



FORTUNE

置富產業信託 REIT

Financial Results for the
6 Months Ended 30 June 2016

25 Jul 2016



FORTUNE

置富產業信託 REIT

Results Overview

Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Strategy



1H16 Results Overview

DPU growth supported by steady asset performance
Improved profit margin on more efficient operations

AEIs at Provident Square underway; Refinancing completed for 2016

5.4%
Yield¹

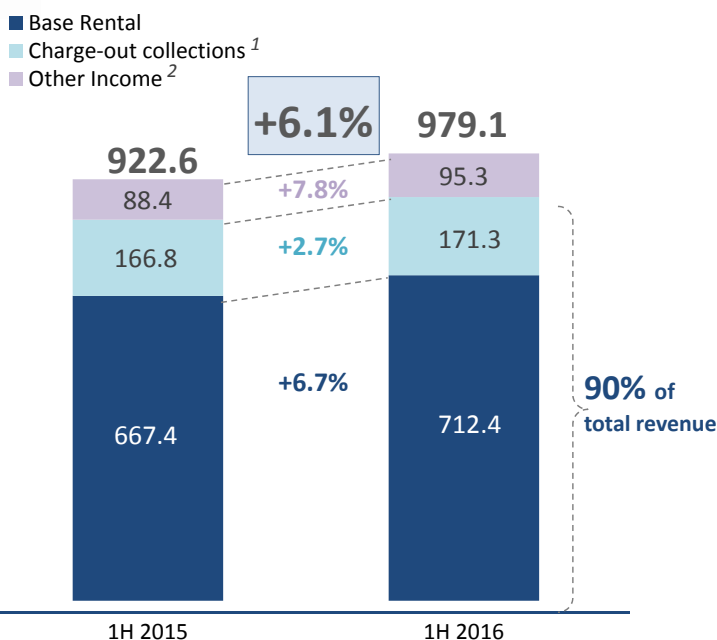
Note:
1. Annualized based on the closing unit price of HK\$ 9.25 in Hong Kong as at 30 June 2016.

Financial	Balance Sheet	Operational
Revenue HK\$979.1M +6.1% YoY	NAV per unit HK\$12.77	Passing Rent HK\$41.4 psf +7.8% YoY
NPI HK\$705.9M +7.9% YoY	Valuation HK\$36,188M +2.7% YoY	Occupancy Remains high despite AEIs at Provident 96.4%
DPU HK\$0.2478 +6.0% YoY	Gearing 29.8%	Rental Reversion 13.3%

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1H2016 Revenue up 6.1% YoY

Revenue breakdown (HK\$ million)



Revenue grew 6.1%

Attributed by positive reversions & completed AEIs at Belvedere

Stable Income Stream

>90% of total revenue from base rental and charge-out collections

Steady organic growth

Base rental ▲6.7% YoY
Carpark revenue ▲7.6% YoY

Notes:
1. Charge-out collections include utilities & air-conditioning charges, management fees, promotional charges, government rent & rates etc payable by tenants
2. Other income mainly includes car park revenue, license fees and contingent rents

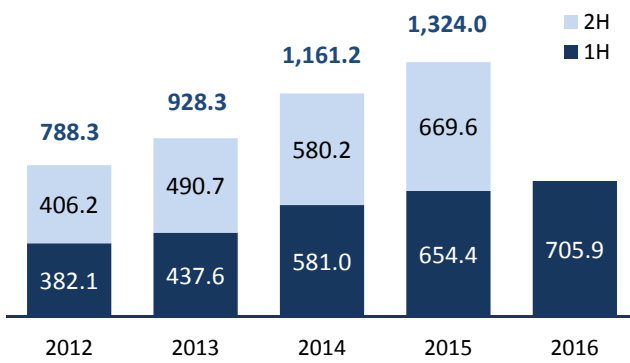
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Net Property Income

HK\$705.9 million ▲ **7.9%** YoY

NPI grew further on efficient cost control
Cost-to-revenue improved to 25.7%

NPI (HK\$ million)

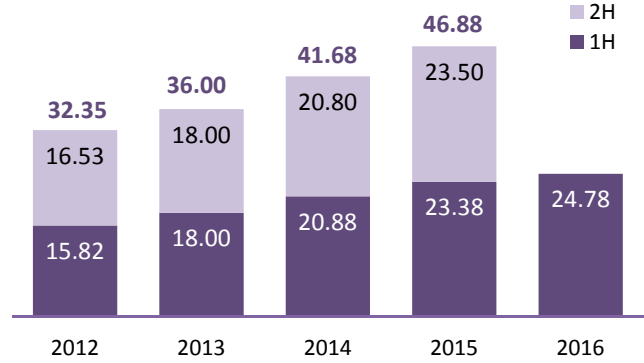


Distribution Per Unit

24.78 HK Cents ▲ **6.0%** YoY

Offers 5.4% yield (annualised)
based on HK closing unit price of HK\$9.25 on 30 June 2016

