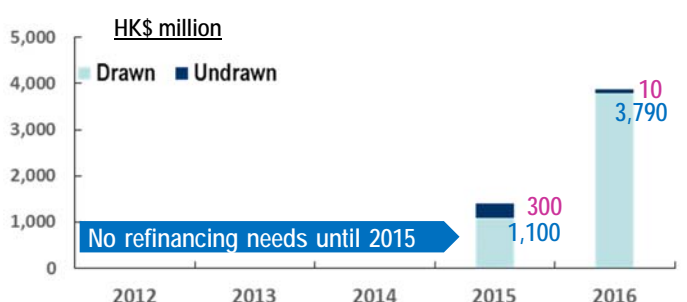
HK\$2B unencumbered asset provides financial flexibility

Debt headroom of HK\$2.6B before the 35% gearing limit

**Available liquidity** (as at 31 Mar 12)

- Committed RCF HK\$310M
- Cash on hand<sup>3</sup> HK\$387M
- Total liquidity HK\$697M

Weighted average debt maturity of 3.7 years



Notes:

- Interest cover = EBIT / Total interest expense.
- Excludes the debt front-end fee.
- Total cash less of distribution payable

Period ended 31 Mar 2012 | 10



## Results Highlights

## Financial Results & Capital Management



## Portfolio Performance

## Asset Enhancement Initiatives

## Track Record and Prospect



Period ended 31 Mar 2012 | 11

## Belvedere Square and Provident Square

- Acquired on 17 Feb 2012

麗城薈  
Belvedere Square



Gross Rentable Area	276,862 sf
Purchase consideration	HK\$1,250 M

和富薈  
Provident Square



Gross Rentable Area	180,238 sf
Purchase consideration	HK\$650 M






Provident: Occupancy improved to 97.6% from 92.3%.

Belvedere: Introduced new F&B tenant

Period ended 31 Mar 2012 | 12

## Solid Asset Performance

	GRA (s.f.)	Occupancy (31 Mar 12)	Occupancy (31 Dec 11)
1. Fortune City One (FCO) 	414,469	95.1%	94.7%
2. Ma On Shan Plaza (MOSP)	310,084	99.5%	98.0%
3. Metro Town	180,822	99.1%	99.4%
4. Fortune Metropolis	332,168	90.0%	92.0%
5. Belvedere Square <sup>1</sup> 	276,862	97.2%	-
6. Waldorf Avenue	80,842	100.0%	100.0%
7. Provident Square <sup>1</sup> 	180,238	97.6%	-
8. Caribbean Square	63,018	100.0%	100.0%
9. Smartland	123,544	98.9%	99.3%
10. Jubilee Square	170,616	99.2%	98.0%
11. Tsing Yi Square	78,836	100.0%	100.0%
12. Nob Hill Square	91,779	99.8%	99.8%
13. Centre de Laguna	43,000	100.0%	100.0%
14. Hampton Loft	74,734	100.0%	100.0%
15. Lido Avenue	9,836	100.0%	100.0%
16. Rhine Avenue	14,604	100.0%	100.0%
<b>Portfolio Total</b>	<b>2,445,452</b>	<b>97.1%</b>	<b>97.0%</b>

Note: 1. Properties were acquired on 17 Feb 2012.

### Reversion stands strong AEI to drive further growth

#### Portfolio Occupancy

**97.1%**

Despite AEI at FCO

#### Average Rental Reversion

**20.8%**

Among the highest level in years.  
Demonstrate resilience amid downturn.



#### Average Passing Rent

**HK\$29.9 psf**

Original portfolio up 10.9% yoy  
Benefit from good reversion in 2011

Period ended 31 Mar 2012 | 13

## Portfolio Expiry Profile

Expiry Profile by GRA (As at 31 Mar 12)	(% of occupied GRA)		
	2012 20-4Q	2013	2014 & Beyond
1. Fortune City One (FCO)	25.9%	47.8%	26.3%
2. Ma On Shan Plaza	24.1%	42.8%	33.1%
3. Metro Town	10.8%	70.2%	19.0%
4. Fortune Metropolis	38.7%	37.2%	24.1%
5. Belvedere Square <sup>1</sup> 	43.2%	24.4%	32.4%
6. Waldorf Avenue	12.1%	49.3%	38.6%
7. Provident Square <sup>1</sup> 	18.7%	15.4%	65.9%
8. Caribbean Square	5.0%	20.9%	74.1%
9. Smartland	22.6%	18.9%	58.5%
10. Jubilee Square	49.9%	23.5%	26.6%
11. Tsing Yi Square	30.8%	48.9%	20.3%
12. Nob Hill Square	21.5%	25.4%	53.1%
13. Centre de Laguna	11.3%	52.8%	35.9%
14. Hampton Loft	0.0%	74.8%	25.2%
15. Lido Avenue	51.7%	48.3%	0.0%
16. Rhine Avenue	0.0%	2.4%	97.6%
<b>Portfolio Total</b>	<b>26.9%</b>	<b>38.4%</b>	<b>34.7%</b>

