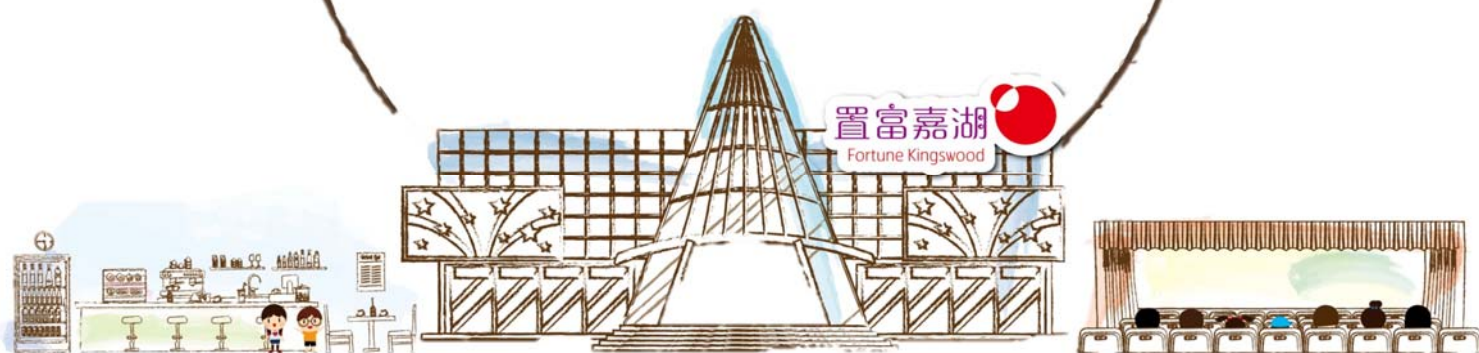


Financial Results for the 6 Months ended June 2018

27 July 2018



Results Overview

Capital Management

Portfolio Performance

AEIs

Strategy





1H2018 Results Overview

HK\$'M	1H 2018	1H 2017	YoY Change	Excluding PVS (YoY change)
Revenue	978.1	956.7	+2.2%	+4.2%
Property operating expenses	(206.2)	(207.1)	-0.5%	
Net property income	748.6	727.0	3.0%	+4.6%
Finance cost ¹	(131.9)	(132.6)	-0.6%	
Distributable income	505.2	487.3	+3.7%	
DPU (HK\$ cents)	26.34	25.53	+3.2%	

- Despite divestment of Provident Square (“PVS”) in Feb 2018, still achieved stable growth due to positive rental reversion
- NPI increased at a higher rate due to effective cost control
- Interest saving from loan repayment eased pressure from rate hike

Note:

1. Excluding change in fair value of derivative financial instruments.

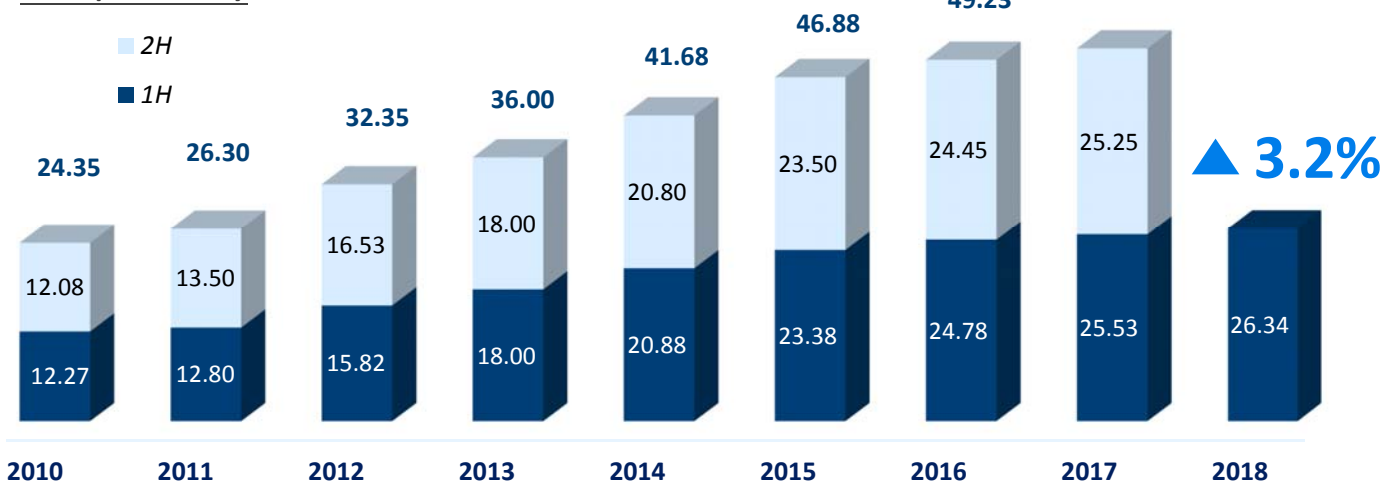
Period ended 30 Jun 2018 3



Continued Growth in DPU



DPU (HK Cents)



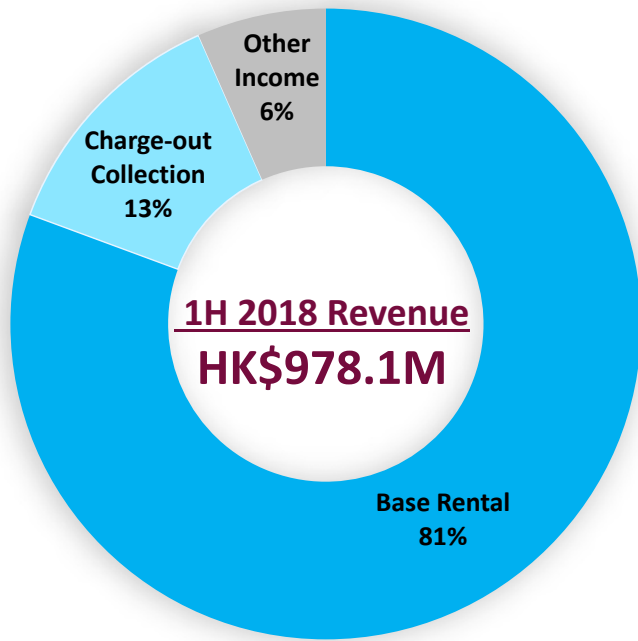
Note:

