



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

Financial results for the period ended 30 June 2010
28 July 2010



Stock Code | Hong Kong: 778 | Singapore: F25U



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Managed by ARA Asset Management (Fortune) Limited

Results Highlights

Financial Results

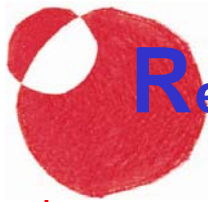
Hong Kong Economy

Portfolio Performance

Asset Enhancement Initiatives

Key Strategies





Results Highlights

Period ended 30 Jun 2010

| | | |
|--|-----------------------|--------------------|
| Total Revenue, 1H10 | HK\$413.8 mil | + 23.8% YoY |
| Net Property Income (NPI), 1H10 | HK\$302.3 mil | + 26.8% YoY |
| Distributable Income, 1H10 | HK\$204.6 mil | + 26.5% YoY |
| Distribution Per Unit (DPU), 1H10 | HK\$0.1227 | |
| Annualised Distribution Yield¹ | 7.0% | |
| Net Asset Value (NAV) Per Unit (as at 30 Jun 10) | HK\$5.70 | |
| Portfolio Valuation² (as at 30 Jun 10) | HK\$12,421 mil | |
| Gearing | 21.9% | |
| Portfolio Rental Reversion³ | 11.9% | |
| Portfolio Occupancy | 96.2% | |

Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$3.53 as at 30 June 2010.
2. The portfolio was valued by Savills Valuation and Professional Services Limited ("Savills").
3. For all renewal leases from 1 Jan 10 to 30 Jun 10.



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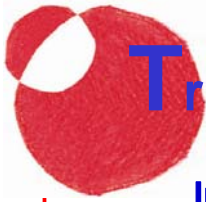
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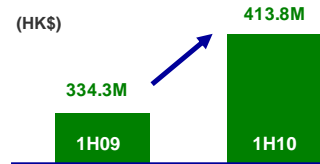
Trust Income 1H10

Period ended 30 Jun 2010

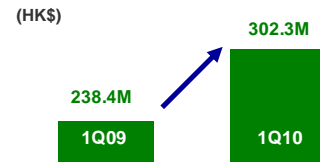
Income Available for Distribution Rose By 26.5% in 1H10 vs 1H09

| | 1H10 ² (HK\$'000) | 1H09 (HK\$'000) | Variance (%) |
|---|---------------------------------|--------------------|-----------------|
| Total revenue | 413,809 | 334,314 | 23.8% |
| Property operating expenses | (102,161) | (88,525) | 15.4% |
| Manager's performance fee | (9,349) | (7,374) | 26.8% |
| Net property income ("NPI") | 302,299 | 238,415 | 26.8% |
| Borrowing costs | (56,303) | (43,943) | 28.1% |
| Profit before tax¹ | 245,996 | 194,472 | 26.5% |
| Hong Kong tax | (39,874) | (31,419) | 26.9% |
| Net profit of property companies ¹ | 206,122 | 163,053 | 26.4% |
| Income available for distribution | 204,571 | 161,698 | 26.5% |
| DPU (HK\$)³ | 0.1227 | 0.1960 | - |

Revenue +23.8%



NPI +26.8%



Notes:

- Fortune REIT recognized a gain of HK\$912.9 million in 1H10 arising from changes in fair values of the properties and a loss of HK\$56.2 million in 1H10 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.
- DPU for 1H10 was calculated based on the enlarged units in issue, which included 824.9 million of rights units and 6.4 million of acquisition fee in units issued on 15 October 2009 and 16 October 2009 respectively.



