



## Financial Results For The Period Ended 31 Mar 2015

8 May 2015



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# Acquisition of Laguna Plaza Completed in Jan 2015



**Purchase Price**

HK\$1,918.5 million

**Yield Accretive Acquisition**

DPU accretion of 3.3%<sup>1</sup>

**Financing & Gearing**

100% by Debt (by existing and new facilities)



Note:

1. Assuming Laguna Plaza had been acquired on 1 Jan 2013, the proforma DPU of the enlarged portfolio would have increased by 3.3% to 37.26 HK cents from the actual DPU of 36.00 HK cents of the existing portfolio for the 12 months ended 31 Dec 2013.



# Disposal of Nob Hill Square Completed in Apr 2015



**Disposal Amount**

HK\$648 million

**Enhanced Financial Flexibility**

Gearing reduced to 31.8%

**Fortune REIT's first-ever disposal**

**2.9%**  
property yield

**48%**  
above book

**HK\$215M**  
disposal gain

**2.8 times**  
purchase price





## Extracting Value from Proactive Portfolio Management

Acquisition of Laguna Plaza		Disposal of Nob Hill Square
January 2015	Completion	April 2015
163,203 sf	Gross Rentable Area	91,779 sf
HK\$1,918.5 million	Consideration	HK\$648 million
4.7%	Net Property yield	2.9%
8% discount	Comparison with Valuation	48% premium

**DPU-accrative**

Yield-accrative acquisition at discount to valuation. To drive further growth from portfolio

Proactive capital management. Greater financial flexibility to seize opportunities as they arise.

**NAV-accrative**

Divestment at premium to book to maximize return and unlock value for unitholders



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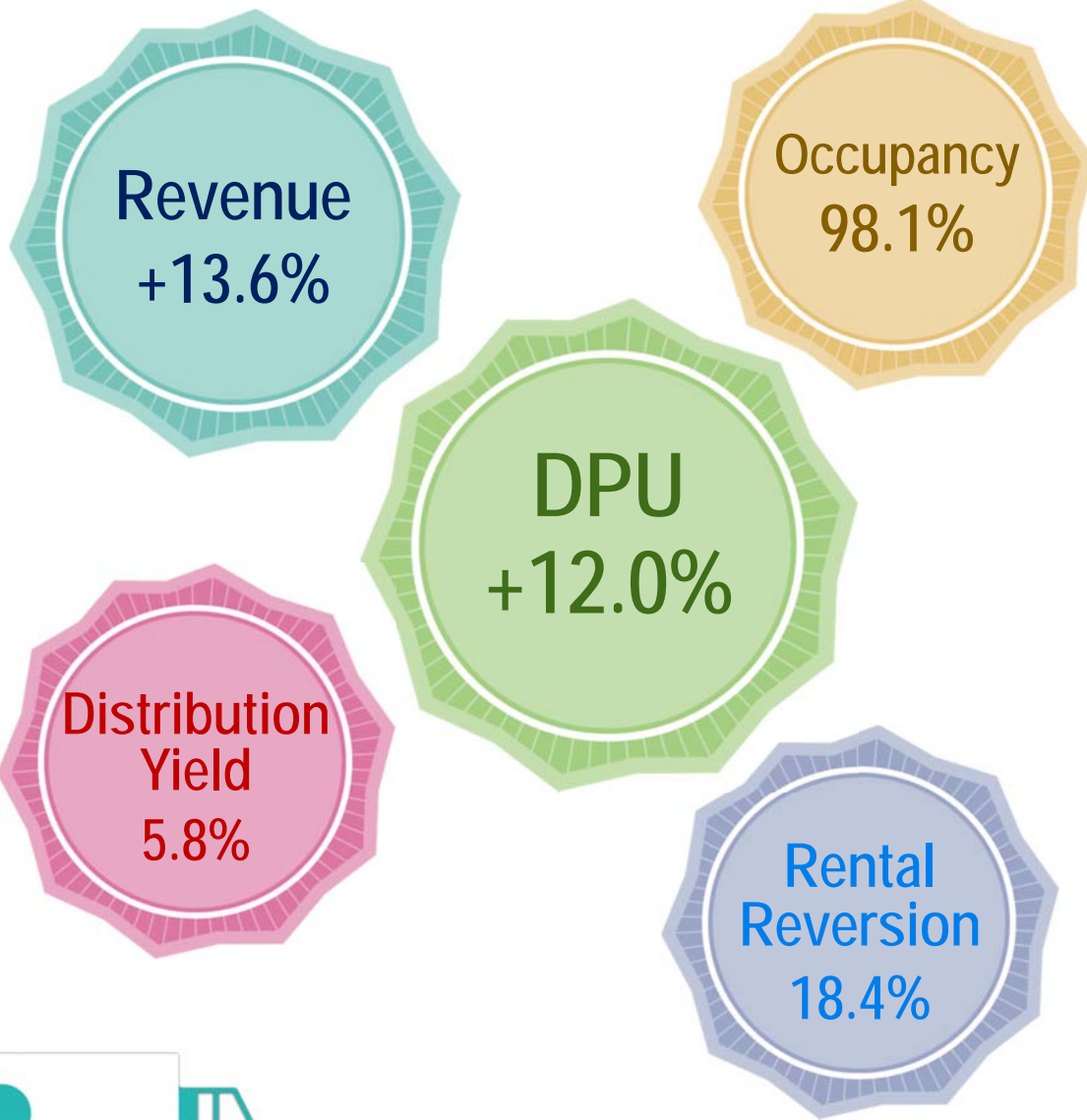
### Results Highlights

- Financial Results & Capital Management
- Portfolio Performance
- Asset Enhancement Initiatives
- Track Record and Prospect





# Results Highlights



For the 3 months ended 31 Mar 2015

Total Revenue	HK\$ 458.8M	+ 13.6% YoY
NPI	HK\$ 325.0M	+ 12.4% YoY
Distributable Income	HK\$ 218.7M	+ 12.8% YoY
DPU	HK\$0.1163	+ 12.0% YoY
Distribution Yield <sup>1</sup>	5.8%	
NAV Per Unit <sup>2</sup>	HK\$11.87	+15.9% YoY
Gearing <sup>2</sup>	33.2%	
Rental Reversion <sup>3</sup>	18.4%	
Occupancy <sup>2</sup>	98.1%	
Passing Rent <sup>2</sup>	HK\$37.0 psf	

Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$8.19 as at 31 Mar 2015.
2. As at 31 Mar 2015.
3. For all renewal leases from 1 Jan 2015 to 31 Mar 2015.



