

Financial Results For The Period Ended 30 June 2014

25 July 2014



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Results Highlights

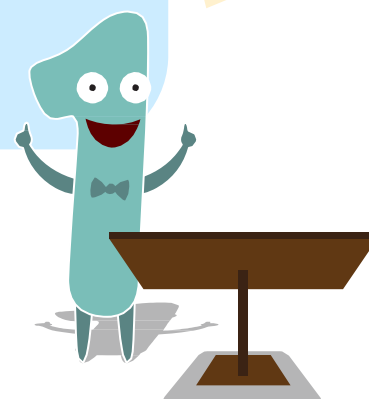
Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect

Well Done!!



Results Highlights

Revenue
+33.5%

DPU
+16.0%

Occupancy
99.1%

Rental
Reversion
21.2%

Distribution
Yield
6.2%

For the 6 months ended 30 Jun 2014

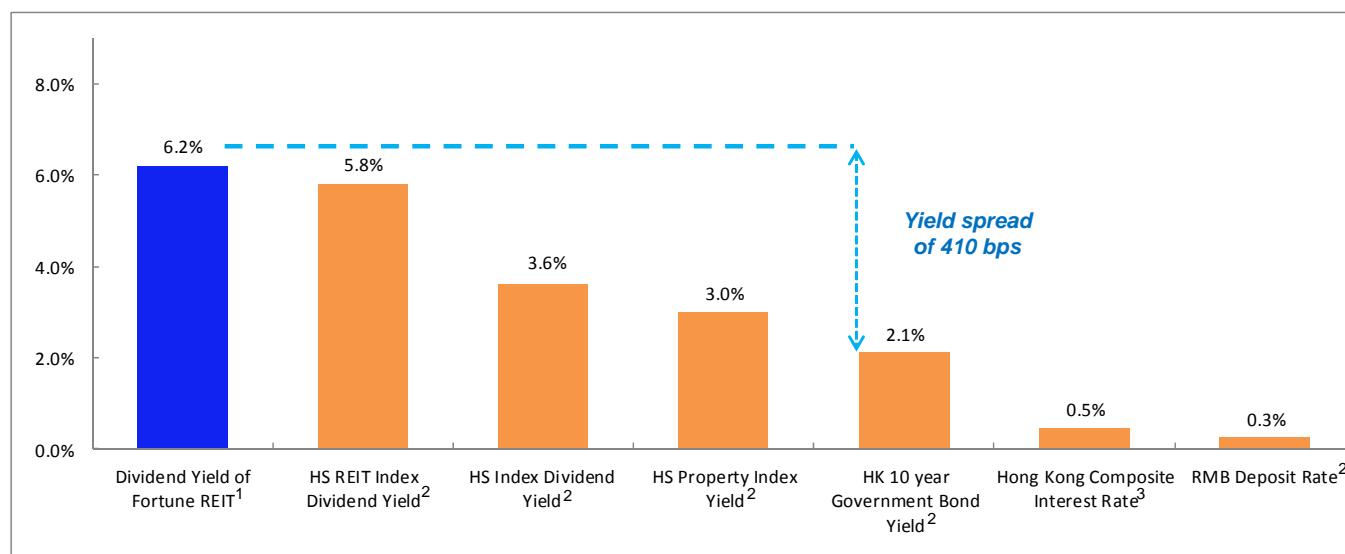
Total Revenue	HK\$813.5M	+ 33.5% YoY
NPI	HK\$581.0 M	+ 32.8% YoY
Distributable Income	HK\$390.5 M	+ 27.2% YoY
DPU	HK\$0.2088	+ 16.0% YoY
Distribution Yield ¹	6.2%	
NAV Per Unit ²	HK\$11.01	+ 9.9% YoY
Portfolio Valuation ²	HK\$30,880 M	
Gearing ²	31.1%	
Rental Reversion ³	21.2%	
Occupancy ²	99.1%	
Passing Rent ²	HK\$34.2 psf	

Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$6.785 as at 30 Jun 2014.
2. As at 30 Jun 2014.
3. For all renewal leases from 1 Jan 2014 to 30 Jun 2014.



Offers 6.2% 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\$6.785 as at 30 Jun 2014.
2. As at Jun 2014.
3. As at May 2014.



Financial Performance 1H14

1H14 Revenue +33.5% YoY

	1H14 (HK\$'000)	1H13 (HK\$'000)	Variance (%)
Total revenue	813,455	609,220	33.5%
NPI	581,049	437,580	32.8%
Income available for distribution	390,454	306,965	27.2%
DPU (HK cents)	20.88	18.00	16.0%