Distribution Details

Period ended 30 Jun 2010

Fortune REIT Units will trade ex-distribution on 10 August 2010

Distribution for the period 1 Jan 2010 to 30 Jun 2010

12.27 HK cents per Unit

Ex-distribution

10 August 2010

Distribution Payment

27 August 2010



Portfolio Valuation

Period ended 30 Jun 2010

Portfolio Valuation Increased to HK\$12.4 billion

| | Jun 10 (HK\$ million) | Dec 09 HK\$ million) | Change (Jun 10 vs Dec 09) | Jun 09 (HK\$ million) | Change (Jun 10 vs Jun 09) |
|-------------------------------------|--------------------------|-------------------------|------------------------------|--------------------------|------------------------------|
| 1. City One Shatin Property | 3,883 | 3,548 | 9.4% | 3,370 | 15.2% |
| 2. Ma On Shan Plaza | 2,166 | 1,974 | 9.7% | 1,841 | 17.7% |
| 3. Metro Town | 1,666 | 1,544 | 7.9% | 1,480 | 12.6% |
| 4. The Metropolis Mall | 1,489 | 1,413 | 5.4% | 1,382 | 7.7% |
| 5. Waldorf Garden Property | 869 | 810 | 7.3% | 770 | 12.9% |
| 6. Caribbean Bazaar | 483 | 449 | 7.6% | 430 | 12.3% |
| 7. Smartland | 389 | 376 | 3.5% | 362 | 7.5% |
| 8. Tsing Yi Square Property | 340 | 314 | 8.3% | 297 | 14.5% |
| 9. Jubilee Court Shopping Centre | 328 | 304 | 7.9% | 292 | 12.3% |
| 10. The Household Center | 286 | 274 | 4.4% | 265 | 7.9% |
| 11. Centre de Laguna Property | 175 | 166 | 5.4% | 162 | 8.0% |
| 12. Hampton Loft | 173 | 164 | 5.5% | 160 | 8.1% |
| 13. Lido Garden Property | 105 | 100 | 5.0% | 97 | 8.2% |
| 14. Rhine Garden Property | 69 | 64 | 7.8% | 62 | 11.3% |
| Fortune REIT Total Portfolio | 12,421 | 11,500 | 8.0% | 10,970 | 13.2% |

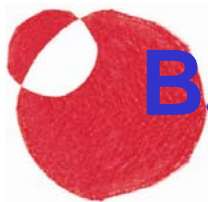
Note:

1. Independent valuation by Savills.



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Balance Sheet

Period ended 30 Jun 2010

| As at 30 Jun 10 | (HK\$'000) |
|--------------------------|-------------------|
| Current Assets | 573,500 |
| Non Current Assets | 12,421,006 |
| Total Assets | 12,994,506 |
| Current Liabilities | 537,672 |
| Non Current Liabilities | 2,960,525 |
| Total Liabilities | 3,498,197 |
| Net Assets | 9,496,309 |

Gearing Ratio

21.9%



Portfolio Valuation¹

HK\$12,421 M

NAV Per Unit ²

HK\$5.70

Notes:

1. As at 30 Jun 2010 by Savills.
2. The total number of deemed units used for the computation of net asset value per Unit is 1,666,597,743 Units. This comprises: (a) number of Units in issue as at 30 Jun 2010 of 1,663,952,387 Units and (b) Units issued on 8 July 2010 to the Manager as the Manager's Base Fee for 2Q10 of 2,645,356 Units.



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Debt Management

Period ended 30 Jun 2010


As at 30 Jun 10 **Debt Profile**


Total Debt ¹ **HK\$2,844 mil**

Gearing Ratio / Aggregate Leverage² **21.9%**

Interest Cover ³ **4.24 X**

Weighted Avg. Cost of Debt ⁴ **4.01%**

 **No refinancing requirement until 2013**

 **3 unencumbered assets provide financial flexibility**

 **Further debt headroom of HK\$2.6 billion before hitting 35% gearing**

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 30 June 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.
4. Excluding debt front end fee.



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Key Strategies

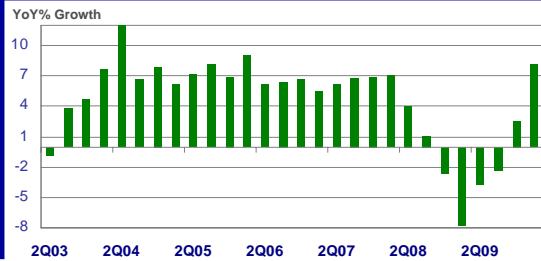


Hong Kong Economy

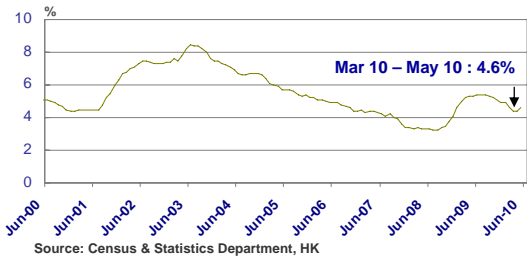
Hong Kong economy bouncing back for four quarters in a row.

- ✓ Having resumed a positive y-o-y growth of 2.5% in 4Q09, GDP grew markedly further by 8.2% in 1Q10.
- ✓ Recognizing the prevailing uncertainties in the external environment, the forecast GDP growth is maintained at 4-5%.