1. Annualised yield based on the closing unit price of HK\$9.22 in Hong Kong as at 29 Jun 2018.

Period ended 30 Jun 2018 4



Stable Income Source



94% Revenue
from stable source



■ Base rental¹: HK\$788.7M

■ Charge-out collection²: HK\$124.7M

■ Other income³: HK\$64.7M

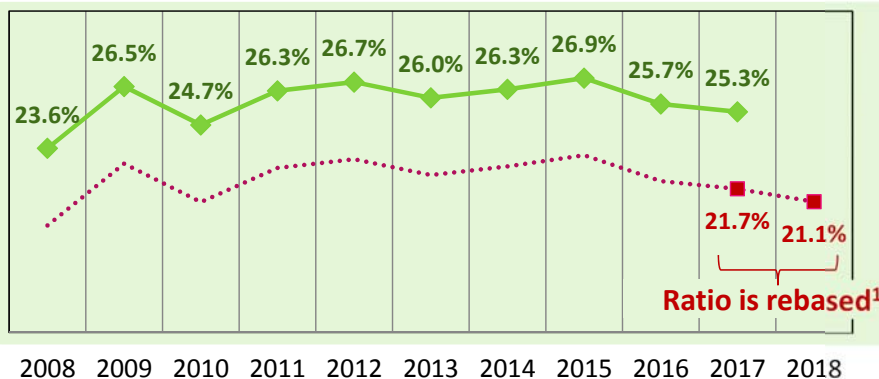
Notes:

1. Including license income.
2. Charge-out collection includes utilities charges + management fees etc.
3. Other income includes car park revenue + atrium income + turnover rents etc.



Improved Margin to Enhance NPI growth

Cost-to-revenue ratio for 1H



Most efficient
among HK-REITs
with majority income from retail assets

Cost-to-revenue ratio
21.1%

Operating expenses
-0.5%

NPI +3.0%
Increased faster than revenue

Note:


1. Cost-to-revenue ratio is rebased according to the new classification of "Revenue" and "Property Operating Expenses".



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		

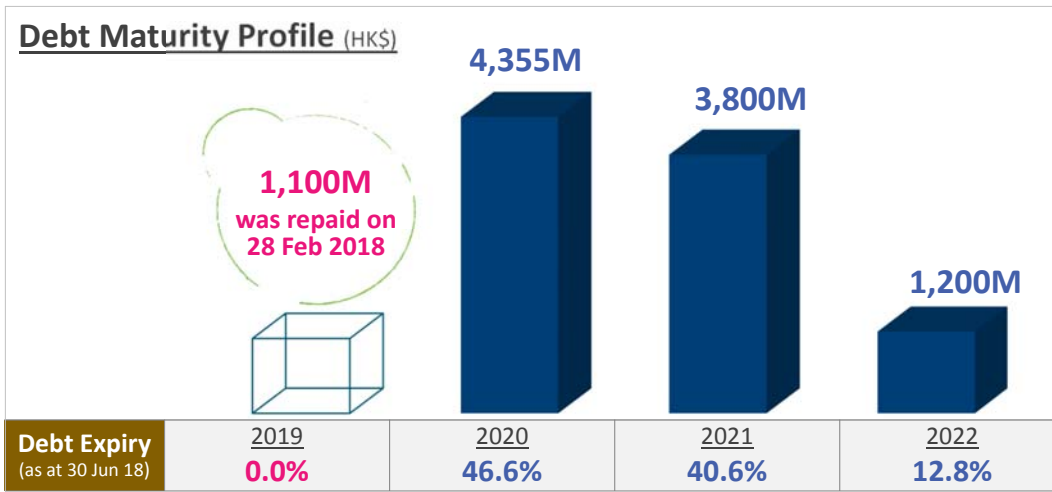
Distribution Period	1 Jan 2018 to 30 Jun 2018
DPU	26.34 HK cents
Ex-Distribution	10 August 2018
Book Closure	14 August 2018
Payment	29 August 2018

Results Overview
 Capital Management
Portfolio Performance
AEIs
Strategy





Divestment brings enhanced financial flexibility



22.3%
Gearing

2.72%
Effective borrowing cost

Until **2020**
No refinancing needs

80%
Unsecured debt

HK\$ **17.4B**
Debt headroom

54%
Interest cost hedged

Period ended 30 Jun 2018 9



Portfolio Valuation



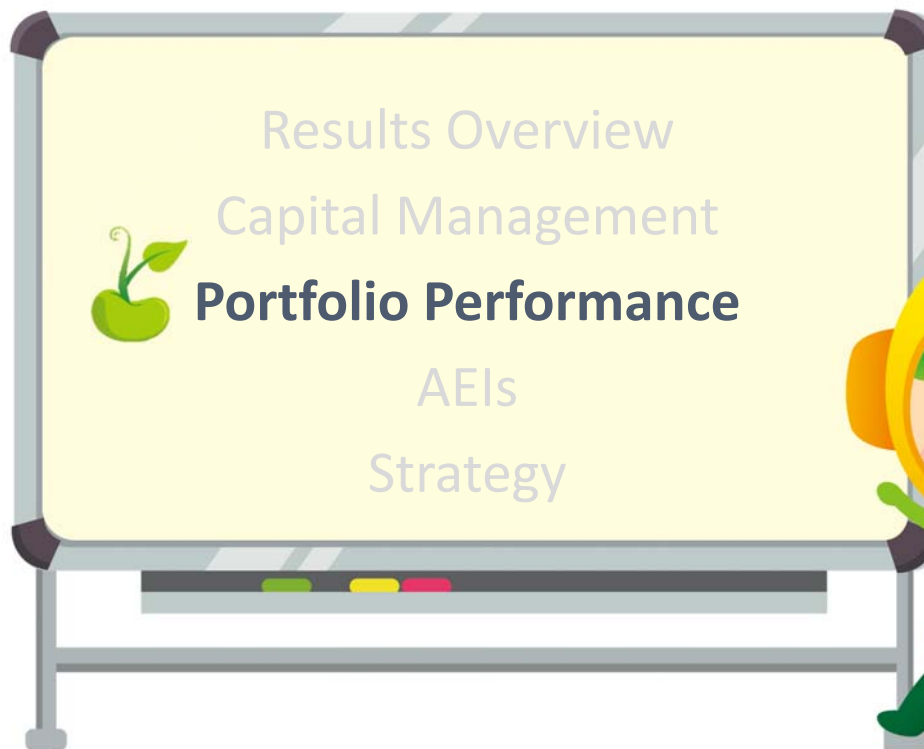
@HK\$ **12,900**
psf (G) retail
OPEN

@HK\$ **761,000**
per carpark lot
P

NAV per unit
HK\$16.09
▲ **14.5%** from Dec 2017

Retail cap rate¹
4.3%
▼ **25 bps** from Dec 2017
Cap rate compression to reflect market conditions

Note:
1. Excluded Provident Square for both periods.



