



Hong Kong 778 | Singapore F25U

Financial Results | For the period ended 31 December 2013 | 24 January 2014



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Largest Acquisition in History

The yield-accretive acquisition was completed on 9 October 2013



置富嘉湖 Fortune Kingswood

Becomes Fortune REIT's largest asset

Gross Rentable Area	: 665,244 sf
No. of Tenants ¹	: 208
No. of parking lots	: 622
Consideration	: HK\$5,849m
Occupancy ¹	: 99.0% (Improved from 95.5% as at 30 June 2013)

Note: 1. As at 31 December 2013.

Major Tenants in Fortune Kingswood



A dynamic decade. A promising future.

Period ended 31 Dec 2013 | 3

Fortune Kingswood – Tenant Repositioning

置富嘉湖 Fortune Kingswood

Already seen operational improvements in less than 3 months after acquisition through proactive tenant repositioning exercise

Jockey Club, previously occupied 12,350 sf on the G/F, has been relocated to the 1/F. Successfully draws strong footfall to the 1/F.



Meanwhile, the original prime space on G/F is being subdivided and 100% pre-committed to new retail and F&B tenants.

Occupancy improved to
99%
(from 95.5% at acquisition)

A dynamic decade. A promising future.

Period ended 31 Dec 2013 | 4

Results Highlights

Financial Results & Capital Management

Portfolio Performance

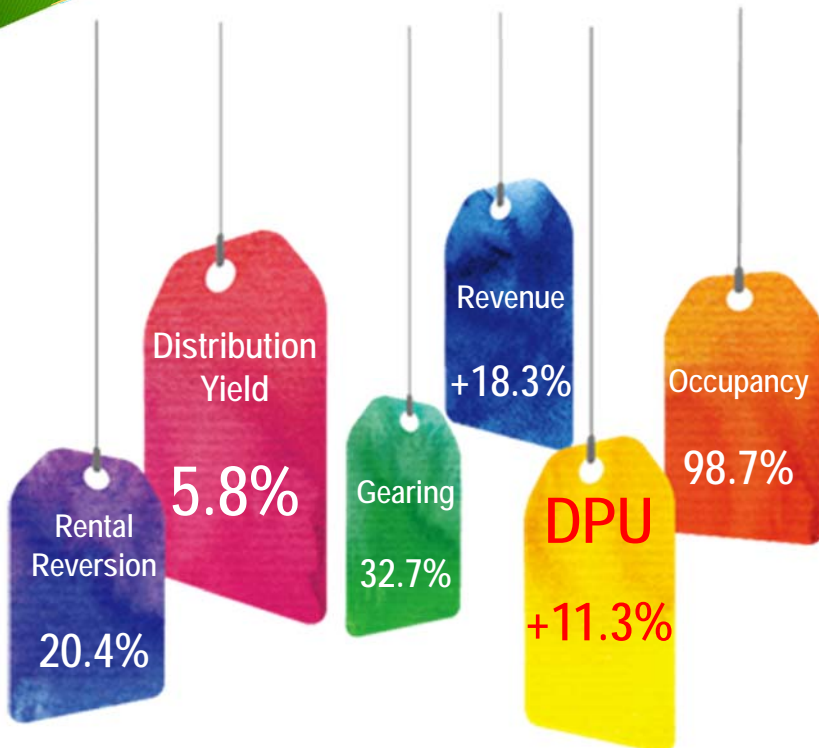
Asset Enhancement Initiatives

Track Record and Prospect

Here We Share!



Results Highlights



For the 12 months ended 31 Dec 2013

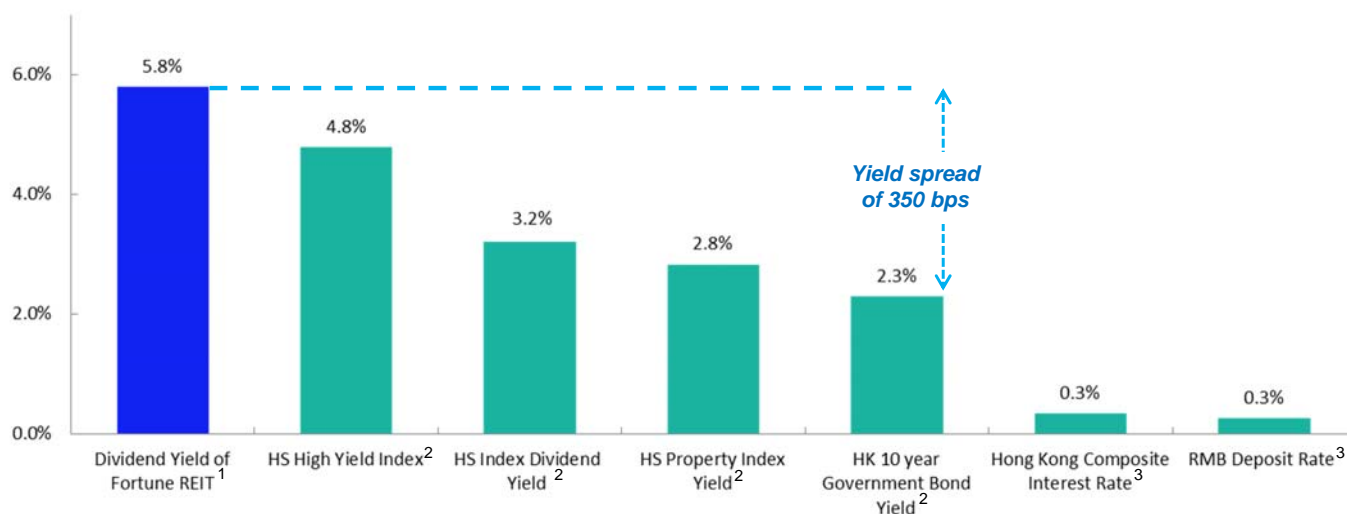
Total Revenue	HK\$1,317.5 M	+ 18.3% YoY
NPI	HK\$928.3 M	+ 17.8% YoY
Distributable Income	HK\$642.4 M	+ 16.9% YoY
DPU	HK\$0.36	+ 11.3% YoY
Distribution Yield ¹	5.8%	
NAV Per Unit ²	HK\$10.26	+ 16.5% YoY
Portfolio Valuation ²	HK\$29,338 M	+ 45.2% YoY
Gearing ²	32.7%	
Rental Reversion ³	20.4%	
Occupancy ²	98.7%	
Passing Rent ²	HK\$33.5 psf	

Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$6.215 as at 31 Dec 2013.
2. As at 31 Dec 2013.
3. For all renewal leases from 1 Jan 2013 to 31 Dec 2013.

Resilient Asset Class with Attractive Yield

Still offers 5.8% distribution 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\$6.215 as at 31 Dec 2013.
2. As at Dec 2013.
3. As at Nov 2013.

Financial Performance FY13

FY13 Revenue +18.3%

4Q13 DPU +16.1%

	FY13 (HK\$'000)	FY12 (HK\$'000)	Variance (%)	4Q13 (HK\$'000)	4Q12 (HK\$'000)	Variance (%)
Total revenue	1,317,463	1,113,696	18.3%	392,559	291,587	34.6%
NPI	928,331	788,275	17.8%	275,160	206,888	33.0%
Income available for distribution	642,389	549,462	16.9%	182,082	142,474	27.8%
DPU (HK cents)	36.00	32.35	11.3%	9.72	8.37	16.1%

5 contributing factors

Higher occupancy rates

Strong rental growth across entire portfolio

Excellent returns from completed AEs

Yield accretive acquisition of Fortune Kingswood completed in Oct 2013

Full year contributions from Belvedere and Provident

Portfolio Valuation

	Dec 13 ¹ (HK\$ million)	Dec 12 ² (HK\$ million)	Change (Dec 13 vs Dec 12)
1 Fortune City One	6,253	5,365	+16.6%
2 Fortune Kingswood ³	6,028	NA	NA
3 Ma On Shan Plaza	4,342	3,801	+14.2%
4 Metro Town	2,726	2,380	+14.5%
5 Fortune Metropolis	2,059	1,839	+12.0%
6 Belvedere Square	1,693	1,431	+18.3%
7 Waldorf Avenue	1,435	1,268	+13.2%
8 Caribbean Square	875	716	+22.2%
9 Provident Square	856	786	+8.9%
10 Jubilee Square	768	551	+39.4%
11 Smartland	599	516	+16.1%
12 Tsing Yi Square	524	463	+13.2%
13 Nob Hill Square	406	381	+6.6%
14 Hampton Loft	250	222	+12.6%
15 Centre de Laguna	245	229	+7.0%
16 Lido Avenue	169	153	+10.5%
17 Rhine Avenue	110	107	+2.8%
Fortune REIT Portfolio	29,338	20,208	+45.2%

Original portfolio up 15.3% YoY

Cap rates mostly unchanged. Portfolio weighted average retail cap rate @4.7%

Valuation increase mostly driven by improved asset performance & Fortune Kingswood

- Notes:
1. Valued by Jones Lang LaSalle
 2. Valued by Knight Frank
 3. Acquired on 9 Oct 2013

Distribution Details

2013 Final Distribution

DPU	18.0 HK cents
Ex-distribution Date	7 Feb 2014
Payment Date	28 Feb 2014

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



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Here We Excel!



