



## Financial Results For The Period Ended 30 September 2015

3 Nov 2015



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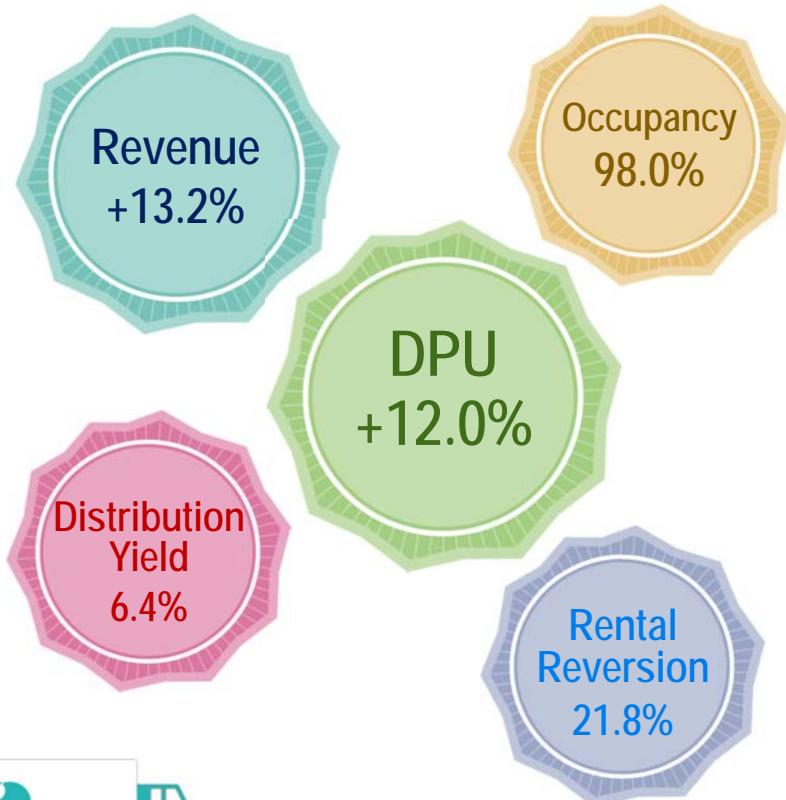
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# Results Highlights



For the 9 months ended 30 Sep 2015

Total Revenue	HK\$ 1,393.0M	+ 13.2% YoY
NPI	HK\$ 983.3M	+ 13.3% YoY
Distributable Income	HK\$ 658.1M	+ 12.8% YoY
DPU	HK\$0.3492	+ 12.0% YoY
Distribution Yield <sup>1</sup>	6.4%	
NAV Per Unit <sup>2</sup>	HK\$12.43	+ 13.1% YoY
Gearing <sup>2</sup>	30.4%	
Rental Reversion <sup>3</sup>	21.8%	
Occupancy <sup>2</sup>	98.0%	
Passing Rent <sup>2</sup>	HK\$39.7 psf	

Notes:

1. Annualized based on the average closing unit price in Singapore and Hong Kong of HK\$7.285 as at 30 Sep 2015.
2. As at 30 Sep 2015.
3. For all renewal leases from 1 Jan 2015 to 30 Sep 2015.



Period ended 30 Sep 2015 | 3



# Financial Performance YTD 3Q15

YTD 3Q15 Revenue +13.2% YoY    DPU +12.0% YoY

	YTD 3Q15 (HK\$'000)	YTD 3Q14 (HK\$'000)	Variance (%)	3Q15 (HK\$'000)	3Q14 (HK\$'000)	Variance (%)
Total revenue	1,393,043	1,230,088	13.2%	470,451	416,633	12.9%
NPI	983,261	867,711	13.3%	328,898	286,662	14.7%
Income available for distribution	658,057	583,563	12.8%	217,799	193,109	12.8%
DPU (HK cents)	34.92	31.18	12.0%	11.54	10.30	12.0%