Resilient Portfolio Performance

Occupancy consistently outperformed market

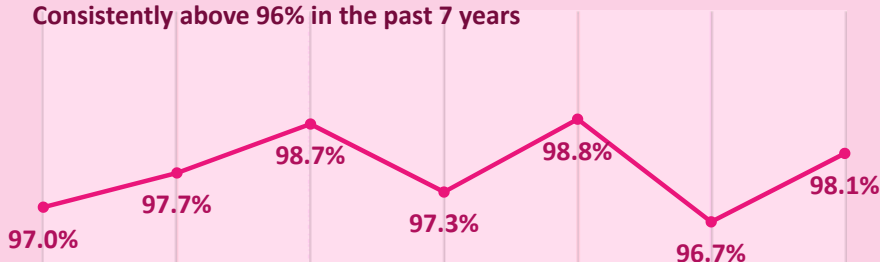


Occupancy

96.0%¹

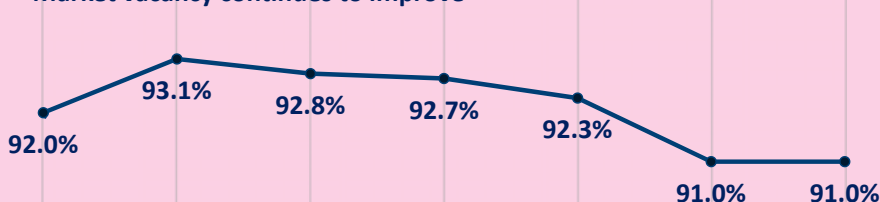
Fortune Malls

- Consistently above 96% in the past 7 years



HK Private Commercial

- Market vacancy continues to improve



Source: Rating and Valuation Department



Rental Reversion

13.6%



Passing Rent

HK\$45.9 psf

Dec-2011 Dec-2012 Dec-2013 Dec-2014 Dec-2015 Dec-2016 Dec-2017

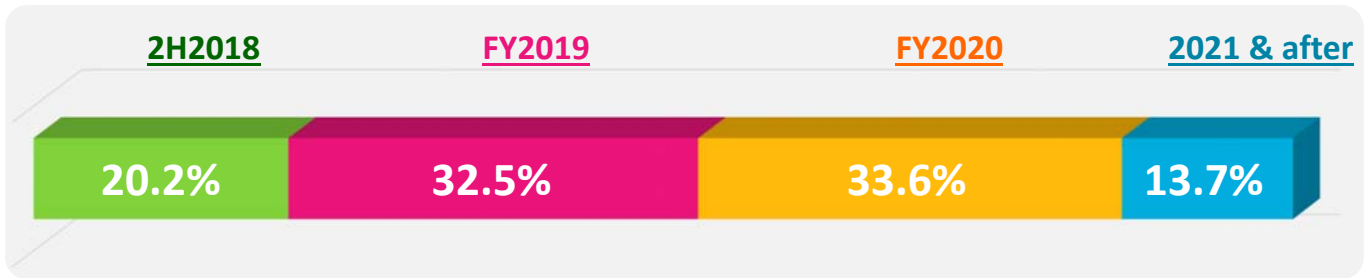
Note:

1. Minor disruption due to Fortune Kingswood AEIs which commenced in June 2018.



Proactive leasing strategies

Lease Expiry Profile (Based on total leased GRA as at 30 Jun 2018)



Selected New and Expanding Tenants (Entered Fortune Malls during 1H2018)

New...

Expanding...

Period ended 30 Jun 2018 13



Enhanced tenant mix to drive rental growth

Ma On Shan Plaza: F&B



An overwhelming response for the newly opened popular F&B stores at Ma On Shan Plaza

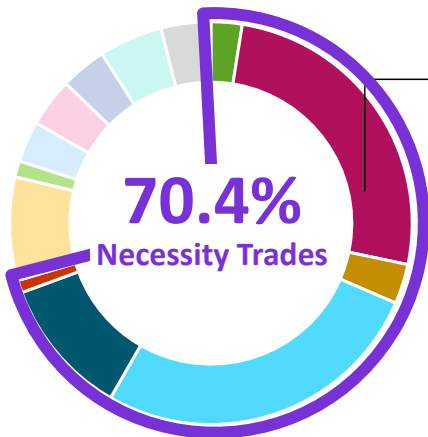


Period ended 30 Jun 2018 14

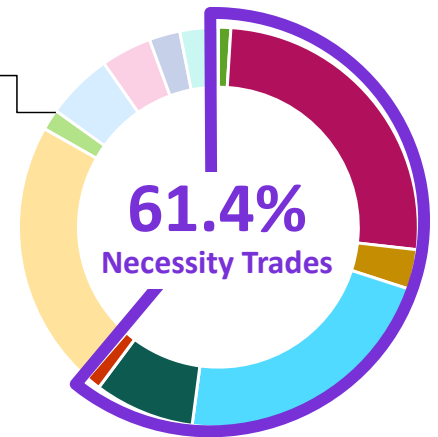


Well-positioned Trade Mix

Well-diversified tenant base	Tenant retention	Strong focus on necessity trades
1,307 tenants	60.7% ¹	>60%
By Gross Rentable Area	Tenant's Trade Mix (as at 30 Jun 2018)	By Gross Rental Income



2.5%	Community Services	1.0%
25.8%	Food & Beverages	25.8%
3.2%	Homewares	3.2%
26.8%	Services & Education	22.1%
11.1%	Supermarkets	8.1%
1.0%	Wet Markets	1.2%
8.3%	Banking & Real Estate	21.8%
1.3%	Electronics & IT	1.7%
3.3%	Fashion & Shoes	5.4%
3.9%	Gifts, Toys & Jewellery	4.1%
3.7%	Entertainment & Sports	2.5%
5.1%	Others	3.1%
4.0%	Vacant	0.0%



Note:

1. Lower tenant retention mainly due to tenants' reshuffling at Fortune Kingswood as a result of AEs.

Period ended 30 Jun 2018 15



Promoting Fortune Malls

Chinese New Year decorations & event



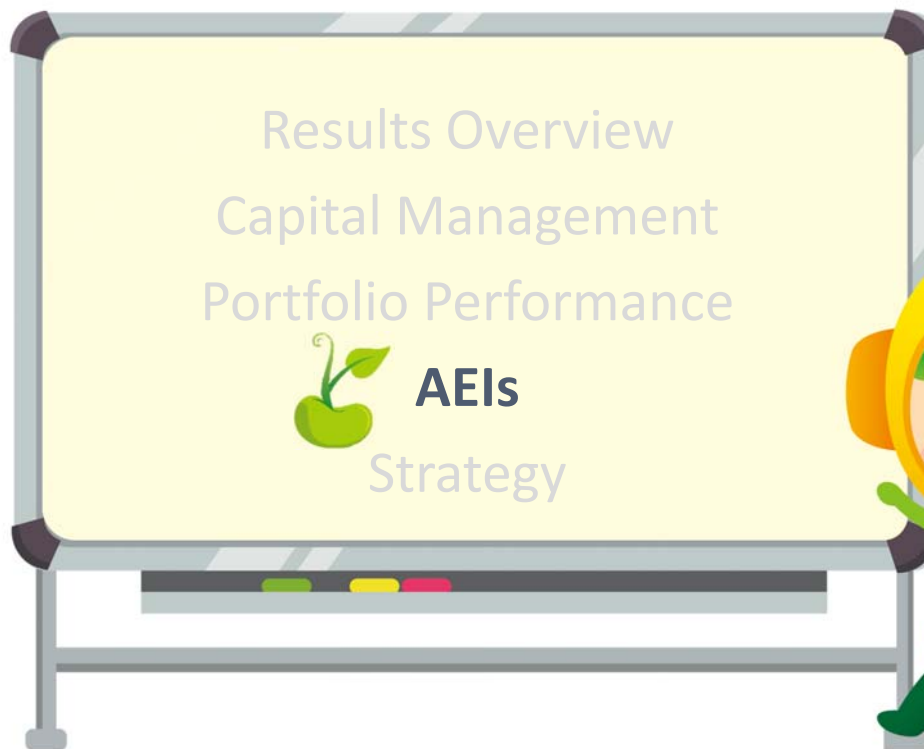
Easter functions



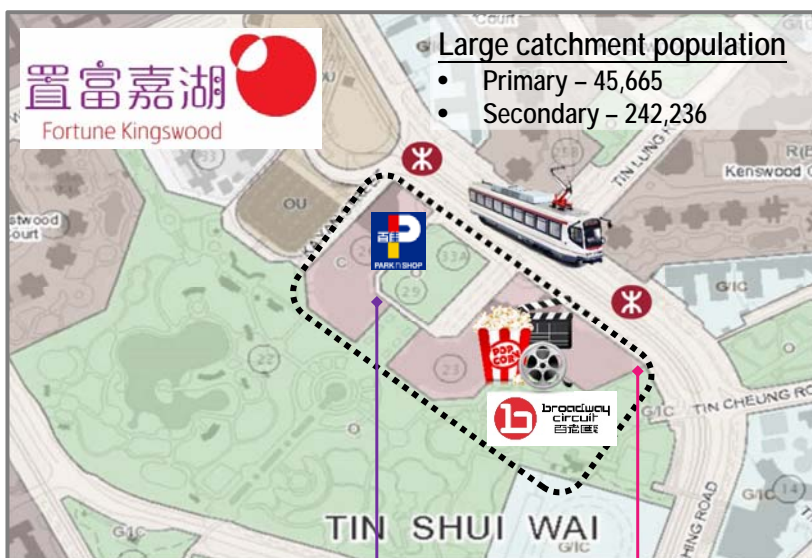
World Cup Event



Period ended 30 Jun 2018 16



Largest-ever AEIs at Fortune Kingswood



Largest shopping mall in TSW
Completed in 1996 with GRA 665,244sf
Contributed 18.4% total revenue in 1H2018

West Block – AEIs started in Jun 2018

- ✓ With the largest supermarket in TSW as attractions
- ✓ AEIs to improve mall efficiency and F&B offerings
- ✓ AEIs to complete in phases by end of 2019

East Block – under planning

- ✓ Next to Ginza Station, easily connected to TSW / Tuen Mun / Yuen Long
- ✓ With the ONLY cinema in Tin Shui Wai
- ✓ Positioning to focus on lifestyle and entertainment



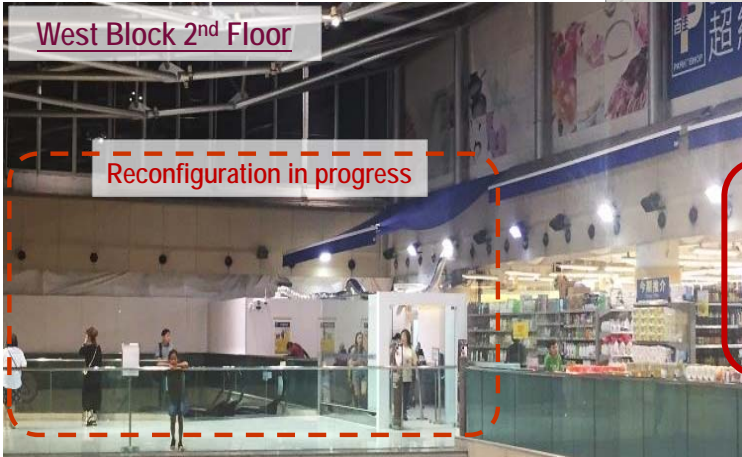
Modernized ambience with enhanced facilities

HK\$150M AEIs at West Block

- Reconfiguration to enhance efficiency
- To modernize the shopping ambience
- More shoppers-friendly facilities