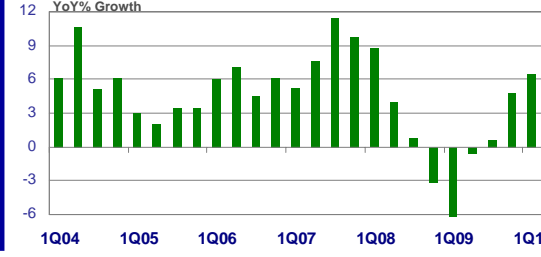
GDP: Economic recovery in Hong Kong became increasingly entrenched in 1Q10



Unemployment: The trend of unemployment rate will hinge on the pace of economic growth.

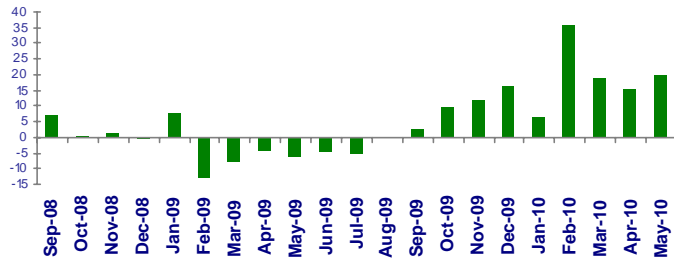


Private consumption: accelerated growth of 6.5% y-o-y in 1Q10



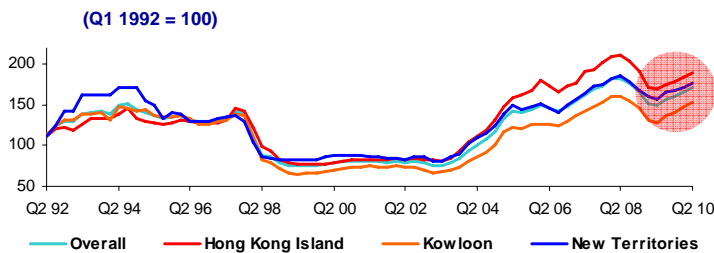
Hong Kong Retail Sales

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



Retail sales continued to expand strongly in May 10 by 20% over a year earlier, driven by recovery in both the inbound tourism and local consumption.

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



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

In particular, Kowloon and New Territories rents rose by 19% and 13% respectively over a year earlier.

Results Highlights

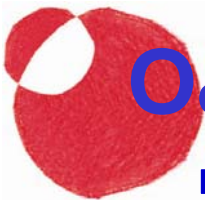
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Period ended 30 Jun 2010

Occupancy and Passing Rent

Portfolio occupancy remained strong at 96.2% despite AEI downtime

| | GRA (s.f.) | Actual Occupancy (30 Jun 10) | Actual Occupancy (31 Mar 10) | Actual Occupancy (30 Jun 09) |
|----------------------------------|------------------|------------------------------|------------------------------|------------------------------|
| 1. City One Shatin Property | 414,469 | 89.6% | 96.7% | 97.2% |
| 2. Ma On Shan Plaza | 310,084 | 100.0% | 100.0% | 100.0% |
| 3. Metro Town ¹ | 180,822 | 99.0% | 98.8% | 93.1% |
| 4. The Metropolis Mall | 332,168 | 95.1% | 99.2% | 88.4% |
| 5. Waldorf Garden Property | 80,842 | 100.0% | 100.0% | 100.0% |
| 6. Caribbean Bazaar ¹ | 63,018 | 100.0% | 100.0% | 97.5% |
| 7. Smartland | 123,544 | 98.7% | 94.5% | 76.7% |
| 8. Tsing Yi Square Property | 78,836 | 100.0% | 100.0% | 98.4% |
| 9. Jubilee Court Shopping Centre | 170,616 | 93.7% | 84.1% | 75.9% |
| 10. The Household Center | 91,779 | 98.7% | 98.1% | 88.0% |
| 11. Centre de Laguna Property | 43,000 | 100.0% | 100.0% | 99.4% |
| 12. Hampton Loft ¹ | 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 | 96.2% | 97.3% | 92.1% |

G/F of NSCC closed down for renovation. Committed occupancy for City One Shatin Property was 97.6%.

