

FORTUNE

is Retail

Financial Results
for the period ended 30 June 2013

Stock Code | Hong Kong 778
Singapore F25U

15 July 2013

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Results Highlights

Financial Results & Capital Management

Portfolio Performance

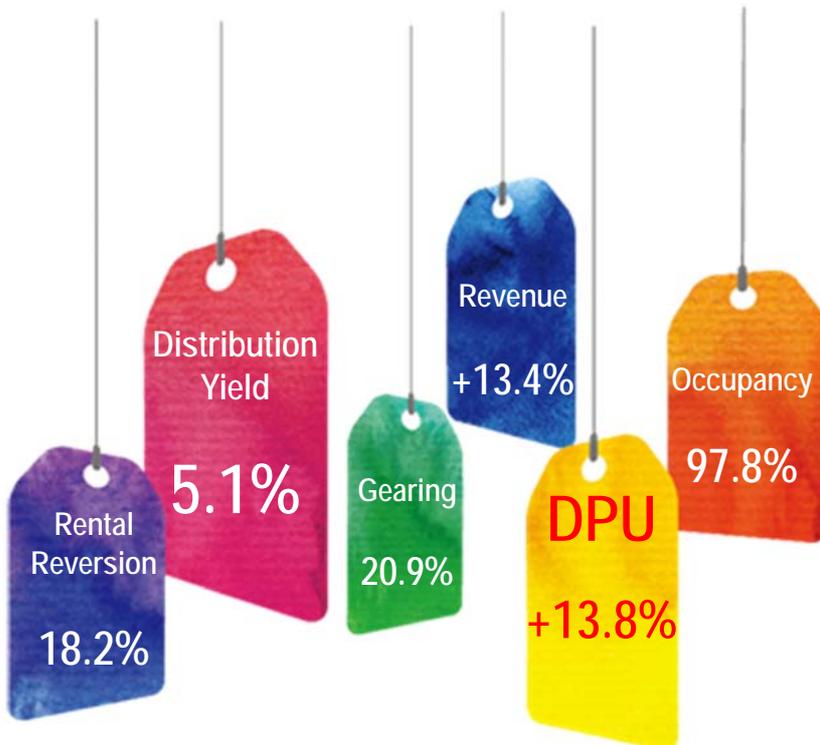
Asset Enhancement Initiatives

Track Record and Prospect

Period ended 30 Jun 2013 | 3

Results Highlights

For the 6 months ended 30 Jun 2013



Total Revenue	HK\$609.2 M	+ 13.4% YoY
NPI	HK\$437.6 M	+ 14.5% YoY
Distributable Income	HK\$307.0 M	+ 14.4% YoY
DPU	HK\$0.18	+ 13.8% YoY
Distribution Yield¹	5.1%	
NAV Per Unit	HK\$10.01	+ 13.6% YoY
Portfolio Valuation	HK\$22,188 M	+ 15.2% YoY
Gearing	20.9%	
Rental Reversion²	18.2%	
Occupancy	97.8%	
Passing Rent	HK\$33.1 psf	

