

# FORTUNE

is Retail

## Financial Results for the period ended 31 March 2013

Stock Code | Hong Kong 778  
Singapore F25U

9 May 2013

## 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 2013 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

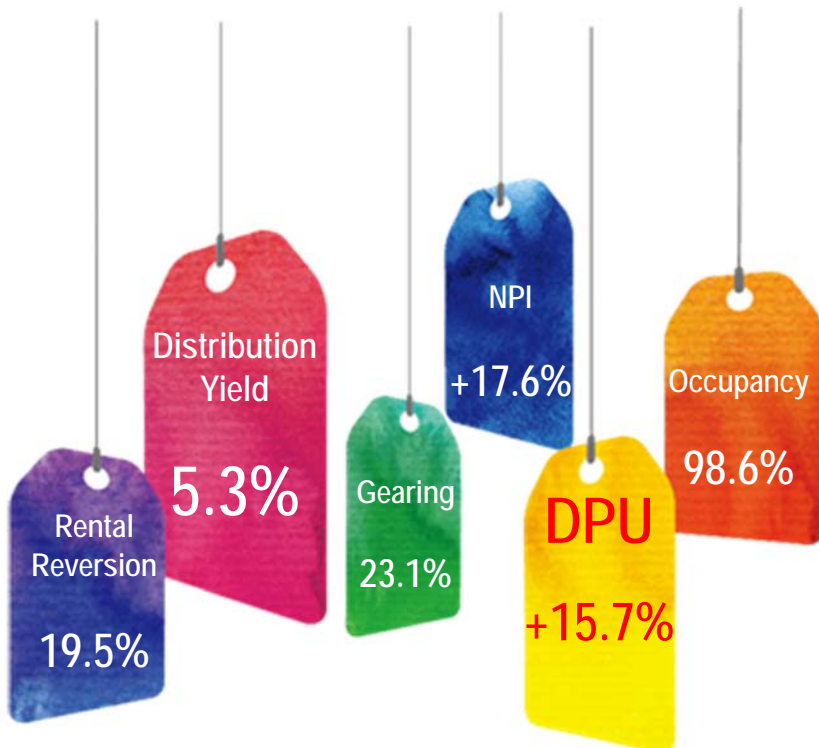
Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect

Period ended 31 March 2013 | 3

## Results Highlights



For the 3 months ended 31 Mar 2013 (1Q2013)

Total Revenue	HK\$301.4 M	+ 16.3% YoY
NPI	HK\$217.9 M	+ 17.6% YoY
Distributable Income	HK\$153.3 M	+ 16.3% YoY
DPU	HK\$0.09	+ 15.7% YoY
Distribution Yield <sup>1</sup>	5.3%	
NAV Per Unit <sup>2</sup>	HK\$8.82	+ 12.9 % YoY
Portfolio Valuation <sup>3</sup>	HK\$20,208 M	
Gearing <sup>2</sup>	23.1%	
Rental Reversion <sup>4</sup>	19.5%	
Occupancy <sup>2</sup>	98.6%	
Passing Rent <sup>2</sup>	HK\$32.9 psf	+ 10.0% YoY

Notes:

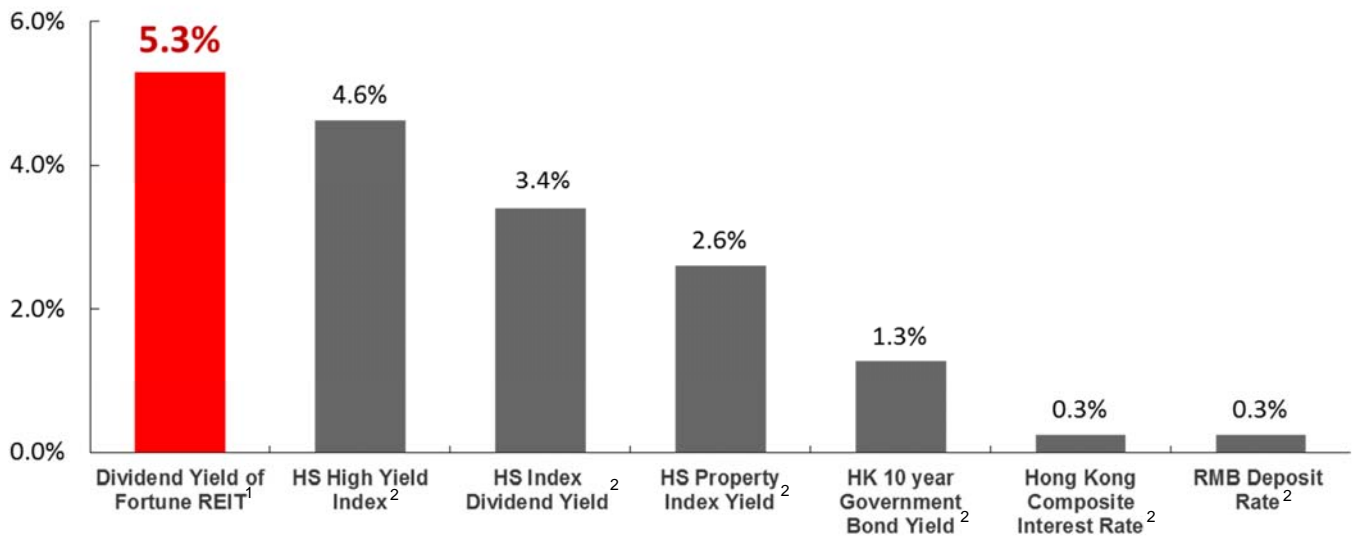
1. Based on the average closing unit price in Singapore and Hong Kong of HK\$6.885 as at 28 Mar 2013.
2. As at 31 Mar 2013.
3. As at 31 Dec 2012.
4. For all renewal leases from 1 Jan 2013 to 31 Mar 2013.