Note: 1. Properties were acquired on 17 Feb 2012.

### Sustainable growth by capturing opportunity for AEI / Tenant Repositioning

**FCO:** Undergoing HK\$100M AEI. To complete by end 2012. Target 15% ROI.

**Belvedere:** Undergoing feasibility study and planning ahead lease expiry for AEI in 2013/14.



**Jubilee:** AEI to commence in 3Q12. Capex HK\$12M. Target 15% ROI.

Potential upside from tenant repositioning opportunities in 2013 and onwards.

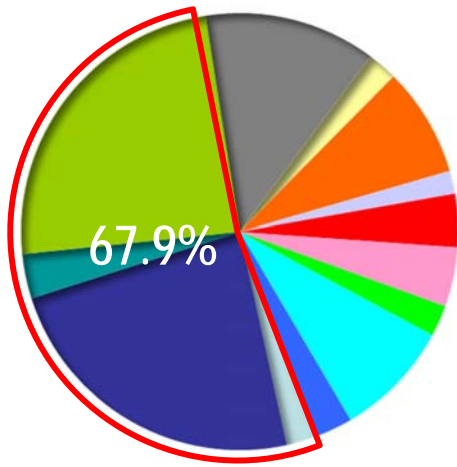


Period ended 31 Mar 2012 | 14



# Portfolio Trademix

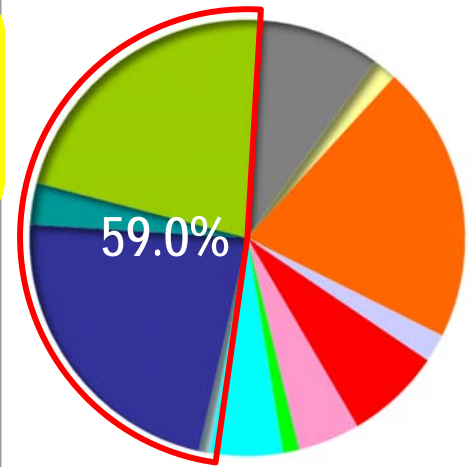
By Gross Rentable Area



Tenant's Trade Mix (as at 31 Mar 12)

2.1%	Community Services	0.8%
23.5%	Food & Beverages	22.4%
3.3%	Homewares	3.1%
24.1%	Services & Education	21.8%
12.7%	Supermarkets	9.1%
2.2%	Wet Markets	1.8%
8.1%	Banking & Real Estate	20.6%
1.7%	Electronics & IT	2.1%
3.9%	Fashion & Shoes	7.1%
4.4%	Gifts, Toys & Jewellery	4.6%
2.3%	Entertainment & Sports	1.2%
8.7%	Others	5.4%
2.9%	Vacant	0.0%

By Gross Rental Income



About 60% from non-discretionary retail sector.  
Proven resilience across economic cycles