DPU (HK Cents)



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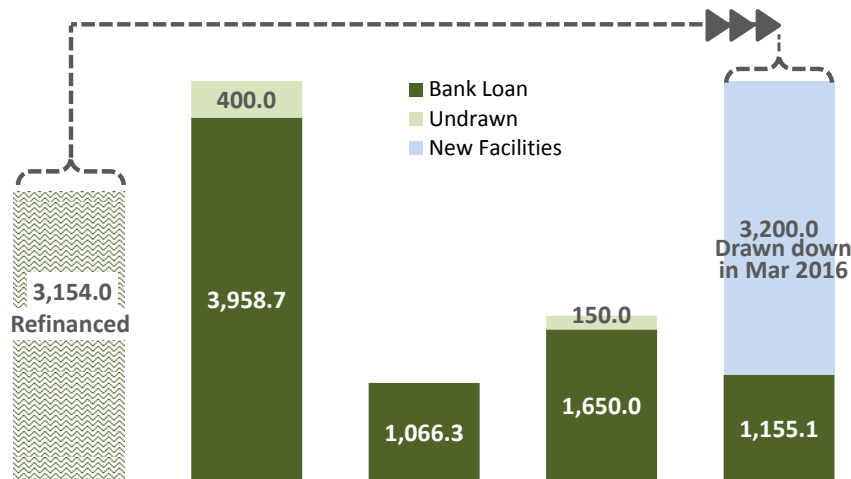
Strategy



Prudent Debt Management

Well-spread Debt Maturity Profile (HK\$ million)

Weighted average debt maturity extended to 2.6 years
No Refinancing needs until 2017



Debt Expiry (as at 30 June 16)	2016	2017	2018	2019	2020
	0%	36%	10%	15%	39%

Gearing Ratio

29.8%

Debt Headroom

HK\$10.2 billion
(up to 45% gearing limit)

Hedging Ratio

66%

Effective Interest Cost

2.39%

Increased mainly due to additional hedging entered in 3Q2015

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Results Overview

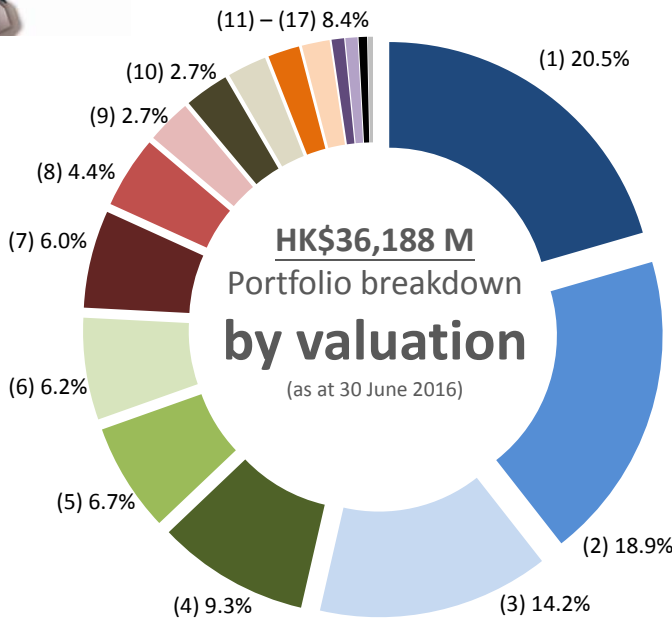
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Portfolio Valuation¹ (HK\$ M)

(1) Fortune City One	7,422
(2) Fortune Kingswood	6,843
(3) Ma On Shan Plaza	5,130
(4) Metro Town	3,371
(5) Fortune Metropolis	2,410
(6) Laguna Plaza	2,258
(7) Belvedere Square	2,160
(8) Waldorf Avenue	1,594
(9) Caribbean Square	986
(10) Provident Square	982
(11) Jubilee Square	872
(12) Smartland	700
(13) Tsing Yi Square	616
(14) Centre de Laguna	275
(15) Hampton Loft	268
(16) Lido Avenue	186
(17) Rhine Avenue	115

Portfolio valuation

HK\$36,188M

▲ **2.7% YoY**

Average retail cap rate

4.7%

Kept unchanged since 2011

Note:

1. Valued by Savills as at 30 June 2016

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Portfolio performance

	Occupancy	
	30 Jun 16	31 Dec 15
1. Fortune City One	98.5%	99.3%
2. Fortune Kingswood	98.0%	99.6%
3. Ma On Shan Plaza	99.9%	100.0%
4. Metro Town	99.7%	100.0%
5. Fortune Metropolis	97.4%	98.4%
6. Laguna Plaza	98.7%	98.7%
7. Belvedere Square	100.0%	97.4%
8. Waldorf Avenue	100.0%	99.5%
9. Caribbean Square	100.0%	100.0%
10. Provident Square	54.2%	91.7%
11. Jubilee Square	99.6%	99.6%
12. Smartland	99.7%	99.5%
13. Tsing Yi Square	100.0%	100.0%
14. Centre de Laguna	100.0%	99.4%
15. Hampton Loft	100.0%	100.0%
16. Lido Avenue	100.0%	100.0%
17. Rhine Avenue	100.0%	100.0%
Portfolio Total	96.4%	98.8%

Occupancy

96.4%

Despite AEs at Provident Square

Rental Reversion

13.3%

For renewals in 1H2016

Passing rent

HK\$41.4 psf

▲ 7.8% YoY

Provident Square undergoing AEs
Committed occupancy at 81.6%¹

Note:

1. As at 25 July 2016.

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Opportunistic portfolio for further growth

Selected new tenants (during 1H2016)



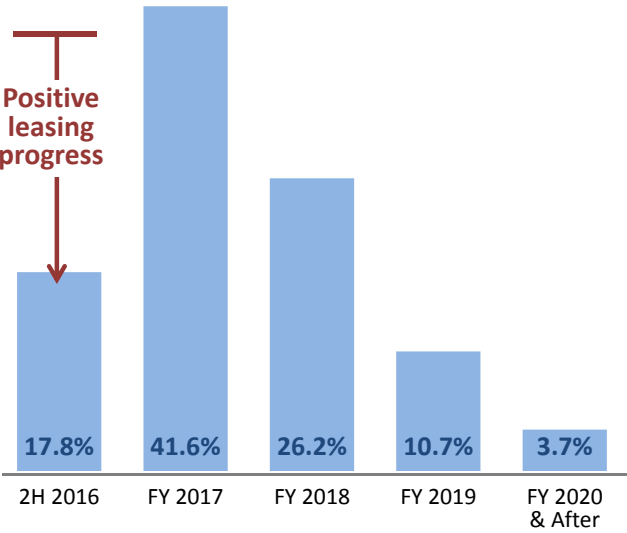
Expanding tenants at Fortune Malls



Lease Expiry Profile¹

38.2% for FY2016

Positive leasing progress



Note:

1. Based on total leased GRA as at 30 June 2016

Well-positioned Trade Mix

Well-diversified tenant base

1,386 tenants

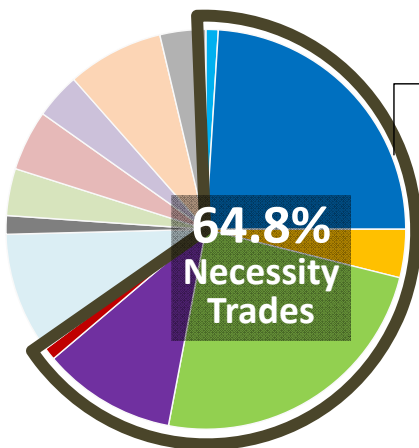
High tenant retention

85%

Strong focus on necessity trades

~ 60%

By Gross Rentable Area

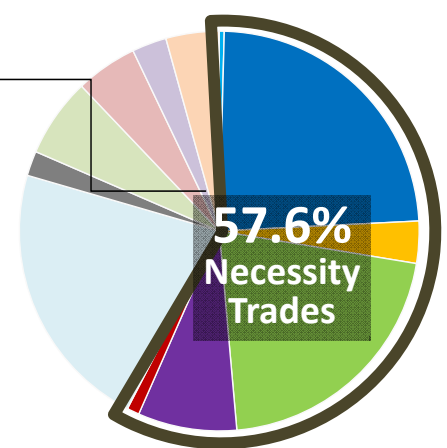


Tenant's Trade Mix

(as at 30 Jun 2016)

1.0%	Community Services	0.4%
24.0%	Food & Beverages	23.8%
3.9%	Homewares	3.4%
24.1%	Services & Education	21.0%
10.8%	Supermarkets	8.0%
1.0%	Wet Markets	1.0%
9.8%	Banking & Real Estate	21.9%
1.5%	Electronics & IT	2.0%
3.8%	Fashion & Shoes	6.4%
4.9%	Gifts, Toys & Jewellery	5.0%
3.7%	Entertainment & Sports	2.8%
7.8%	Others	4.3%
3.7%	Vacant	0.0%