Period ended 31 Mar 2013 | 4



# Resilient Asset Class with Attractive Yield

Still offers 5.3% annualised 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\$6.885 as at 28 Mar 2013.
2. As at March 2013

Period ended 31 Mar 2013 | 5

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 2013 | 6

## Financial Performance 1Q2013

**NPI +17.6% YoY ; DPU +15.7% YoY**

	1Q 2013 (HK\$'000)	1Q 2012 (HK\$'000)	Variance (%)	1Q 2013 (HK\$'000)	4Q 2012 (HK\$'000)	Variance (%)
Total revenue	301,355	259,219	16.3%	301,355	291,587	3.3%
NPI	217,936	185,310	17.6%	217,936	206,888	5.3%
Income available for distribution	153,292	131,789	16.3%	153,292	142,474	7.6%
DPU (HK cents)	9.00	7.78	15.7%	9.00	8.37	7.5%

- 9.5% NPI growth from 2 new properties for additional 1.5 months contribution.
- 8.1% NPI growth from original portfolio backed by strong reversion and AEI results

Period ended 31 Mar 2013 | 7

## Balance Sheet

As at 31 Mar 2013	(HK\$'000)
Current Assets	423,564
Non Current Assets	20,223,969
<b>Total Assets</b>	<b>20,647,533</b>
Current Liabilities	1,459,277
Non Current Liabilities	4,176,629
<b>Total Liabilities</b>	<b>5,635,906</b>
<b>Net Assets</b>	<b>15,011,627</b>

**Gearing Ratio** 23.1%

**Portfolio Valuation** HK\$20,208 M

**NAV Per Unit <sup>1</sup>** HK\$8.82

Note:

1. The total number of deemed units used for the computation of net asset value per Unit is 1,702.4 million Units.

Period ended 31 Mar 2013 | 8

Debt Profile	As at 31 Mar 13	As at 31 Dec 12	As at 30 Mar 12
Total Debt	HK\$4,768 M	HK\$4,870 M	HK\$4,890 M
Gearing Ratio / Aggregate Leverage	23.1%	23.4%	25.9%
Interest Cover <sup>1</sup>	5.99X	5.33X	5.29X
Effective Interest Cost <sup>2</sup>	2.76%	2.78%	2.87%

Effective interest cost reduced to 2.76%

HK\$2.4B unencumbered asset provides financial flexibility

Debt headroom of HK\$3.8B before the 35% gearing limit

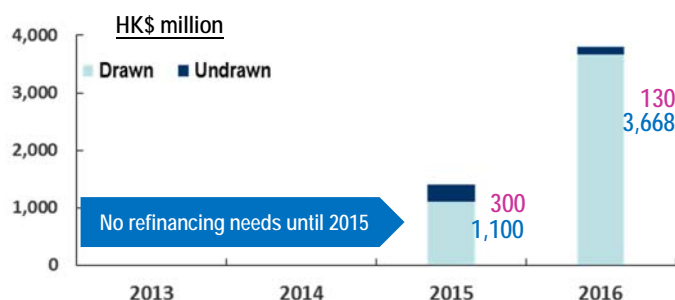
Available liquidity (as at 31 Mar 13)

- Committed RCF *HK\$430M*
- Cash on hand *HK\$370M*
- Total liquidity *HK\$800M*

Notes:

1. Interest cover = EBIT / Total interest expense.
2. Excludes the debt front-end fee.

Weighted average debt maturity of 2.73 years



Period ended 31 Mar 2013 | 9

## Results Highlights

## Financial Results & Capital Management

## Portfolio Performance

## Asset Enhancement Initiatives

## Track Record and Prospect



## Solid Asset Performance

	GRA (s.f.)	Occupancy (31 Mar 13)	Occupancy (31 Dec 12)	Occupancy (30 Sep 12)
1. Fortune City One (FCO)	414,469	96.1%	95.1%	92.7%
2. Ma On Shan Plaza (MOSP)	310,084	99.8%	99.8%	99.9%
3. Metro Town	180,822	100.0%	100.0%	100.0%
4. Fortune Metropolis	332,168	98.3%	98.5%	97.6%
5. Belvedere Square <sup>1</sup> <b>NEW</b>	276,862	100.0%	99.4%	99.2%
6. Waldorf Avenue	80,842	100.0%	100.0%	100.0%
7. Provident Square <sup>1</sup> <b>NEW</b>	180,238	100.0%	99.8%	99.9%
8. Caribbean Square	63,018	99.1%	100.0%	100.0%
9. Jubilee Square <b>AEI in progress</b>	170,616	93.8%	83.2%	69.8%
10. Smartland	123,544	99.4%	99.5%	99.3%
11. Tsing Yi Square	78,836	100.0%	100.0%	100.0%
12. Nob Hill Square	91,779	100.0%	100.0%	98.9%
13. Centre de Laguna	43,000	100.0%	100.0%	100.0%
14. Hampton Loft	74,734	100.0%	100.0%	100.0%
15. Lido Avenue	9,836	100.0%	100.0%	100.0%
16. Rhine Avenue	14,604	100.0%	100.0%	100.0%
<b>Portfolio Total</b>	<b>2,445,452</b>	<b>98.6%</b>	<b>97.7%</b>	<b>96.1%</b>