Balance Sheet

As at 31 Dec 13	(HK\$'000)
Current Assets	925,268
Non Current Assets	29,404,906
Total Assets	30,330,174
Current Liabilities	1,973,299
Non Current Liabilities	9,247,548
Total Liabilities	11,220,847
Net Assets	19,109,327

Gearing Ratio

32.7%

Portfolio Valuation

HK\$29,338M

NAV Per Unit ¹

HK\$10.26

Note:

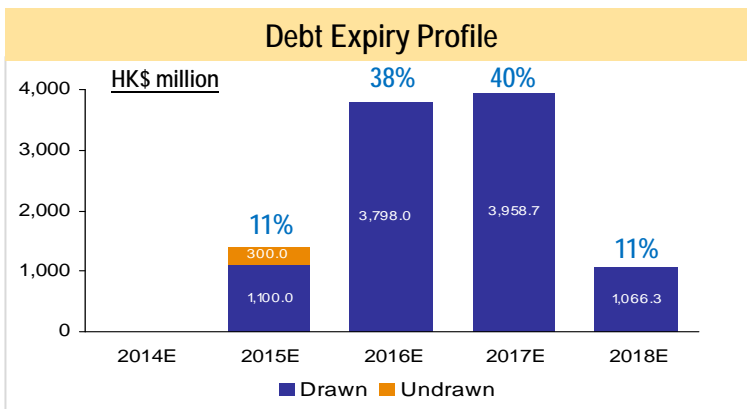
1. The total number of deemed units used for the computation of net asset value per Unit is 1,862.5 million Units.

Debt Profile	As at 31 Dec 13	As at 30 Jun 13	As at 31 Dec 12
Total Debt	HK\$9,923M	HK\$4,768M	HK\$4,870 M
Gearing Ratio / Aggregate Leverage	32.7%	20.9%	23.4%
Interest Cover	4.75X	5.88X	5.33X
Effective Interest Cost	2.59%	2.81%	2.78%

Staggered debt expiry profile.
No refinancing requirements until 2015.

Gearing remains healthy at 32.7%.

Effective interest cost reduced to 2.59%



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Here We Bond!



Solid Asset Performance

	GRA (s.f.)	Occupancy (31 Dec 13)	Occupancy (30 Jun 13)	Occupancy (31 Dec 12)
1. Fortune City One	414,469	99.2%	91.4%	95.1%
2. Fortune Kingswood ¹	665,244	99.0%	NA	NA
3. Ma On Shan Plaza	310,084	98.5%	99.6%	99.8%
4. Metro Town	180,822	100.0%	100.0%	100.0%
5. Fortune Metropolis	332,168	97.8%	98.5%	98.5%
6. Belvedere Square	276,862	94.5%	100.0%	99.4%
7. Waldorf Avenue	80,842	100.0%	100.0%	100.0%
8. Caribbean Square	63,018	100.0%	100.0%	100.0%
9. Provident Square	180,238	100.0%	100.0%	99.8%
10. Jubilee Square	170,616	100.0%	97.3%	83.2%
11. Smartland	123,544	99.3%	94.8%	99.5%
12. Tsing Yi Square	78,836	100.0%	100.0%	100.0%
13. Nob Hill Square	91,779	99.1%	99.6%	100.0%
14. Hampton Loft	74,734	100.0%	100.0%	100.0%
15. Centre de Laguna	43,000	100.0%	100.0%	100.0%
16. Lido Avenue	9,836	100.0%	100.0%	100.0%
17. Rhine Avenue	14,604	100.0%	100.0%	100.0%
Portfolio Total	3,110,696	98.7%	97.8%	97.7%

Note:
1. Property was acquired on 9 Oct 2013.

Reversion stands strong
AEI to drive further growth

Portfolio Occupancy

98.7%

Strong recovery upon AEIs completion

Average Rental Reversion

20.4%

Demonstrate resilience amid downturn.

Average Passing Rent

HK\$33.5 psf

Original portfolio up 9.0% YoY
Benefited from good reversion and AEIs

Portfolio Expiry Profile

Expiry Profile by GRA (As at 31 Dec 13)	(% of occupied GRA)		
	2014	2015	2016 & Beyond
1. Fortune City One	24.0%	36.3%	39.7%
2. Fortune Kingswood	46.5%	32.9%	20.6%
3. Ma On Shan Plaza	35.6%	23.1%	41.3%
4. Metro Town	21.3%	21.2%	57.5%
5. Fortune Metropolis	69.1%	18.7%	12.2%
6. Belvedere Square	48.4%	42.9%	8.7%
7. Waldorf Avenue	34.3%	9.2%	56.5%
8. Caribbean Square	41.6%	49.9%	8.5%
9. Provident Square	64.4%	31.3%	4.3%
10. Jubilee Square	36.3%	37.6%	26.1%
11. Smartland	39.5%	35.4%	25.1%
12. Tsing Yi Square	33.1%	48.8%	18.1%
13. Nob Hill Square	37.9%	42.7%	19.4%
14. Hampton Loft	0.0%	0.0%	100.0%
15. Centre de Laguna	36.6%	40.3%	23.1%
16. Lido Avenue	30.5%	25.2%	44.3%
17. Rhine Avenue	46.5%	32.9%	20.6%
Portfolio Total	41.7%	30.9%	27.4%

Sustainable growth by capturing
opportunity for AEI / Tenant Repositioning

Fortune Kingswood:
Well positioned for rental growth by reverting 46.5% expiring leases in 2014 from a low base.

Fortune Metropolis:
69% of total GRA is expiring in 2014, providing tenant repositioning opportunities.