Period ended 31 Mar 2012 | 15

Stock Code | HK: 778 | SG: F25U

## Results Highlights

Financial Results & Capital Management

Portfolio Performance

 **Asset Enhancement Initiatives**

Track Record and Prospect

Period ended 31 Mar 2012 | 16



# AEIs at Fortune City One

- Of the largest scale in portfolio

**置富第一城**  
Fortune City One



CAPEX	Commencement	Expected Completion
HK\$100M	3Q 2011	By phases till 4Q 2012

**Target return on investment 15%**

The New Atrium



The New Corridor



Before AEIs

# AEIs at Fortune City One

- Of the largest scale in portfolio

**置富第一城**  
Fortune City One



**Project works on schedule for completion**



First phase completed



Central Park will be reopened in summer





# AEIs at Ma On Shan Plaza

- Subdivision of 50,000sf completed in 4Q11

馬鞍山廣場  
Ma On Shan Plaza



CAPEX	Commencement	Completion
HK\$12M	3Q 2011	4Q 2011

**Achieved return on investment 73%**

Opening up a new corridor with more interesting retail offerings



# AEIs at Ma On Shan Plaza

- Subdivision of 50,000sf completed in 4Q11

馬鞍山廣場  
Ma On Shan Plaza



**New tenants attract footfalls to the mall.**





# AEIs at Jubilee Square

銀禧薈  
Jubilee Square



CAPEX

HK\$12M

Commencement

3Q 2012

Expected Completion

4Q 2012

**Target return on investment 15%**

The new entrance completed in 2011



- To upgrade 3/F, 6/F and 7/F.
- Enhance trade mix by introducing higher paying retail and F&B trade to 3/F and 6/F



The 3/F to be upgraded

Period ended 31 Mar 2012 | 21


Stock Code | HK: 778 | SG: F25U

Results Highlights

Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

 Track Record and Prospect

Period ended 31 Mar 2012 | 22

## Proven Track Record in AEs

Property / Enhanced Area	Completion	CAPEX (HK\$)	Revenue Increase <sup>1</sup> (HK\$)	ROI <sup>2</sup>	Value Creation <sup>3</sup> (HK\$)
<b>Fortune City One</b> - 200,000sf	By end 2012	100 M		<i>ROI Target 15%</i>	
<b>Jubilee Square</b> - 25,000sf	By end 2012	12 M		<i>ROI Target 15%</i>	
<b>Fortune City One Plus</b> - 70,000sf	2010	30 M	6.6 M	22%	94 M
<b>Ma On Shan Plaza</b> - 50,000sf	2011	12 M	8.8 M	73%	171 M
<b>Waldorf Avenue</b> - 41,000sf	2008	16 M	13.9 M	87%	200 M



Notes:

1. Increase in revenue for the enhanced zone per year.
2. Increase in revenue per year divided by the capex spent.
3. Increase in revenue capitalised at the properties' respective cap rates and net of the capex spent.

Period ended 31 Mar 2012 | 23

## Exceptional Growth at Individual Malls



Property	NPI growth FY11 vs FY10	Highlights
Fortune City One	14.9%	Completion of FCOP AEI contributed to growth in 2011. AEI at FCO expected to complete end 2012 will drive further growth. <b>1Q12 NPI up 13.0% yoy.</b>
Ma On Shan Plaza	7.5%	Sustainable growth in 2011 despite AEI downtime. Enhanced rental from AEI first kicked-in for 1Q12. <b>NPI up by 18.1% yoy.</b>
Metro Town	10.8%	Strong reversion supported by growing population. Fashion and shoes trades increased to 10.0% from 7.6% as at end 2009. <b>Tenant repositioning continues to be a main focus.</b>
Caribbean Square	11.8%	One of the best performer among the smaller malls. <b>Passing rent up by some 20% since acquisition (i.e. end 2009).</b>
Jubilee Square	12.9%	Performance improved following the completion of new residential development next door. Upgrade mall entrance in 2011. <b>Further AEI will complete in 2012 to capture rental upside.</b>

Period ended 31 Mar 2012 | 24



# Why Invest in Fortune REIT

**1** Attractive valuation

- **7.8% DPU yield**

**5** Acquisition growth

- **25.9% gearing** provides debt headroom for acquisition
- Strong pipeline from Cheung Kong Group



**2** Resilient portfolio

- **Sustainable growth** across economic cycles

**3** Robust retail outlook

- **Positive rental reversion** supported by strong local demand and mainland tourist