## Contributing factors

Strong occupancy & rental reversion

Yield accretive acquisition of Laguna Plaza in Jan 2015

AEIs at Belvedere Square contributed further in 3Q15



Period ended 30 Sep 2015 | 4



## Results Highlights

Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect



## Balance Sheet

As at 30 Sep 2015	(HK\$'000)
Current Assets	517,058
Non Current Assets	35,270,417
<b>Total Assets</b>	<b>35,787,475</b>
Current Liabilities	4,651,712
Non Current Liabilities	7,680,408
<b>Total Liabilities</b>	<b>12,332,120</b>
<b>Net Assets</b>	<b>23,455,355</b>

**Gearing Ratio**

30.4%

**Portfolio Valuation**

HK\$35,238M

**NAV Per Unit<sup>1</sup>**

HK\$12.43

**Note:**

1. The total number of deemed units used for the computation of net asset value per Unit is 1,886.4 million Units.





# Capital Management

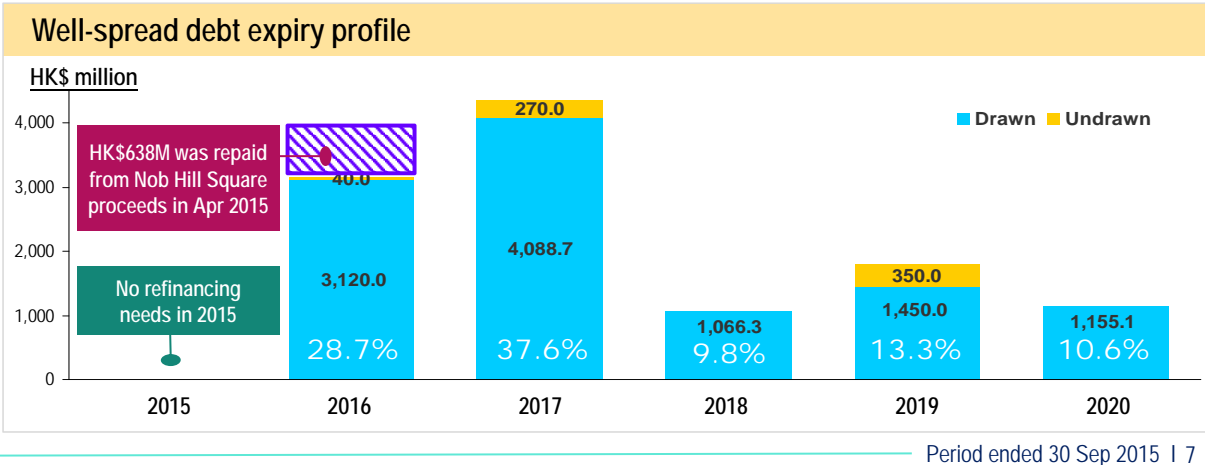
Debt Profile	As at 30 Sep 15	As at 30 Jun 15	As at 30 Sep 14
Total Debt	HK\$10,880M	HK\$11,080M	HK\$9,923M
Gearing Ratio / Aggregate Leverage	30.4%	30.6%	31.2%
Interest Cover <sup>1</sup>	4.82X	4.82X	4.74X
Effective Interest Cost <sup>2</sup>	2.10%	2.04%	2.17%