8% from original portfolio; 24.8% from Kingswood

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



Portfolio Valuation

	Jun 14 ¹ (HK\$ million)	Dec 13 ¹ (HK\$ million)	Change (Jun 14 vs Dec 13)
1 Fortune City One	6,648	6,253	+6.3%
2 Fortune Kingswood	6,292	6,028	+4.4%
3 Ma On Shan Plaza	4,629	4,342	+6.6%
4 Metro Town	2,869	2,726	+5.2%
5 Fortune Metropolis	2,180	2,059	+5.9%
6 Belvedere Square	1,778	1,693	+5.0%
7 Waldorf Avenue	1,522	1,435	+6.1%
8 Caribbean Square	900	875	+2.9%
9 Provident Square	892	856	+4.2%
10 Jubilee Square	780	768	+1.6%
11 Smartland	624	599	+4.2%
12 Tsing Yi Square	547	524	+4.4%
13 Nob Hill Square	423	406	+4.2%
14 Hampton Loft	257	250	+2.8%
15 Centre de Laguna	252	245	+2.9%
16 Lido Avenue	174	169	+3.0%
17 Rhine Avenue	113	110	+2.7%
Fortune REIT Portfolio	30,880	29,338	+5.3%

Portfolio at HK\$30,880M
up 5.3% from Dec 2013

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

Valuation increase driven by
improved asset performance

Note:
1. Valued by Jones Lang LaSalle

Period ended 30 Jun 2014 | 7



Distribution Details

FinanceAsia



**ASIA'S
BEST
COMPANIES
2014**

Fortune REIT

Hong Kong

Best managed company (ranked 1st)
Best corporate governance (ranked 1st)
Best investor relations (ranked 1st)
Best corporate social responsibility (ranked 1st)
Most committed to a strong dividend policy (ranked 1st)
Best Mid-cap (ranked 1st)

Jonathan Hirst
Publisher

Jame DiBiasio
Editorial Director

2014 Interim Distribution

DPU	20.88 HK cents
Ex-distribution Date	7 Aug 2014
Payment Date	29 Aug 2014

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

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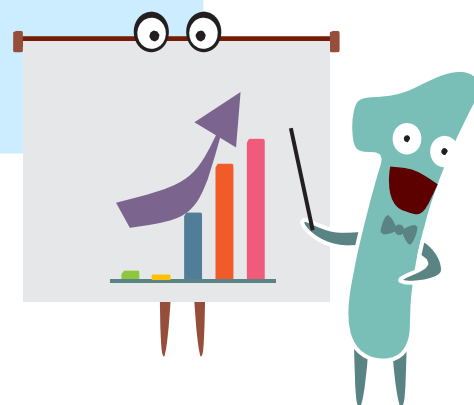
Results Highlights

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Balance Sheet

As at 30 Jun 14	(HK\$'000)
Current Assets	1,001,934
Non Current Assets	30,923,992
Total Assets	31,925,926
Current Liabilities	2,076,870
Non Current Liabilities	9,269,395
Total Liabilities	11,346,265
Net Assets	20,579,661

Gearing Ratio	31.1%
Portfolio Valuation	HK\$30,880M
NAV Per Unit ¹	HK\$11.01

Note:

1. The total number of deemed units used for the computation of net asset value per Unit is 1,869.7 million Units.



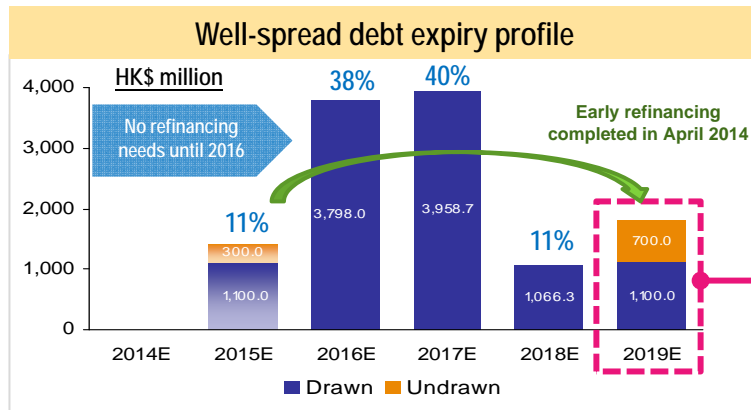
Debt Profile	As at 30 Jun 14	As at 31 Dec 13	As at 30 Jun 13
Total Debt	HK\$9,923M	HK\$9,923M	HK\$4,768 M
Gearing Ratio / Aggregate Leverage	31.1%	32.7%	20.9%
Interest Cover ¹	4.71X	4.75X	5.88X
Effective Interest Cost ²	2.20%	2.59%	2.81%

Gearing remains healthy at 31.1%.

Effective interest cost reduced to 2.20%.

Hedged 55% of total debt exposure.