By Gross Rental Income



Promoting Fortune Malls



Engaging shoppers with festival events and decorations

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AEIs at Provident Square



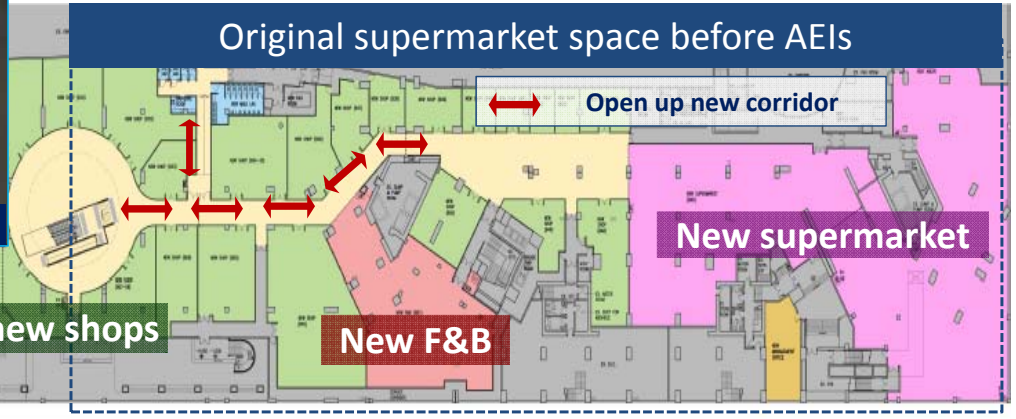
AEIs commenced in 1Q16. Completion expected by 3Q16.
Positive leasing response – 81.6% committed occupancy

More shops to cater for the demand in F&B, household products and education

Renovation Area	78,280 sq. ft on Basement Floor
Before AEIs	a large supermarket space
After AEIs	Subdivided into smaller units



Before AEIs – a large supermarket



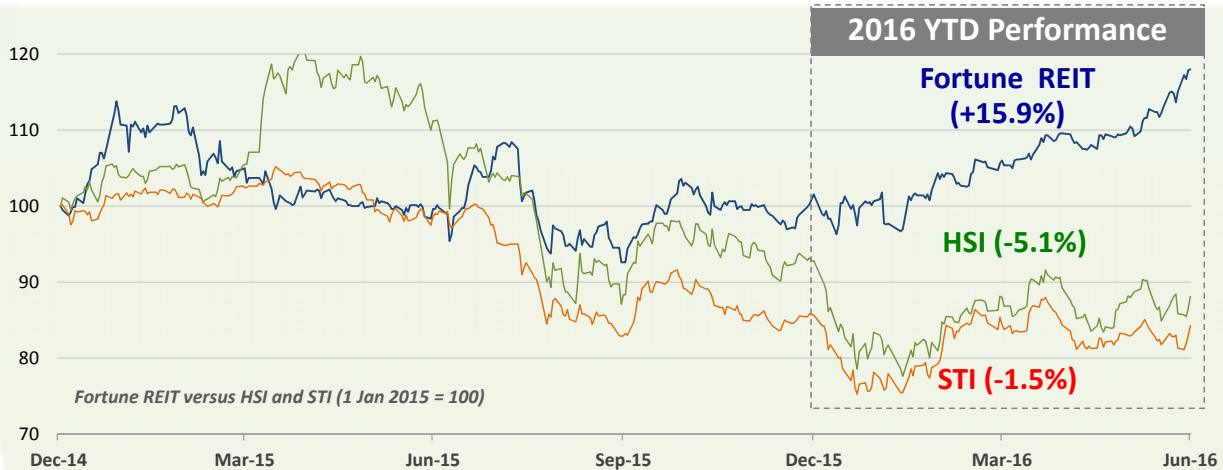
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Why Invest in Fortune REIT

Fortune REIT outperformed market and delivered a total return of 18.9%¹ YTD



Attractive Valuation

5.4%
DPU Yield

Resilient Portfolio

Strong focus on **Non-discretionary** consumption

Robust Financials

Prudent gearing & majority interest cost hedged

AEIs Growth

Outstanding ROIs
For AEIs

Acquisition Growth

Track record for **yield accretive acquisition**

Note: 1. Total return is calculated based on the closing unit price of HK\$7.98 and HK\$9.25 in Hong Kong as at 31 December 2015 and 30 June 2016 respectively and the distribution per unit of HK\$0.2350 for 2H2015 distributed on 29 February 2016.

