

## Financial results

for the period ended 31 December 2011

30 Jan 2012

Period ended 31 Dec 2011

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# Results Highlights

Period ended 31 Dec 2011

Total Revenue, FY2011	HK\$909.4 mil	+ 8.6% YoY
Net Property Income (NPI), FY2011	HK\$642.1 mil	+ 7.6% YoY
Distributable Income, FY2011	HK\$442.3 mil	+ 8.8% YoY
Distribution Per Unit (DPU), FY2011	HK\$0.2630	+ 8.0% YoY
Distribution Yield <sup>1</sup>	7.0%	
Net Asset Value (NAV) Per Unit (as at 31 Dec 11)	HK\$7.85	
Portfolio Valuation <sup>2</sup> (as at 31 Dec 11)	HK\$16,388 mil	
Gearing	18.8%	
Portfolio Rental Reversion <sup>3</sup>	15.2%	
Portfolio Occupancy	97.0%	
Portfolio Passing Rent	HK\$32.2 psf	

The proposed acquisition of Belvedere Garden Property and Provident Centre Property was unanimously approved by the independent Unitholders at the EGM held on 19 January 2012.

Expected completion date will be no later than 28 March 2012

**Notes:**

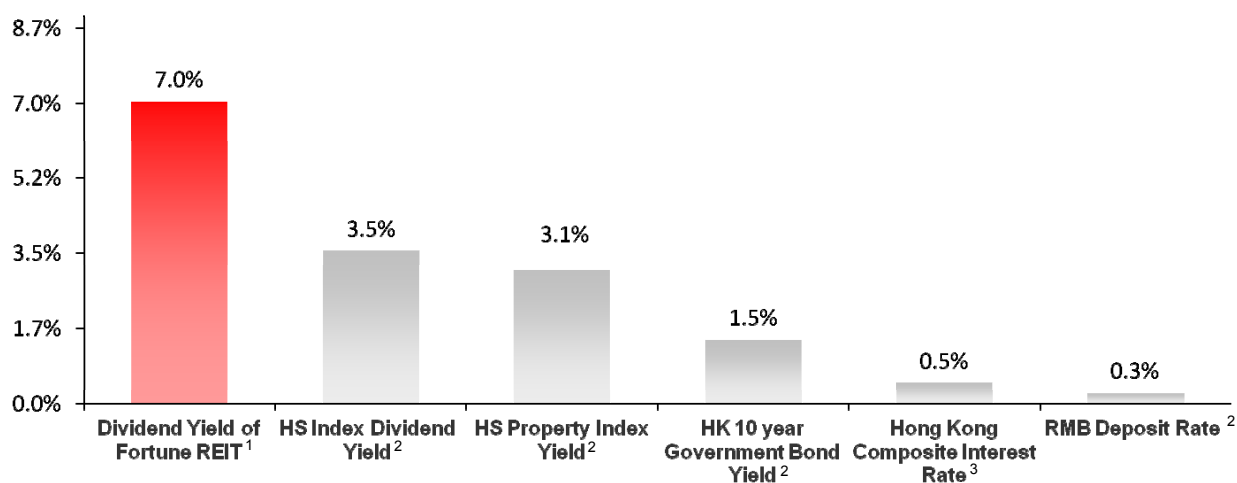
1. Based on the average closing unit price in Singapore and Hong Kong of HK\$3.775 as at 30 Dec 2011.
2. The portfolio was valued by Knight Frank Petty Limited ("Knight Frank").
3. For all renewal leases from 1 Jan 2011 to 31 Dec 2011.