Gearing lowered to 30.4%

Further debt headroom of HK\$2.5B

69% of debt hedged to mitigate interest rate volatilities

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



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# Solid Asset Performance

	GRA (s.f.)	Occupancy (30 Sep 15)	Occupancy (31 Dec 14)
1. Fortune City One	414,469	99.3%	99.5%
2. Fortune Kingswood	665,244	99.9%	100.0%
3. Ma On Shan Plaza	310,084	99.9%	100.0%
4. Metro Town	180,822	100.0%	100.0%
5. Fortune Metropolis	332,168	97.1%	98.2%
6. Laguna Plaza	163,203	97.1%	Acquired on 9 Jan 15
7. Belvedere Square <sup>1</sup>	276,862	90.6%	79.5%
8. Waldorf Avenue	80,842	100.0%	100.0%
9. Caribbean Square	63,018	100.0%	100.0%
10. Provident Square	180,238	90.3%	90.3%
11. Jubilee Square	170,616	99.6%	100.0%
12. Smartland	123,544	98.7%	99.9%
13. Tsing Yi Square	78,836	100.0%	100.0%
14. Centre de Laguna	43,000	99.4%	99.4%
15. Hampton Loft	74,734	100.0%	100.0%
16. Lido Avenue	9,836	100.0%	100.0%
17. Rhine Avenue	14,604	100.0%	100.0%
<b>Portfolio Total</b>	<b>3,182,120</b>	<b>98.0%</b>	<b>97.3%</b>

AEIs in progress

Reversion stands strong  
AEIs to drive further growth

Portfolio Occupancy

98.0%

Average Rental Reversion

21.8%

Supported by solid reversion  
across the entire portfolio

Average Passing Rent

HK\$39.7 psf

Original portfolio<sup>2</sup> up 8.0% YoY  
Benefited from good reversion and AEIs

Notes:

1. Belvedere Square's AEIs to be completed by the end of 2015. Committed occupancy was 94.9%.
2. Exclude Laguna Plaza and Nob Hill Square.

Period ended 30 Sep 2015 | 9



# Portfolio Expiry Profile

Expiry Profile by GRA (As at 30 Sep 15)	(% of occupied GRA)		
	4Q2015	2016	2017 & Beyond
1. Fortune City One	7.3%	44.9%	47.8%
2. Fortune Kingswood	10.7%	22.1%	67.2%
3. Ma On Shan Plaza	4.0%	39.9%	56.1%
4. Metro Town	0.9%	66.1%	33.0%
5. Fortune Metropolis	10.0%	51.8%	38.2%
6. Laguna Plaza	0.9%	30.1%	69.0%
7. Belvedere Square	7.4%	25.3%	67.3%
8. Waldorf Avenue	0.6%	16.1%	83.3%
9. Caribbean Square	0.0%	19.1%	80.9%
10. Provident Square	55.7%	12.0%	32.3%
11. Jubilee Square	14.3%	36.1%	49.6%
12. Smartland	21.9%	22.7%	55.4%
13. Tsing Yi Square	9.1%	33.5%	57.4%
14. Centre de Laguna	29.8%	23.3%	46.9%
15. Hampton Loft	0.0%	74.8%	25.2%
16. Lido Avenue	18.9%	57.4%	23.7%
17. Rhine Avenue	0.0%	4.0%	96.0%
<b>Portfolio Total</b>	<b>10.7%</b>	<b>34.8%</b>	<b>54.5%</b>