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

### Reversion stands strong AEI to drive further growth

#### Portfolio Occupancy

**98.6%**

Strong recovery upon AEIs completion

#### Average Rental Reversion

**19.5%**

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

#### Average Passing Rent

**HK\$32.9 psf**

Portfolio up 10.0% yoy  
Benefited from good reversion and AEIs

Period ended 31 Mar 2013 | 11

## Portfolio Expiry Profile

Expiry Profile by GRA (As at 31 Mar 13)	(% of occupied GRA)		
	2Q-4Q 2013	2014	2015 & Beyond
1. Fortune City One (FCO)	35.5%	25.1%	39.4%
2. Ma On Shan Plaza (MOSP)	36.5%	36.3%	27.2%
3. Metro Town	24.8%	21.3%	53.9%
4. Fortune Metropolis	52.9%	32.0%	15.1%
5. Belvedere Square <sup>1</sup> <b>NEW</b>	20.5%	44.6%	34.9%
6. Waldorf Avenue	47.5%	33.8%	18.7%
7. Provident Square <sup>1</sup> <b>NEW</b>	13.6%	62.2%	24.2%
8. Caribbean Square	9.7%	42.0%	48.3%
9. Jubilee Square	19.9%	37.1%	43.0%
10. Smartland	19.2%	41.4%	39.4%
11. Tsing Yi Square	46.1%	32.8%	21.1%
12. Nob Hill Square	24.6%	37.3%	38.1%
13. Centre de Laguna	39.3%	38.5%	22.2%
14. Hampton Loft	74.8%	0.0%	25.2%
15. Lido Avenue	48.4%	30.5%	21.1%
16. Rhine Avenue	2.4%	97.6%	0.0%
<b>Portfolio Total</b>	<b>32.8%</b>	<b>35.1%</b>	<b>32.1%</b>

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

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

**FCO:** To commence AEIs  
at Wet Market in 2Q2013.

**MOSP:** Expiry of anchor  
tenant leases provide AEIs  
opportunity in 3Q2013.



**Metro Town:** 43.8% of total  
GRA already renegotiated  
with higher rent in 1Q2013.

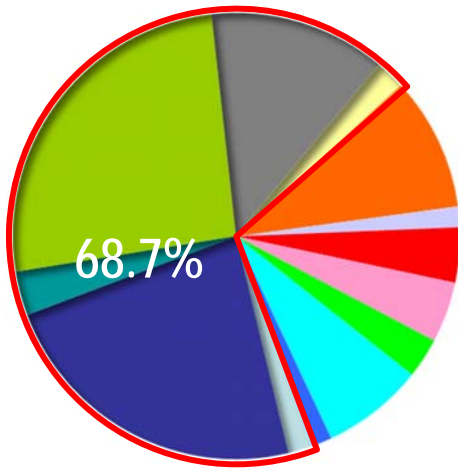


Potential upside from tenant  
repositioning opportunities  
in 2014 and onwards.

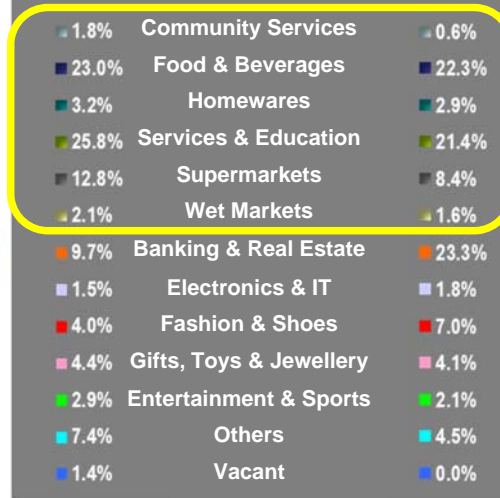
Period ended 31 Mar 2013 | 12

# Portfolio Trademix

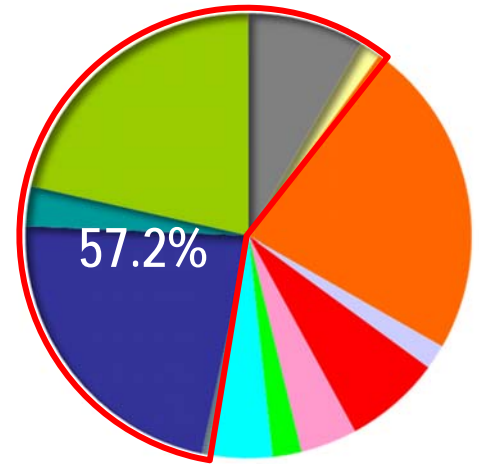
By Gross Rentable Area



Tenant's Trade Mix (as at 31 Mar 13)



By Gross Rental Income



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

Results Highlights

Financial Results & Capital Management

Portfolio Performance

**Asset Enhancement Initiatives**

Track Record and Prospect



# AEIs at Fortune City One

- Of the largest scale in portfolio

**置富第一城**  
Fortune City One



CAPEX	Commencement	Completion
HK\$100M	3Q 2011	4Q 2012

**Achieved ROI > 20%**

New shops will enjoy prime frontage facing two internal corridors



Newly built shops completed. Will provide additional income from 3Q2013 onwards.

