



# 1H2017 Results Overview

HK\$'M	1H 2017	1H 2016	Variance (%)
Revenue	1,003.3	979.1	+ 2.5%
Property operating expenses	(253.8)	(251.3)	+1.0%
Net property income	727.0	705.9	+3.0%
Borrowing costs	(132.6)	(140.0)	-5.2%
Distributable income	487.3	470.0	+3.7%
DPU (HK\$ cents)	25.53	24.78	+3.0%

- Stable growth in revenue due to positive rental reversion
- NPI increased at a higher rate due to efficient cost control
- Proactive refinancing at lower cost eased pressure from rate hike

6 months ended 30 Jun 2017 | 3



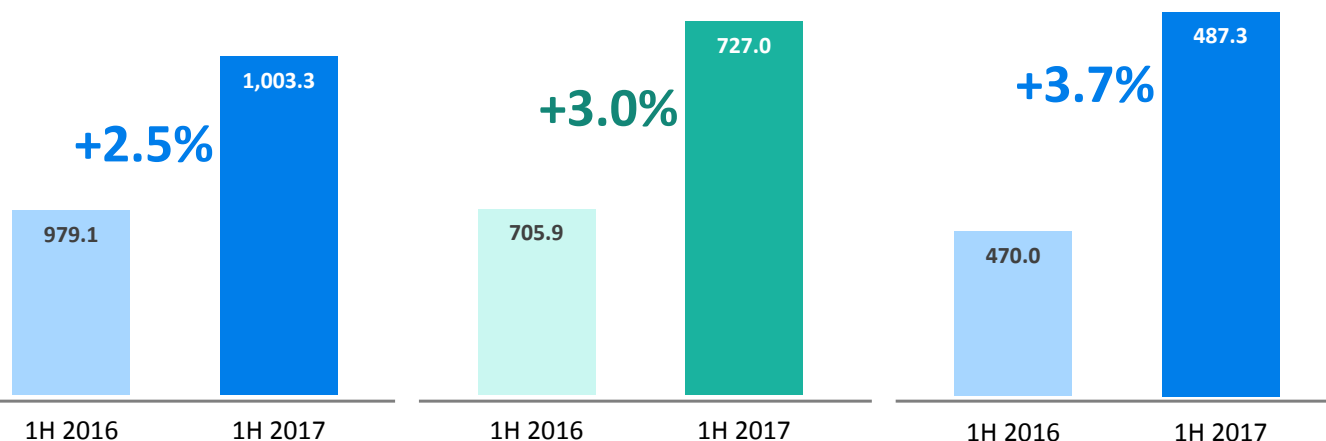
# 1H2017 Financial Performance

<p>Gross Revenue</p> <p><b>HK\$1,003.3M</b></p> <p>▲ 2.5% YoY</p>	<p>Net Property Income</p> <p><b>HK\$727.0M</b></p> <p>▲ 3.0% YoY</p>	<p>Distributable Income</p> <p><b>HK\$487.3M</b></p> <p>▲ 3.7% YoY</p>
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(HK\$ M)

(HK\$ M)

(HK\$ M)