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# Financial Performance 1Q15

**1Q15 Revenue +13.6% YoY**

**DPU +12.0% YoY**

	1Q15 (HK\$'000)	1Q14 (HK\$'000)	Variance (%)
Total revenue	458,822	403,850	13.6%
NPI	325,016	289,176	12.4%
Income available for distribution	218,741	193,892	12.8%
DPU (HK cents)	11.63	10.38	12.0%

Contributing factors

Strong occupancy rates

Solid rental reversion across entire portfolio

Yield accretive acquisition of Laguna Plaza in Jan 2015



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## Results Highlights

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## Balance Sheet

As at 31 Mar 2015	(HK\$'000)		
Current Assets	1,177,171	<b>Gearing Ratio<sup>1</sup></b>	<b>33.2%</b>
Non Current Assets	34,237,539		
<b>Total Assets</b>	<b>35,414,710</b>	<b>Investment Properties<sup>2</sup></b>	<b>HK\$34,228M</b>
Current Liabilities	2,660,096		
Non Current Liabilities	10,438,891		
<b>Total Liabilities</b>	<b>13,098,987</b>	<b>NAV Per Unit<sup>3</sup></b>	<b>HK\$11.87</b>
<b>Net Assets</b>	<b>22,315,723</b>		

**Notes:**

1. Gearing ratio after the completion of disposal of Nob Hill Square on 2 April 2015 is approximately 31.8%.
2. Included Laguna Plaza acquired on 9 Jan 2015 but excluded Nob Hill Square disposed on 2 Apr 2015.
3. The total number of deemed units used for the computation of net asset value per Unit is 1,879.4 million Units.





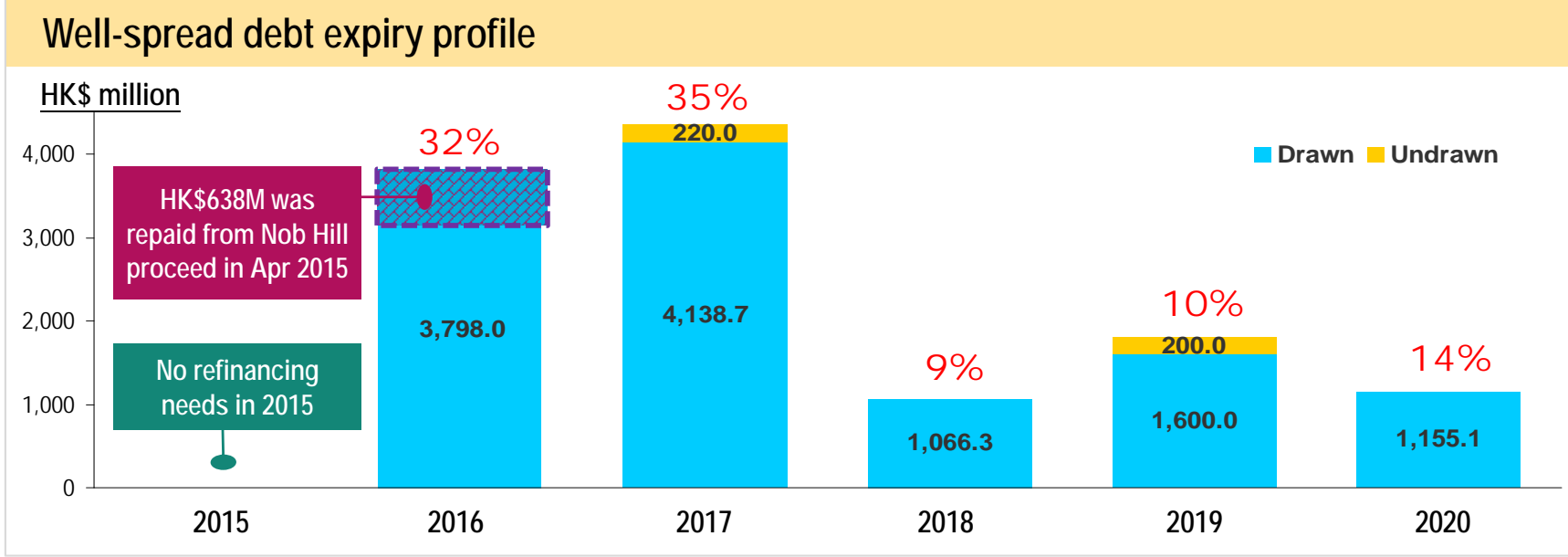
Debt Profile	As at 31 Mar 15	As at 31 Dec 14	As at 31 Mar 14
Total Debt	HK\$11,758.1M	HK\$9,893M	HK\$9,923M
Gearing Ratio / Aggregate Leverage	33.2%	29.4%	32.9%
Interest Cover <sup>1</sup>	4.65X	4.76X	5.05X
Effective Interest Cost <sup>2</sup>	2.02%	2.17%	2.22%

Following the completion of Nob Hill Square's disposal on 2 April 2015:

**Total debt reduced to HK\$11,120M. Gearing at 31.8%**

**Further debt headroom of HK\$1.7B**

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



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# Solid Asset Performance

	GRA (s.f.)	Occupancy (31 Mar 15)	Occupancy (31 Dec 14)	Occupancy (31 Mar 14)
1. Fortune City One	414,469	99.5%	99.5%	99.3%
2. Fortune Kingswood	665,244	99.9%	100.0%	98.3%
3. Ma On Shan Plaza	310,084	99.6%	100.0%	100.0%
4. Metro Town	180,822	100.0%	100.0%	99.5%
5. Fortune Metropolis	332,168	98.4%	98.2%	97.9%
6. Laguna Plaza	163,203	96.7%	- Acquired on 9 Jan 2015 -	
7. Belvedere Square <sup>1</sup>	276,862	90.7%	79.5%	99.9%
8. Waldorf Avenue	80,842	100.0%	100.0%	100.0%
9. Caribbean Square	63,018	99.0%	100.0%	100.0%
10. Provident Square	180,238	90.5%	90.3%	100.0%
11. Jubilee Square	170,616	98.4%	100.0%	100.0%
12. Smartland	123,544	100.0%	99.9%	99.8%
13. Tsing Yi Square	78,836	100.0%	100.0%	100.0%
14. Nob Hill Square <sup>2</sup>	91,779	100.0%	99.7%	100.0%
15. Hampton Loft	74,734	100.0%	100.0%	100.0%
16. Centre de Laguna	43,000	99.4%	99.4%	100.0%
17. Lido Avenue	9,836	100.0%	100.0%	100.0%
18. Rhine Avenue	14,604	100.0%	100.0%	100.0%
<b>Portfolio Total</b>	<b>3,273,899</b>	<b>98.1%</b>	<b>97.3%</b>	<b>99.3%</b>

Notes:

1. Belvedere Square is undergoing AEIs. Project to be completed by end of 2015.
2. Nob Hill Square was disposed on 2 Apr 2015.

Reversion stands strong  
AEIs to drive further growth

## Portfolio Occupancy

**98.1%**

Despite frictional vacancy from AEIs

## Average Rental Reversion

**18.4%**

Supported by solid reversion  
Across the entire portfolio

## Average Passing Rent

**HK\$37.0 psf**

Original portfolio up 8.2% YoY  
Benefited from good reversion and AEIs



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# Portfolio Expiry Profile

Expiry Profile by GRA (As at 31 Mar 15)	(% of occupied GRA)		
	20-4Q 2015	2016	2017 & Beyond
1. Fortune City One	32.5%	44.9%	22.6%
2. Fortune Kingswood	28.4%	20.7%	50.9%
3. Ma On Shan Plaza	18.9%	40.2%	40.9%
4. Metro Town	18.3%	65.7%	16.0%
5. Fortune Metropolis	52.9%	17.8%	29.3%
6. Laguna Plaza	12.0%	30.2%	57.8%
7. Belvedere Square	27.7%	25.2%	47.1%
8. Waldorf Avenue	7.4%	16.0%	76.6%
9. Caribbean Square	8.3%	19.1%	72.6%
10. Provident Square	66.5%	9.8%	23.7%
11. Jubilee Square	35.5%	36.7%	27.8%
12. Smartland	32.7%	22.4%	44.9%
13. Tsing Yi Square	45.9%	33.5%	20.6%
14. Nob Hill Square	- Disposed on 2 April 2015 -		
15. Hampton Loft	0.0%	74.8%	25.2%
16. Centre de Laguna	40.0%	23.3%	36.7%
17. Lido Avenue	29.9%	57.3%	12.8%
18. Rhine Avenue	0.0%	4.0%	96.0%
<b>Portfolio Total<sup>1</sup></b>	<b>30.4%</b>	<b>30.9%</b>	<b>38.7%</b>

Note:

1. Excluded Nob Hill Square, which was disposed on 2 Apr 2015.

## 2015 reversions keeping up



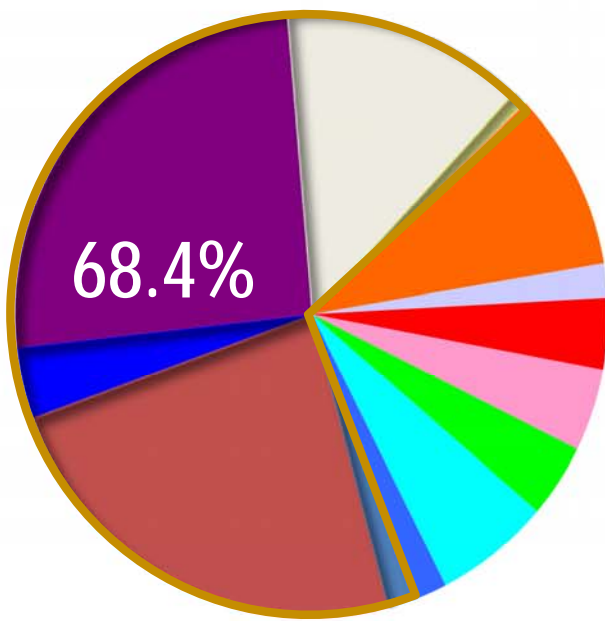
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# Portfolio Trade mix

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

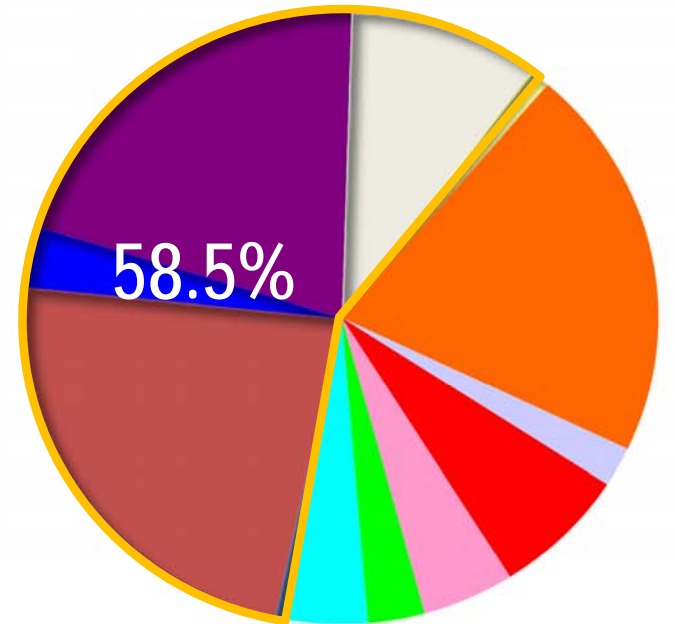
By Gross Rentable Area



Tenant's Trade Mix (as at 31 Mar 15)