Portfolio Occupancy (as at 30 Jun 10) **96.2%**

Average Passing Rent (as at 30 Jun 10) **HK\$27.5 psf**

Rental Reversion (for renewals in 1H10) **11.9%**

Note:

1. Metro Town, Caribbean Bazaar and Hampton Loft were acquired on 15 October 2009.

Portfolio Expiry Profile

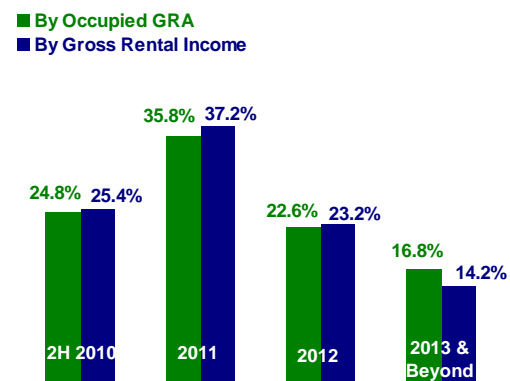
Opportunities to capitalize on lease expiries in 2010 for rental growth

Expiry Profile By Gross Rentable Area

| As at 30 Jun 10 | % of occupied GRA | | |
|----------------------------------|-------------------|--------------|--------------|
| | 2H 2010 | 2011 | 2012 |
| 1. City One Shatin Property | 24.0% | 39.1% | 23.9% |
| 2. Ma On Shan Plaza | 30.9% | 48.1% | 16.4% |
| 3. Metro Town | 8.3% | 19.7% | 14.4% |
| 4. The Metropolis Mall | 36.3% | 45.0% | 14.8% |
| 5. Waldorf Garden Property | 11.0% | 22.7% | 14.9% |
| 6. Caribbean Bazaar | 2.8% | 38.7% | 54.0% |
| 7. Smartland | 5.2% | 39.3% | 17.8% |
| 8. Tsing Yi Square Property | 38.9% | 39.2% | 21.4% |
| 9. Jubilee Court Shopping Centre | 9.8% | 15.2% | 46.7% |
| 10. The Household Center | 27.2% | 32.9% | 38.4% |
| 11. Centre de Laguna Property | 27.6% | 49.5% | 10.0% |
| 12. Hampton Loft | 74.8% | 0.0% | 25.2% |
| 13. Lido Garden Property | 53.8% | 12.9% | 29.2% |
| 14. Rhine Garden Property | 0.0% | 98.5% | 1.5% |
| Portfolio Total | 24.8% | 35.8% | 22.6% |

Portfolio Expiry Profile

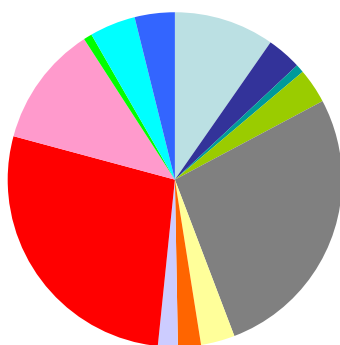
As at 30 Jun 10



Portfolio Trade Mix

Trade Mix Well Diversified To Meet Catchment Needs

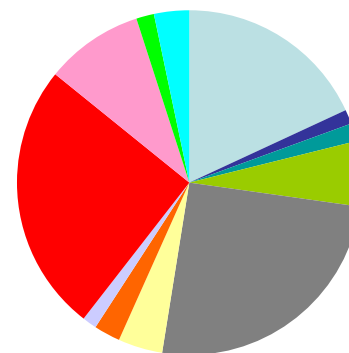
By Gross Rentable Area



Tenant's Trade Mix

| | | |
|-------|-------------------------|-------|
| 9.7% | Banking & Real Estate | 18.1% |
| 3.4% | Community Services | 1.3% |
| 0.9% | Electronics & IT | 1.7% |
| 3.2% | Fashion & Shoes | 6.1% |
| 27.0% | Food & Beverages | 25.3% |
| 3.3% | Gifts, Toys & Jewellery | 4.3% |
| 2.3% | Homewares | 2.5% |
| 2.0% | Entertainment & Sports | 1.2% |
| 27.4% | Services & Education | 25.2% |
| 11.5% | Supermarkets | 9.2% |
| 0.9% | Wet Markets | 1.7% |
| 4.6% | Others | 3.4% |
| 3.8% | Vacant | 0.0% |

By Gross Rental Income



Note:
1. As at 30 Jun 2010.