**4** AEI growth

- **Track record of executing** value-added AEIs

Period ended 31 Mar 2012 | 25

Stock Code | HK: 778 | SG: F25U

## APPENDICES

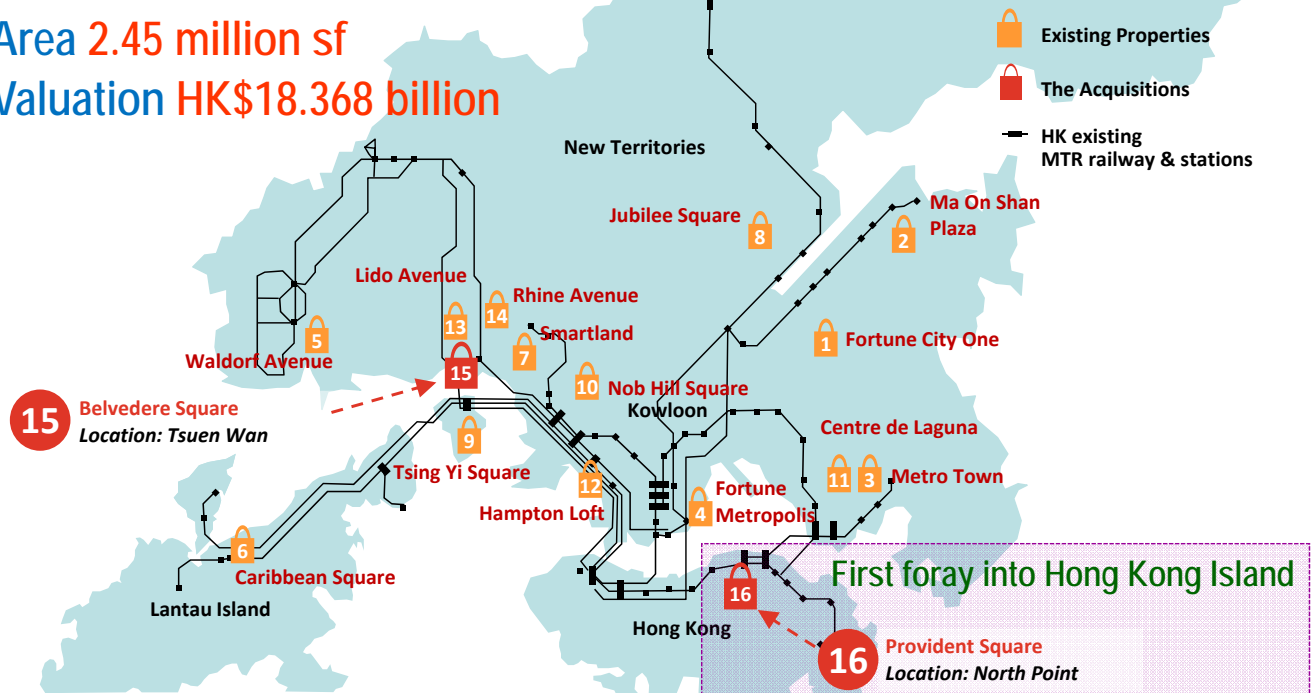
Period ended 31 Mar 2012 | 26

## A resilient retail portfolio in Hong Kong

**16 retail malls**

**Total Area 2.45 million sf**

**Total Valuation HK\$18.368 billion**



Period ended 31 Mar 2012 | 27

## Investment Highlights

### About Fortune REIT

- Dual primary listing on both Singapore (since Aug 2003) and Hong Kong (since Apr 2010)
- Have to comply with the stricter regulations in both Singapore and Hong Kong
- Asia's 1<sup>st</sup> cross-border REIT and the 1<sup>st</sup> REIT to hold Hong Kong assets

### Portfolio of retail properties

- 16 private housing estate retail properties in Hong Kong
- Comprised of 2.45 million square feet of retail space and 1,989 carpark spaces.
- Portfolio valuation at HK\$18.368 billion

### Market Capitalization & NAV

- Market capitalization of Fortune REIT at HK\$6.8 billion (as at 31 Mar 2012)
- NAV at HK\$7.81 per unit (as at 31 Mar 2012)

### Distribution Policy

- Distribute 100% of its tax exempt income
- Distribute on a semi-annual basis

Period ended 31 Mar 2012 | 28



# Proven Acquisition Growth

**IPO in 2003**  
**5 properties**  
(HK\$3.3B)

- Jubilee Square
- Smartland
- Nob Hill Square
- Ma On Shan Plaza
- Fortune Metropolis



**Dec 2005**  
**11 properties**  
(HK\$8.6B)

Added 6 properties in 2005

- Rhine Avenue
- Lido Avenue
- Centre de Laguna
- Tsing Yi Square
- Waldorf Avenue
- Fortune City One