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# Attractive yield

Period ended 31 Dec 2011



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\$3.775 as at 30 Dec 2011.
2. As at Dec 2011
3. As at Nov 2011



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**Financial Results**

Hong Kong Economy

Portfolio Performance

Asset Enhancement & Marketing Initiatives

Key Strategies

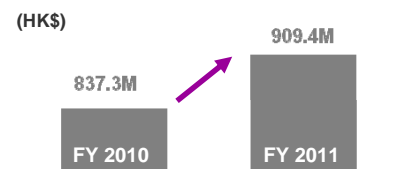
Period ended 31 Dec 2011

# Trust Income FY 2011

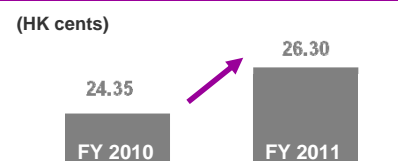
## Total Revenue Rose By 8.6% in FY 2011

	FY 2011 (HK\$'000)	FY 2010 (HK\$'000)	Variance (%)
Total revenue	909,425	837,263	8.6%
NPI	642,126	596,824	7.6%
Income available for distribution	442,283	406,487	8.8%
DPU (HK \$)	0.2630	0.2435	8.0%

### Revenue +8.6%



### DPU +8.0%

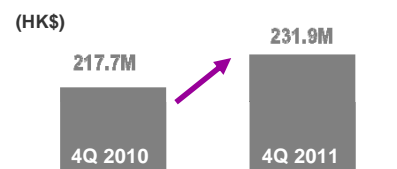


# Trust Income 4Q 2011

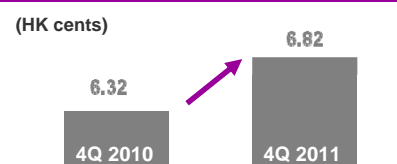
## Income Available For Distribution Increased By 9.0% in 4Q 2011

	4Q 2011 (HK\$'000)	4Q 2010 (HK\$'000)	Variance (%)
Total revenue	231,945	217,744	6.5%
NPI	161,955	152,368	6.3%
Income available for distribution	115,142	105,661	9.0%
DPU (HK cents)	6.82	6.32	7.9%

### Revenue +6.5%



### DPU +7.9%



# Portfolio Valuation

## Portfolio Valuation up 23% to HK\$16.4 billion

	Dec 11 <sup>1</sup> (HK\$ million)	Jun 11 <sup>1</sup> (HK\$ million)	Change (Dec 11 vs Jun 11)	Dec 10 <sup>2</sup> (HK\$ million)	Change (Dec 11 vs Dec 10)
Fortune City One	4,895	4,772	+2.6%	4,146	+18.1%
Ma On Shan Plaza	3,302	2,998	+10.1%	2,376	+39.0%
Metro Town	2,200	2,128	+3.4%	1,775	+23.9%
Fortune Metropolis	1,728	1,700	+1.6%	1,589	+8.7%
Waldorf Avenue	1,164	1,108	+5.1%	925	+25.8%
Caribbean Square	680	639	+6.4%	511	+33.1%
Smartland	485	477	+1.7%	411	+18.0%
Jubilee Square	479	450	+6.4%	355	+34.9%
Tsing Yi Square	439	426	+3.1%	364	+20.6%
Nob Hill Square	359	348	+3.2%	302	+18.9%
Centre de Laguna	217	212	+2.4%	185	+17.3%
Hampton Loft	211	206	+2.4%	177	+19.2%
Lido Avenue	133	130	+2.3%	111	+19.8%
Rhine Avenue	96	94	+2.1%	73	+31.5%
<b>Fortune REIT Portfolio</b>	<b>16,388</b>	<b>15,688</b>	<b>+4.5%</b>	<b>13,300</b>	<b>+23.2%</b>

Notes:

1. Valued by Knight Frank.
2. Valued by Savills.

# Distribution Details

Distribution for the period 1 Jul 2011 to 31 Dec 2011

**13.50 HK cents per Unit**

Ex-distribution	9 February 2012
Distribution Payment	29 February 2012



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# Balance Sheet

As at 31 Dec 11	(HK\$'000)		
Current Assets	931,530	Gearing Ratio	18.8%
Non Current Assets	16,388,000		
<b>Total Assets</b>	<b>17,319,530</b>	Portfolio Valuation <sup>1</sup>	HK\$16,388 M
Current Liabilities	1,002,643		
Non Current Liabilities	3,089,117		
<b>Total Liabilities</b>	<b>4,091,760</b>	NAV Per Unit <sup>2</sup>	HK\$7.85
<b>Net Assets</b>	<b>13,227,770</b>		

**Notes:**

- As at 31 Dec 2011 by Knight Frank.
- The total number of deemed units used for the computation of net asset value per Unit is 1,684,017,665 Units. This comprises: (a) number of Units in issue as at 31 December 2011 of 1,680,695,942 Units and (b) Units issued on 4 January 2012 to the Manager as Base Fee for 4Q11 of 3,321,723 Units.