Notes:
 1. Interest cover = EBIT / Total interest expense
 2. Excludes the non tax-deductible debt front-end fee



Financial position strengthened through early refinancing done in April 2014:

- Margin reduced from H+200 bps to H+140 bps
- Enlarged revolver to HK\$700M
- No refinancing needs until 2016



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Current portfolio of 17 properties at HK\$30.88B





Solid Asset Performance

	GRA (s.f.)	Occupancy (30 Jun 14)	Occupancy (31 Dec 13)
1. Fortune City One	414,469	99.6%	99.2%
2. Fortune Kingswood	665,244	98.0%	99.0%
3. Ma On Shan Plaza	310,084	99.9%	98.5%
4. Metro Town	180,822	98.7%	100.0%
5. Fortune Metropolis	332,168	98.8%	97.8%
6. Belvedere Square	276,862	99.6%	94.5%
7. Waldorf Avenue	80,842	100.0%	100.0%
8. Caribbean Square	63,018	100.0%	100.0%
9. Provident Square	180,238	100.0%	99.9%
10. Jubilee Square	170,616	96.5%	100.0%
11. Smartland	123,544	99.6%	99.1%
12. Tsing Yi Square	78,836	100.0%	100.0%
13. Nob Hill Square	91,779	100.0%	100.0%
14. Hampton Loft	74,734	100.0%	100.0%
15. Centre de Laguna	43,000	100.0%	100.0%
16. Lido Avenue	9,836	100.0%	100.0%
17. Rhine Avenue	14,604	100.0%	100.0%
Portfolio Total	3,110,696	99.1%	98.7%

Reversion stands strong AEIs to drive further growth

Portfolio Occupancy

99.1%

One of the highest levels in past 10 years

Average Rental Reversion

21.2%

Supported by strong reversion at
flagship properties

Average Passing Rent

HK\$34.2 psf

Original portfolio up 7.3% YoY
Benefited from good reversion and AEIs

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Portfolio Expiry Profile

Expiry Profile by GRA (As at 30 Jun 14)	(% of occupied GRA)		
	2H 2014	2015	2016 & Beyond
1. Fortune City One	17.5%	36.1%	46.4%
2. Fortune Kingswood	26.3%	31.6%	42.1%
3. Ma On Shan Plaza	31.9%	23.2%	44.9%
4. Metro Town	10.8%	22.3%	66.9%
5. Fortune Metropolis	53.0%	27.8%	19.2%
6. Belvedere Square	41.7%	43.4%	14.9%
7. Waldorf Avenue	12.1%	9.2%	78.7%
8. Caribbean Square	27.0%	50.0%	23.0%
9. Provident Square	55.9%	32.8%	11.3%
10. Jubilee Square	32.1%	39.0%	28.9%
11. Smartland	30.0%	35.3%	34.7%
12. Tsing Yi Square	20.4%	49.0%	30.6%
13. Nob Hill Square	18.4%	43.1%	38.5%
14. Hampton Loft	0.0%	0.0%	100.0%
15. Centre de Laguna	33.1%	40.3%	26.6%
16. Lido Avenue	20.2%	29.9%	49.9%
17. Rhine Avenue	0.0%	0.0%	100.0%
Portfolio Total	29.8%	31.9%	38.3%

Sustainable growth by capturing opportunity for AEIs / Tenant Repositioning

Fortune Kingswood:

23.8% of total GRA already renewed with above-average rental reversion.

Fortune Metropolis:

53% of total GRA is expiring in the second half of 2014, opportunities for rental growth.

Belvedere Square:

To embark on HK\$80 million AEIs at Phase 3.



Provident Square:

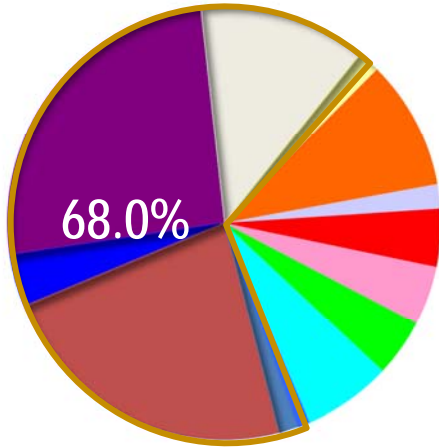
Repositioning opportunities from anchor tenant space expiring at end of 2014.

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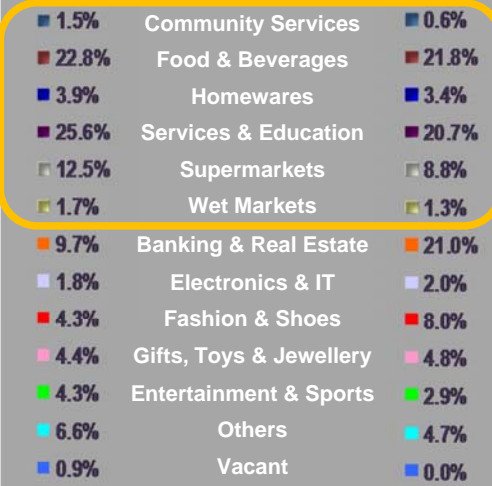


About 60% from non-discretionary retail sector Proven resilience across economic cycles