1.4%	Community Services	0.6%
23.6%	Food & Beverages	23.2%
3.8%	Homewares	3.2%
25.4%	Services & Education	20.7%
13.3%	Supermarkets	9.7%
0.9%	Wet Markets	1.1%
9.5%	Banking & Real Estate	20.8%
1.8%	Electronics & IT	2.1%
3.8%	Fashion & Shoes	6.9%
4.4%	Gifts, Toys & Jewellery	4.7%
3.9%	Entertainment & Sports	2.9%
6.3%	Others	4.1%
1.9%	Vacant	0.0%

By Gross Rental Income



# Promoting Fortune Malls

Engage shoppers with different kinds of innovative festival events







# Strong interest from new tenants

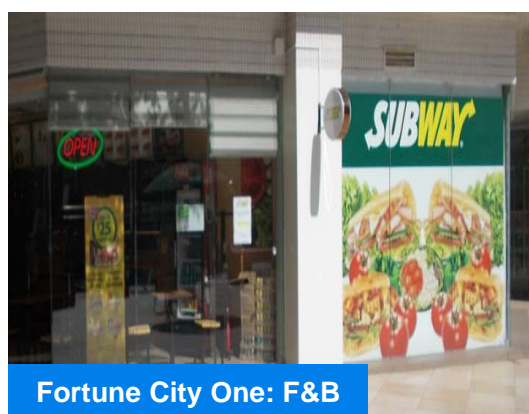
## Active leasing strategies & tenant mix enhancement to drive rental growth



Ma On Shan Plaza: F&B



Ma On Shan Plaza: Fashion



Fortune City One: F&B



Fortune City One: Fashion & Beauty



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# AEIs at Belvedere Square Phase 3 (BS3)



CAPEX	Commencement	Target Completion
HK\$80M	3Q 2014	End of 2015

Target ROI 15%

1<sup>st</sup> renovated zone of 50,000sf was re-opened for business in Jan 2015



The new wet market entrance



The new look inside the Mall

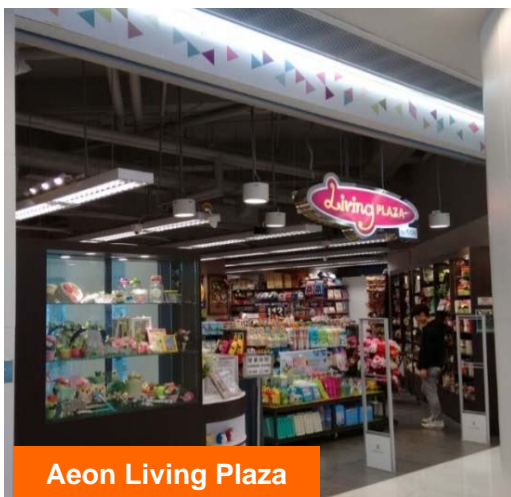


Before



# AEIs at Belvedere Square Phase 3 (BS3)

Received strong leasing interests. New tenants to enhance retail offerings. Remaining works to be completed in phases by end of 2015



Aeon Living Plaza



City Life



Wet market stalls



Bakery



Computer accessories



New Chinese Restaurant



PNS





# Fortune Kingswood – Next AEIs Target



Keen leasing interest from both new tenants and renewals

Fortune REIT's next large scale AEIs



Fashion & Beauty



Strengthened F&B Offerings



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# Pipelines & Proven Track Record in AEs

Property / Enhanced Area	Completion	CAPEX (HK\$)	ROI <sup>1</sup>
<b>Belvedere Square Phase 3</b> - 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 full employment and tight supply of retail space