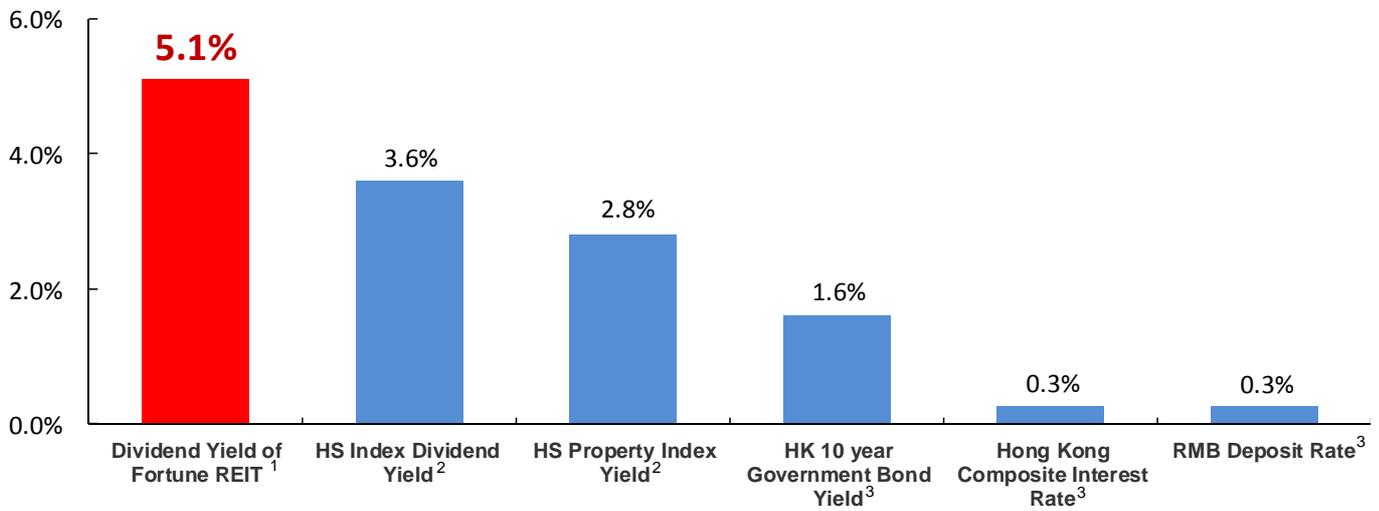
Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$7.10 as at 28 Jun 2013.
2. For all renewal leases from 1 Jan 2013 to 30 Jun 2013.

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Resilient Asset Class with Attractive Yield

Still offers 5.1% 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\$7.10 as at 28 June 2013.
2. As at Jun 2013
3. As at May 2013

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Stock Code | HK: 778 | SG: F25U

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Financial performance 1H 2013

1H2013 DPU +13.8% yoy – continuous strong growth

	1H 2013 (HK\$'000)	1H 2012 (HK\$'000)	Variance (%)	2Q 2013 (HK\$'000)	2Q 2012 (HK\$'000)	Variance (%)
Total revenue	609,220	537,381	13.4%	307,865	278,162	10.7%
NPI	437,580	382,109	14.5%	219,644	196,799	11.6%
Income available for distribution	306,965	268,327	14.4%	153,673	136,538	12.5%
DPU (HK cents)	18.00	15.82	13.8%	9.00	8.04	11.9%

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Portfolio Valuation

	Jun 13 ¹ (HK\$ million)	Dec 12 ² (HK\$ million)	Change (Jun 13 vs Dec 12)
1 Fortune City One	5,747	5,365	+7.1%
2 Ma On Shan Plaza	4,172	3,801	+9.8%
3 Metro Town	2,666	2,380	+12.0%
4 Fortune Metropolis	1,927	1,839	+4.8%
5 Belvedere Square	1,648	1,431	+15.2%
6 Waldorf Avenue	1,385	1,268	+9.2%
7 Caribbean Square	855	716	+19.4%
8 Provident Square	820	786	+4.3%
9 Jubilee Square	756	551	+37.2%
10 Smartland	563	516	+9.1%
11 Tsing Yi Square	508	463	+9.7%
12 Nob Hill Square	394	381	+3.4%
13 Centre de Laguna	244	229	+6.6%
14 Hampton Loft	229	222	+3.2%
15 Lido Avenue	167	153	+9.2%
16 Rhine Avenue	107	107	0.0%
Fortune REIT Portfolio	22,188	20,208	+9.8%

Portfolio Valuation at
HK\$22,188M, +9.8% from
Dec 2012. Increase mainly
driven by improved asset
performance

Notes:

1. Valued by Jones Lang Lasalle
2. Valued by Knight Frank Petty

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2013 Interim Distribution

DPU	18.0 HK cents
Ex-distribution Date	25 Jul 2013
Payment Date	29 Aug 2013

Fortune REIT ranked 1st
as the Most Committed to a Strong Dividend Policy in Hong Kong



Period ended 30 Jun 2013 | 9

Balance Sheet

As at 30 Jun 13	(HK\$'000)
Current Assets	607,796
Non Current Assets	22,259,159
Total Assets	22,866,955
Current Liabilities	1,645,446
Non Current Liabilities	4,163,022
Total Liabilities	5,808,468
Net Assets	17,058,487

Gearing Ratio	20.9%
Portfolio Valuation	HK\$22,188M
NAV Per Unit ¹	HK\$10.01

Note:

1. The total number of deemed units used for the computation of net asset value per Unit is 1,704.7 million Units.

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Debt Profile	As at 30 Jun 13	As at 31 Dec 12	As at 30 Jun 12
Total Debt	HK\$4,768M	HK\$4,870M	HK\$4,890 M
Gearing Ratio / Aggregate Leverage	20.9%	23.4%	24.5%
Interest Cover ¹	5.88X	5.33X	5.32X
Effective Interest Cost ²	2.81%	2.78%	2.77%

Hedged 76% of the interest cost with fixed rate

HK\$2.7B unencumbered asset provides financial flexibility

Debt headroom of HK\$5.0B before the 35% gearing limit

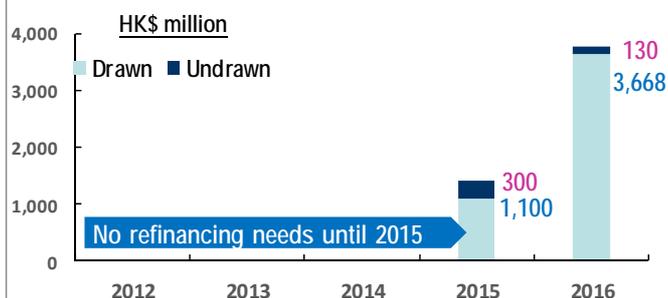
Available liquidity (as at 30 Jun 13)

- Committed RCF *HK\$430M*
- Cash on hand *HK\$553M*
- Total liquidity *HK\$983M*

Notes:

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

Weighted average debt maturity of 2.5 years



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Solid Asset Performance

	GRA (s.f.)	Occupancy (30 Jun 13)	Occupancy (31 Mar 13)	Occupancy (31 Dec 12)
1. Fortune City One (FCO) ¹	414,469	91.4%	96.1%	95.1%
2. Ma On Shan Plaza (MOSP)	310,084	99.6%	99.8%	99.8%
3. Metro Town	180,822	100.0%	100.0%	100.0%
4. Fortune Metropolis	332,168	98.5%	98.3%	98.5%
5. Belvedere Square	276,862	100.0%	100.0%	99.4%
6. Waldorf Avenue	80,842	100.0%	100.0%	100.0%
7. Caribbean Square	63,018	100.0%	99.1%	100.0%
8. Provident Square	180,238	100.0%	100.0%	99.8%
9. Jubilee Square	170,616	97.3%	93.8%	83.2%
10. Smartland ²	123,544	94.8%	99.4%	99.5%
11. Tsing Yi Square	78,836	100.0%	100.0%	100.0%
12. Nob Hill Square	91,779	99.6%	100.0%	100.0%
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%
Portfolio Total	2,445,452	97.8%	98.6%	97.7%

AEI in progress

AEI in progress

Reversion stands strong
AEI to drive further growth

Portfolio Occupancy

97.8%

Strong recovery upon AEIs completion

Average Rental Reversion

18.2%

Demonstrate resilience amid downturn.

Average Passing Rent

HK\$33.1 psf

up 7.0% yoy

Benefited from good reversion and AEIs

Notes:

- The 27,500 sf Fortune City One Market is closed down for AEIs. Works to be completed by end of 2013.
- Smartland is undergoing a re-layout exercise which involves 5,000 sf on G/F. Works to be completed by August 2013. Committed occupancy at 98.9% as at 30 June 2013

Portfolio Expiry Profile

Expiry Profile by GRA (As at 30 Jun 13)	(% of occupied GRA)		
	2H 2013	2014	2015 & Beyond
1. Fortune City One	25.4%	26.0%	48.6%
2. Ma On Shan Plaza	32.9%	36.3%	30.8%
3. Metro Town	8.9%	21.3%	69.8%
4. Fortune Metropolis	38.9%	40.9%	20.2%
5. Belvedere Square	16.2%	44.4%	39.4%
6. Waldorf Avenue	42.5%	33.8%	23.7%
7. Caribbean Square	4.5%	41.6%	53.9%
8. Provident Square	8.9%	62.2%	28.9%
9. Jubilee Square	5.3%	35.2%	59.5%
10. Smartland	4.9%	41.4%	53.7%
11. Tsing Yi Square	28.5%	32.8%	38.7%
12. Nob Hill Square	23.2%	37.5%	39.3%
13. Centre de Laguna	31.8%	38.5%	29.7%
14. Hampton Loft	74.8%	0.0%	25.2%
15. Lido Avenue	44.3%	30.5%	25.2%
16. Rhine Avenue	2.4%	97.6%	0.0%
Portfolio Total	23.9%	36.4%	39.7%

Sustainable growth by capturing
opportunity for AEI / Tenant Repositioning

FCO: AEIs at Wet Market to be completed by end 2013.