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2016 Interim Distribution

Distribution Details

Distribution Period	1 Jan 2016 to 30 Jun 2016
DPU	24.78 HK cents
Ex-Distribution	4 August 2016
Book Closure	8 August 2016
Payment	29 August 2016

Distribution Timetable

S	M	T	W	T	F	S
AUG 2016	1	2	3	4 Ex-div	5	6
7	8 Book close	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29 Payment	30	31			

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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.



Income Statement

HK\$'M	1H16	1H15	Variance (%)
Revenue	979.1	922.6	+6.1%
Property operating expenses	(251.3)	(247.9)	+1.3%
Manager's performance fee	(21.9)	(20.3)	+7.7%
Net property income	705.9	654.4	+7.9%
Manager's base fee	(53.9)	(52.0)	+3.8%
Borrowing costs	(140.0)	(128.9)	+8.6%
Change in fair value of investment properties	223.4	992.0	-77.5%
Gain on disposal of a property company	-	218.6	N/A
Other items ¹	(108.8)	(67.0)	+62.4%
Profit before taxation	626.6	1,617.1	-61.3%
Income tax expense	(105.6)	(98.1)	+7.6%
Profit for the period	521.0	1,519.0	-65.7%
Distributable income	470.0	440.3	+6.7%
DPU (HK\$ cents)	24.78	23.38	+6.0%

Note: 1. Include interest income, trust expense, foreign exchange gain / (loss), and change in fair value of financial instruments

Robust Balance Sheet

(HK\$'000)	30 Jun 2016	31 Dec 2015
Current Assets	841,444	783,780
Non Current Assets	36,188,000	35,923,884
Total Assets	37,029,444	36,707,664
Current Liabilities	5,791,123	4,924,666
Non Current Liabilities	7,020,022	7,676,674
Total Liabilities	12,811,145	12,601,340
Net Assets	24,218,299	24,106,324
Units in Issue ('000 units)	1,896,137	1,889,899

Total Debt HK\$ 11,030 million

Portfolio Valuation HK\$ 36,188 million

NAV per Unit HK\$ 12.77

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Investment Highlights

HK\$17.5B¹
Market Cap

HK\$36.2B¹
Portfolio Valuation

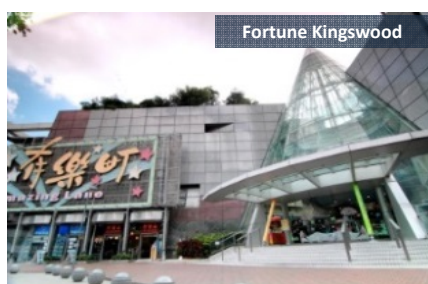
HK\$12.77¹
NAV

100%
Dividend Payout

13 Years
Continued Growth

17 Neighborhood malls in Hong Kong

Dual-listed in Singapore and Hong Kong



Note: 1. As at 30 June 2016

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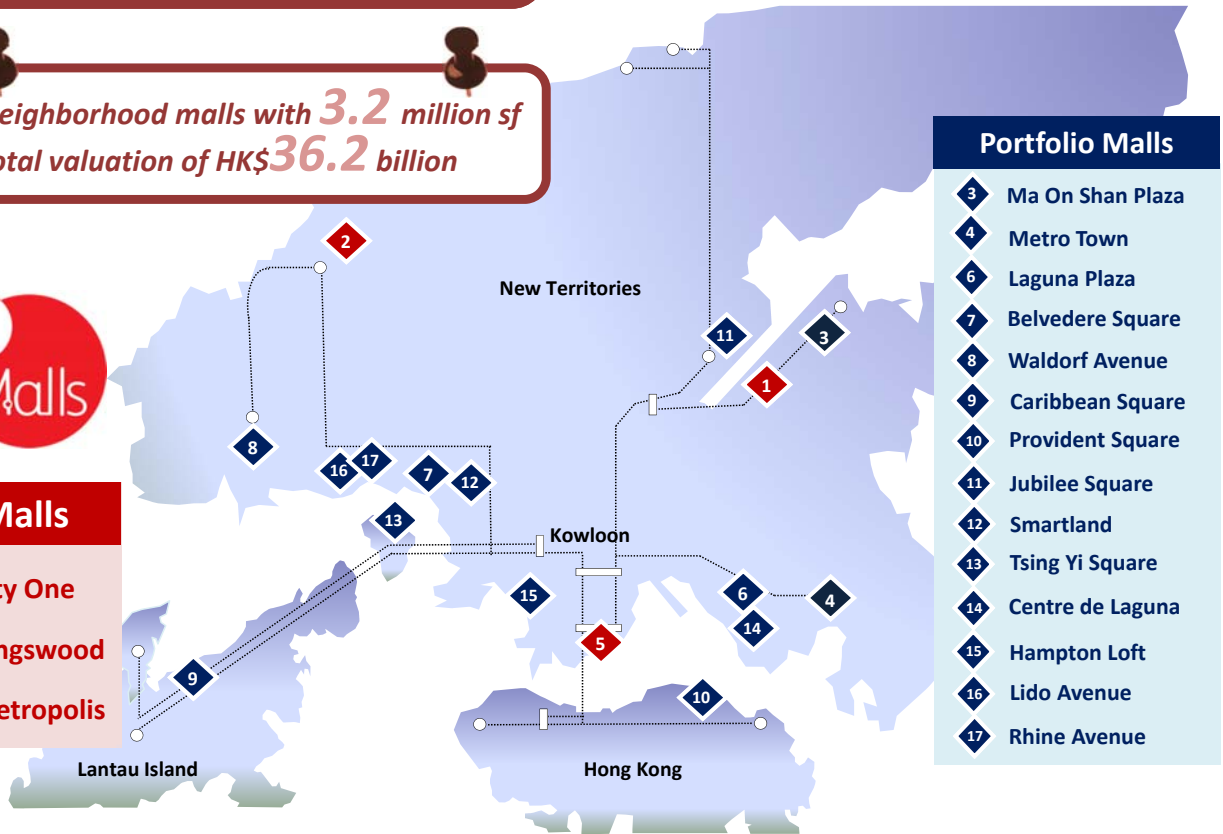
Fortune REIT's Portfolio