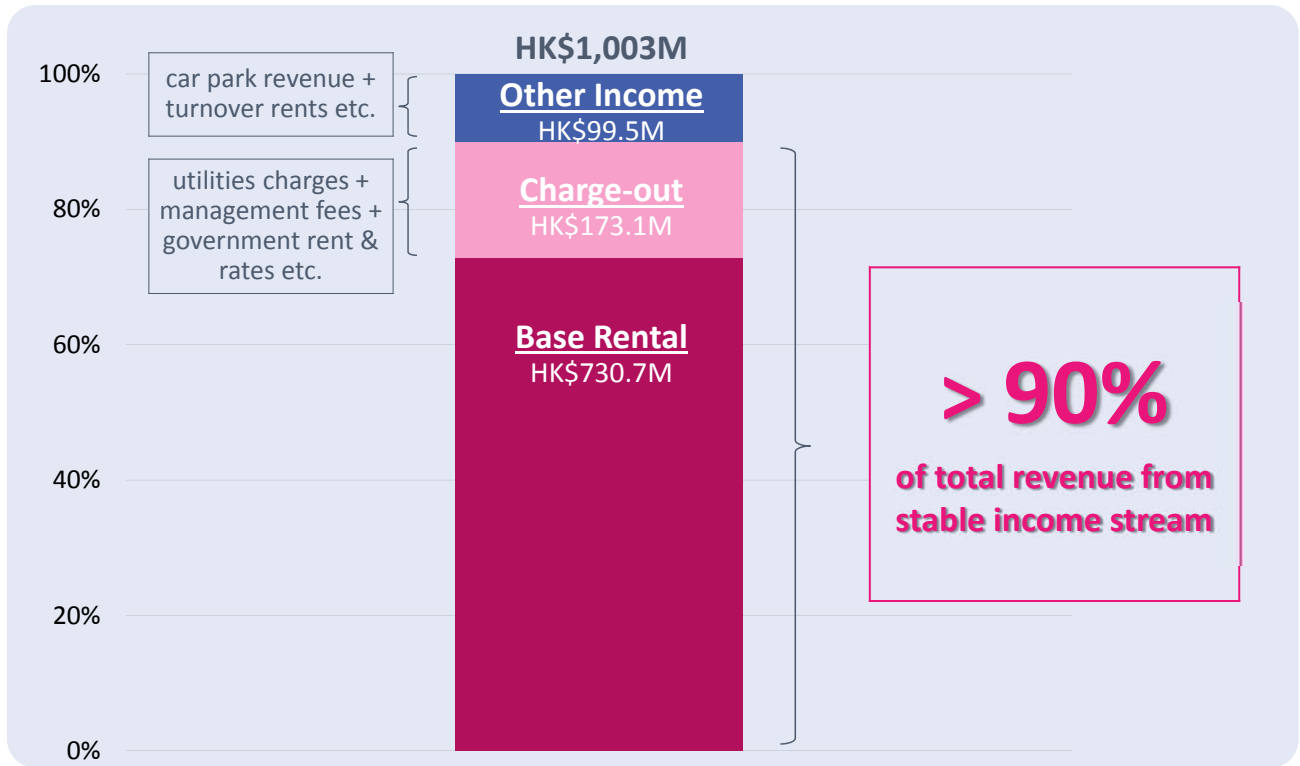


6 months ended 30 Jun 2017 | 4



# Stable Income Source

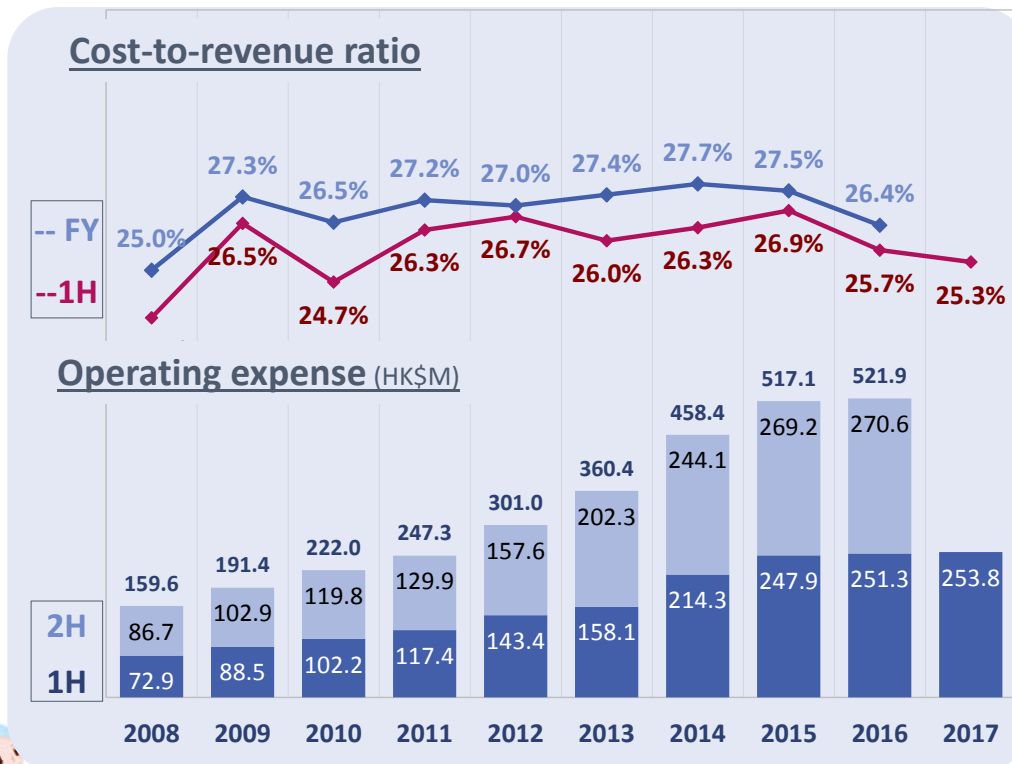
## 1H2017 Revenue Breakdown



6 months ended 30 Jun 2017 | 5



# Improved Margin to Enhance NPI growth



Improved Cost-to-revenue ratio

**25.3%**

Lowest since 2011

well-contained operating expenses

only + **1.0%**

**NPI +3.0%**

as a result

6 months ended 30 Jun 2017 | 6



# Continued Growth in DPU

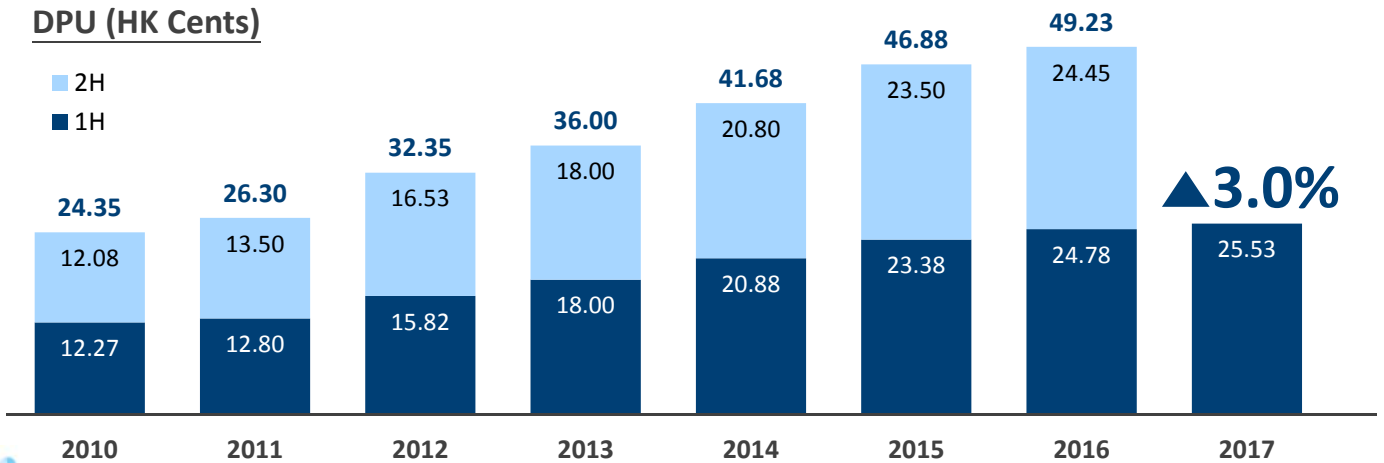
1H2017  
DPU

**25.53** HK Cents  
▲ 3.0% YoY

Offers attractive  
**5.3%** yield

DPU (HK Cents)

■ 2H  
■ 1H



▲ 3.0%

6 months ended 30 Jun 2017 | 7

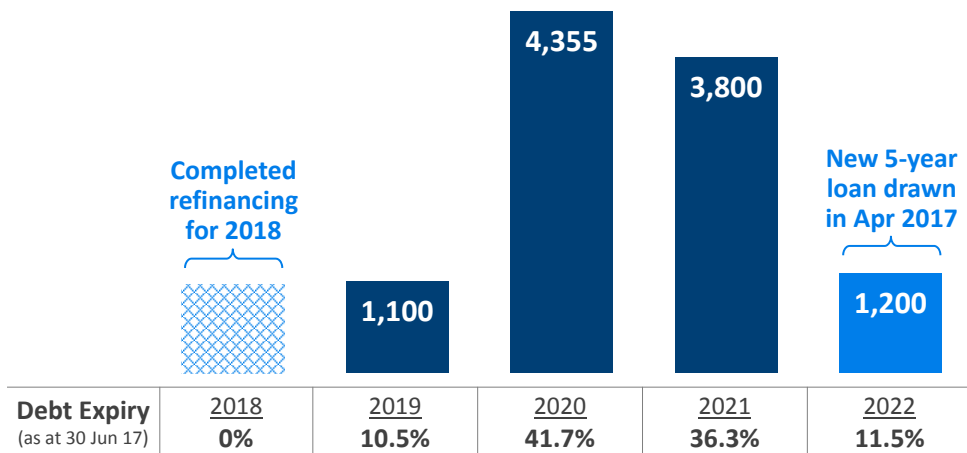
Results Overview  
**Capital Management**  
 Portfolio Performance  
 Strategy





# Prudent Debt Management

## Debt Maturity Profile (HK\$ million)



**28.4%**  
Gearing

**2.41%**  
All-in financing cost

Until **2019**  
No refinancing needs

**70%**  
Unsecured debt

HK\$ **11.5B**  
Debt headroom

**60%**  
Interest cost hedged

6 months ended 30 Jun 2017 | 9



# 2017 Interim Distribution

## Distribution Timetable

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

## Distribution Details

Distribution Period	1 Jan 2017 to 30 Jun 2017