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



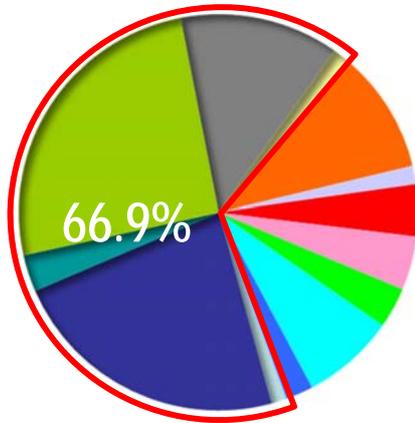
Metro Town: 63% of total GRA already renegotiated with higher rent in 1H2013.



Potential upside from tenant repositioning opportunities in 2014 and onwards.

Portfolio Trademix

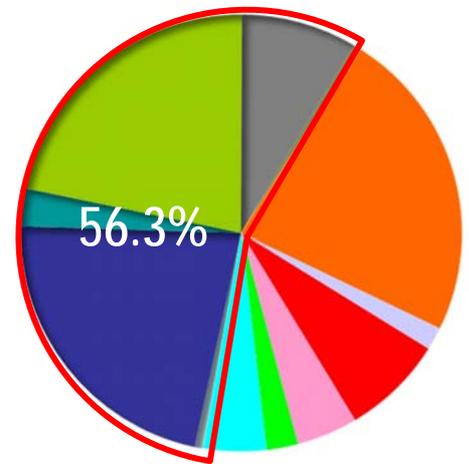
By Gross Rentable Area



Tenant's Trade Mix (as at 30 Jun 13)



By Gross Rental Income



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

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 **Asset Enhancement Initiatives**

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AEIs at Fortune City One

- Of the largest scale in portfolio

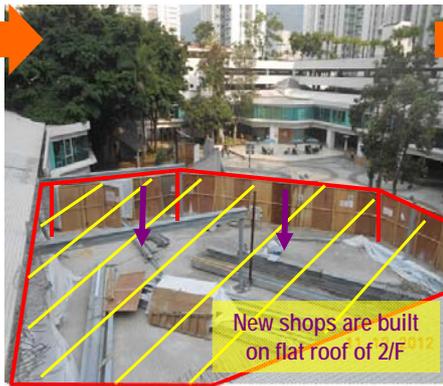
置富第一城
Fortune City One



CAPEX	Commencement	Completion
HK\$100M	3Q 2011	1H 2013

Achieved ROI > 25%

New shops will enjoy prime frontage facing two internal corridors



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

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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



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AEIs at Jubilee Square



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

Achieved ROI > 25%

Monthly rental of Jubilee Square increased by 34%¹. 3/F now positioned as a household and F&B centre while 6/F & 7/F are focused on enhanced service and education trade.



New resting area for shoppers

Note:
1. Comparing the monthly rental before and after AEIs (i.e. Mar 2012 and Jun 2013).

AEIs at Ma On Shan Plaza



CAPEX	Commencement	Expected 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.



Perspective view

Perspective view

Expiry of anchor tenants provide AEIs opportunities

AEIs at Fortune City One

置富第一城·街市
Fortune City One Market

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

Target Return on investment 15%

To improve occupancy of wet market after AEIs



AEIs at Belvedere Square Phase 3 (BS3)

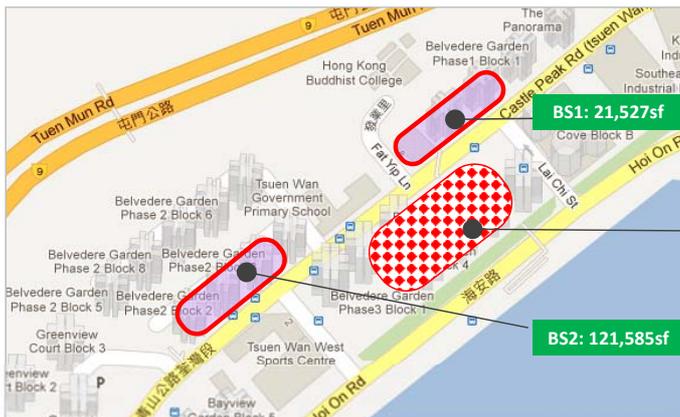
- The next large scale project

麗城薈
Belvedere Square

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.