17 Neighborhood malls with **3.2** million sf
Total valuation of **HK\$36.2** billion



Flagship Malls

- 1** Fortune City One
- 2** Fortune Kingswood
- 5** Fortune Metropolis

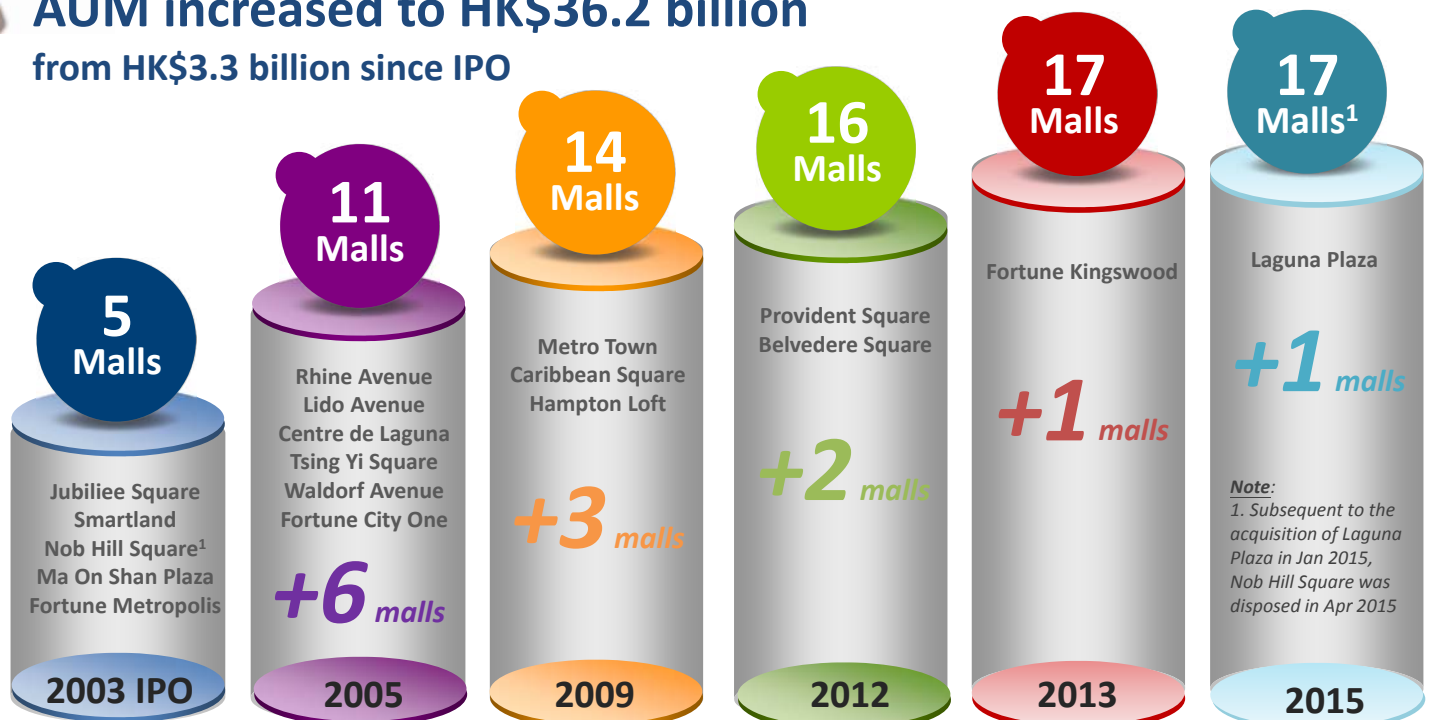


Portfolio Malls

- 3** Ma On Shan Plaza
- 4** Metro Town
- 6** Laguna Plaza
- 7** Belvedere Square
- 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