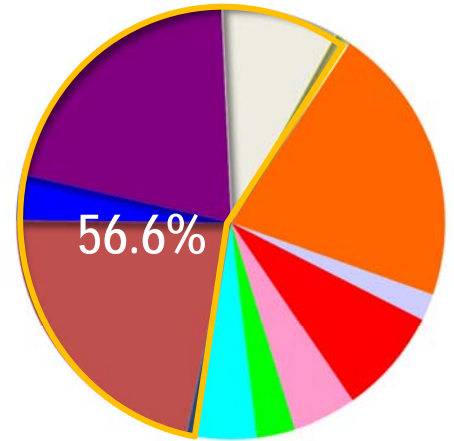
By Gross Rentable Area



Tenant's Trade Mix (as at 30 Jun 14)



By Gross Rental Income



Cartoon featuring events to engage shoppers and community





New Initiatives – Fortune City One



Introducing car show exhibition during weekends



Atrium Income + 3.4 times YoY

More business opportunities resulted from AEs

Car Park Income + 53% YoY

Drew in strong crowd and diversified footfall

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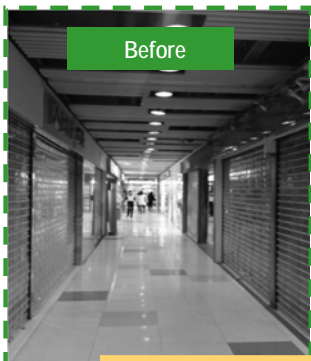


Tenant Repositioning Initiatives - Waldorf



Passing Rent +14% YoY

Revamped the entire secondary corridor in order to attract quality tenants & draw footfall



Before



After

Fashion & shoes, electronics, gifts & jewelry contributing 50% of total rental

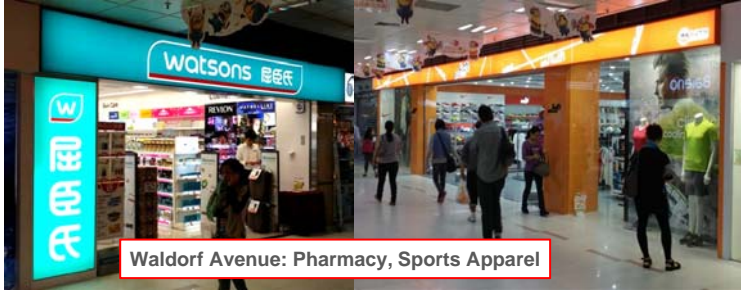


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Strong interest from new tenants

Active leasing strategies & tenant mix enhancement to drive rental growth



Waldorf Avenue: Pharmacy, Sports Apparel



Provident Square: Bedding



MOSP: Bedding



Ma On Shan Plaza: Bakery



Tsing Yi Square: F&B



Fortune City One: F&B



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AEIs at Belvedere Square Phase 3 (BS3)



CAPEX	Target Commencement	Target Completion
HK\$80M	2H 2014	End of 2015

Target Return on investment 15%

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



Fortune Kingswood – Tenant Repositioning



Fortune Kingswood already delivered strong growth from an above-average reversion for renewals and strong demand from new tenants.



Brought in new tenants in F&B, Homewares, Personal Care



Fortune REIT's next large scale AEIs

- Feasibility study will be carried out in 2014
- Works expected to be commenced in 2015



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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 2015	80M	<i>Target 15%</i>
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.



• 6.2% 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

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Appendices

Three Growth Strategies

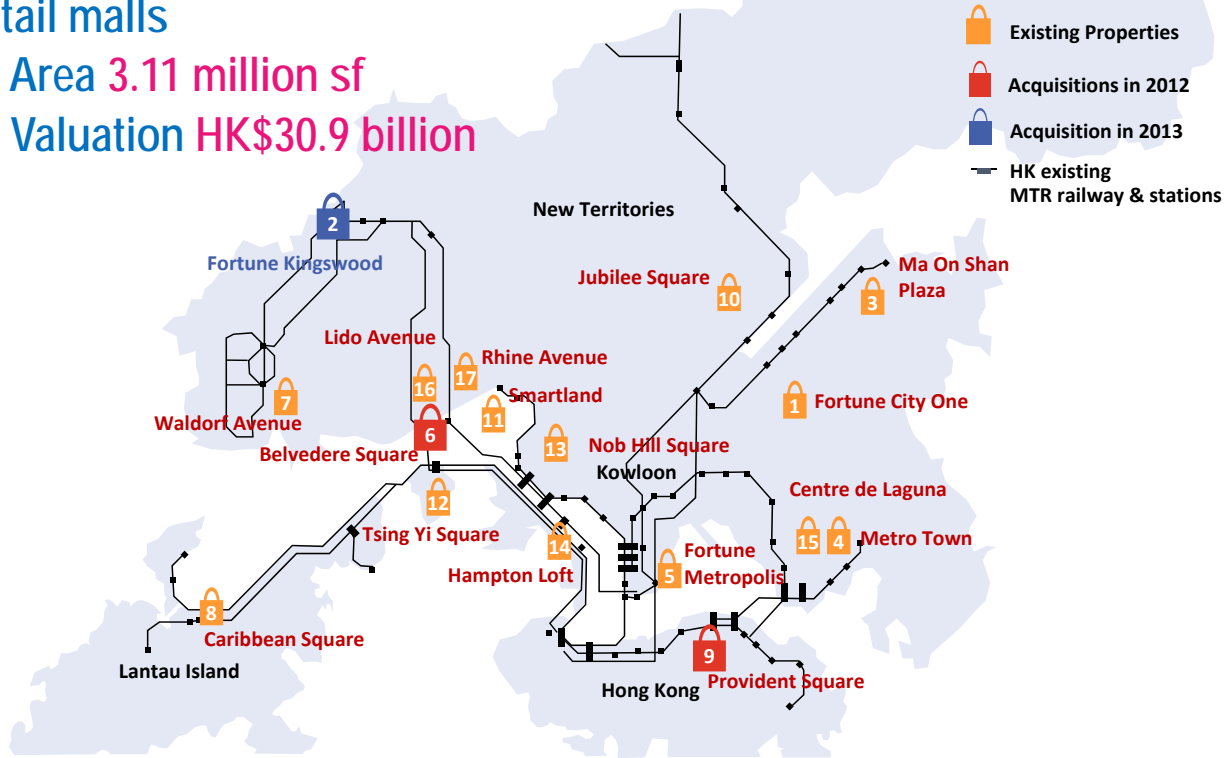
Our success relies on the precisely coordinated execution of three core growth strategies: (1) yield-accretive acquisitions, (2) active leasing management and (3) asset enhancement initiatives.