## 3. Stable Retail Outlook

## 4. AEs Growth

• Track record of executing value-added AEs

## 5. Acquisition Growth

• Strong pipeline from Cheung Kong





# 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.



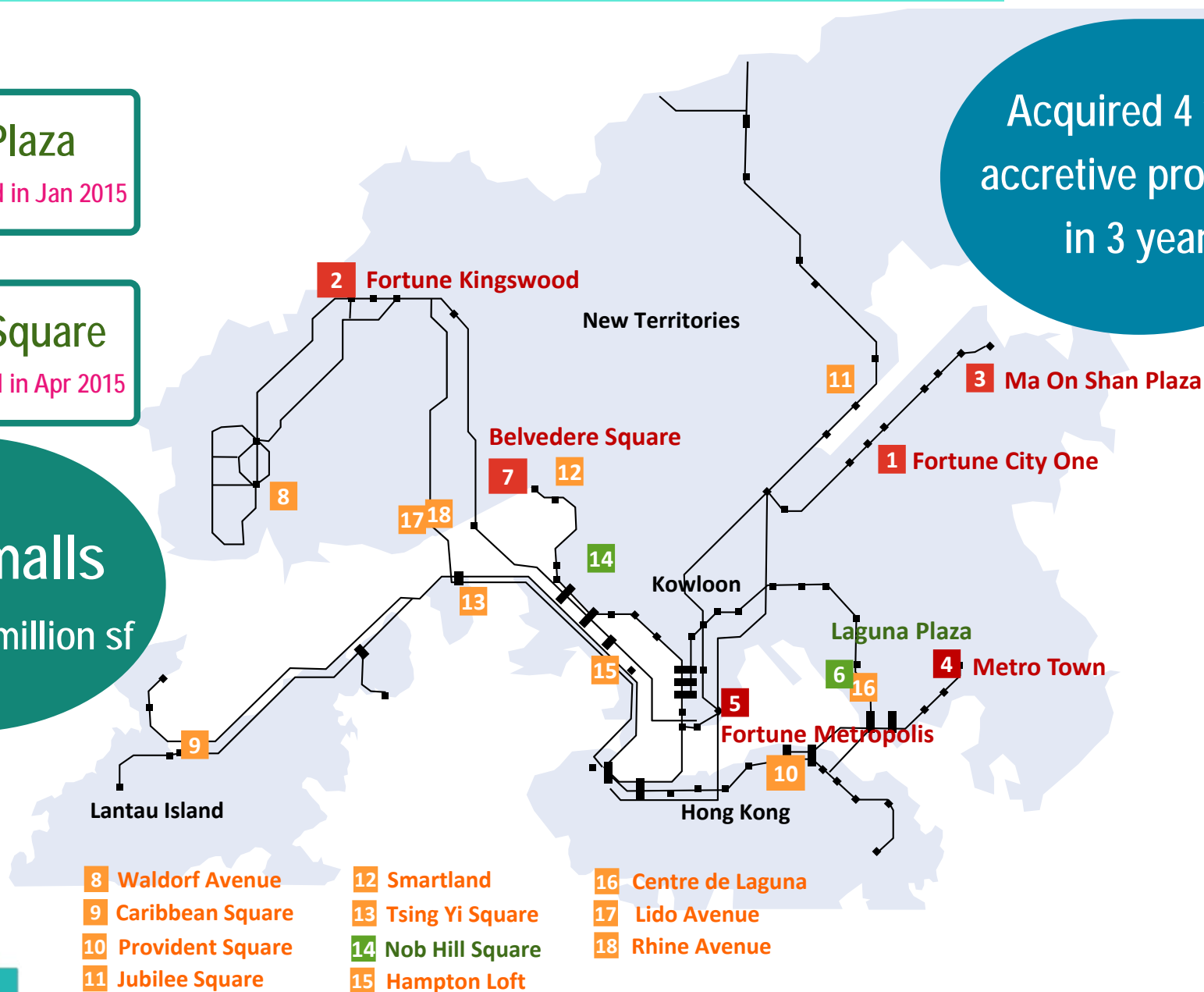
## Fortune REIT's Portfolio

★ **Laguna Plaza**  
Acquisition completed in Jan 2015

★ **Nob Hill Square**  
Disposal completed in Apr 2015

**17 retail malls**  
Total Area 3.2 million sf

Acquired 4 yield-accretive properties in 3 years.





# 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 1<sup>st</sup> cross-border REIT and the 1<sup>st</sup> REIT to hold Hong Kong assets



## Portfolio of retail properties\*

- 17 private housing estate retail properties in Hong Kong
- Comprised of 3.18million square feet of retail space and 2,713 carpark spaces.
- Investment Properties at HK\$34.2 billion

\* Excluded Nob Hill Square, which was disposed on 2 Apr 2015.



## Market Capitalization & NAV (as at 31 Mar 2015)

- Market capitalization of Fortune REIT at HK\$15.4 billion
- NAV at HK\$11.87 per unit



## Distribution Policy

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

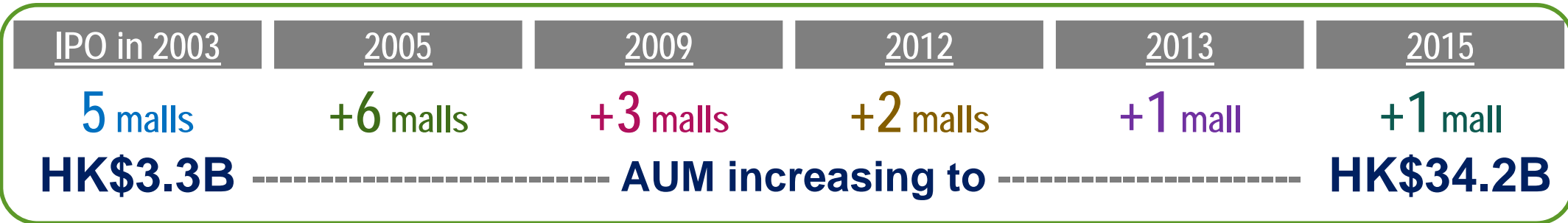


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# Proven Acquisition Growth

## Portfolio expanded for more than 10 times in 11 years



Jubilee Square	Rhine Avenue	Metro Town	Provident Square	Fortune Kingswood	Laguna Plaza
Smartland	Lido Avenue	Caribbean Square	Belvedere Square		
Nob Hill Square	Centre de Laguna	Hampton Loft			
Ma On Shan Plaza	Tsing Yi Square				
Fortune Metropolis	Waldorf Avenue				
	Fortune City One				