Marketing And Promotions

Summer Promotions

Mother's Day

我的媽媽 我的驕傲

親子競技大賽

3165 6738



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AEIs at City One Shatin Property

Phase 1 - Overall repositioning and upgrading at Ngan Shing Commercial Center (NSCC)

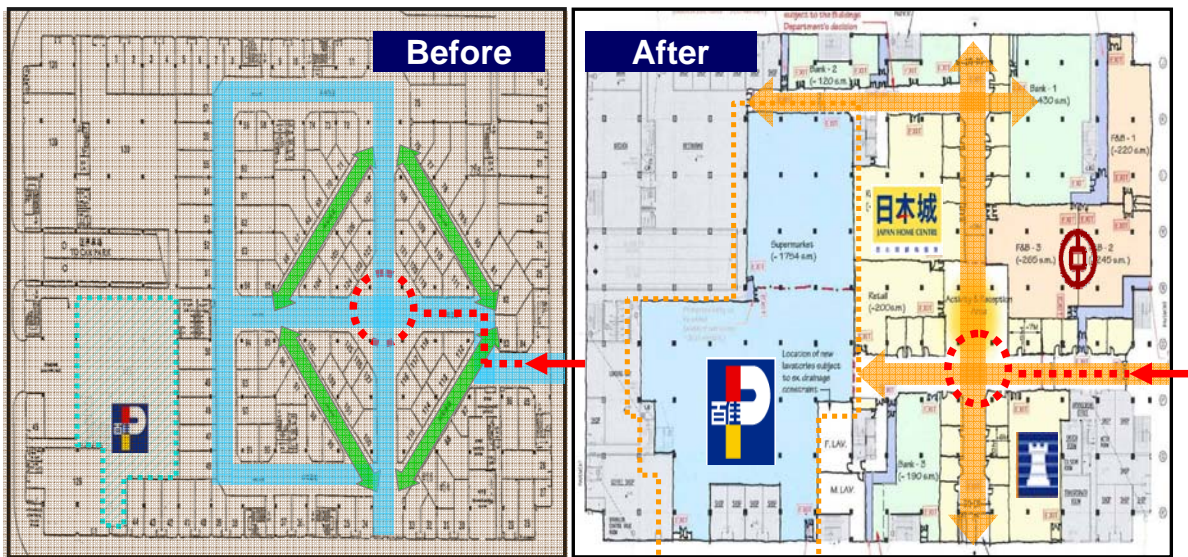


Artist impression of NSCC

- Overall repositioning to create a new shopping image
- Include upgrading of common corridors, ceiling and flooring, reconfiguration of space and repositioning of tenant mix
- G/F of NSCC have closed down since May 2010 for full reconfiguration and is expected to complete by end of 3Q10

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

**Over 98% of the renovated space pre-leased so far.
New tenancies to commence from Sep 10.**



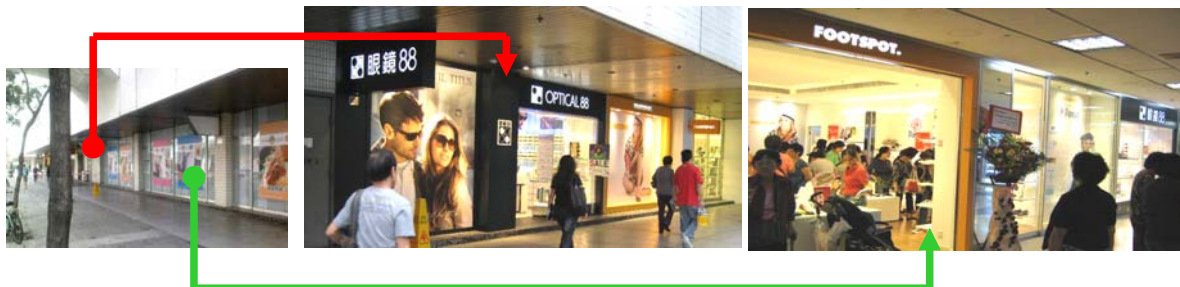
AEIs at City One Shatin Property

Spectacular results achieved at NSCC

| | |
|------------------------------|------------------|
| Value creation of AEI | For G/F NSCC |
| Total CAPEX spent | ~HK\$30 M |
| Return on investment | ~22% |

- Leasing demand was overwhelming for the renovated space at NSCC. We have taken the chance to upgrade the tenant mix and bring in more retail offering for shoppers.
- Second phase of AEIs at the other side of City One Plaza will start end of 2010 but already saw more retail brands interested to come in.

Ahead of actually renovation, City One Plaza already experiencing tenant upgrading



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Key Strategies

Period ended 30 Jun 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 AElS 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



The Household Center



Disclaimer

Period ended 30 Jun 2010

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