**Dec 2009**  
**14 properties**  
(HK\$11.5B)

Added 3 properties in 2009

- Metro Town
- Caribbean Square
- Hampton Loft



**Feb 2012**  
**16 properties**  
(HK\$18.4B)

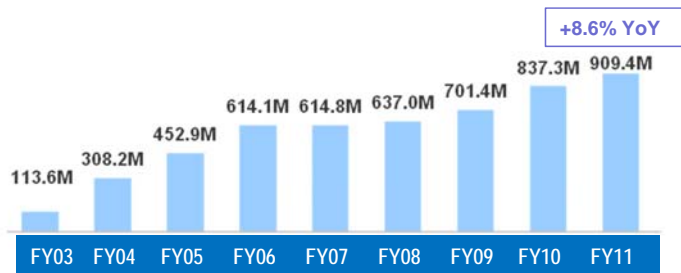
Added 2 properties in 2012

- Provident Square
- Belvedere Square

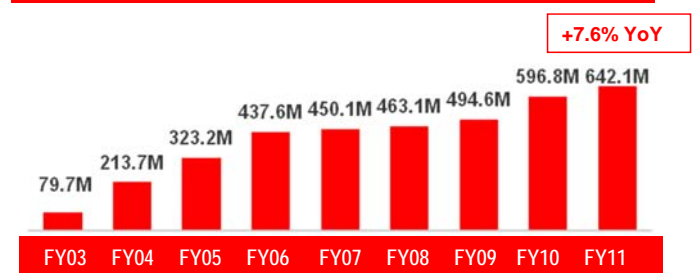


# Years of Sustainable Growth

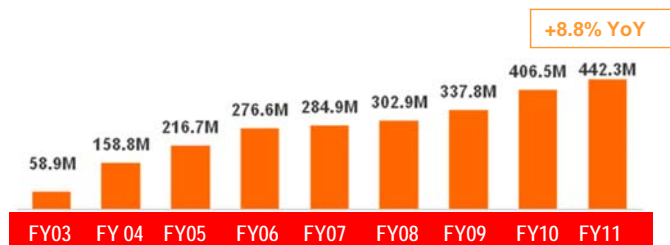
## Total Revenue (HK\$)



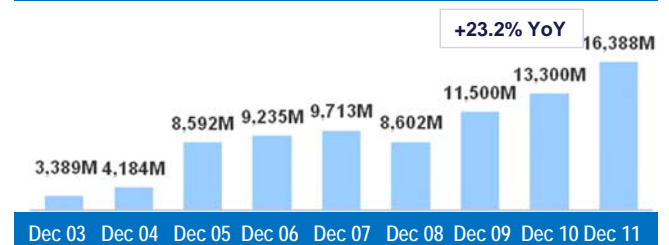
## Net Property Income (HK\$)



## Distributable Income (HK\$)



## Valuation (HK\$)

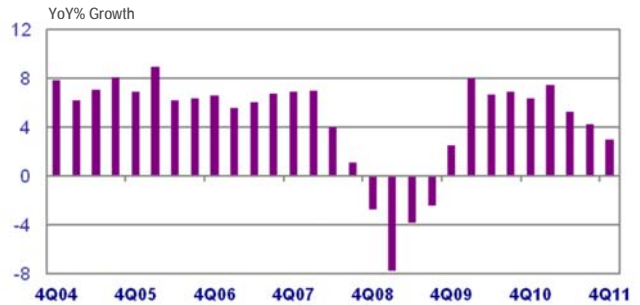


# Hong Kong Economy

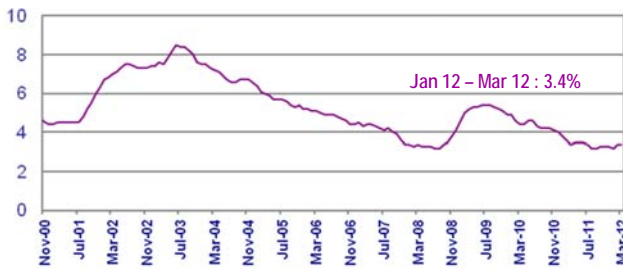
## Hong Kong economic growth slowed progressively

- ✓ For 2011, GDP increased by 5.0% over a year earlier.
- ✓ External environment increasingly plagued by the eurozone sovereign debt crisis and faltering demand in the advanced economies.
- ✓ Government expects GDP growth for 2012 in the range of 1% to 3%.