Majority of lease expiring in 4Q15  
already pre-committed



Period ended 30 Sep 2015 | 10

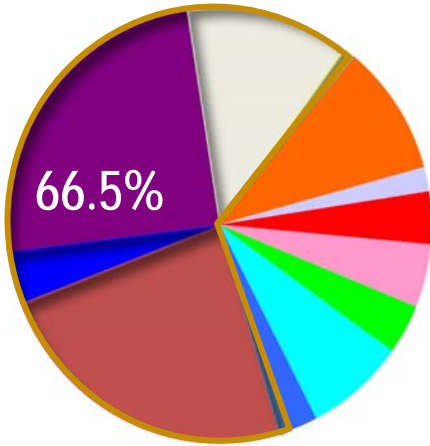




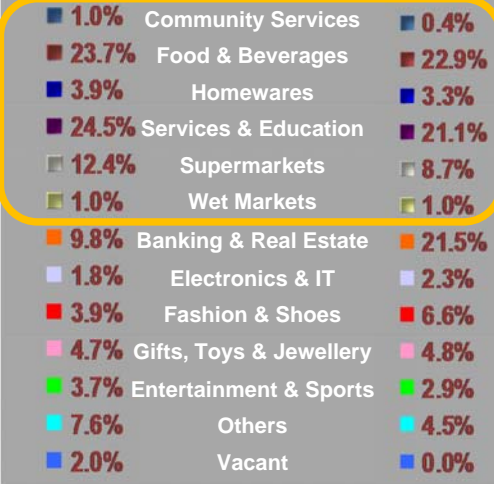
# Portfolio Trade Mix

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

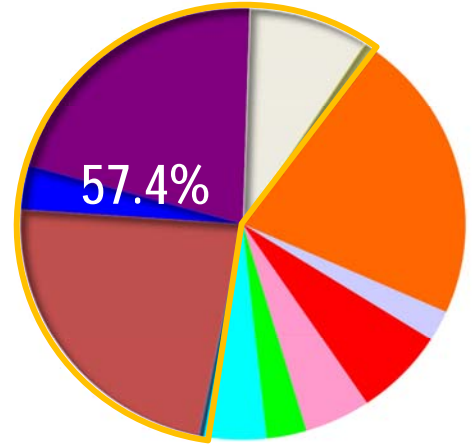
By Gross Rentable Area



Tenant's Trade Mix (as at 30 Sep 15)



By Gross Rental Income



# Promoting Fortune Malls

Engage shoppers with different kinds of innovative festival events and cartoon-themed decorations





# Strong interest from new tenants

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



Ma On Shan Plaza: Homewares



Metro Town: Accessories



Jubilee Square: Education



Laguna Plaza: F&B



Ma On Shan Plaza: F&B



Waldorf: Beauty



Period ended 30 Sep 2015 | 13



Results Highlights

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# AEIs at Belvedere Square Phase 3 (BS3)



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

Expected ROI >20%

Committed occupancy up notably to 94.9%

Main entrance



Before

New refreshed outlook of the mall



# AEIs at Belvedere Square Phase 3 (BS3)



Bright and modern style of atrium



Before



New corridor was opened up to allow for more retail offerings







# AEIs at Belvedere Square Phase 3 (BS3)

Received strong leasing interests. New tenants to enhance retail offerings.



AEON Living Plaza



City Life



Watsons



Bakery



FOTOMAX



New Chinese Restaurant



PNS



Period ended 30 Sep 2015 | 17



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# Pipelines & Proven Track Record in AEs

Property / Enhanced Area	Completion	CAPEX (HK\$)	ROI <sup>1</sup>
Belvedere Square Phase 3 - 126,000sf	Target End of 2015	80M	Expected >20%
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.



Period ended 30 Sep 2015 | 19



# Why Invest in Fortune REIT

• 6.4% DPU yield

## 1. Attractive Valuation

## 2. Resilient Portfolio

• Sustainable growth across economic cycles

• Positive rental reversion supported by full employment and rising income

## 3. Stable Retail Outlook

## 4. AEs Growth

• Track record of executing value-added AEs

## 5. Acquisition Growth

• Strong pipeline from Cheung Kong



Period ended 30 Sep 2015 | 20



# 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.



## 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
- Portfolio Valuation at **HK\$35.2 billion**



### *Market Capitalization & NAV (as at 30 Sep 2015)*

- Market capitalization of Fortune REIT at **HK\$ 13.7 billion**
- NAV at **HK\$12.43** per unit