DPU	25.53 HK cents
Ex-Distribution	10 August 2017
Book Closure	14 August 2017
Payment	29 August 2017

6 months ended 30 Jun 2017 | 10



# Portfolio Valuation up 3.1%

Portfolio Valuation  
**HK\$37,500M**  
▲ 3.1% from Dec 2016

NAV per unit  
**HK\$13.39**  
▲ 3.8% from Dec 2016



@HK\$ **11,200**  
psf (G) retail

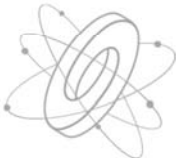


@HK\$ **690,000**  
per carpark lot



**4.6%**  
Retail cap rate

6 months ended 30 Jun 2017 | 11



Results Overview  
Capital Management  
**Portfolio Performance**  
Strategy





# Portfolio Performance

	Occupancy	
	30 Jun 17	31 Dec 16
1. Fortune City One	98.3%	98.4%
2. Fortune Kingswood	97.7%	98.4%
3. Ma On Shan Plaza	99.4%	99.2%
4. Metro Town	100%	100%
5. Fortune Metropolis	96.2%	95.5%
6. Laguna Plaza	82.7% <sup>1</sup>	97.0%
7. Belvedere Square	99.9%	100%
8. Waldorf Avenue	100%	100%
9. Provident Square	94.0%	84.6%
10. Caribbean Square	100%	98.3%
11. Jubilee Square	99.6%	96.9%
12. Smartland	95.9%	96.1%
13. Tsing Yi Square	100%	99.0%
14. Centre de Laguna	98.9%	100%
15. Hampton Loft <sup>1</sup>	66.4%	66.4%
16. Lido Avenue	100%	100%
17. Rhine Avenue	100%	100%
<b>Portfolio Total</b>	<b>96.6%</b>	<b>96.7%</b>