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# Debt Management

As at 31 Dec 11	Debt Profile
Total Debt <sup>1</sup>	HK\$3,250 mil
Gearing Ratio / Aggregate Leverage <sup>2</sup>	18.8%
Interest Cover <sup>3</sup>	4.65 X
Effective Interest Cost <sup>1</sup>	3.65%

- ✓ Unencumbered assets provide financial flexibility
- ✓ Ample debt headroom before the 35% gearing limit
- ✓ 100% of term loan was fixed through plain vanilla swaps
- ✓ Financing costs lowered in 2H11

**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.



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## Financial Results

Hong Kong Economy

Portfolio Performance

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Key Strategies

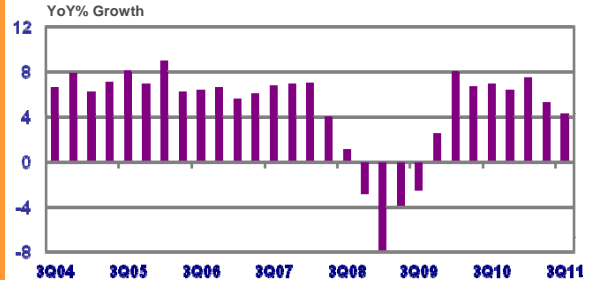
# Hong Kong Economy

Period ended 31 Dec 2011

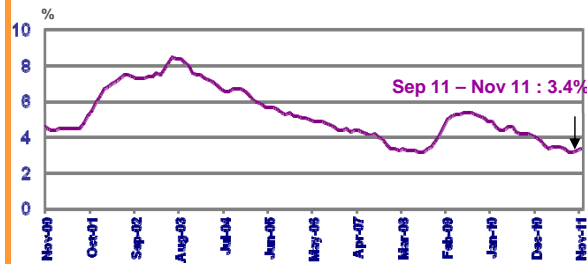
## Hong Kong economy further moderated in 3Q11

- ✓ A further moderation from the 5.3% growth in the second quarter.
- ✓ The domestic sector nevertheless displayed remarkable resilience throughout the quarter, rendering a strong cushion to overall economic performance
- ✓ Government expects a real growth of 5% for 2011 as a whole.

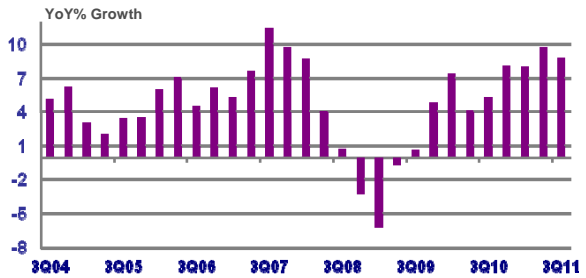
## GDP 3Q11: Increased by 4.3% over a year earlier.



## Unemployment: Local economy has broadly maintained its strength year-to-date.



## Private consumption 3Q11: Grew robustly under the support of rising income and job growth.



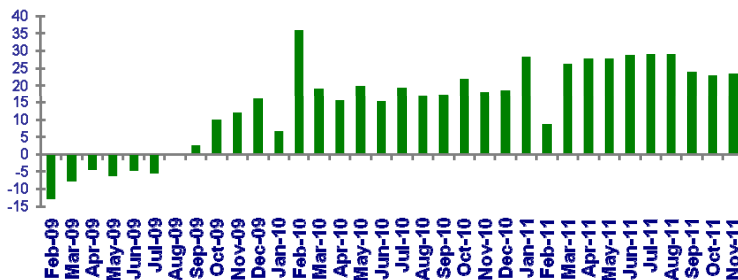
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Source: Census & Statistics Department, HK