West Block Ground Floor

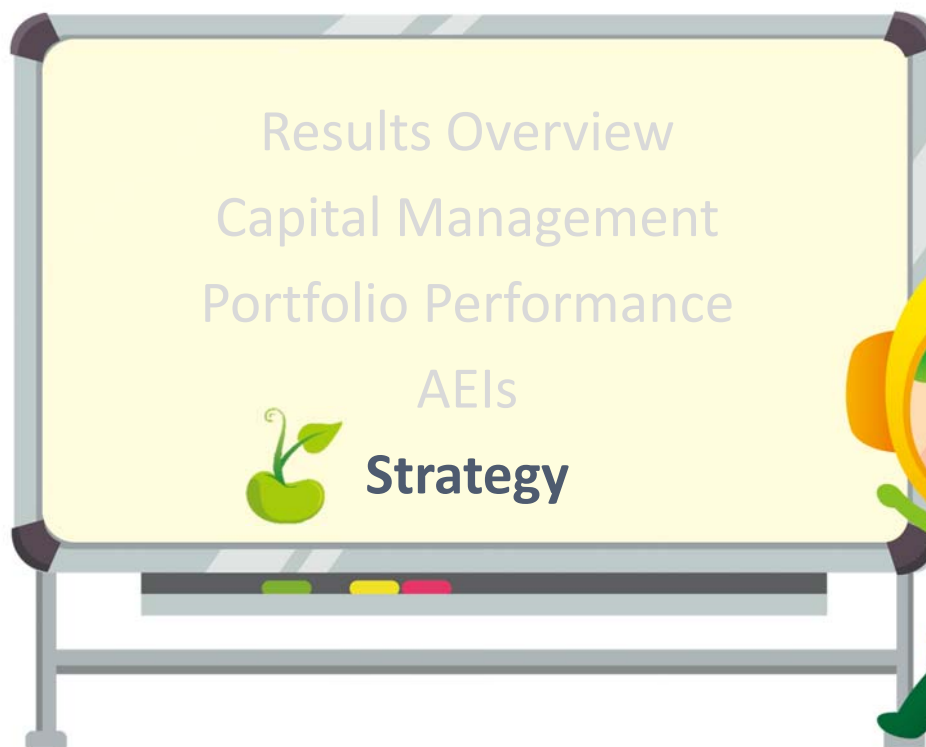


West Block 2nd Floor

Reconfiguration in progress

Reconfiguration to improve circulation

- Taking back space from the supermarket for reconfiguration
- To cater for more complimentary trades for a one-stop shopping for household products





Why invest in Fortune REIT

Acquisition Growth

Ample debt headroom of HK\$17.4B
Divestment to unlock value and enhance financial strength

AEIs Growth

AEIs at Fortune Kingswood
to drive growth

5.8%¹
DPU Yield

Resilient Portfolio

Strong focus on
non-discretionary

Robust Financials

Prudent gearing & majority interest cost hedged

Note:

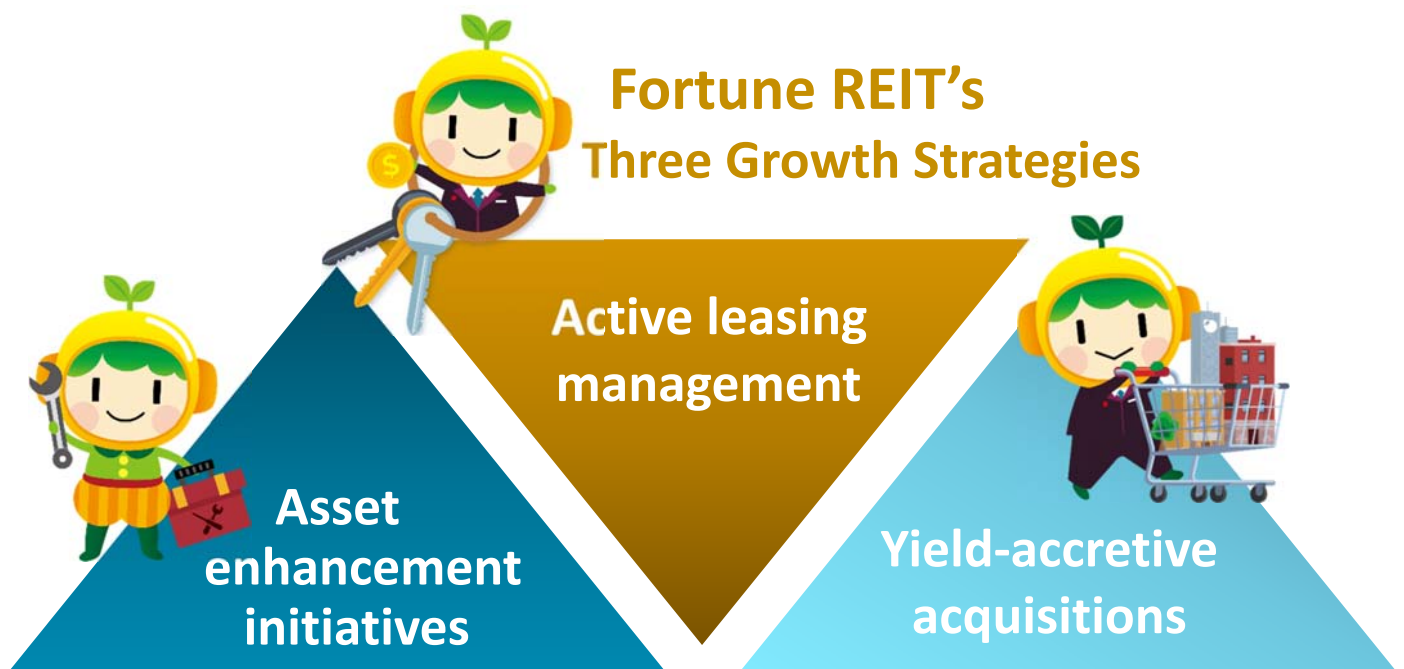
1. Annualised yield based on the closing unit price of HK\$9.22 in Hong Kong as at 29 Jun 2018.

Period ended 30 Jun 2018

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Appendices

Fortune REIT's Three Growth Strategies





Income Statement

HK\$'M	1H18	1H17	Variance (%)
Revenue	978.1	956.7	+2.2%
Property operating expenses	(206.2)	(207.1)	-0.5%
Manager's performance fee	(23.3)	(22.6)	+3.5%
Net property income	748.6	727.0	+3.0%
Manager's base fee	(58.4)	(55.0)	+6.3%
Finance costs ¹	(89.5)	(216.9)	-58.7%
Change in fair value of investment properties	3,011.5	1,097.0	+174.5%
Gain on disposal of Provident Square	941.1	-	N/A
Other items ²	(4.9)	(7.8)	-37.9%
Profit before taxation	4,548.4	1,544.3	+194.5%
Income tax expense	(113.4)	(110.4)	+2.7%
Profit for the period	4,435.0	1,433.9	+209.3%
Distributable income	505.2	487.3	+3.7%
DPU (HK\$ cents)	26.34	25.53	+3.2%

Notes:

1. Include change in fair value of derivative financial instruments.
2. Include interest income, trust expenses and foreign exchange gain.