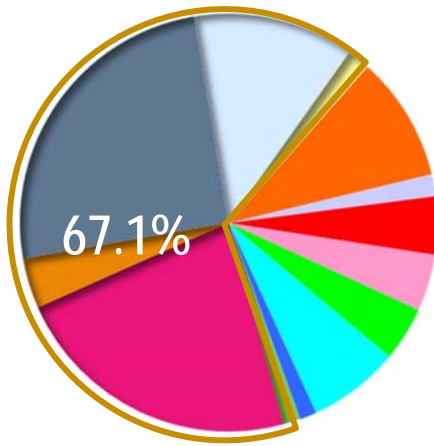
Belvedere Square: To embark HK\$80 million AEIs at Phase 3.



Provident Square:
Repositioning opportunities from anchor tenant space expiring in 2014.

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

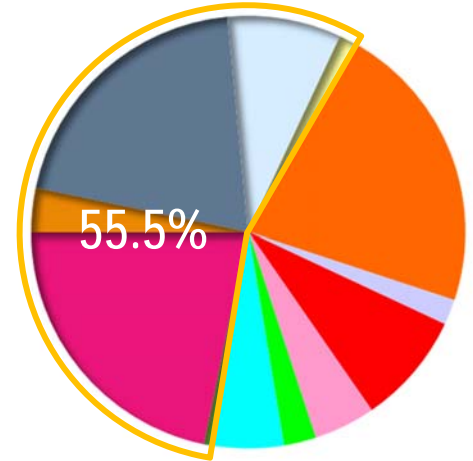
By Gross Rentable Area



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

1.3%	Community Services	0.5%
22.6%	Food & Beverages	21.7%
3.9%	Homewares	3.3%
25.1%	Services & Education	20.2%
12.5%	Supermarkets	8.5%
1.7%	Wet Markets	1.3%
9.7%	Banking & Real Estate	21.8%
1.7%	Electronics & IT	1.9%
4.5%	Fashion & Shoes	8.4%
4.4%	Gifts, Toys & Jewellery	4.6%
4.2%	Entertainment & Sports	2.4%
7.1%	Others	5.4%
1.3%	Vacant	0.0%

By Gross Rental Income



Promoting Fortune Malls

Family-oriented events to engage shoppers and community.



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Here We Grow!



AEIs at Ma On Shan Plaza



CAPEX	Commencement	Completion
HK\$15M	3Q 2013	December 2013

Achieved return on investment 60%

To reconfigure 59,000sf of anchor tenants space and create more prime shops for retail and F&B.
New zone 100% committed ahead of completion



Subdivision for the new zone has been completed. Better retail offerings attract crowds.

AEIs at Fortune City One



CAPEX	Commencement	Completion
HK\$20M	2Q 2013	October 2013

Achieved Return on Investment >25%



A refreshing outlook



Better layout with more offerings



A dynamic decade. A promising future.

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AEIs at Jubilee Square



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

Achieved ROI > 25%

FY13 net property income of Jubilee Square increased by 57.4% y-o-y. 3/F now positioned as a household and F&B centre while 6/F & 7/F are focused on enhanced service and education trade.



3/F Before



3/F After



New tenants on 3/F



New resting area for shoppers

A dynamic decade. A promising future.

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Tenant Repositioning Initiatives



2/F Replaced a 8,000sf church with Jumping Gym.
G/F Strengthened F&B with some popular local stores.
 Reconfigured some 5,000sf and brought in new tenants in ladies fashion & electronic product .



Rental reversion for new tenants ~30%
 Average passing rent up 9.0% YoY

Continuing strong growth since its first AEs in 2008. By reshuffling F&B stores to secondary corridor and freeing up main corridor to higher paying retailers. 90% of main corridor are now in retail trades. Further repositioning opportunities of the 8,000sf anchor tenant space expiring in 2014.



Fashion & shoes, electronics, gifts & jewelry contributing 50% of total rental
 Rental reversion for new tenants ~45%



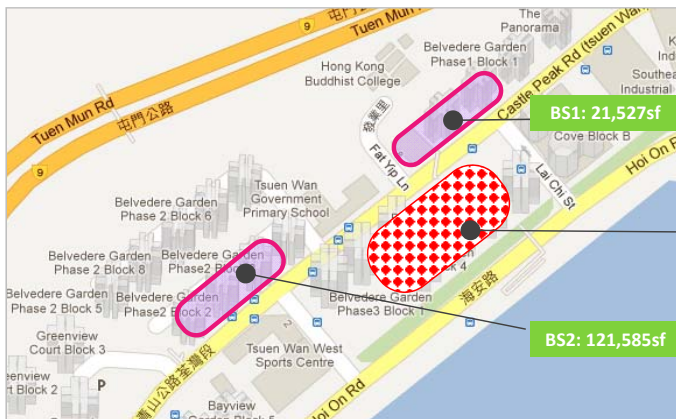
AEIs at Belvedere Square Phase 3 (BS3)



CAPEX	Target Commencement	Target Completion
HK\$80M	2014	End of 2015

Target Return on investment 15%

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



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Here We Sprout!