Period ended 31 Mar 2013 | 15

# AEIs at Fortune City One

- Of the largest scale in portfolio

**置富第一城**  
Fortune City One



Successful repositioned into a mall which brings together shopping, dining and leisure for the community



Period ended 31 Mar 2013 | 16



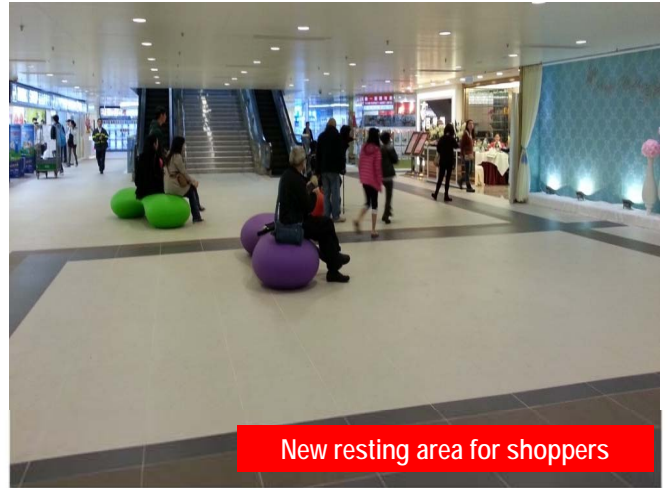
# AEIs at Jubilee Square



CAPEX	Commencement	Expected Completion
HK\$15M	2Q 2012	2Q 2013

**Achieved ROI > 25%**

On schedule to be completed by 2Q 2013. 3/F now positioned as a household and F&B centre while 6/F & 7/F are focused on enhanced service and education trade.



Period ended 31 Mar 2013 | 17

# AEIs at Fortune City One



CAPEX	Commencement	Completion
HK\$18M	2Q 2013	End of 2013

**Target Return on investment 15%**

To improve occupancy of wet market after AEIs



Period ended 31 Mar 2013 | 18



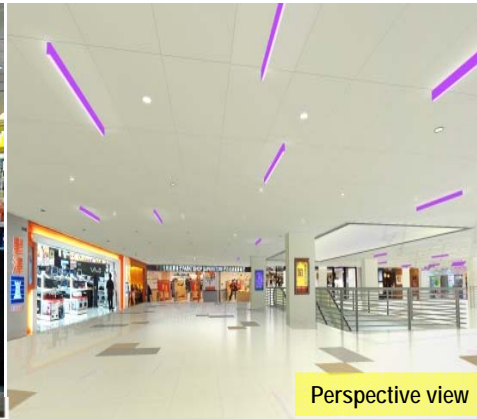
# AEIs at Ma On Shan Plaza



CAPEX	Commencement	Completion
HK\$17M	3Q 2013	End of 2013

**Target return on investment 15%**

To reconfigure 59,000sf of anchor tenants space and create more prime shops for retail and F&B.



Expiry of anchor tenants provide AEIs opportunities

# AEIs at Belvedere Square Phase 3 (BS3)

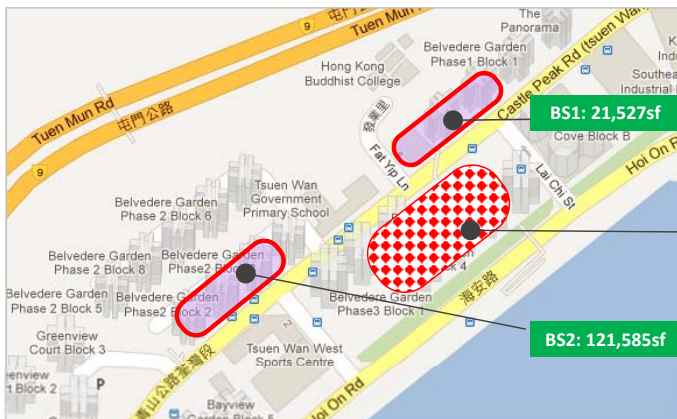
- The next large scale project



CAPEX	Target Commencement	Target Completion
HK\$80M	4Q 2013	End of 2014

**Target Return on investment 15%**

AEIs to focus on BS3, currently accounted for ~ 60% of rental income.





Results Highlights  
Financial Results & Capital Management  
Portfolio Performance  
Asset Enhancement Initiatives  
**Track Record and Prospect**