17 retail malls

Total Area 3.11 million sf

Total Valuation HK\$30.9 billion



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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\$30.9 billion



Market Capitalization & NAV (as at 30 Jun 2014)

- Market capitalization of Fortune REIT at HK\$12.7 billion
- NAV at HK\$11.01 per unit



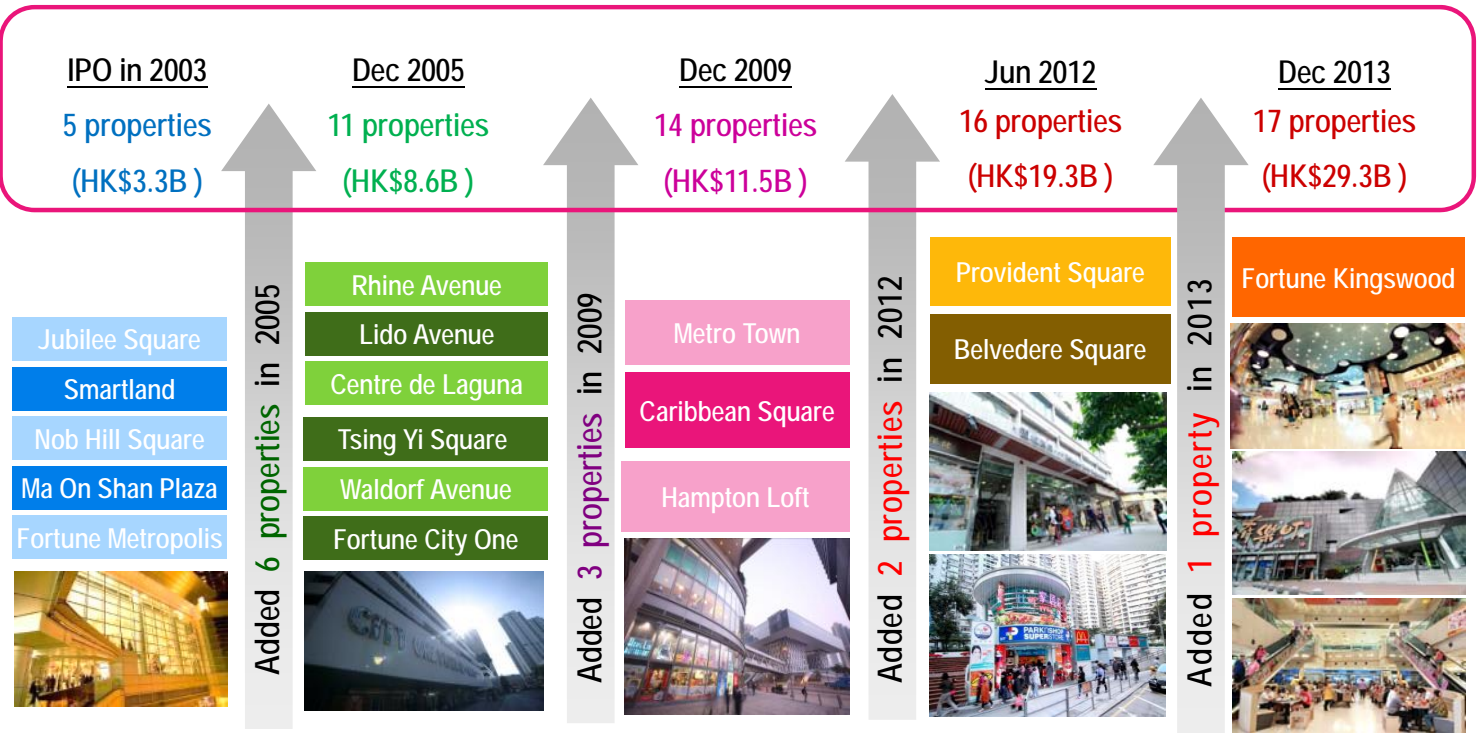
Distribution Policy

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

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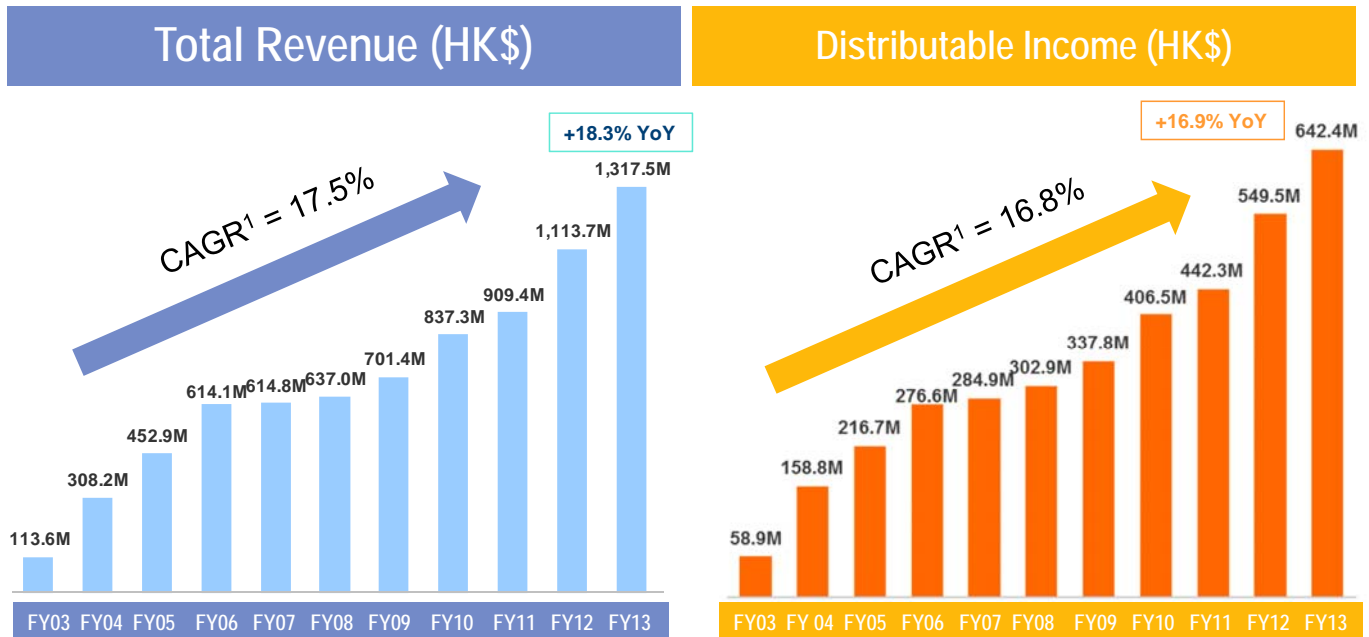


Proven Acquisition Growth



Years of Sustainable Growth

10 consecutive years of sustained growth



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



AEIs at Fortune City One



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

Achieved Return on Investment >25%