### *Distribution Policy*

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





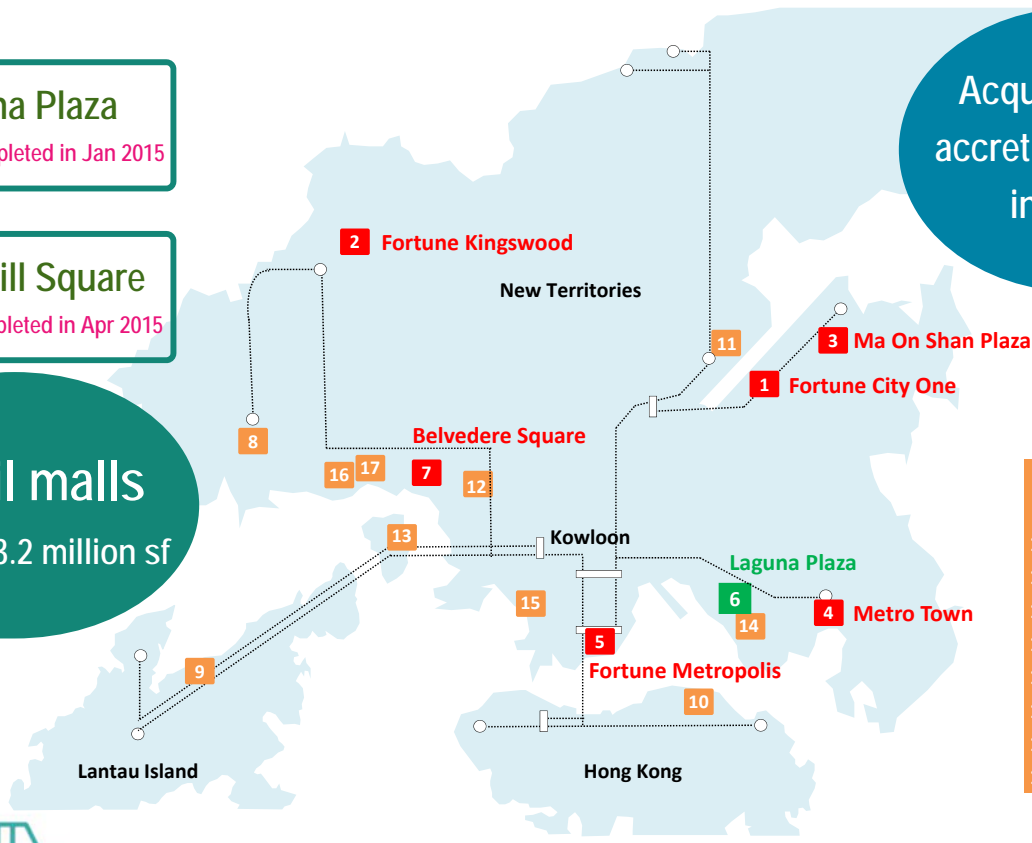
# Fortune REIT's Portfolio

★ **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-accrative properties in 3 years.



- 8 Waldorf Avenue
- 9 Caribbean Square
- 10 Provident Square
- 11 Jubilee Square
- 12 Smartland
- 13 Tsing Yi Square
- 14 Centre de Laguna
- 15 Hampton Loft
- 16 Lido Avenue
- 17 Rhine Avenue



# Portfolio Optimization

## 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





# Proven Acquisition Growth

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

IPO in 2003	2005	2009	2012	2013	2015
5 malls	+6 malls	+3 malls	+2 malls	+1 mall	+1 mall
HK\$3.3B	AUM increasing to				HK\$35.2B

Jubilee Square	Rhine Avenue	Metro Town	Provident Square	Fortune Kingswood	Laguna Plaza
Smartland	Lido Avenue	Caribbean Square	Belvedere Square		
Nob Hill Square <sup>1</sup>	Centre de Laguna	Hampton Loft			
Ma On Shan Plaza	Tsing Yi Square				
Fortune Metropolis	Waldorf Avenue				
	Fortune City One				