Period ended 30 Jun 2018 23



Robust Balance Sheet

HK\$'000	30 Jun 2018	31 Dec 2017
Current assets	1,162,476	783,662
Non current assets	40,834,734	37,770,279
Assets of a disposal co. classified as held for sale ¹	-	1,068,187
Total assets	41,997,210	39,622,128
Current liabilities	1,398,724	2,959,274
Non current liabilities	9,752,967	9,736,359
Liabilities of a disposal co. classified as held for sale ¹	-	38,728
Total liabilities	11,151,691	12,734,361
Net assets	30,845,519	26,887,767
Units in issue ('000 units)	1,917,295	1,914,348

**Portfolio
Valuation**

HK\$40,778 million

**NAV
per Unit**

HK\$16.09

Note:

1. The amounts relate to a company currently holding Provident Square, of which disposal was completed on 28 Feb 2018.

Period ended 30 Jun 2018 24



Portfolio occupancy

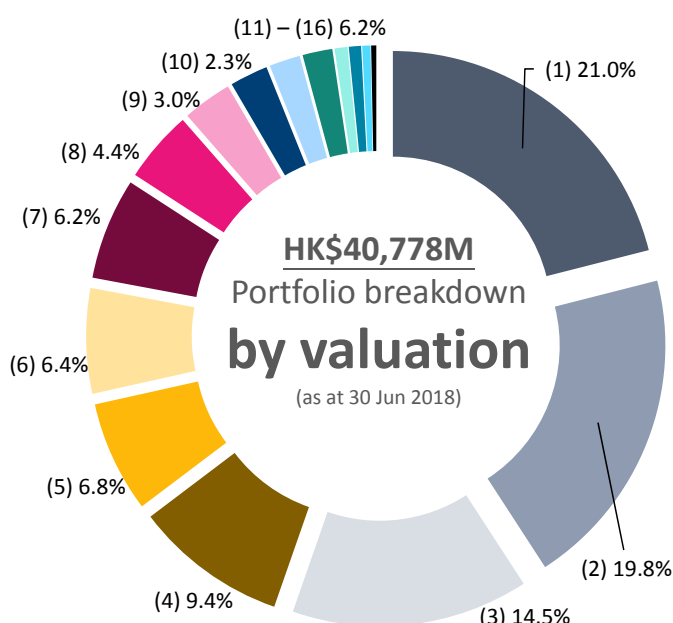
Fortune REIT's portfolio	GRA (s.f.)	Occupancy		
		30 Jun 18	31 Dec 17	30 Jun 17
1. Fortune City One	414,469	98.6%	98.4%	98.3%
2. Fortune Kingswood	665,244	94.0% ¹	95.8%	97.7%
3. Ma On Shan Plaza	310,084	99.6%	99.0%	99.4%
4. Metro Town	180,822	100.0%	100.0%	100.0%
5. Fortune Metropolis	332,168	83.1% ²	98.4%	96.2%
6. Laguna Plaza	163,203	98.1%	96.4%	82.7% ²
7. Belvedere Square	276,862	99.5%	99.6%	99.9%
8. Waldorf Avenue	80,842	100.0%	100.0%	100.0%
9. Caribbean Square	63,018	100.0%	100.0%	100.0%
10. Jubilee Square	170,616	96.2%	97.8%	99.6%
11. Smartland	123,544	95.6%	97.5%	95.9%
12. Tsing Yi Square	78,836	100.0%	100.0%	100%
13. Centre de Laguna	43,000	100.0%	98.9%	98.9%
14. Hampton Loft	74,734	100.0%	100.0%	66.4% ²
15. Lido Avenue	9,836	100.0%	100.0%	100.0%
16. Rhine Avenue	14,604	100.0%	100.0%	100.0%
Portfolio Total	3,001,882	96.0%	98.1%³	96.8%³

Notes:

1. AELs at Fortune Kingswood started in Jun 2018, and has caused some disruption to occupancy.
2. Occupancy suffered as a result of non-renewal of an anchor tenant.
3. Excluded Provident Square.



Portfolio Valuation



Portfolio Valuation¹ (HK\$M)

(1) Fortune City One	8,580
(2) Fortune Kingswood	8,069
(3) Ma On Shan Plaza	5,917
(4) Metro Town	3,816
(5) Fortune Metropolis	2,779
(6) Laguna Plaza	2,624
(7) Belvedere Square	2,534
(8) Waldorf Avenue	1,795
(9) Caribbean Square	1,231
(10) Jubilee Square	952
(11) Smartland	773
(12) Tsing Yi Square	748
(13) Centre de Laguna	322
(14) Hampton Loft	305
(15) Lido Avenue	205
(16) Rhine Avenue	128
Portfolio Total	40,778

Portfolio Valuation

HK\$40,778M

▲ 5.1% from Dec 2017
8.0% like-for-like² from Dec 2017

Retail Cap Rate

Average **@4.3%**

▼ **25 bps** vs Dec 17

Notes:

1. Valued by Knight Frank as at 30 Jun 2018.
2. Excluded Provident Square for both periods.



Investment Highlights

HK\$17.7B¹
Market Cap

HK\$40.8B¹
Portfolio Valuation

HK\$16.09¹
NAV

100%
Dividend Payout

15 Years
Continued Growth

16 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 June 2018.