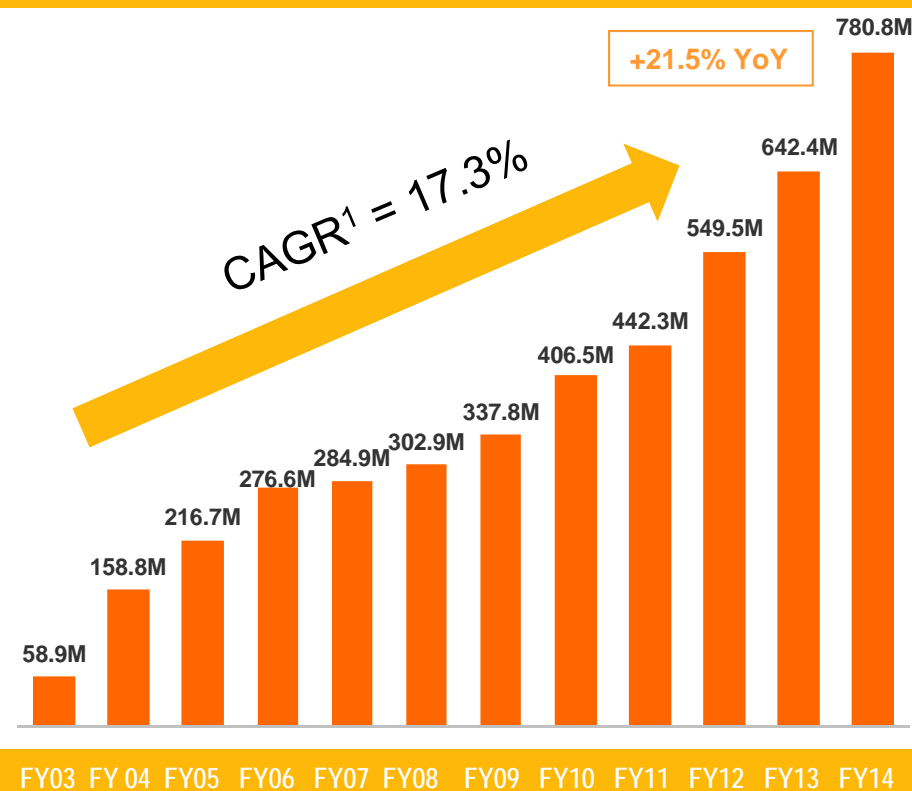
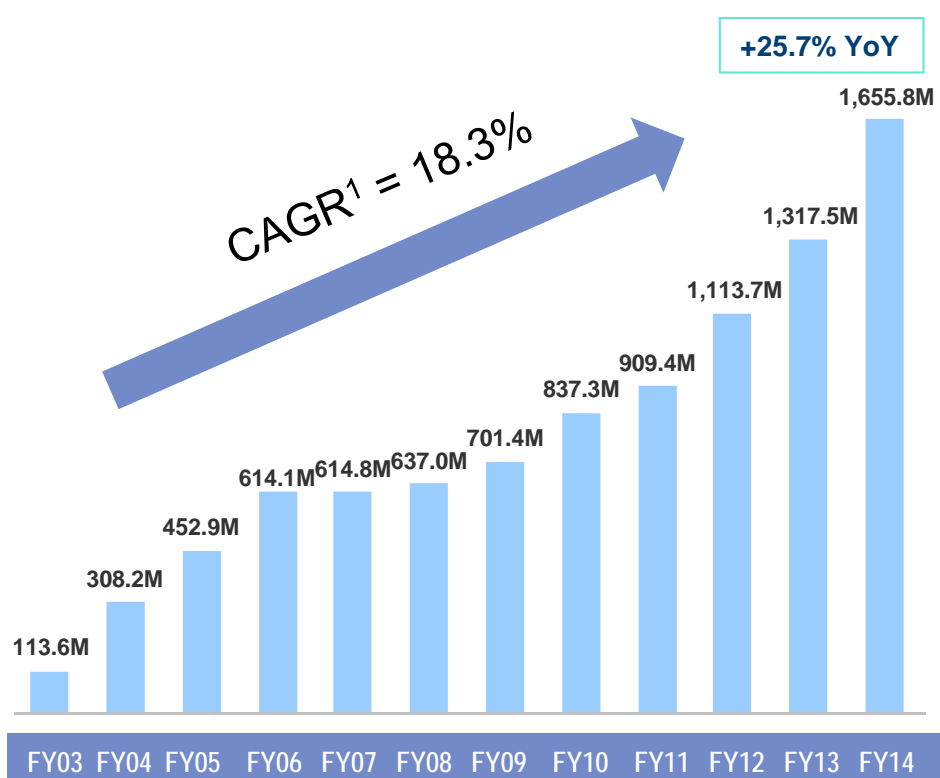
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## 11 consecutive years of sustained growth

### Total Revenue (HK\$)

### Distributable Income (HK\$)



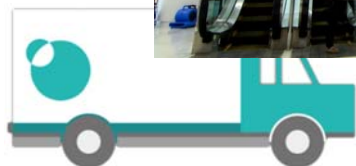
Note:  
1. 2004 – 2014 compound annual growth rate (CAGR).



## AEIs at Fortune City One

置富第一城  
Fortune City One

CAPEX	Completion	ROI
HK\$150M	2013	> 20%





# AEIs at Ma On Shan Plaza



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

**Achieved ROI 60%**

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



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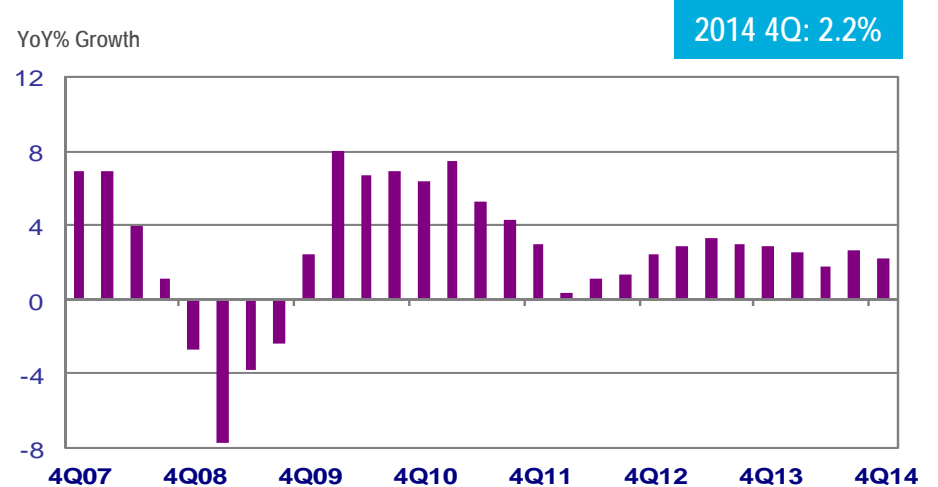