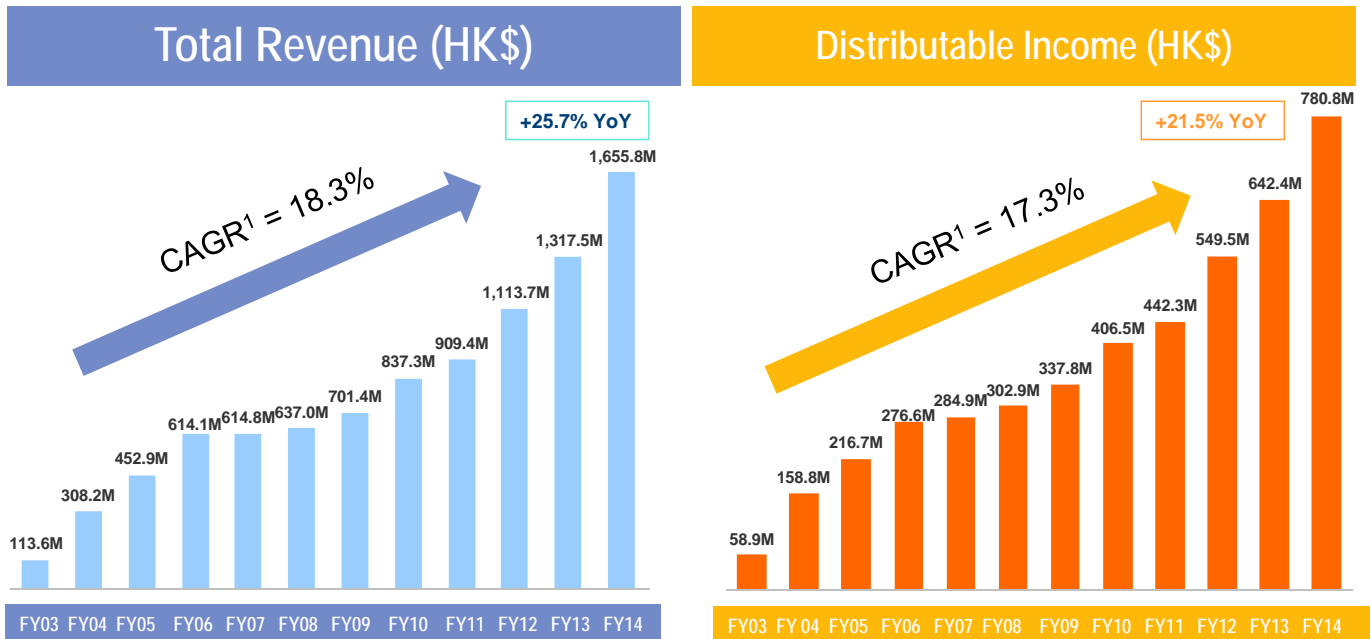
Note:  
1. Nob Hill Square was disposed on 2 Apr 2015.

Period ended 30 Sep 2015 | 25



# Years of Sustainable Growth

## 11 consecutive years of sustained growth



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

Period ended 30 Sep 2015 | 26



# AEIs at Fortune City One

置富第一城  
Fortune City One



CAPEX	Commencement	Completion
HK\$150M	2Q 2010	October 2013

**Achieved ROI >20%**



# AEIs at Ma On Shan Plaza

馬鞍山廣場  
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.