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Pipelines & Proven Track Record in AEs

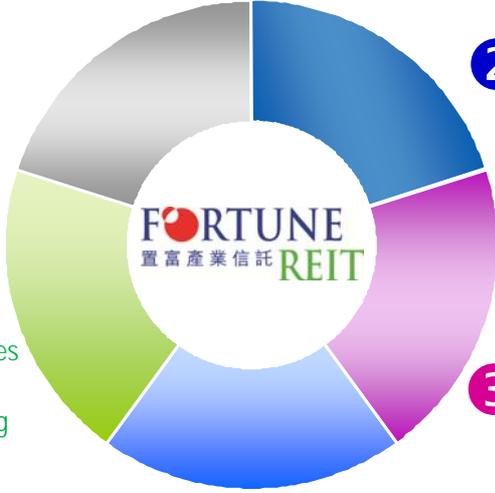
Property / Enhanced Area	Completion	CAPEX (HK\$)	ROI ¹
Belvedere Square Phase 3 - 126,000sf	Target End of 2014	-80M	Target 15%
Fortune City One Market - 27,000sf	Target End of 2013	-18M	Target 15%
Ma On Shan Plaza - 59,000sf (previously a supermarket)	Target End of 2013	-17M	Target 15%
Jubilee Square - 55,000sf	2Q 2013	15 M	> 25%
Fortune City One - 200,000sf	2012	100 M	> 25%
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.

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Why Invest in Fortune REIT

- 
- 1** Attractive valuation
 - **5.1% DPU yield**
 - 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
 - 5** Acquisition growth
 - **20.9% gearing** provides debt headroom for acquisition
 - Strong pipeline from Cheung Kong Group

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Wide Recognitions



Hong Kong Best Mid-Cap Company

Most Committed to a Strong Dividend Policy in Hong Kong

Asia's Outstanding Corporate Governance Award

Capital Honor Grand Awards – Investor Relations



U Green Awards 2012/13



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APPENDICES

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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 1st cross-border REIT and the 1st 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\$22.2 billion**

Market Capitalization & NAV

- Market capitalization of Fortune REIT at **HK\$12.1 billion** (as at 30 Jun 2013)
- NAV at **HK\$10.01** per unit (as at 30 Jun 2013)

Distribution Policy

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

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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)

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



Dec 2009
14 properties
(HK\$11.5B)

- Metro Town
- Caribbean Square
- Hampton Loft



Jun 2013
16 properties
(HK\$22.2B)