# Hong Kong Retail Sales

Period ended 31 Dec 2011

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

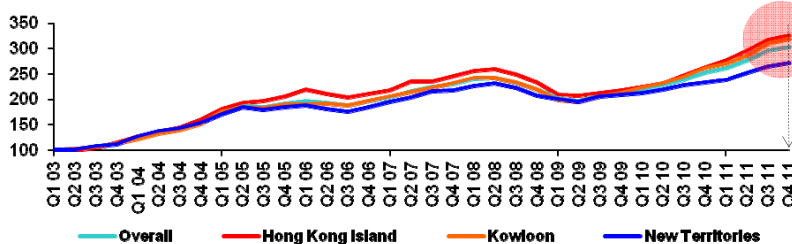


The value of total retail sales for Jan to Nov of 2011, increased by 25.0% over the same period a year ago.

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 10th consecutive quarters since 2Q09.

In particular, Kowloon and New Territories rents rose by 22% and 16% respectively over a year earlier.



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Key Strategies

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# Occupancy and Passing Rent

Occupancy maintained at a high level of 97.0% despite ongoing AELs

	GRA (s.f.)	Actual Occupancy (31 Dec 11)	Actual Occupancy (30 Sep 11)	Actual Occupancy (31 Dec 10)
1. Fortune City One (FCO)	414,469	94.7%	88.7%	96.0%
2. Ma On Shan Plaza (MOSP)	310,084	98.0%	83.3%	100.0%
3. Metro Town	180,822	99.4%	100.0%	100.0%
4. Fortune Metropolis	332,168	92.0%	91.5%	98.4%
5. Waldorf Avenue	80,842	100.0%	99.5%	100.0%
6. Caribbean Square	63,018	100.0%	100.0%	100.0%
7. Smartland	123,544	99.3%	99.5%	99.5%
8. Jubilee Square	170,616	98.0%	100.0%	100.0%
9. Tsing Yi Square	78,836	100.0%	100.0%	98.4%
10. Nob Hill Square	91,779	99.8%	97.6%	96.8%
11. Centre de Laguna	43,000	100.0%	100.0%	99.5%
12. Hampton Loft	74,734	100.0%	100.0%	100.0%
13. Lido Avenue	9,836	100.0%	100.0%	100.0%
14. Rhine Avenue	14,604	100.0%	98.8%	100.0%
<b>Portfolio Total</b>	<b>1,988,352</b>	<b>97.0%</b>	<b>93.5%</b>	<b>98.7%</b>

Occupancy rebounded from the previous quarter at **FCO** and **MOSP**

> Committed Occ. at **FCO**: 95.2%

> Committed Occ. at **MOSP**: 99.7%

Portfolio Occupancy (as at 31 Dec 11) **97.0%**

Average Passing Rent (as at 31 Dec 11) **HK\$32.2 psf +12.2% y-o-y**

Rental Reversion (for renewals in FY 2011) **15.2%**



# Portfolio Expiry Profile

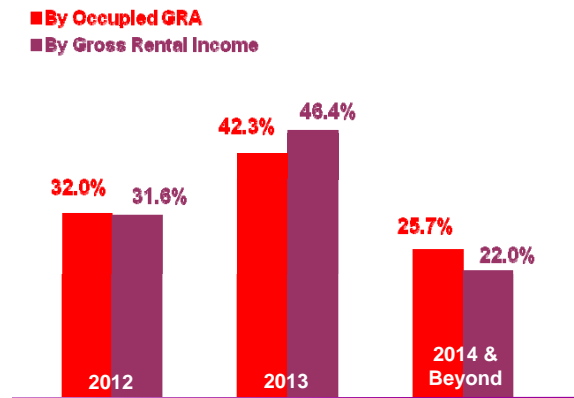
Opportunities to capitalize on lease expiries for rental growth