Pipelines & Proven Track Record in AEIs

Property / Enhanced Area	Completion	CAPEX (HK\$)	ROI ¹
Belvedere Square Phase 3 - 126,000sf	Target End of 2015	80M	Target 15%
Ma On Shan Plaza - 59,000sf (previously a supermarket)	4Q 2013	15M	60%
Fortune City One Market - 27,000sf	3Q 2013	20M	>25%
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.

Why Invest in Fortune REIT

• 5.8% DPU yield

1. Attractive Valuation

2. Resilient Portfolio

• Sustainable growth across economic cycles

• Positive rental reversion supported by strong local demand and mainland tourist

3. Robust Retail Outlook

4. AEIs Growth

• Track record of executing value-added AEIs

5. Acquisition Growth

• Strong pipeline from Cheung Kong

A dynamic decade. A promising future.

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Appendices >>>>>

Three Growth Strategies

Our success relies on the precisely coordinated execution of three core growth strategies: (1) yield-accretive acquisitions, (2) active leasing management and (3) AEIs.

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

- **17 private housing estate retail properties** in Hong Kong
- Comprised of 3.11 million square feet of retail space and 2,606 carpark spaces.
- Portfolio valuation at **HK\$29.3 billion**

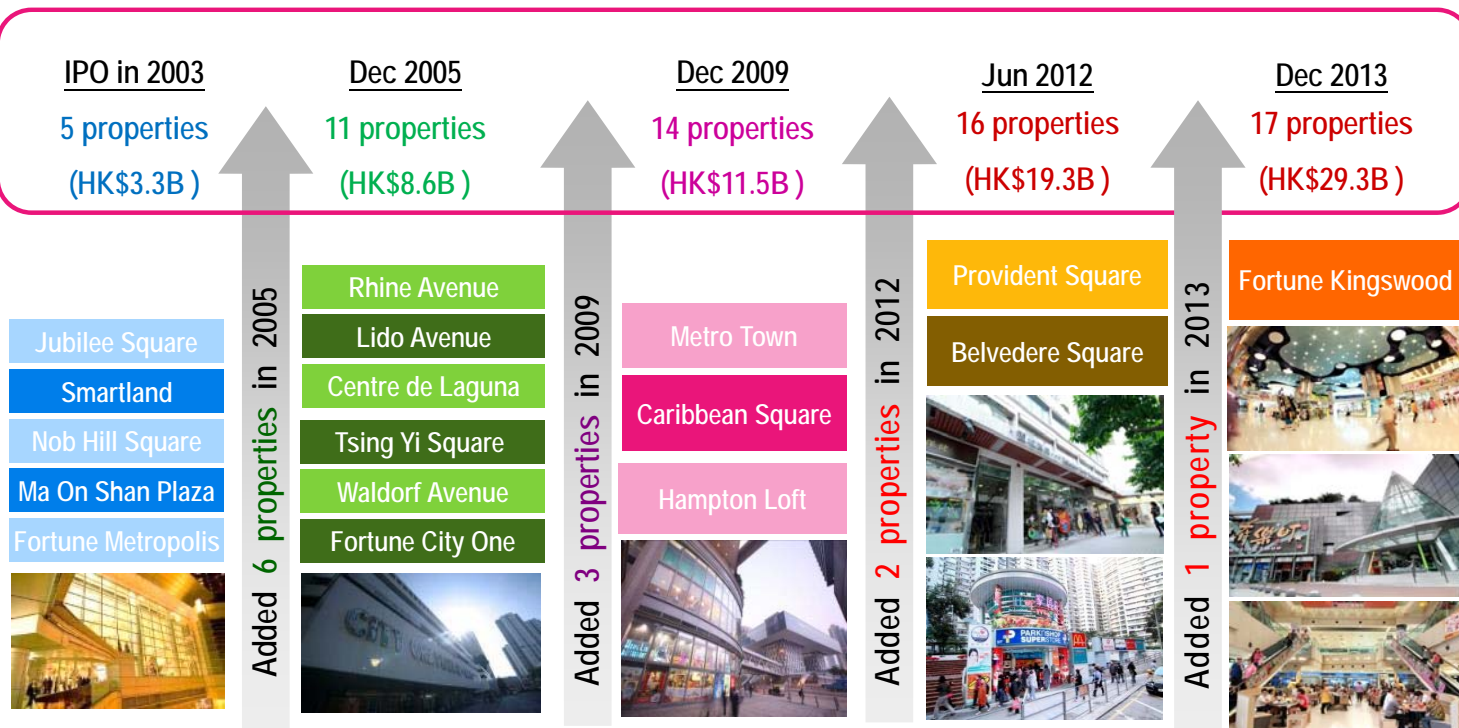
Market Capitalization & NAV (as at 31 Dec 2013)

- Market capitalization of Fortune REIT at **HK\$11.5 billion**
- NAV at **HK\$10.26** per unit