- Provident Square
- Belvedere Square



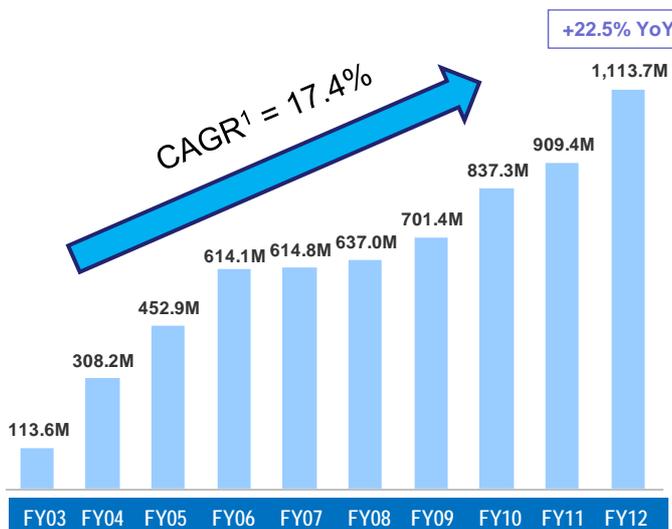
Added 6 properties in 2005

Added 3 properties in 2009

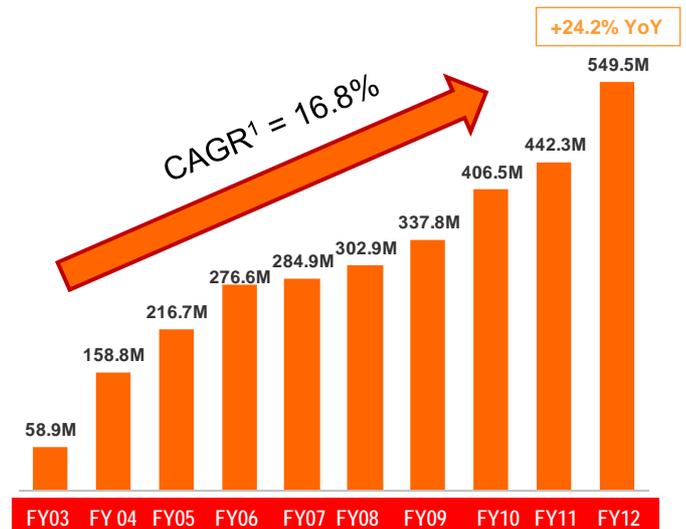
Added 2 properties in 2012

Years of Sustainable Growth

Total Revenue (HK\$)



Distributable Income (HK\$)



Note:

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

AEIs at Ma On Shan Plaza

- Subdivision of 50,000sf completed in 4Q11



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



New tenants attract footfalls to the mall.

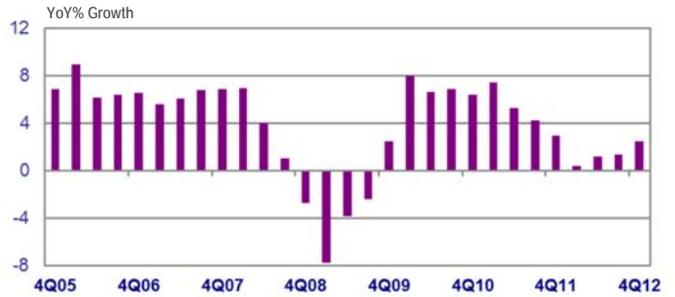


Hong Kong Economy

Hong Kong continued to face external headwinds

- ✓ HK GDP continued to grow moderately in the first quarter of 2013.
- ✓ While the external sector still faced an unsteady global economic environment, domestic sector remained relatively resilient
- ✓ GDP growth forecast for 2013 : 1.5% to 3.5%, vs. 1.4% in 2012

GDP 1Q13: Economy regained momentum

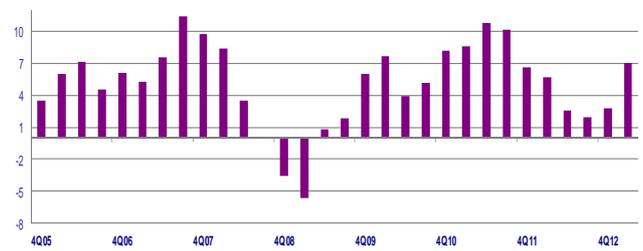


Unemployment: Labour market held largely stable, in a state of full employment.



Source: Census & Statistics Department, HK

Private consumption 1Q13: Accelerating from the 2.8% growth in the fourth quarter of 2012.