## Expiry Profile By Gross Rentable Area

As at 31 Dec 11	% of occupied GRA		
	2012	2013	2014 & Beyond
1. Fortune City One	27.0%	48.7%	24.3%
2. Ma On Shan Plaza	28.6%	40.7%	30.7%
3. Metro Town	18.1%	70.0%	11.9%
4. Fortune Metropolis	39.8%	37.8%	22.4%
5. Waldorf Avenue	18.4%	49.3%	32.3%
6. Caribbean Square	55.7%	19.3%	25.0%
7. Smartland	25.0%	18.7%	56.3%
8. Jubilee Square	54.2%	24.6%	21.2%
9. Tsing Yi Square	33.1%	48.3%	18.6%
10. Nob Hill Square	47.0%	25.4%	27.6%
11. Centre de Laguna	11.9%	52.8%	35.3%
12. Hampton Loft	25.2%	74.8%	0.0%
13. Lido Avenue	51.7%	48.3%	0.0%
14. Rhine Avenue	1.5%	2.4%	96.1%
<b>Portfolio Total</b>	<b>32.0%</b>	<b>42.3%</b>	<b>25.7%</b>

## Portfolio Expiry Profile

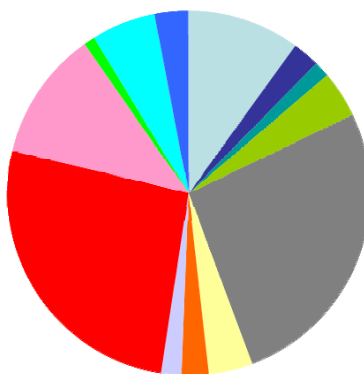
As at 31 Dec 11



# Portfolio Trade Mix

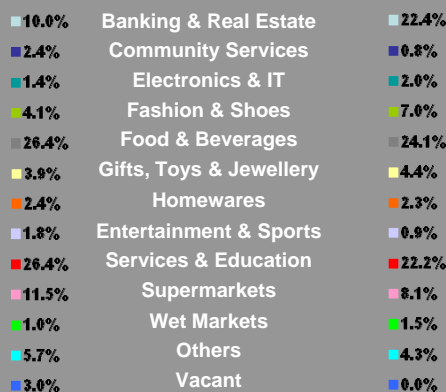
Trade Mix Well Diversified To Meet Catchment Needs

## By Gross Rentable Area

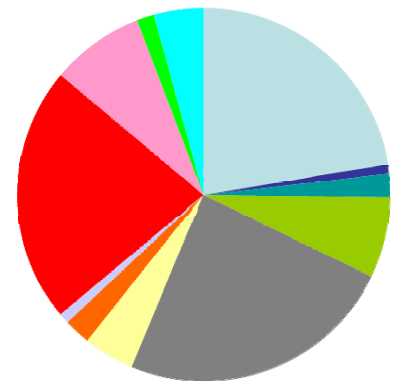


Note:  
1. As at 31 Dec 2011.

## Tenant's Trade Mix



## By Gross Rental Income



Financial Results

Hong Kong Economy

Portfolio Performance

**Asset Enhancement & Marketing Initiatives**

Key Strategies

# AEIs at Ma On Shan Plaza

Period ended 31 Dec 2011



Subdivision of Chinese restaurant. Completed in Dec 2011  
 Renovated space 100% pre-committed

**Spent CAPEX of ~HK\$12M; Achieved ROI of 73%**



- AEIs highlight:**
- A new Chinese restaurant opened in Jan 12, drawing footfall into the new corridor
  - A new corridor to improve footfall circulation

# AEIs at Fortune City One

Period ended 31 Dec 2011



Expect to complete by phases until end of 2012  
 Allowed CAPEX of ~HK\$100M; Target ROI 15%



Artist's impression of the enhanced shopping ambiance.

## Construction underway



- Phase 1 highlight:**
- ✓ A new corridors is redefined with shop opening on both side
  - ✓ F&B tenants has concurrently refreshed their store design to match with the new positioning of FCO

# AEIs at Fortune Metropolis

Period ended 31 Dec 2011



To capture the strong traffic flow from The Feast.



Food court - The Feast

➤ Strong flow of patrons



New retail shops were introduced.