Distribution Policy

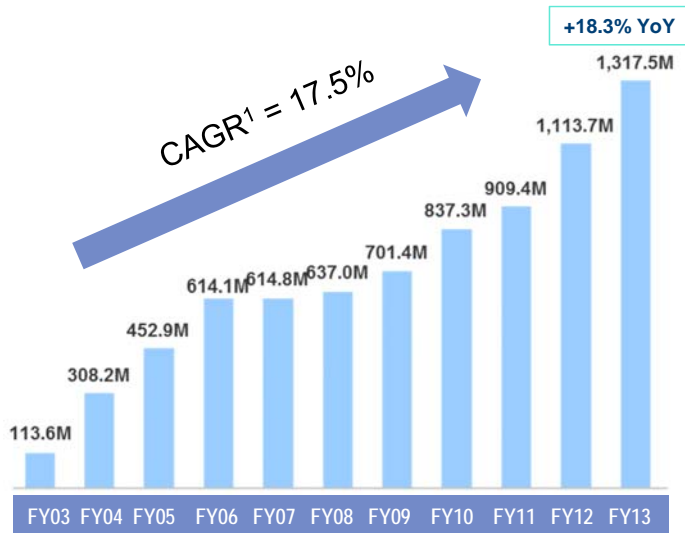
- Distribute **100% of its tax exempt income**
- Distribute on a **semi-annual** basis

Proven Acquisition Growth

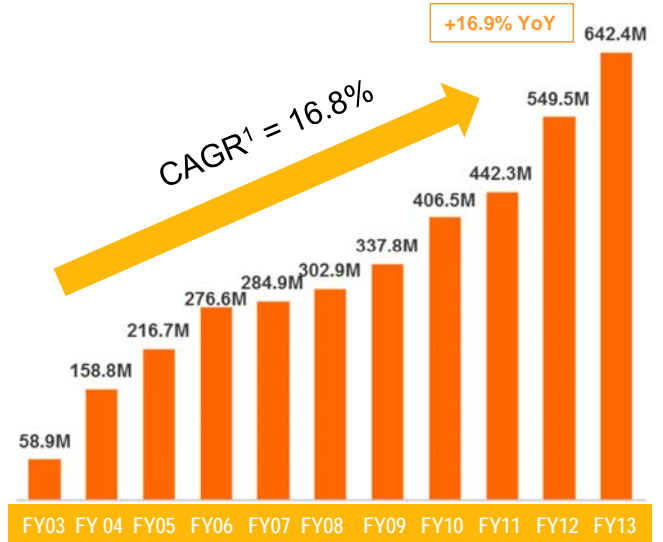


10 consecutive years of sustained growth

Total Revenue (HK\$)



Distributable Income (HK\$)



Note:
 1. 2004 - 2013 compound annual growth rate (CAGR).

AEIs at 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



New tenants attract footfalls to the mall.



AEIs at Fortune City One



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

Achieved ROI > 25%





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



Hong Kong Economy

Hong Kong continued to face external headwinds

- ✓ HK GDP continued to grow moderately in the third quarter of 2013.
- ✓ While the external sector still faced an unsteady global economic environment, domestic sector remained relatively resilient
- ✓ GDP growth forecast for 2013 : 3.0%