## GDP 4Q11: Increased by 3.0% over a year earlier.

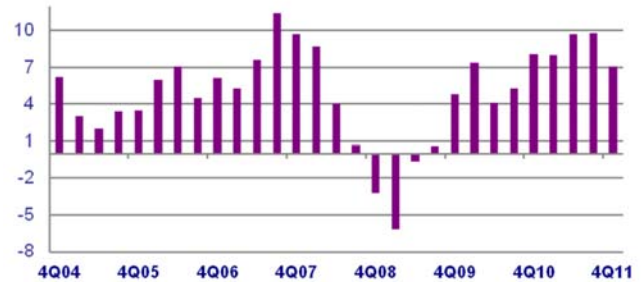


## Unemployment: Local labour market conditions would likely be more challenging in the near term.



Source: Census & Statistics Department, HK

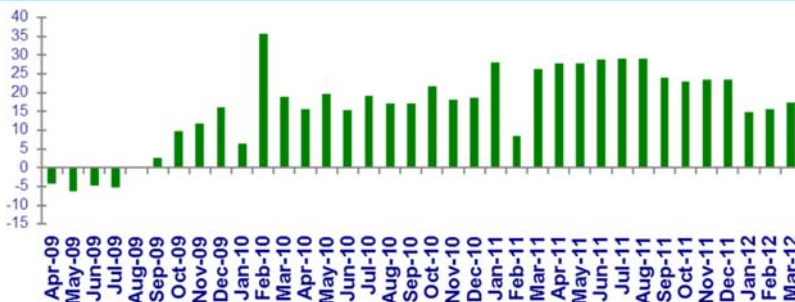
## Private consumption 4Q11: Grew robustly under the support of rising income and job growth.



Period ended 31 Mar 2012 | 31

# Hong Kong Retail Sales

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

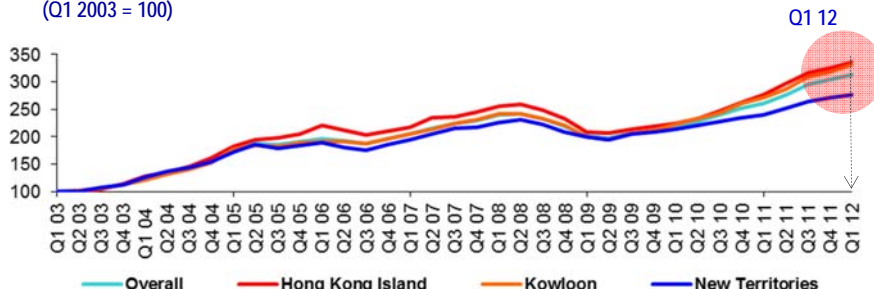


The value of total retail sales for Jan to Mar of 2012, increased by 15.9% over the same period a year ago.

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

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

(Q1 2003 = 100)



Shopping mall rents benefiting from the revived consumer confidence, rising for the 11th consecutive quarters since 2Q09.

Hong Kong, Kowloon and New Territories rents rose by 22%, 23% and 16% respectively over a year earlier.

Period ended 31 Mar 2012 | 32



## A New Brand for Next Phase of Growth

### Face-lifting rebranding for Fortune REIT's portfolio



天天置富  
Be you. Be at Fortune

#### A mall to call your own.

As we celebrate the eighth anniversary of our establishment, we introduce the new "Fortune Malls" asset brand to serve as a clear and constant promise of our commitment of service excellence towards our customers, partners and the community.



## A New Brand for Next Phase of Growth

**FORTUNE**  
置富產業信託 **REIT**

置富 **Malls**

置富都會  
Fortune Metropolis

置富第一城  
Fortune City One

#### A new brand architecture under Fortune REIT

"Fortune REIT", the listed entity, heads the brand hierarchy and "Fortune Malls" will be the new bridging asset brand applied across all 16 malls under management.

All 16 malls will be given colourful new identities which share the same logo, but with different hues to reinforce the new Fortune Malls image.

馬鞍山廣場  
Ma On Shan Plaza

都會駅  
Metro Town

麗城薈  
Belvedere Square

華都大道  
Waldorf Avenue

和富薈  
Provident Square

映灣薈  
Caribbean Square

荃薈  
Smartland

銀禧薈  
Jubilee Square

青怡薈  
Tsing Yi Square

盈暉薈  
Nob Hill Square

城中薈  
Centre de Laguna

凱帆薈  
Hampton Loft

海韻大道  
Rhine Avenue

麗都大道  
Lido Avenue

# Contact Us

**FORTUNE**  
置富產業信託 **REIT**



## ARA Asset Management (Fortune) Limited

Anthony Ang	Chief Executive Officer	anthonyang@ara.com.hk
Justina Chiu	Deputy Chief Executive Officer	justinachiu@ara.com.hk
Jenny Hung	Senior Manager, Investment and IR	jennyhung@ara.com.hk

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

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

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

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

<http://www.fortunereit.com>

<http://www.fortunemalls.com.hk>