## Occupancy

96.6%



## Rental Reversion

10.7%



## Passing Rent

HK\$42.0 psf

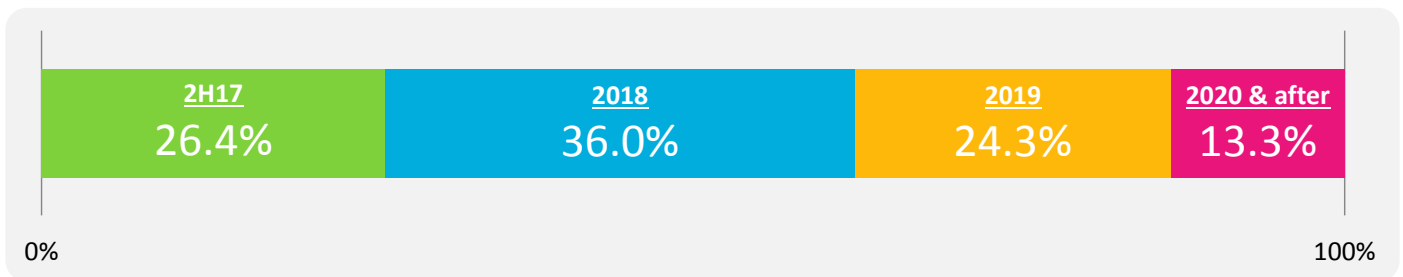
Note:

1. Occupancy suffered as a result of non-renewal of an anchor tenant.



# Proactive leasing strategies

## Lease Expiry Profile (Based on total leased GRA as at 30 Jun 2017)



## Selected New and Expanding Tenants (Entered Fortune Malls during 1H2017)

### New...



### Expanding...





# Enhanced tenant mix to drive rental growth



Metro Town: Specialty F&B



Fortune City One: Chinese Cuisine



Ma On Shan Plaza: Personal Care



Ma On Shan Plaza: Food & Household Products



Metro Town: Foods & Household Products

6 months ended 30 Jun 2017 | 15



# Well-positioned Trade Mix

Well-diversified tenant base

1,387 tenants

High tenant retention

78%

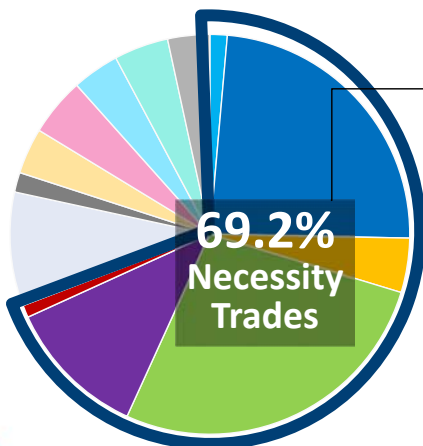
Strong focus on necessity trades

>60%

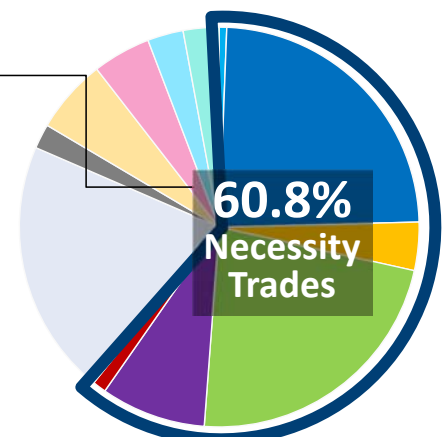
By Gross Rentable Area

Tenant's Trade Mix (as at 30 Jun 2017)

By Gross Rental Income



1.4%	Community Services	0.6%
23.9%	Food & Beverages	24.0%
4.4%	Homewares	3.9%
27.1%	Services & Education	22.7%
11.4%	Supermarkets	8.5%
1.0%	Wet Markets	1.1%
9.2%	Banking & Real Estate	20.7%
1.6%	Electronics & IT	2.0%
3.7%	Fashion & Shoes	6.0%
4.7%	Gifts, Toys & Jewellery	4.7%
3.8%	Entertainment & Sports	2.9%
4.4%	Others	2.9%
3.4%	Vacant	0.0%