# Hong Kong Economy

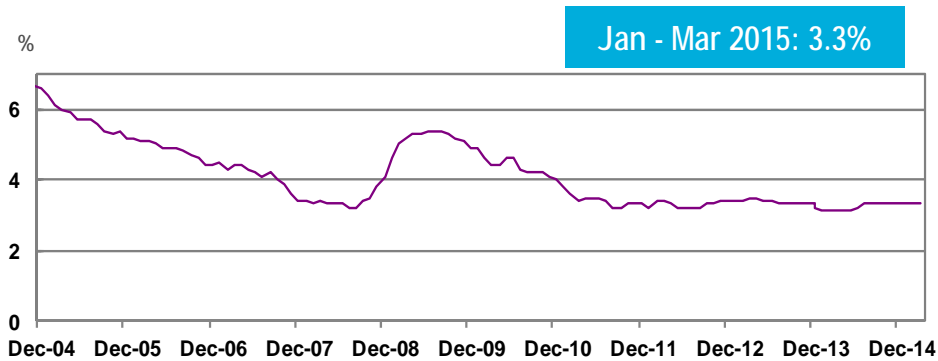
## Economy recorded stable growth

- ✓ HK GDP remained on a modest expansion path in 2014, with GDP expanded by 2.3%, slower than the 2.9% growth in 2013
- ✓ Domestic demand still key driver of our economy: private consumption supported by steady labour market and income conditions
- ✓ GDP growth for 2015 full year was forecast at 1-3%

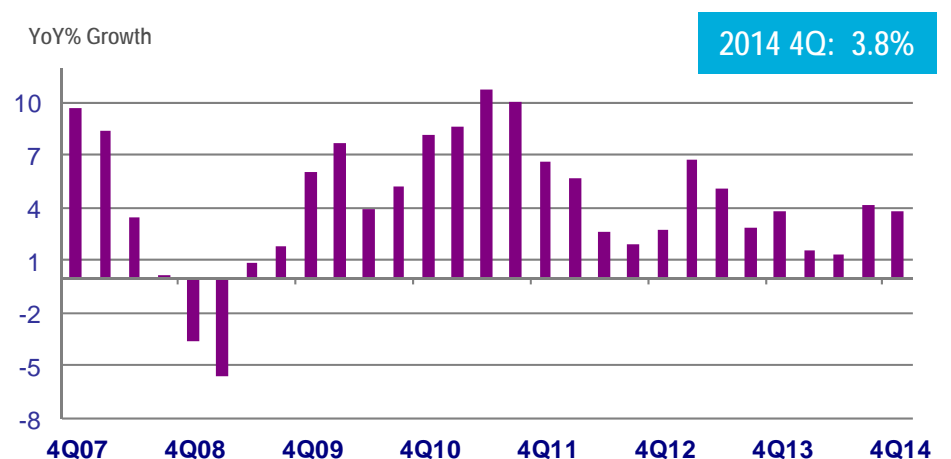
## GDP: HK Economy grew moderately in 2014



## Unemployment: Labour market held stable for 9<sup>th</sup> consecutive period



## Private consumption: Domestic sector still resilient



Source: Census & Statistics Department, HK

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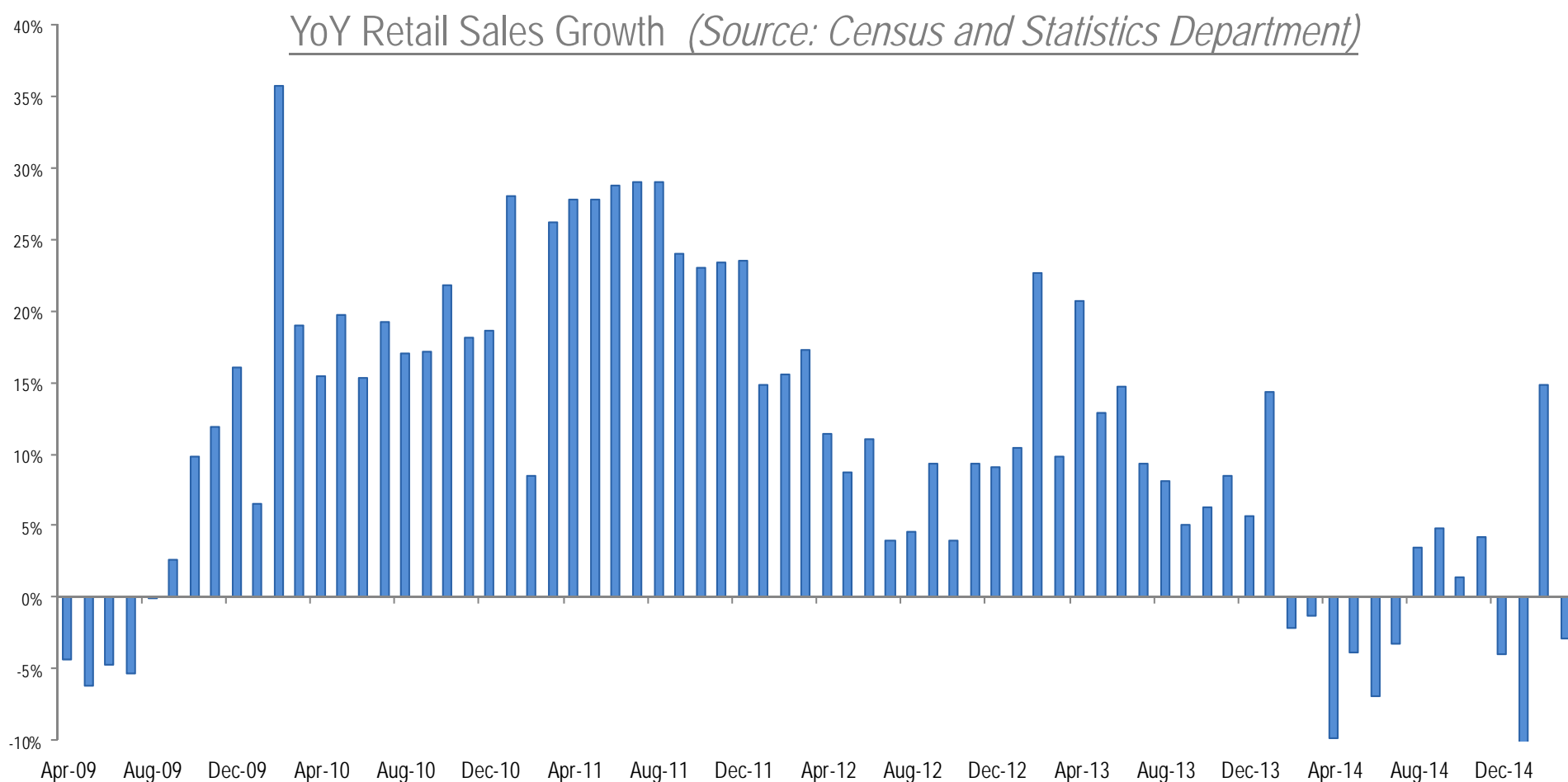