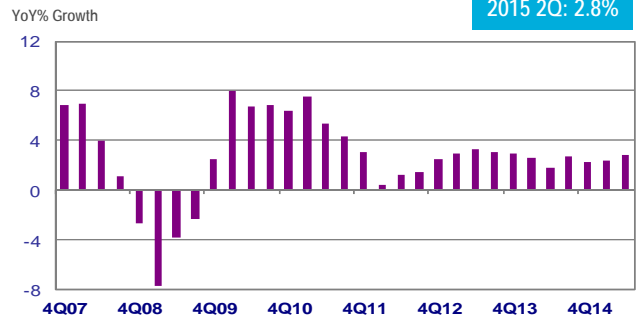


# Hong Kong Economy

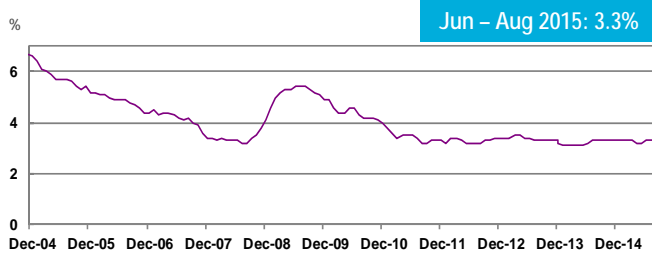
## Economy recorded stable growth

- ✓ HK GDP expanded at a slightly faster pace in 2Q15, with GDP expanded by 2.8%, as compared to 2.4% growth in 1Q15
- ✓ Domestic demand remained the key source of economic growth: private consumption grew strongly supported by solid labour market and income conditions
- ✓ GDP growth for 2015 full year was forecast at 2-3%, revised from 1-3% as reported in May

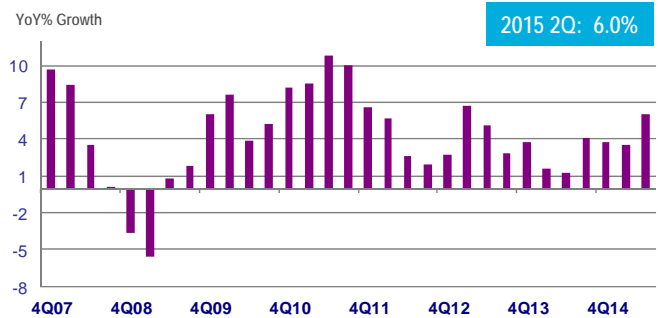
## GDP: HK Economy grew slightly faster in 2Q15



## Unemployment: Labour market stay resilient



## Private consumption: Domestic sector grew strongly in 2Q15



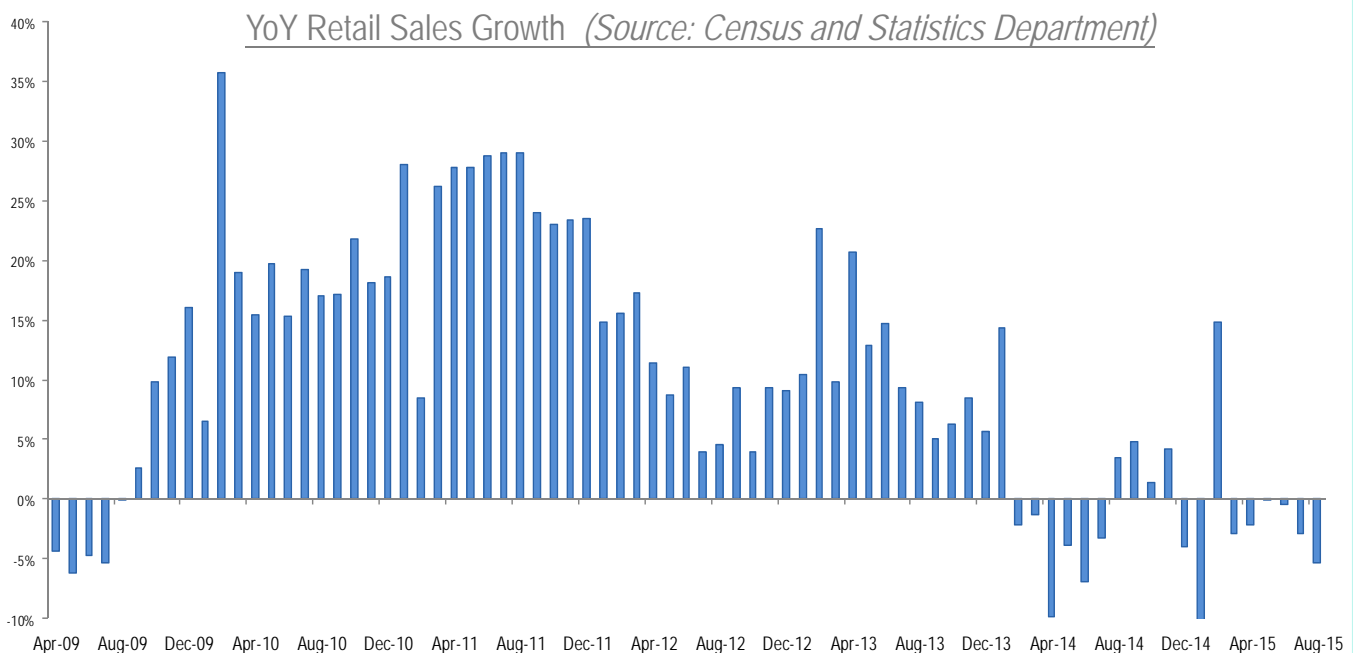
Source: Census & Statistics Department, HK