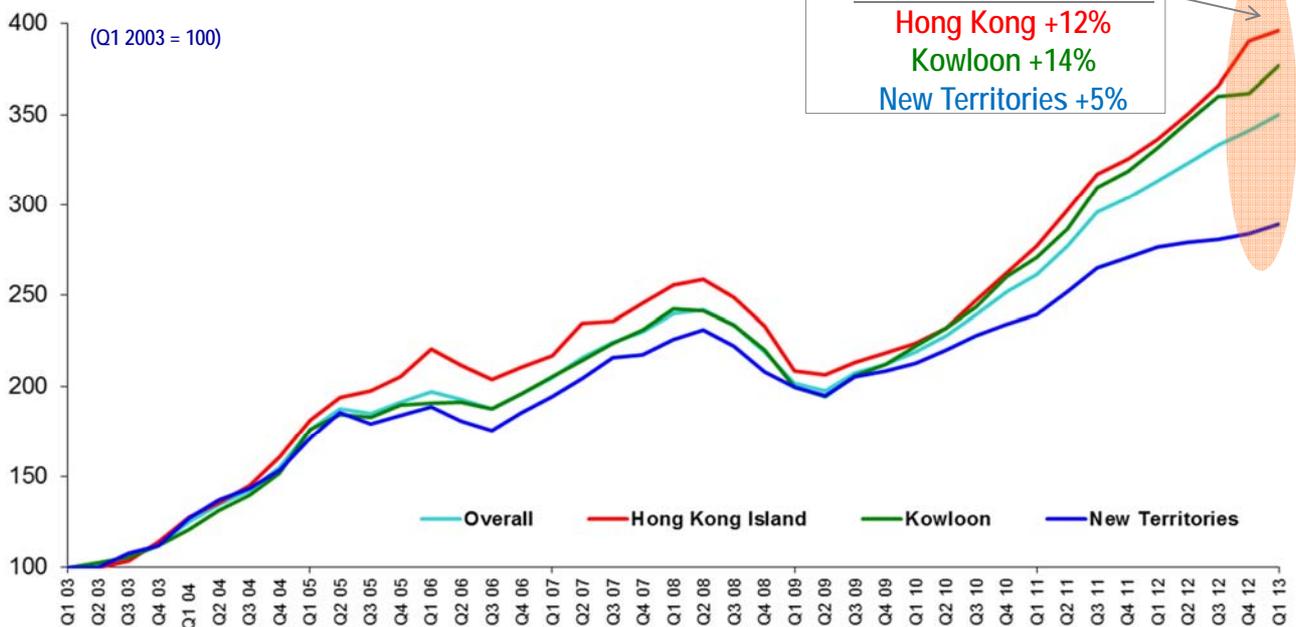


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Solid Shopping Centre Rent

Rising for 15th consecutive quarters since 2009

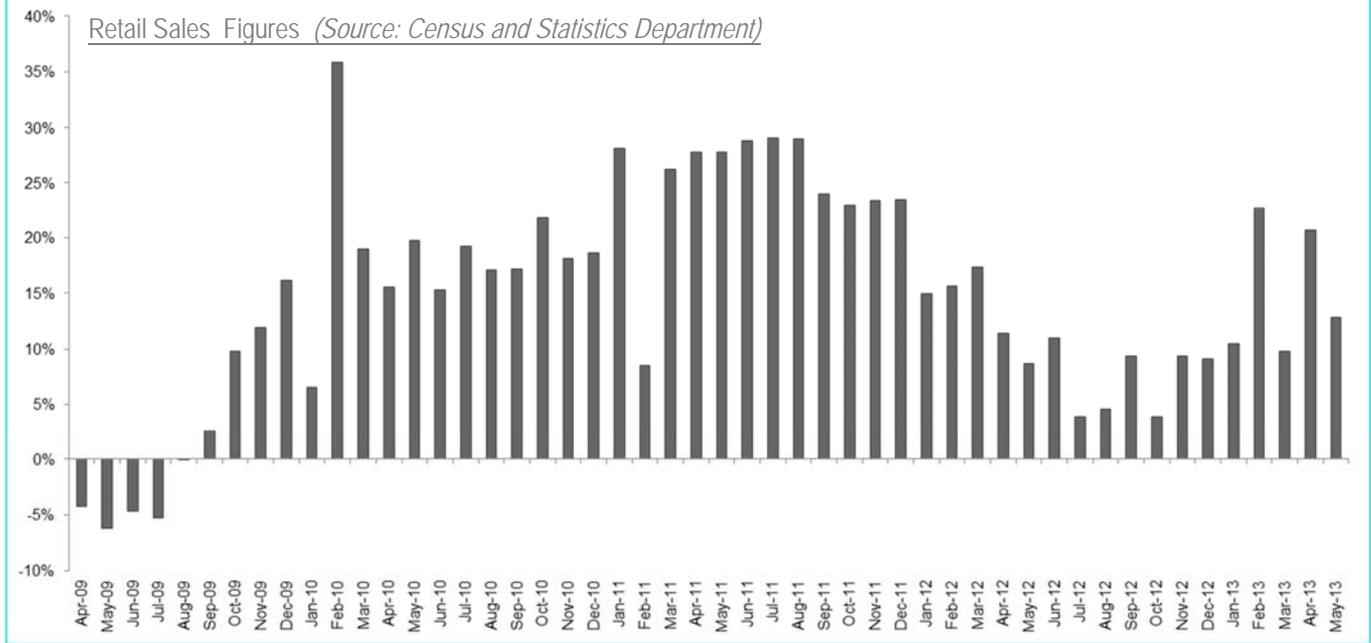
Shopping Centre Rental Index by District (Source: Savills Research)