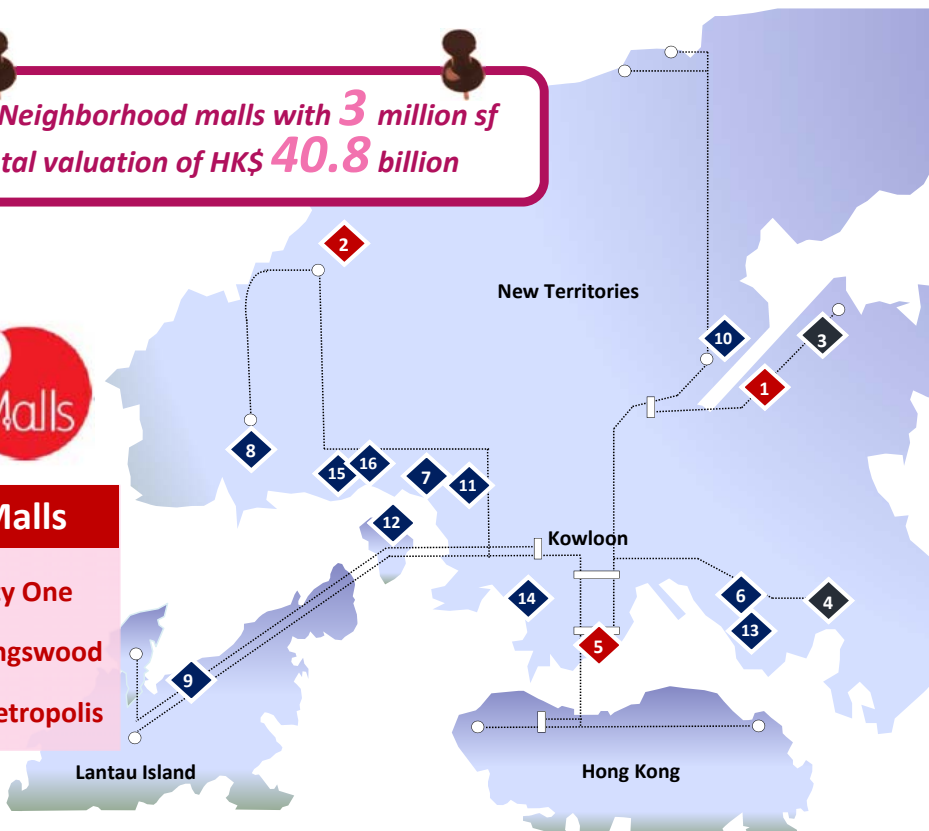


Fortune REIT's Portfolio

16 Neighborhood malls with 3 million sf
Total valuation of HK\$ 40.8 billion

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

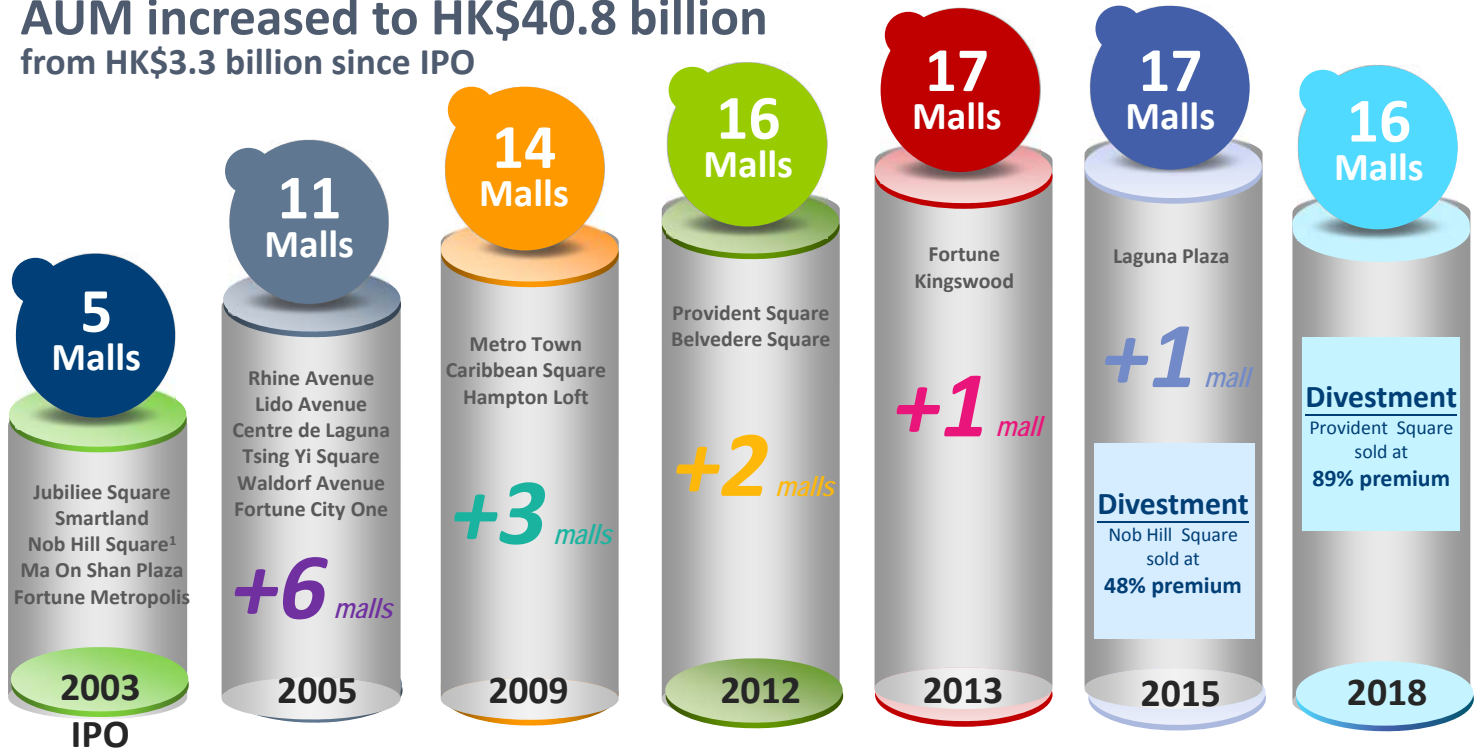
- Flagship Malls**
- 1 Fortune City One
 - 2 Fortune Kingswood
 - 5 Fortune Metropolis





Proven Acquisition Growth

Asset Portfolio grew >11 times in 15 years
AUM increased to HK\$40.8 billion
 from HK\$3.3 billion since IPO



Period ended 30 Jun 2018 29



Proven Track Record in AEs

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.