Period ended 30 Sep 2015 | 29



# Hong Kong Retail Sales

## Value of total retail sales for first eight months of 2015 decreased by 2.2% YoY

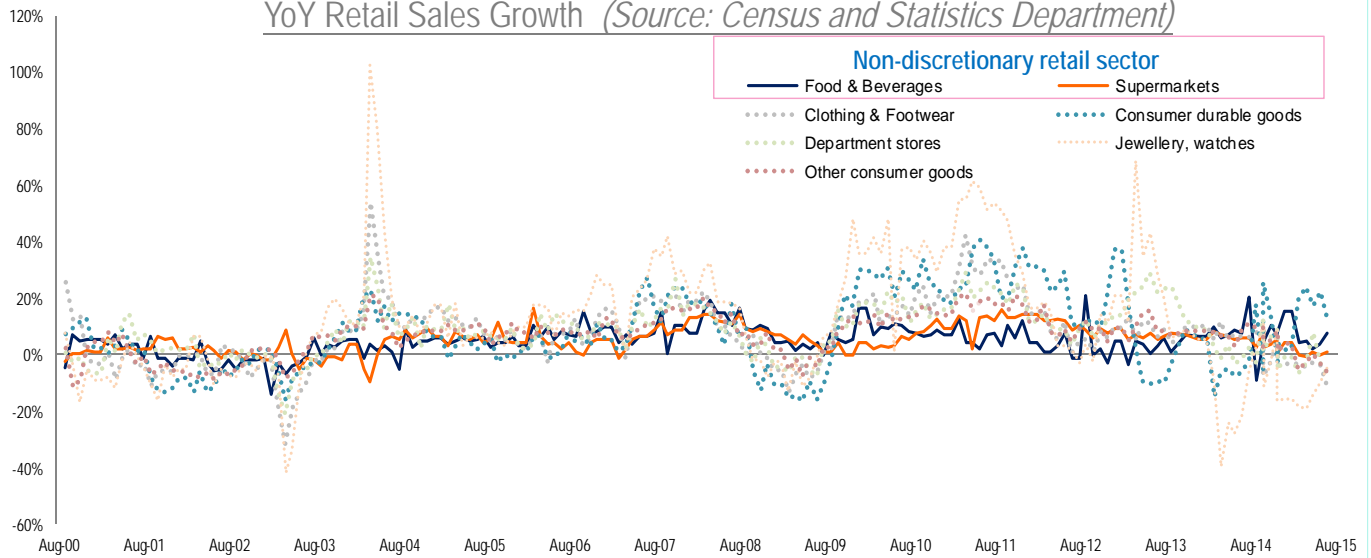


Period ended 30 Sep 2015 | 30



## Non-discretionary spending sectors continues to show resilience

YoY Retail Sales Growth (Source: Census and Statistics Department)



Period ended 30 Sep 2015 | 31

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