Better layout with more offerings

A refreshing outlook



AEIs at Fortune City One



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

Achieved ROI > 25%





AEIs at Ma On Shan Plaza



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

Achieved return on investment 60%

Reconfigured 59,000sf of anchor tenants space and created more prime shops for retail and F&B.



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.

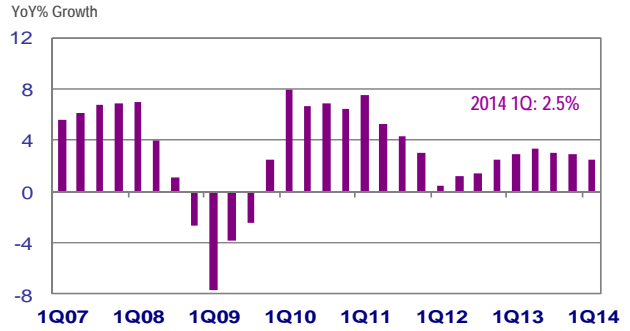




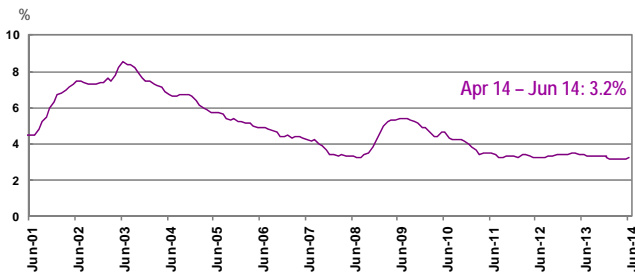
Economy recorded stable growth

- ✓ HK GDP remained moderate in 1Q14. GDP growth at 2.5% yoy, slower from 2.9% in the preceding quarter
- ✓ Despite a high base of comparison, domestic demand held steady. Private consumption expenditure grew 2% yoy. Labour market remained in full employment
- ✓ GDP growth forecast for 2014 : 3.0% to 4.0%