6 months ended 30 Jun 2017 | 16





# Promoting Fortune Malls

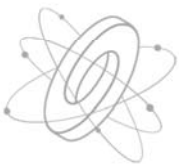


## CNY Acrobatic Show

## Easter Promotion - B. Duck x mentos



6 months ended 30 Jun 2017 | 17

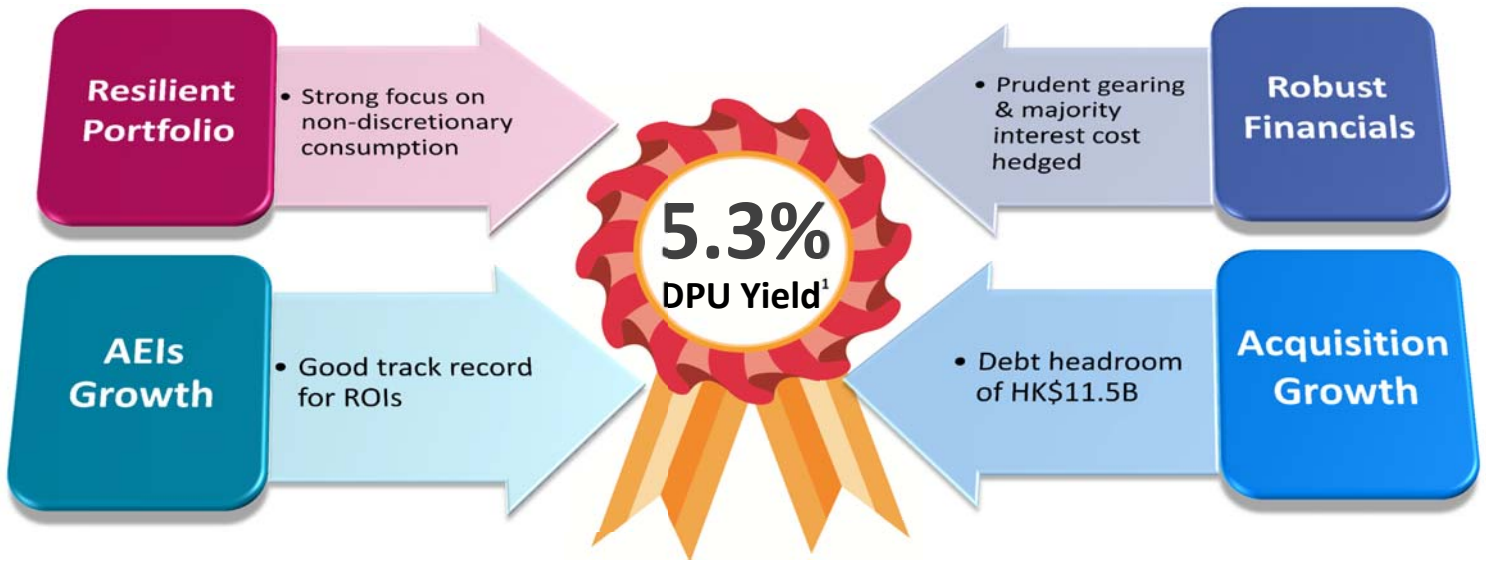


Results Overview  
Capital Management  
Portfolio Performance  
Strategy





# Why invest in Fortune REIT



Note:  
1. Annualised yield based on the closing unit price of HK\$9.69 in Hong Kong as at 30 Jun 2017.



## Appendices

### Fortune REIT's Three Growth Strategies





# Income Statement

HK\$'M	1H17	1H16	Variance (%)
<b>Revenue</b>	<b>1,003.3</b>	<b>979.1</b>	<b>+2.5%</b>
Property operating expenses	(253.8)	(251.3)	+1.0%
Manager's performance fee	(22.5)	(21.9)	+2.8%
<b>Net property income</b>	<b>727.0</b>	<b>705.9</b>	<b>+3.0%</b>
Manager's base fee	(55.0)	(53.9)	+1.9%
Borrowing costs	(132.6)	(140.0)	-5.2%
Change in fair value of investment properties	1,097.0	223.4	+391.1%
Other items <sup>1</sup>	(92.1)	(108.8)	-15.4%
<b>Profit before taxation</b>	<b>1,544.3</b>	<b>626.6</b>	<b>+146.5%</b>
Income tax expense	(110.4)	(105.6)	+4.6%
<b>Profit for the period</b>	<b>1,433.9</b>	<b>521.0</b>	<b>+175.2%</b>
<b>Distributable income</b>	<b>487.3</b>	<b>470.0</b>	<b>+3.7%</b>
<b>DPU (HK\$ cents)</b>	<b>25.53</b>	<b>24.78</b>	<b>+3.0%</b>

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

6 months ended 30 Jun 2017 | 21



# Robust Balance Sheet

HK\$'000	30 Jun 2017	31 Dec 2016
Current Assets	619,017	652,497
Non Current Assets	37,503,358	36,418,702
<b>Total Assets</b>	<b>38,122,375</b>	<b>37,071,199</b>
Current Liabilities	1,725,449	1,864,582
Non Current Liabilities	10,850,497	10,661,734
<b>Total Liabilities</b>	<b>12,575,946</b>	<b>12,526,316</b>
<b>Net Assets</b>	<b>25,546,429</b>	<b>24,544,883</b>
Units in Issue ('000 units)	1,908,174	1,902,128