GDP 3Q13: Economy grew steadily



Unemployment: Labour market stay tight in Dec 13



Private consumption: Backed by favourable job and income condition

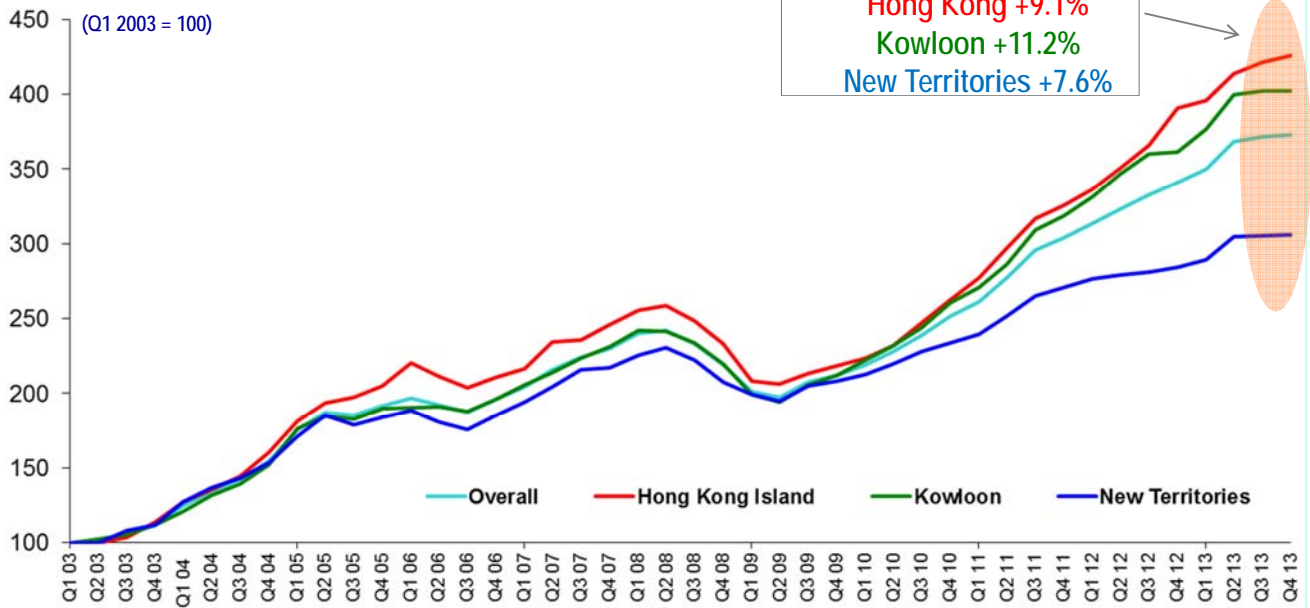


Source: Census & Statistics Department, HK

Solid Shopping Centre Rent

Rising for 18th consecutive quarters since 2009

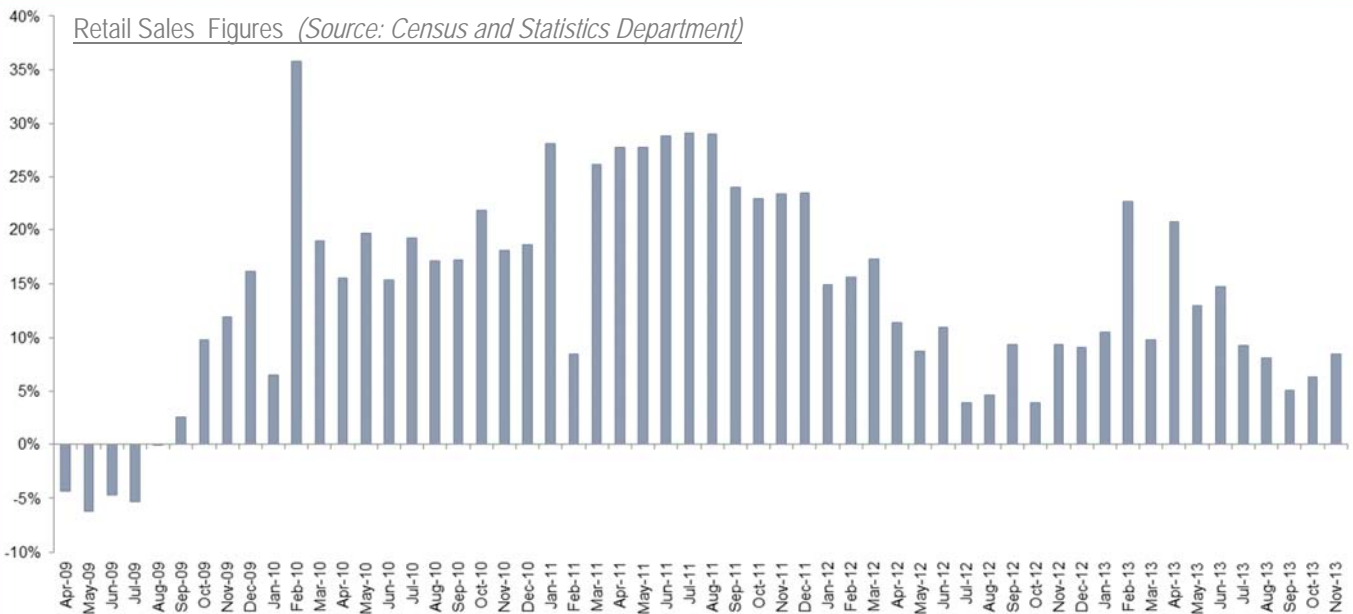
Shopping Centre Rental Index by District (Source: Savills Research)