GDP 1Q14: Economic growth remained moderate

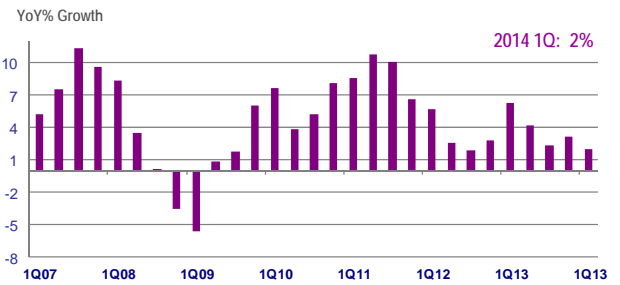


Unemployment: Labour market stayed tight in Jun 14



Source: Census & Statistics Department, HK

Private consumption: Backed by favourable job and income condition

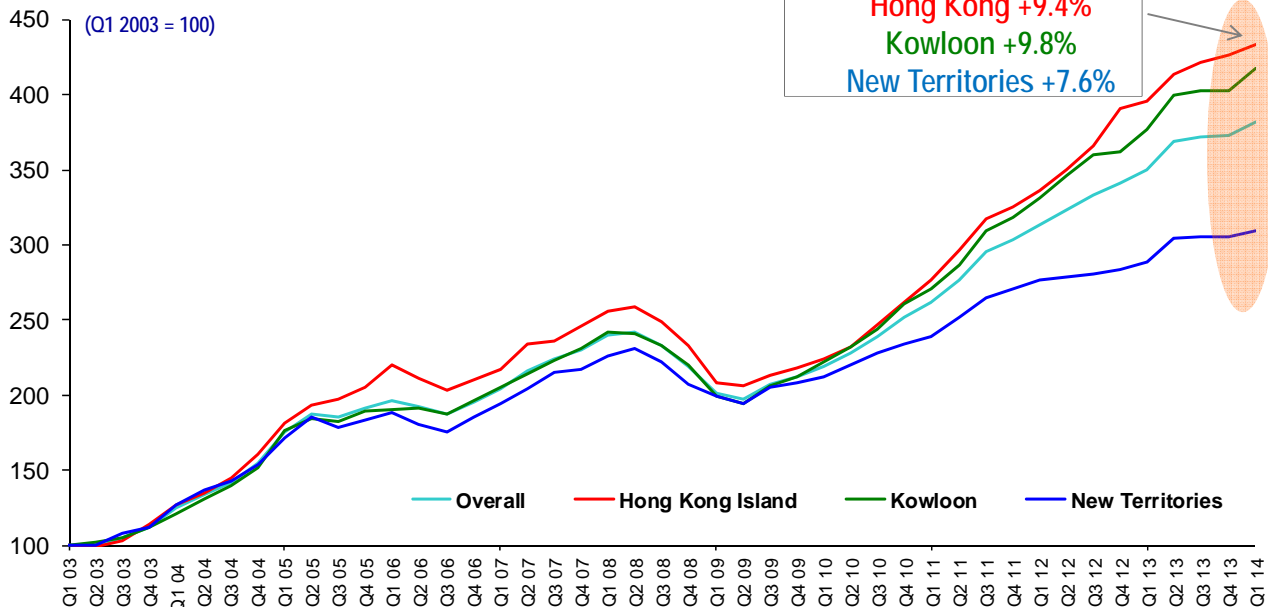


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Rising for 19th consecutive quarters since 2009