**Portfolio  
Valuation**

HK\$ 37,500 million

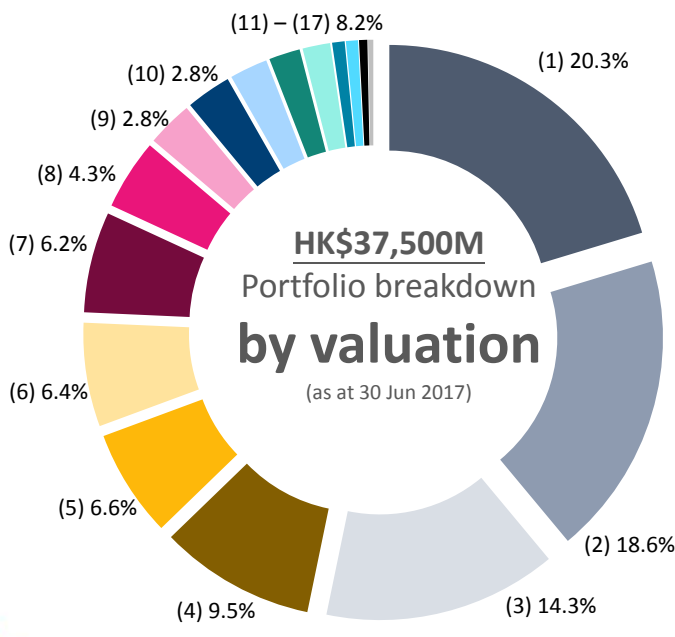
**NAV  
per Unit**

HK\$ 13.39

6 months ended 30 Jun 2017 | 22



# Portfolio Valuation



### Portfolio Valuation<sup>1</sup> (HK\$M)

(1) Fortune City One	7,623
(2) Fortune Kingswood	6,984
(3) Ma On Shan Plaza	5,361
(4) Metro Town	3,570
(5) Fortune Metropolis	2,471
(6) Laguna Plaza	2,382
(7) Belvedere Square	2,313
(8) Waldorf Avenue	1,618
(9) Provident Square	1,052
(10) Caribbean Square	1,033
(11) Jubilee Square	873
(12) Smartland	717
(13) Tsing Yi Square	634
(14) Centre de Laguna	287
(15) Hampton Loft	274
(16) Lido Avenue	190
(17) Rhine Avenue	118
<b>Portfolio Total</b>	<b>37,500</b>

### Portfolio Valuation

**HK\$37,500M**

▲ **3.1%** from Dec 2016

### Retail Cap Rate

Average **@4.6%**

Note:

1. Valued by Knight Frank as at 30 Jun 2017.

6 months ended 30 Jun 2017 | 23



# Investment Highlights

**HK\$18.5B<sup>1</sup>**  
Market Cap

**HK\$37.5B<sup>1</sup>**  
Portfolio Valuation

**HK\$13.39<sup>1</sup>**  
NAV

**100%**  
Dividend Payout

**13+ Years**  
Continued Growth

17 Neighborhood malls in Hong Kong

Dual-listed in Singapore and Hong Kong

2003

2010



Fortune City One



Fortune Kingswood



Ma On Shan Plaza



Metro Town



Fortune Metropolis



Laguna Plaza



Belvedere Square

Note: 1. As at 30 Jun 2017

6 months ended 30 Jun 2017 | 24

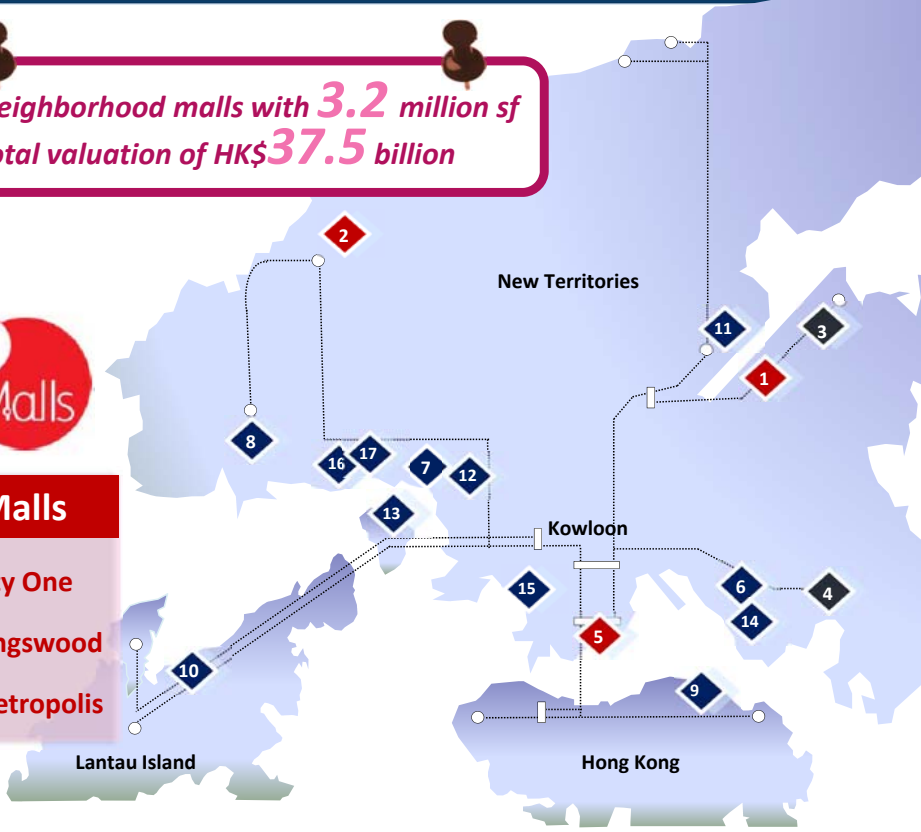


# Fortune REIT's Portfolio

**17** Neighborhood malls with **3.2** million sf  
Total valuation of HK\$**37.5** billion

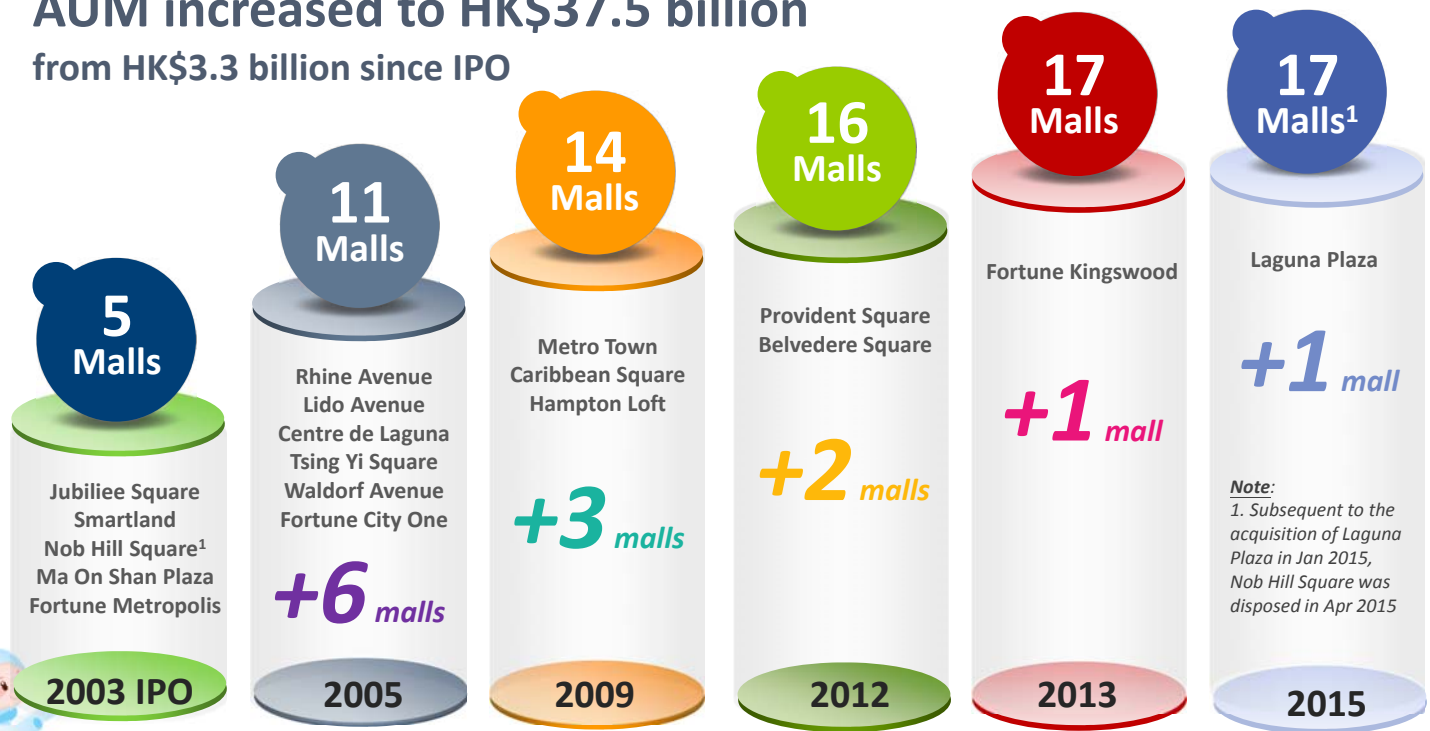
- ### Portfolio Malls
- 3 Ma On Shan Plaza
  - 4 Metro Town
  - 6 Laguna Plaza
  - 7 Belvedere Square
  - 8 Waldorf Avenue
  - 9 Provident Square
  - 10 Caribbean Square
  - 11 Jubilee Square
  - 12 Smartland
  - 13 Tsing Yi Square
  - 14 Centre de Laguna
  - 15 Hampton Loft
  - 16 Lido Avenue
  - 17 Rhine Avenue

- ### Flagship Malls
- 1 Fortune City One
  - 2 Fortune Kingswood
  - 5 Fortune Metropolis



# Proven Acquisition Growth

**Asset Portfolio grew >10 times in 13 years**  
**AUM increased to HK\$37.5 billion**  
from HK\$3.3 billion since IPO





# Proven Track Record in AEs

Property / Enhanced Area	Completion	CAPEX (HK\$)	ROI <sup>1</sup>
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)



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%

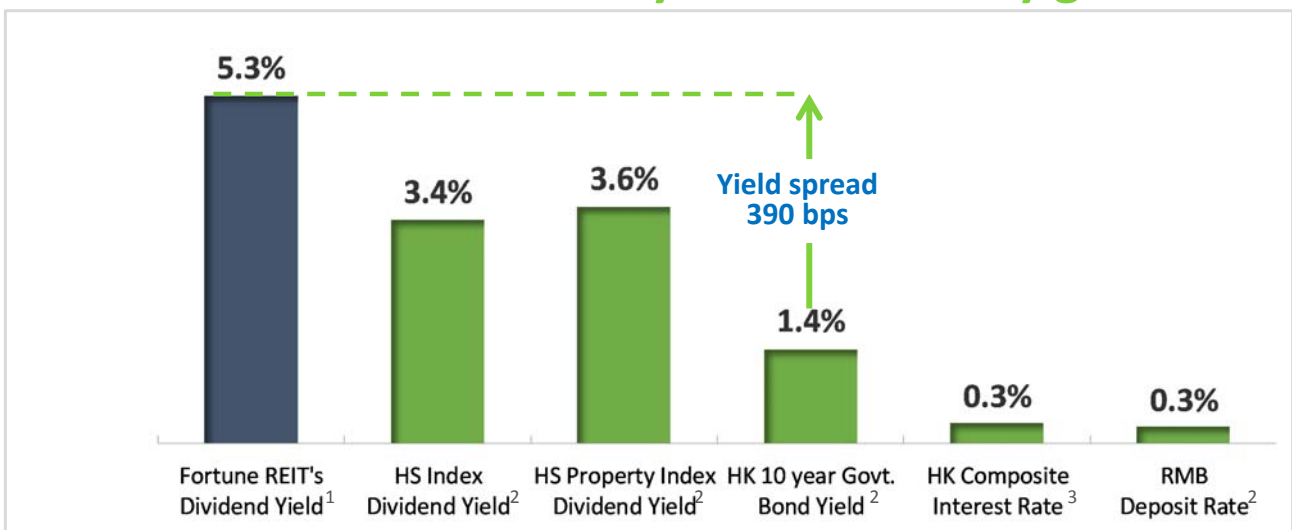


6 months ended 30 Jun 2017 | 29



# Resilient Asset Class with Attractive Yield

Offers 5.3% distribution yield with steady growth



Notes:

- 1. Based on HK Closing unit price of HK\$9.69 on 30 Jun 2017
- 2. As at Jun 2017.
- 3. As at May 2017.

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

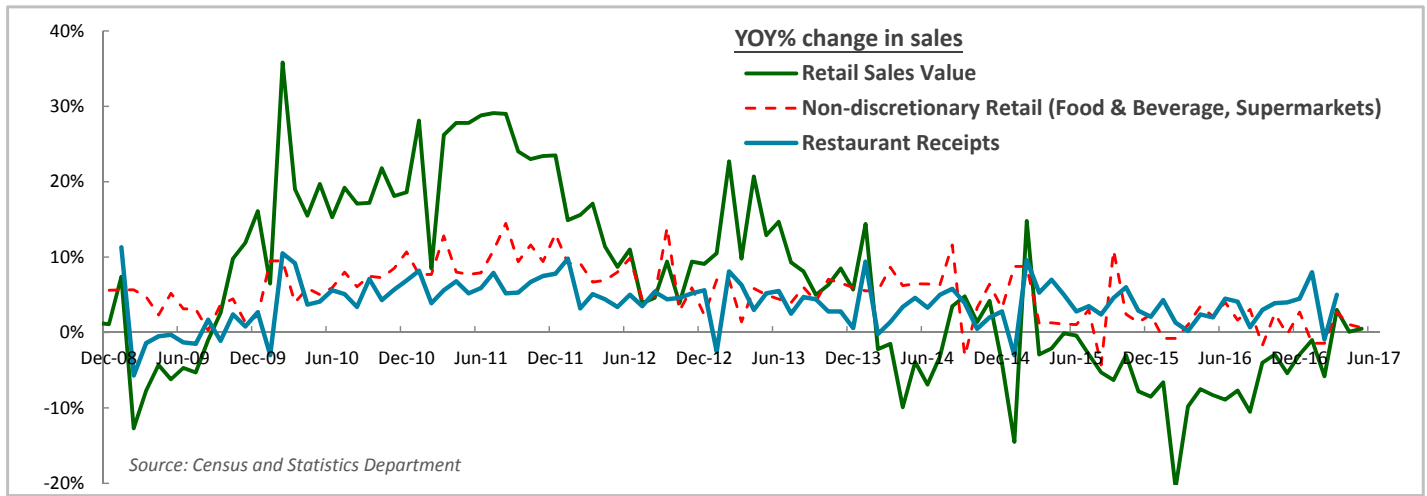
6 months ended 30 Jun 2017 | 30





# Hong Kong Retail Sales

## HK Retail sales resumed growth in Mar 2017 after a 24-month decline



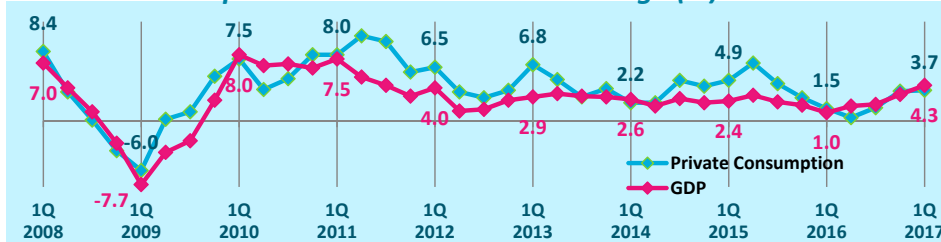
YOY %	2009	2010	2011	2012	2013	2014	2015	2016	5M2017
Total retail sales	+0.6%	+18.3%	+24.9%	+9.8%	+11.0%	-0.2%	-3.7%	-8.1%	-0.7%
Non-discretionary retail	+3.5%	+7.4%	+10.1%	+7.0%	+5.4%	+5.4%	+3.2%	+1.3%	+0.2%
Restaurant Receipts	+0.6%	+5.1%	+6.4%	+5.0%	+3.5%	+3.5%	+3.5%	+2.9%	1Q: +4.2%

6 months ended 30 Jun 2017 | 31



# Hong Kong Economy

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



**GDP**  
(2017 1Q) 4.3%

GDP grew notably by 4.3% in 1Q, sustaining the improving trend. Private Consumption continued to held up well.

## Composite CPI (Underlying) Year-on-Year Change (%)



**CPI**  
(Jun 2017) 1.9%

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

## Unemployment Rate (%)



**Unemployment**  
(Apr to Jun 2017) 3.1%

Labour market held largely stable with continuously low unemployment rate

Source: Census & Statistics Department, HK

6 months ended 30 Jun 2017 | 32





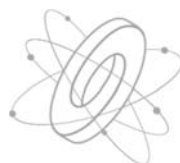
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