Period ended 31 Mar 2013 | 21

**Pipelines & Proven Track Record in AEs**

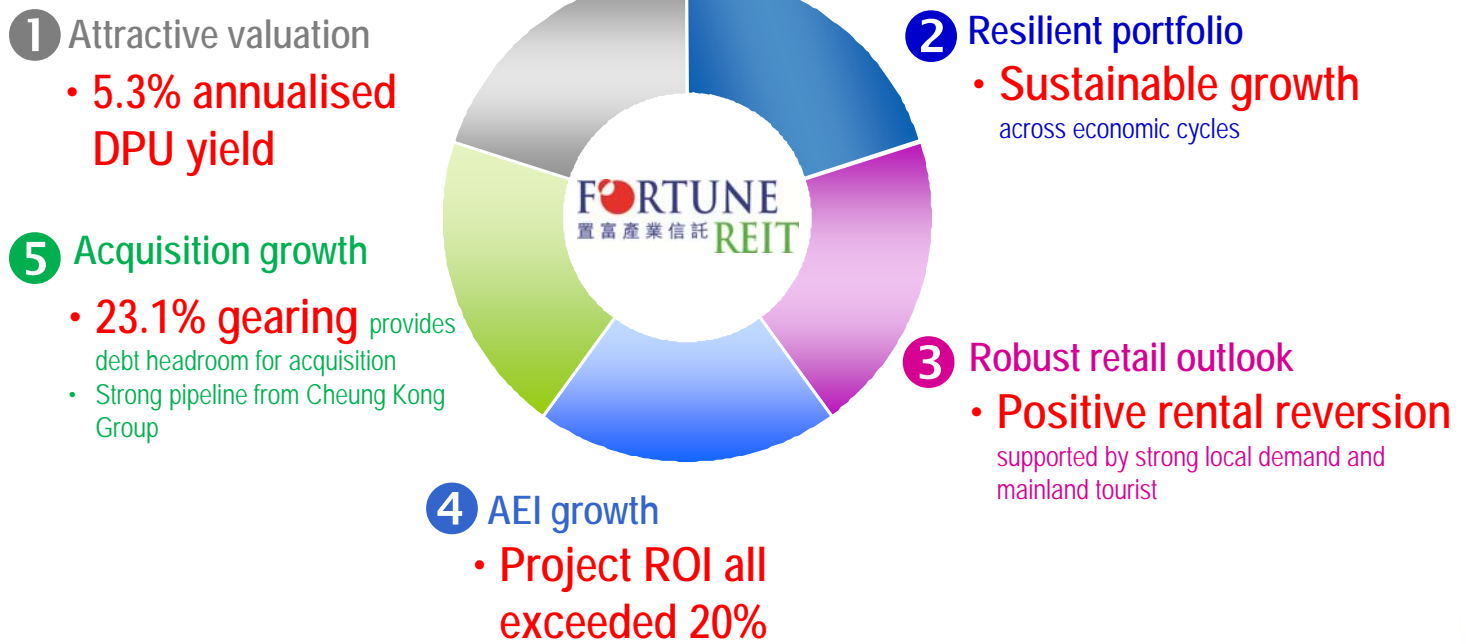
Property / Enhanced Area	Completion	CAPEX (HK\$)	ROI <sup>1</sup>
Belvedere Square Phase 3 - 126,000sf	Target End of 2014	-80M	Target 15%
Fortune City One Market - 27,000sf	Target End of 2013	-18M	Target 15%
Ma On Shan Plaza - 59,000sf (previously a supermarket)	Target End of 2013	-17M	Target 15%
Jubilee Square - 55,000sf	2Q 2013	15 M	> 25%
Fortune City One - 200,000sf	2012	100 M	> 20%
Fortune City One Plus - 70,000sf	2010	30 M	22%
Ma On Shan Plaza - 50,000sf (previously a Chinese restaurant)	2011	12 M	73%
Waldorf Avenue - 41,000sf	2008	16 M	87%



Note:  
1. Increase in revenue per year divided by the capex spent.