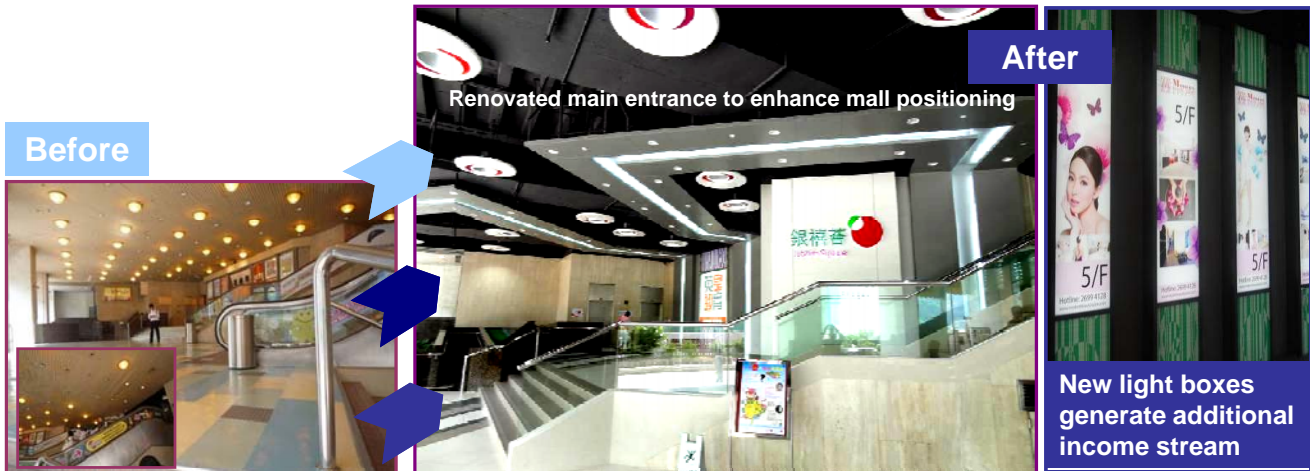
18/01/2012

# AEIs at Jubilee Square

Period ended 31 Dec 2011



A new refreshing main entrance to enhance mall positioning.  
Leverage on increased traffic from new development in the neighborhood.



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# A new brand for next phase of growth

Period ended 31 Dec 2011



## 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 14 malls under management.

All 14 malls will be given colourful new identities which share the same logo, but with different hues to reinforce the new Fortune Malls image.



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# Awards - Wide Recognitions From Industry

## Corporate Governance



1. Directors of The Year Award 2011

## Corporate Social Responsibility



4. CAPITAL Outstanding Green Award 2011  
5. The Caring Company Award 2011  
6. The Community Chest President's Award 2011

## Investor Communication



7. ARC Award 2011 (GOLD)  
8. ARC Award 2011 (BRONZE)  
9. Mercury Award - Interim Report (BRONZE)  
10. iNova Corporate Website Award 2010

## Customer Service and Branding



2. Customer Relationship Excellence (CRE) Awards 2011  
3. Family Brands Award 2011 - Ma On Shan Plaza

# 14 Awards in different categories

## Facility Management



10. Excellence in Facility Management Award (Retail)  
11. Certificate of Power Smart Competition  
12. Workplace Hygiene Charter 2011  
13. Kowloon West Best Security Services Awards  
14. Quality Water Recognition Scheme for Buildings



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# Key Strategies

## 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



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**Acquisition of**  
*Belvedere Garden Property and Provident Centre Property*