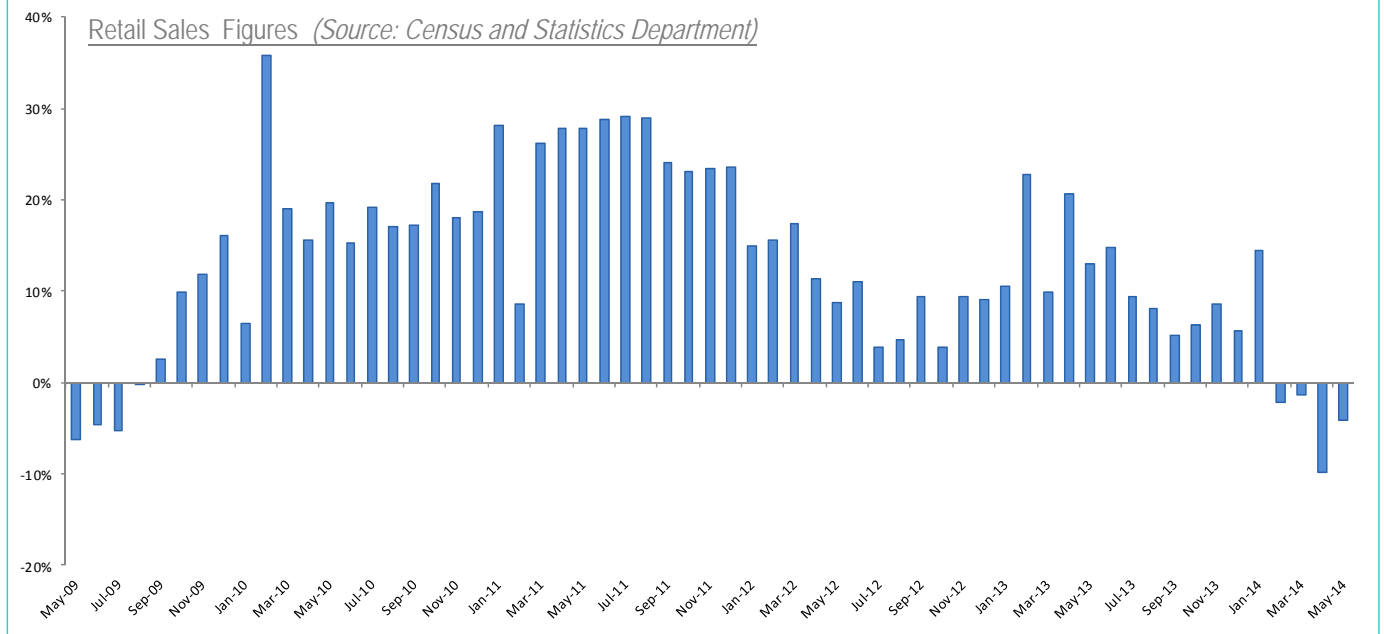
Shopping Centre Rental Index by District (Source: Savills Research)



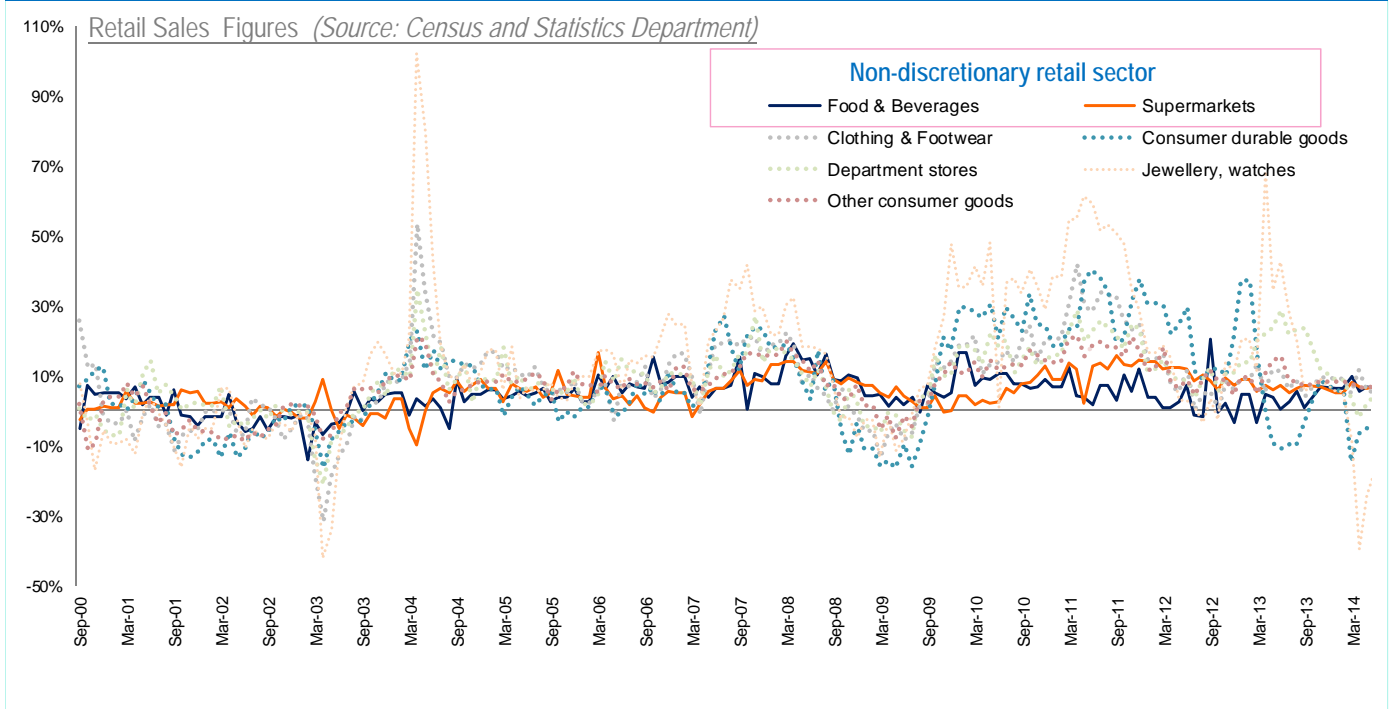
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Value of total retail sales for first five months of 2014 decreased by 0.2% YoY



Non-discretionary spending sectors continues to show resilience





A New Brand for Next Phase of Growth



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.



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