Period ended 31 Mar 2013 | 22

# Why Invest in Fortune REIT



Period ended 31 Mar 2013 | 23

Stock Code | HK: 778 | SG: F25U

## APPENDICES

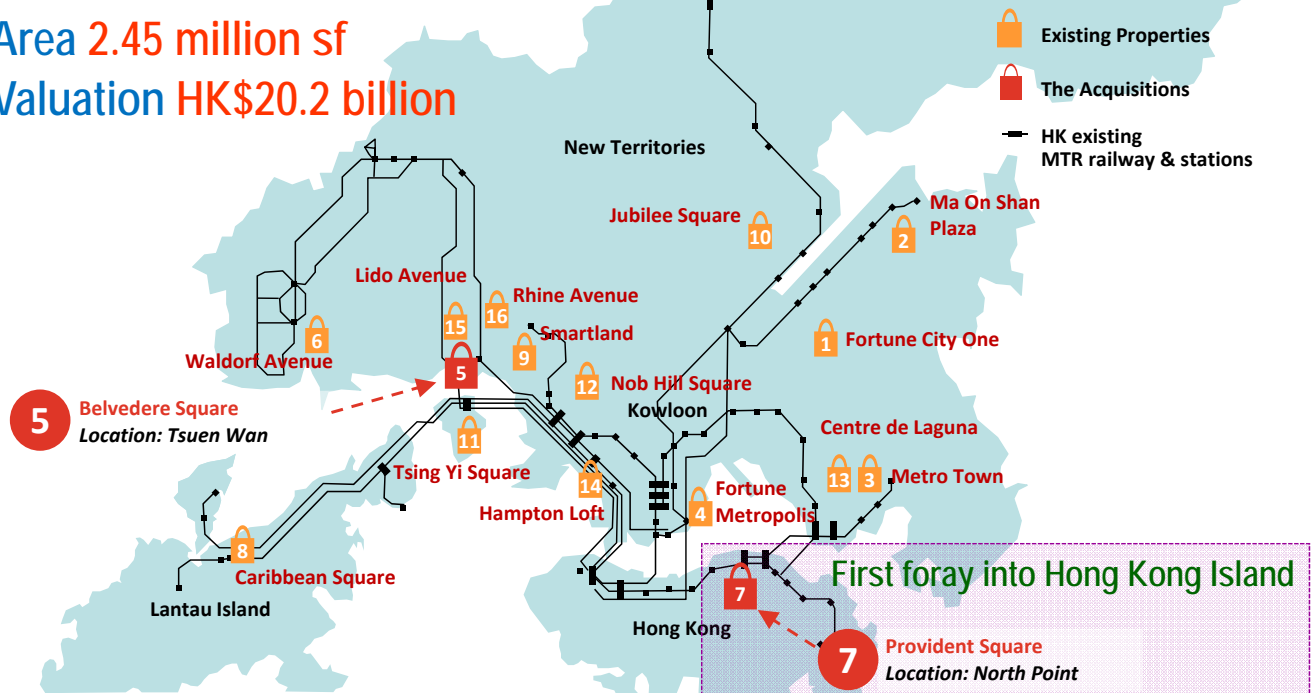


## A resilient retail portfolio in Hong Kong

**16 retail malls**

**Total Area 2.45 million sf**

**Total Valuation HK\$20.2 billion**



Period ended 31 Mar 2013 | 25

## 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 1,984 carpark spaces.
- Portfolio valuation at **HK\$20.2 billion**

### Market Capitalization & NAV

- Market capitalization of Fortune REIT at **HK\$11.8 billion** (as at 31 Mar 2013)
- NAV at **HK\$8.82** per unit (as at 31 Mar 2013)

### Distribution Policy

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

Period ended 31 Mar 2013 | 26

# 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



**Dec 2012**  
**16 properties**  
(HK\$20.2B)

Added 2 properties in 2012

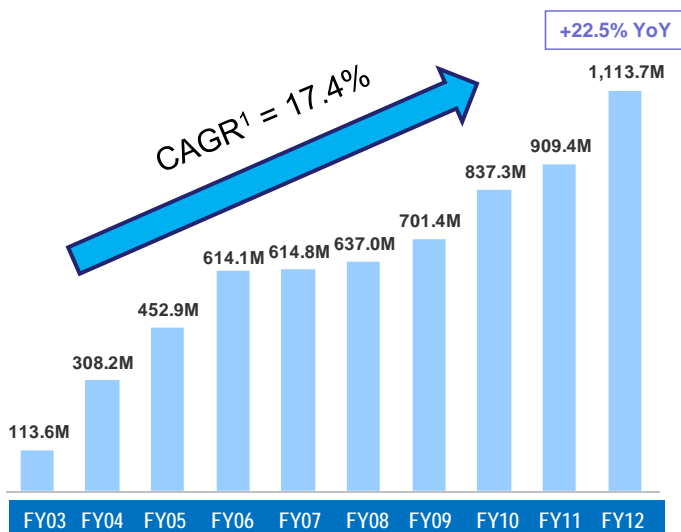
- Provident Square
- Belvedere Square



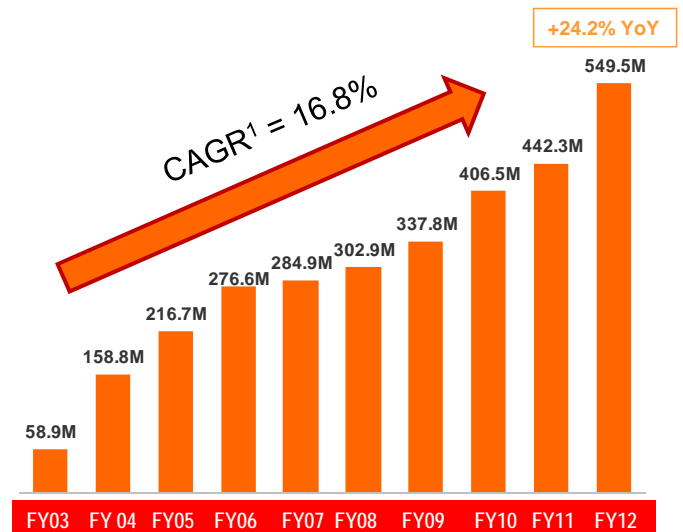
Period ended 31 Mar 2013 | 27

# Years of Sustainable Growth

## Total Revenue (HK\$)



## Distributable Income (HK\$)



Note:

1. 2004 - 2012 compound annual growth rate (CAGR).

Period ended 31 Mar 2013 | 28



# 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.**



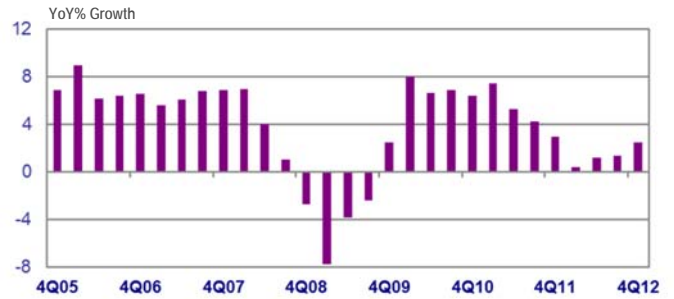


# Hong Kong Economy

## Hong Kong continued to face external headwinds

- ✓ 2012 second half saw steadily improvement, thanks to a vibrant Mainland economy and some stabilisation of the euro debt crisis.
- ✓ Domestic sector resilient throughout the year. Labour market remained in full employment
- ✓ GDP growth forecast for 2013 : 1.5% to 3.5%, v.s. 1.4% in 2012