Proven Acquisition Growth

Asset Portfolio grew >10 times in 12 years
AUM increased to HK\$36.2 billion
from HK\$3.3 billion since IPO



Proven Track Record in AElS

Property / Enhanced Area	Completion	CAPEX (HK\$)	ROI ¹
Belvedere Square - 126,000 sf	4Q 2015	80M	20.3%
Ma On Shan Plaza - 59,000 sf (previously a supermarket)	4Q 2013	15M	60%
Fortune City One Market - 27,000 sf	3Q 2013	20M	>25%
Jubilee Square - 55,000 sf	2Q 2013	15M	>25%
Fortune City One - 200,000 sf	2012	100M	>25%
Fortune City One Plus - 70,000 sf	2010	30M	22%
Ma On Shan Plaza - 50,000 sf (previously a Chinese restaurant)	2011	12M	73%
Waldorf Avenue - 41,000 sf	2008	16M	87%



Note: 1. Increase in revenue per year divided by the CAPEX spent.

AEIs at Belvedere Square Phase 3 (BS3)

麗城薈
Belvedere Square

CAPEX

HK\$80M

Commencement

3Q 2014

Completion

4Q 2015

Achieved ROI 20.3%

Received strong leasing interests

F&B

Toy Shop

Health Food

New tenants after AEIs

AEIs at Fortune City One



CAPEX

HK\$150M

Commencement

2010

Completion

3Q 2013

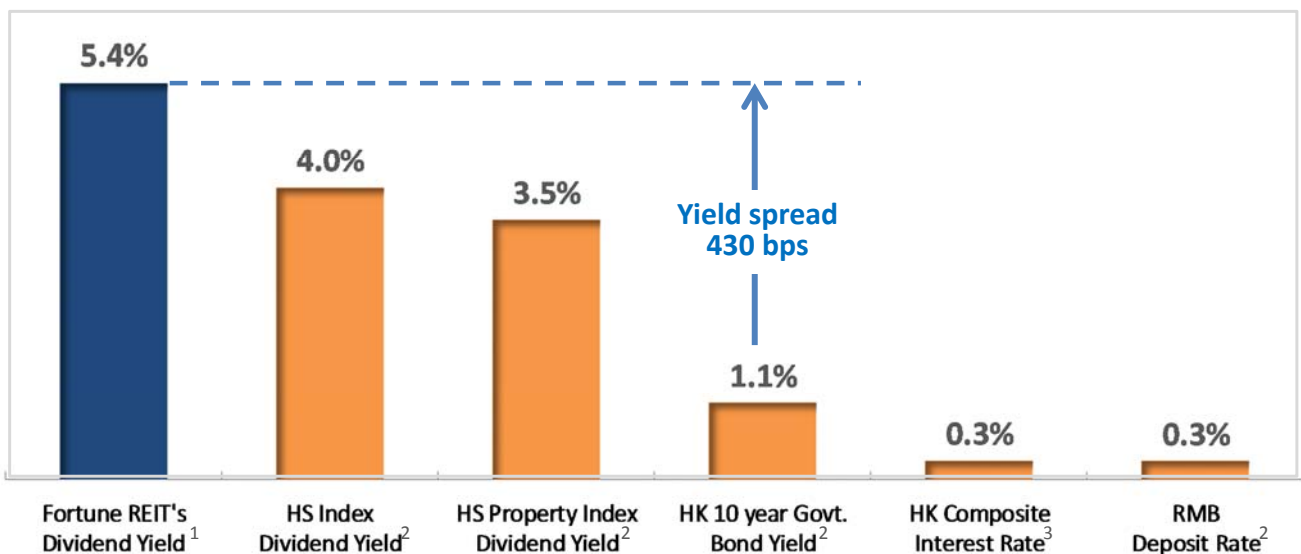
Achieved ROI >20%



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Resilient Asset Class with Attractive Yield

Offers 5.4% distribution yield with steady growth



Notes:

1. Based on the average closing unit price in Hong Kong of HK\$9.25 as at 30 Jun 2016

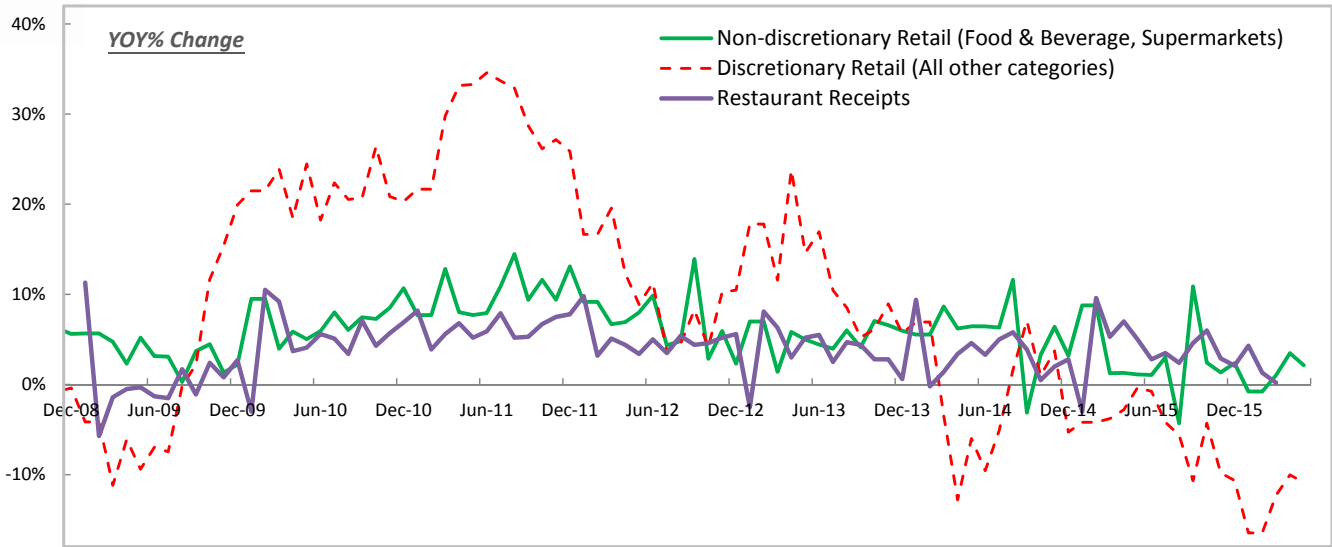
2. As at Jun 2016.

3. As at May 2016.

Source: Company Data, Hang Seng Indexes, Hong Kong Monetary Authority

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Non-discretionary spending continues to show resilience



Total Retail Sales Value (YoY Change)

2009
+0.6%

2010
+18.3%

2011
+24.9%

2012
+9.8%

2013
+11.0%

2014
-0.2%

2015
-3.7%

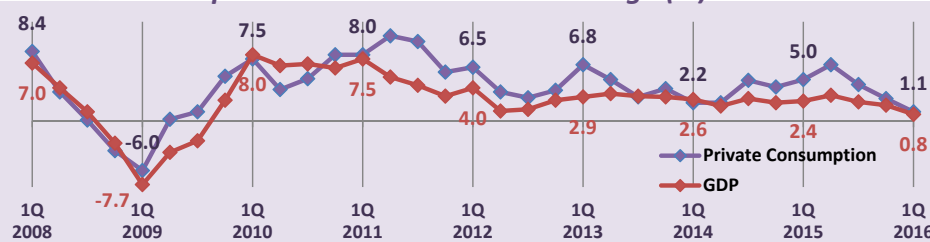
5M2016
-10.8%

Source: Census and Statistics Department

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Hong Kong Economy

Private Consumption & GDP Year-on-Year Change (%)



Private Consumption (2016 1Q) 1.1%

Private consumption growing modestly and remains an important driver of GDP

Composite CPI Year-on-Year Change (%)



CPI (Jun 16) 2.4%

Inflation eased further and cost increase pressure expected to be contained under the current economic conditions

Unemployment Rate (%)

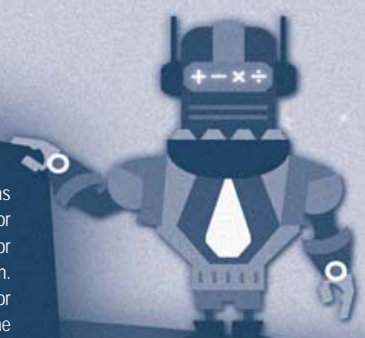


Unemployment (Apr to Jun 16) 3.4%

Labour market held largely stable with continuously low unemployment rate

Source: Census & Statistics Department, HK

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