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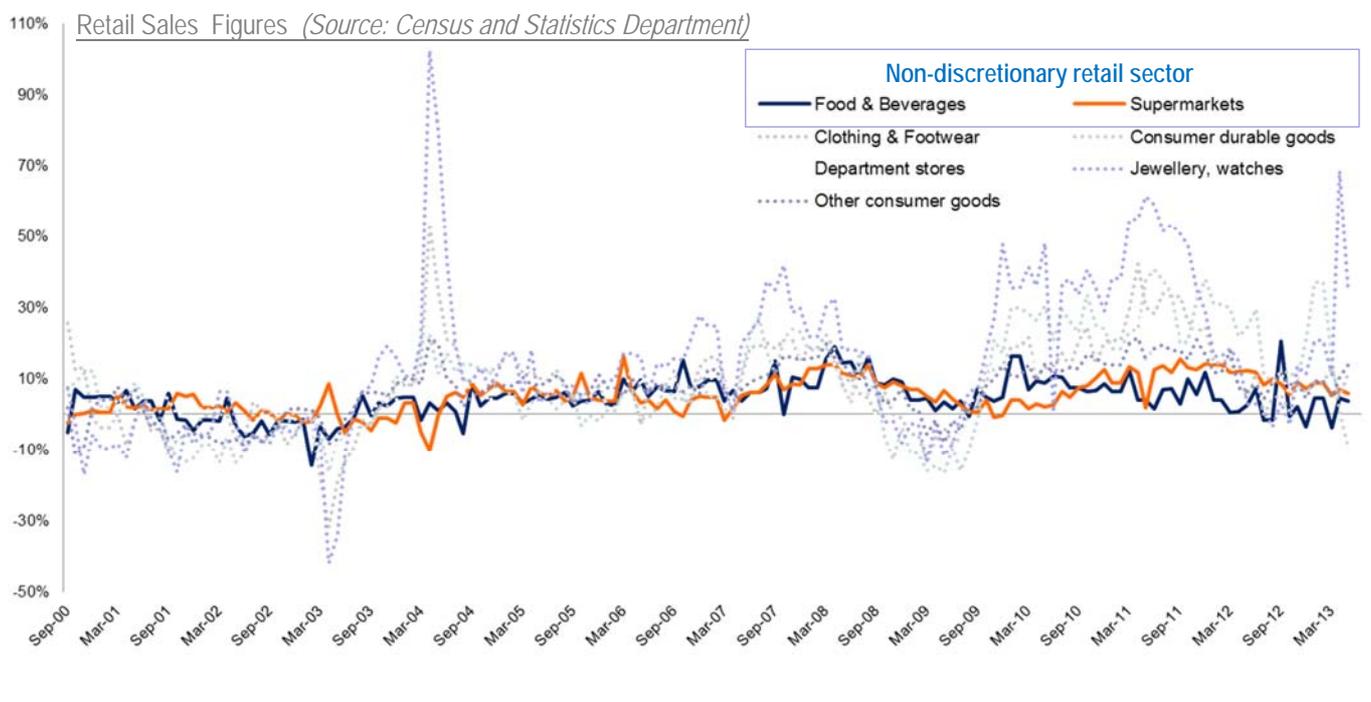
Hong Kong Retail Sales

Value of total retail sales for Jan - May increased by 15.0% YoY



Hong Kong Retail Sales

Non-discretionary spending sectors continues to show resilience



A resilient retail portfolio in Hong Kong

16 retail malls

Total Area 2.45 million sf

Total Valuation HK\$22.2 billion



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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

映灣薈
Caribbean Square

和富薈
Provident 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

海韻大道
Rhine Avenue

麗都大道
Lido Avenue

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Contact Us

FORTUNE
置富產業信託 **REIT**



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

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