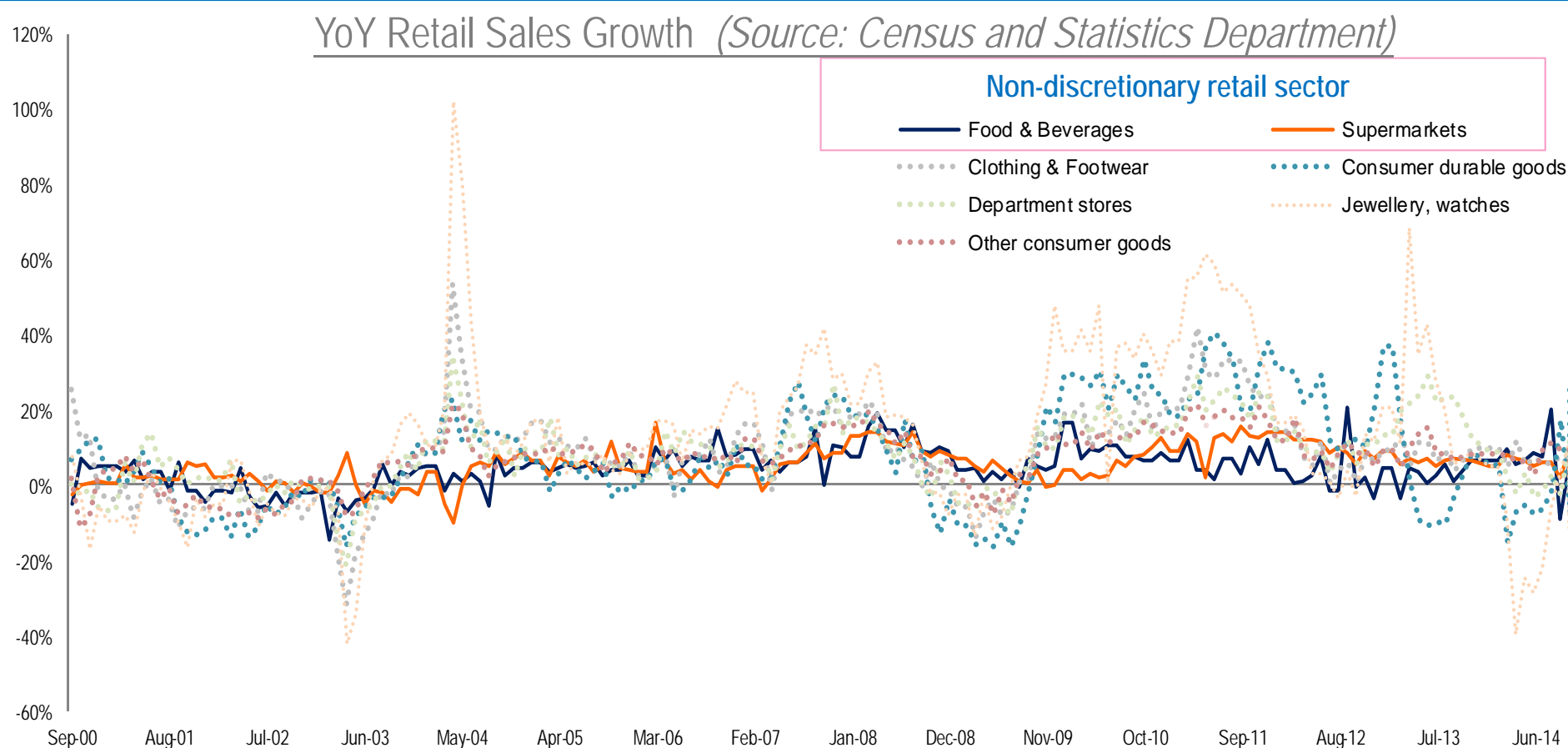
# Hong Kong Retail Sales

Value of total retail sales for the first quarter of 2015 decreased by 2.3% YoY



# Hong Kong Retail Sales

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 18 malls under management.

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



Note:  
1. Nob Hill was disposed on 2 Apr 2015.



# Wide Recognition in Excellence

## 5 Champions at 2015 Asia's Best Companies Poll by FinanceAsia

**FinanceAsia**



- No. 1 Best Managed Public Company
- No. 1 Most Committed to Paying Good Dividends
- No. 1 Best Corporate Governance
- No. 1 Best Investor Relations
- No. 1 Best CEO – Ms. Justina Chiu



## 5 Years Plus Caring Company Logo



## HKIRA IR Awards



- Best IR Company - Mid Cap
- Best IR by Chairman/CEO - Mid Cap (Ms. Justina Chiu)
- Best IR Presentation Collaterals - Mid Cap



## Contact Us



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