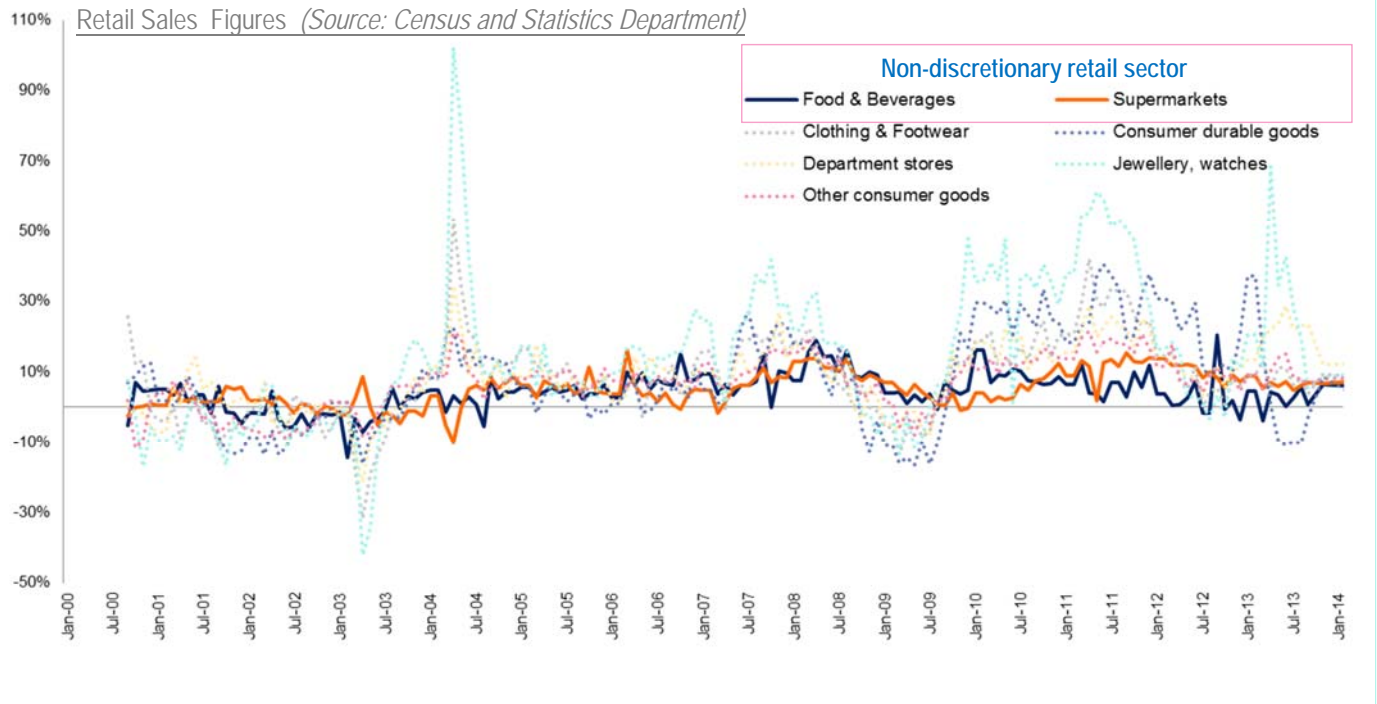
Hong Kong Retail Sales

Value of total retail sales for Jan - Nov increased by 11.6% YoY

Retail Sales Figures (Source: Census and Statistics Department)



Non-discretionary spending sectors continues to show resilience



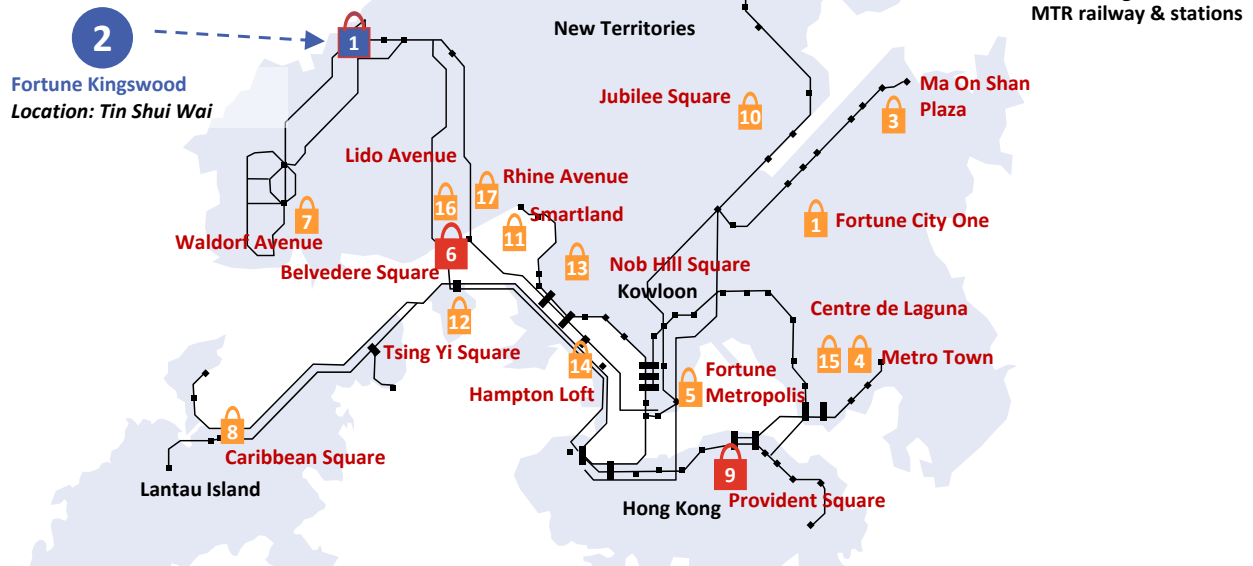
Fortune REIT's Enlarged Portfolio

- Acquisition of Fortune Kingswood was completed in Oct 2013

17 retail malls

Total Area 3.11 million sf

Total Valuation HK\$29.3 billion



A New Brand for Next Phase of Growth

FORTUNE 置富產業信託 **REIT**



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 17 malls under management.

All 17 malls will be given colourful new identities which share the same logo, but with different hues to reinforce the new Fortune Malls image.



A dynamic decade. A promising future.

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