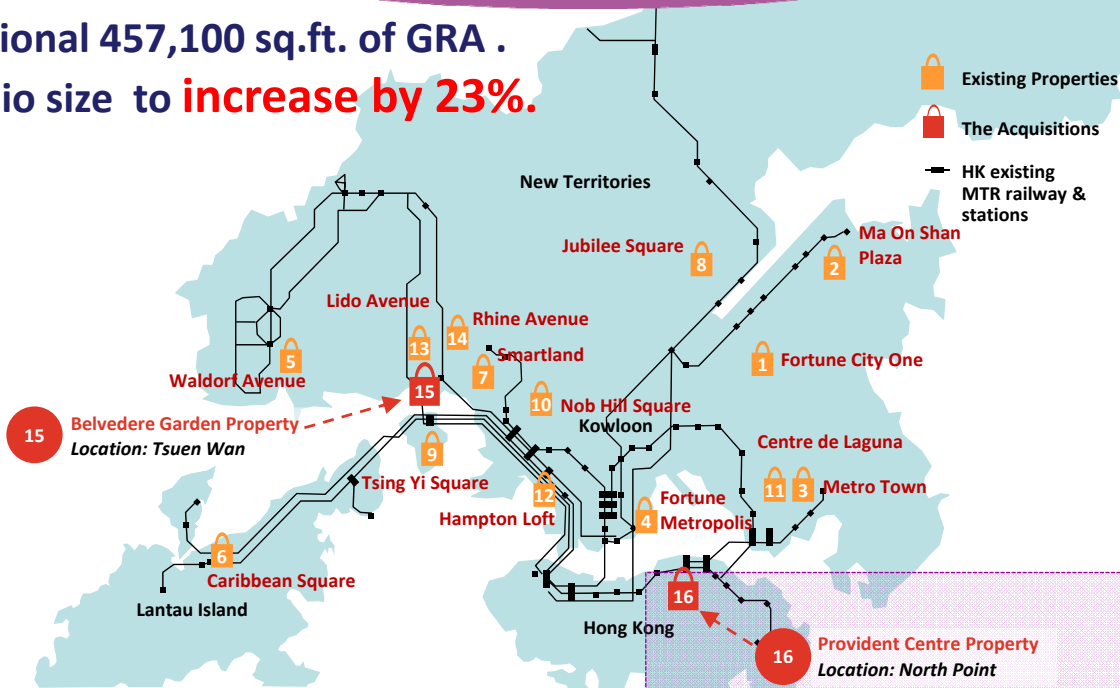


# Fortune REIT's Enlarged Portfolio

Period ended 31 Dec 2011

- Acquisition of 2 new properties to be completed by March 2012

Additional 457,100 sq.ft. of GRA .  
Portfolio size to **increase by 23%**.



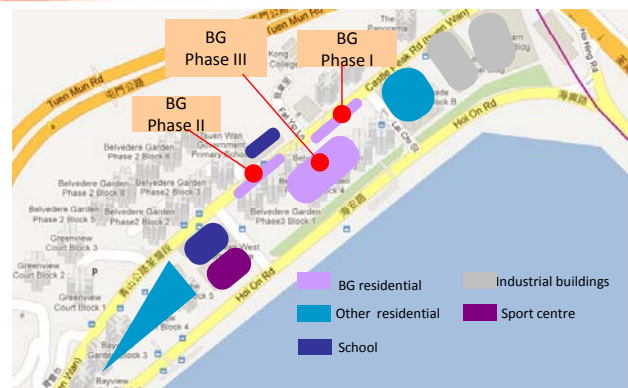
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**First foray into Hong Kong Island**

29

## Belvedere Garden Property

Period ended 31 Dec 2011



Gross Rentable Area (excluding parking lots)	276,862 sq.ft.
Year of Completion	1987 - 1991
Number of Tenants	100
Number of Parking Lots	329
Occupancy Rate	98.7%

Note:  
1. As at 30 Sep 2011.

- Large primary catchment population of approx. 30,000
- Faces little competition being the only shopping centre of its scale within the area with stable demand from primary catchment
- Current tenant mix with a primary focus towards necessity shopping

Source: Market Consultant's Report

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30

# Provident Centre Property



Gross Rentable Area (excluding parking lots)	180,238 sq.ft.
Year of Completion	1984
Number of Tenants	47
Occupancy Rate	92.3%

Note:  
1. As at 30 Sep 2011.

- Strong primary catchment population of approx. 26,000, with a mixture of residential complex/buildings, schools, a hotel and commercial buildings
- Largest shopping centre in the vicinity with large supermarket and tutorial schools to draw in second catchment of approx. 52,000
- 15 mins walk to Fortress Hill MTR Station and 10 mins to North Point MTR Station and bus terminus

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Source: Market Consultant's Report

## Contact Us



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