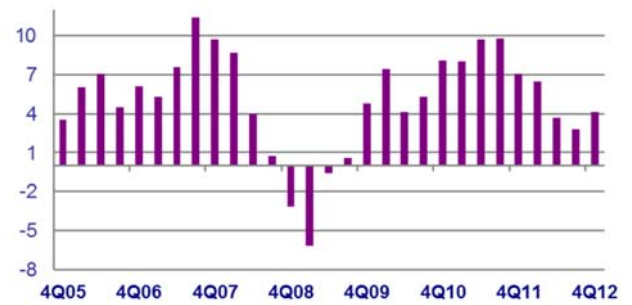
## GDP 4Q12: Economy regained momentum



## Unemployment: Labour market held largely stable, in a state of full employment.



## Private consumption 4Q12: Domestic sector held up relatively better and remained on the rise.



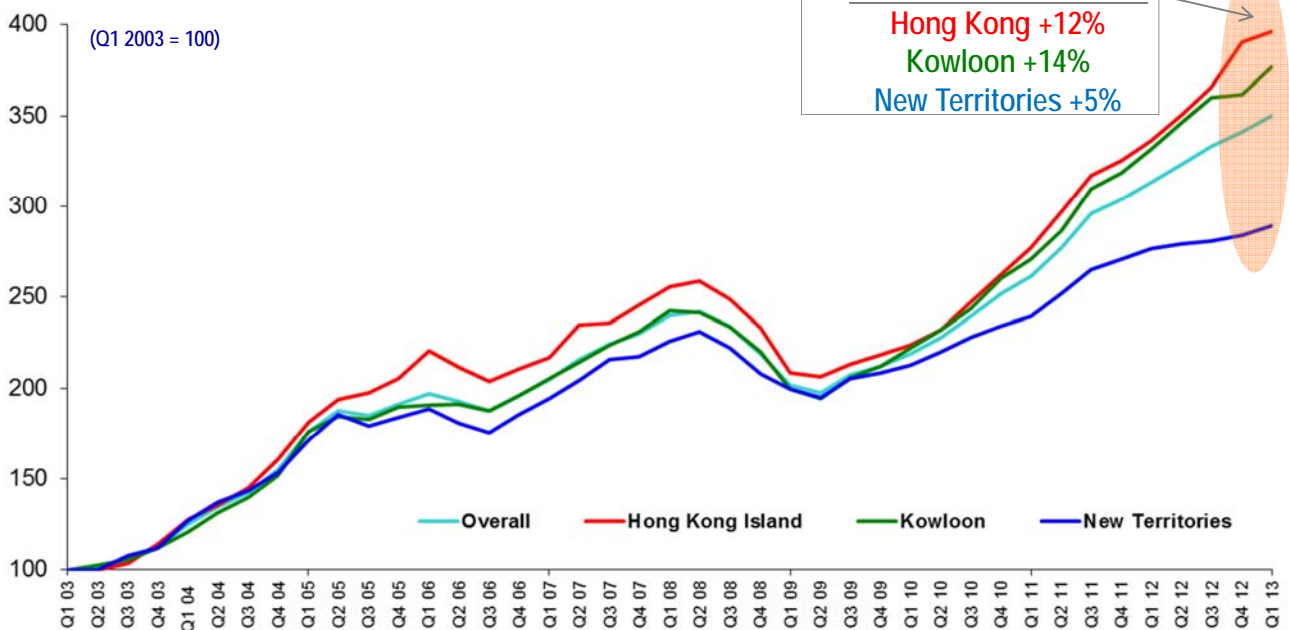
Source: Census & Statistics Department, HK

Period ended 31 Mar 2013 | 31

# Solid Shopping Centre Rent

## Rising for 15<sup>th</sup> consecutive quarters since 2009

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

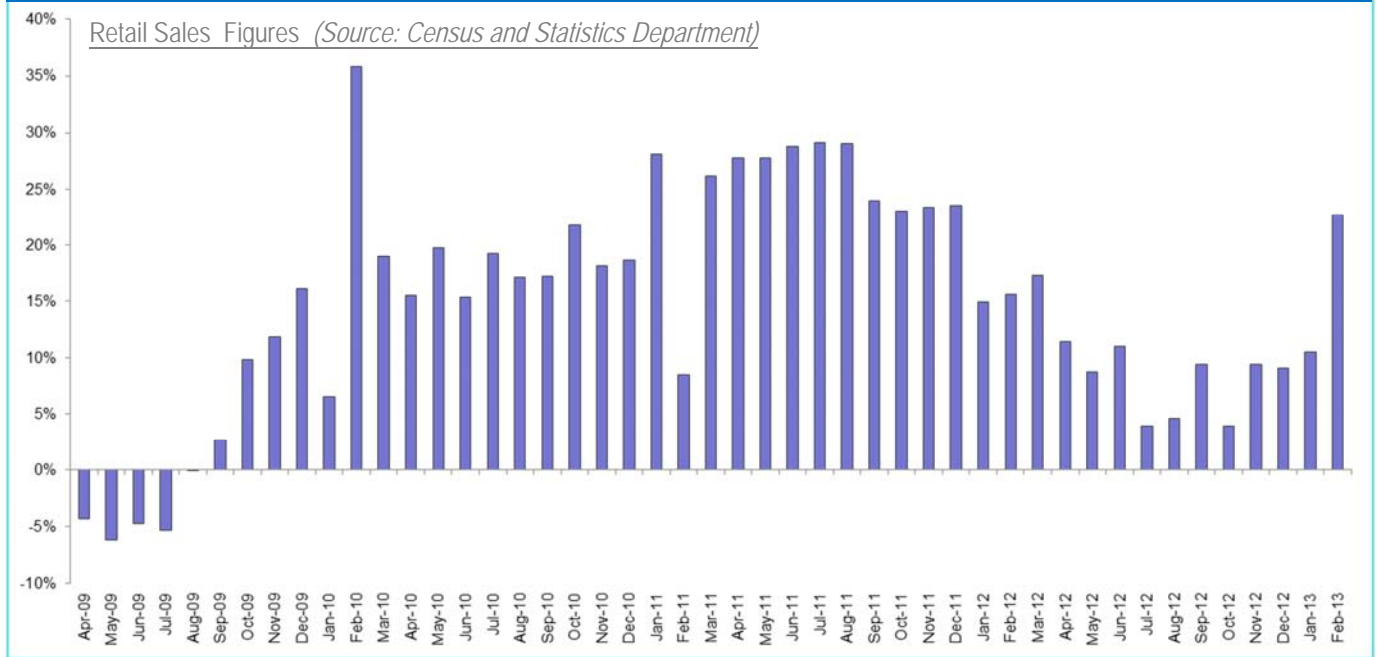


Period ended 31 Mar 2013 | 32



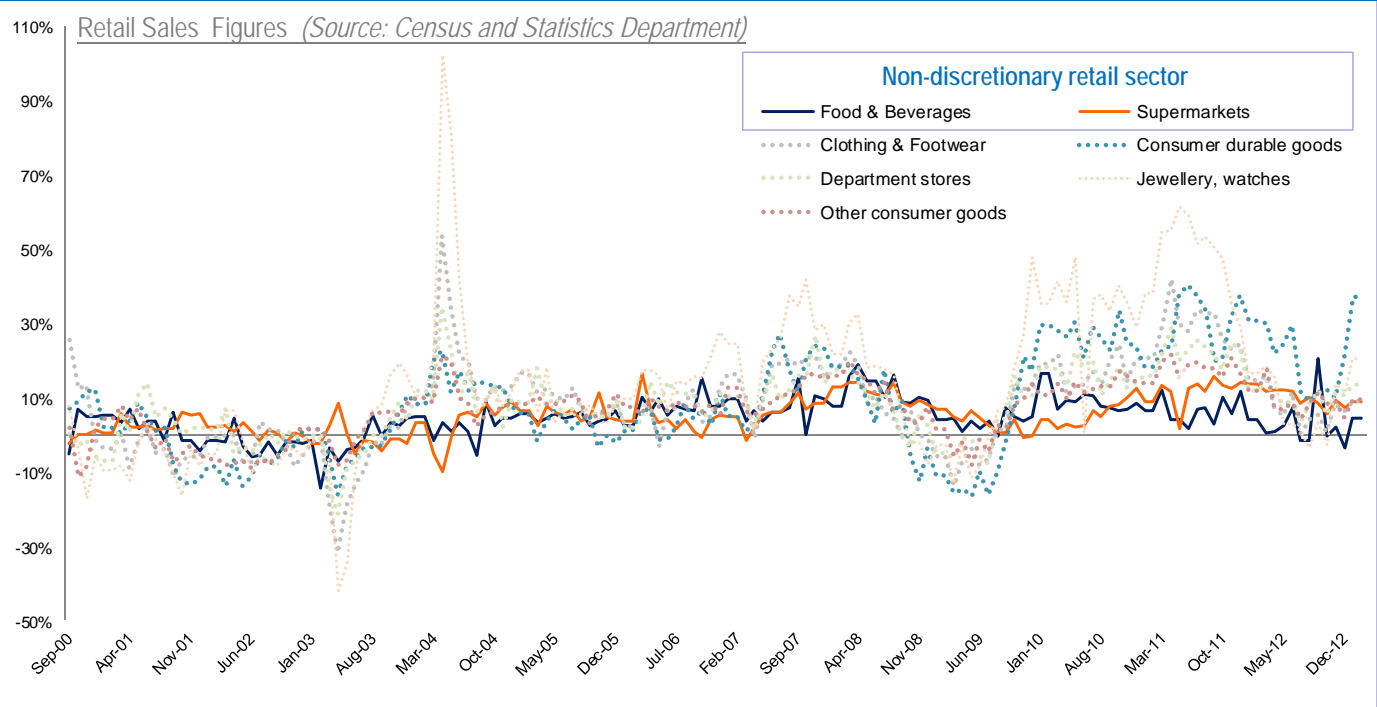
# Hong Kong Retail Sales

Value of total retail sales for Jan & Feb 2013 increased by 15.8% YoY



# Hong Kong Retail Sales

Non-discretionary spending sectors continues to show resilience



## 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

銀禧薈  
Jubilee Square

荃薈  
Smartland

青怡薈  
Tsing Yi Square

盈暉薈  
Nob Hill Square

城中薈  
Centre de Laguna

凱帆薈  
Hampton Loft

麗都大道  
Lido Avenue

海韻大道  
Rhine Avenue

Period ended 31 Mar 2013 | 35

## Contact Us

置富 **Malls**  
Fortune

### ARA Asset Management (Fortune) Limited

Anthony Ang Chief Executive Officer  
Justina Chiu Deputy Chief Executive Officer  
Jenny Hung Director, Investment and IR

anthonyang@ara.com.hk  
justinachiu@ara.com.hk  
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>