Period ended 30 Jun 2018 30



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

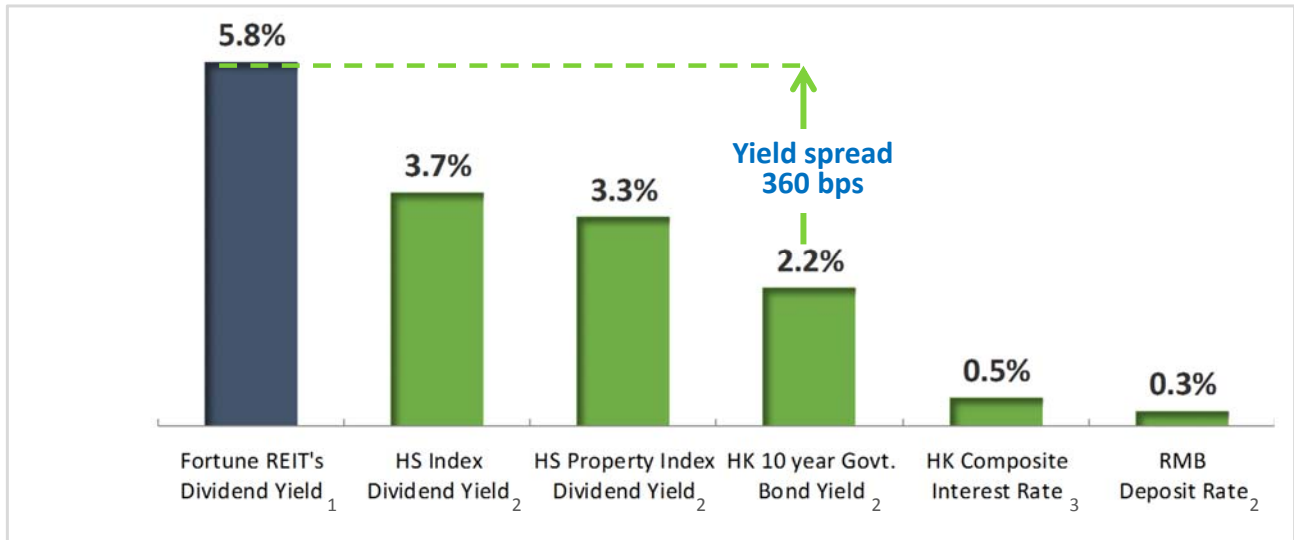
3Q 2013

Achieved ROI >20%





Offers 5.8% distribution yield with steady growth



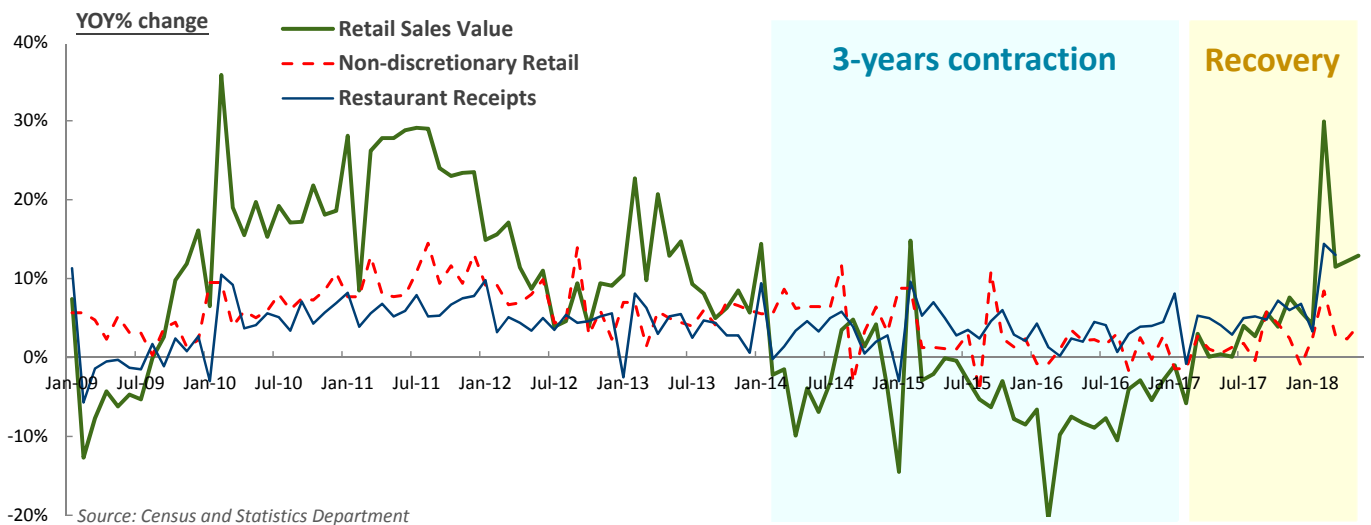
Notes:

- 1. Annualised yield based on HK Closing unit price of HK\$9.22 on 29 Jun 2018
- 2. As at Jun 2018.
- 3. As at May 2018.

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



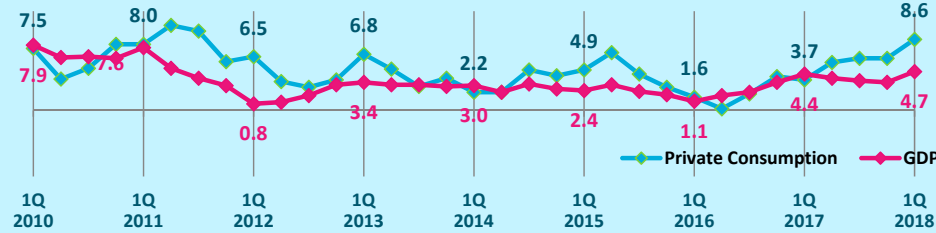
HK retail sales posted double-digit growth in 5M18



YOY %	2009	2010	2011	2012	2013	2014	2015	2016	2017	5M2018
Total retail sales	+0.6%	+18.3%	+24.9%	+9.8%	+11.0%	-0.2%	-3.7%	-8.1%	+2.2%	+13.7%
Non-dis. retail	+3.5%	+7.4%	+10.1%	+7.0%	+5.4%	+5.4%	+3.2%	+1.2%	+1.3%	+4.1%
Restaurant Receipts	+0.6%	+5.1%	+6.4%	+5.0%	+3.5%	+3.5%	+3.9%	+2.9%	+5.0%	Q1: +10.0%



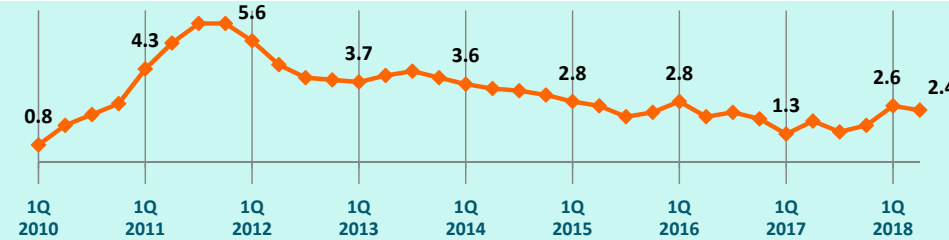
Private Consumption & GDP Year-on-Year Change (%)



Private Consumption
(1Q 2018) 8.6%

GDP grew robustly by 4.7% in 1Q, sustaining the improving trend. Private Consumption held up particularly well.

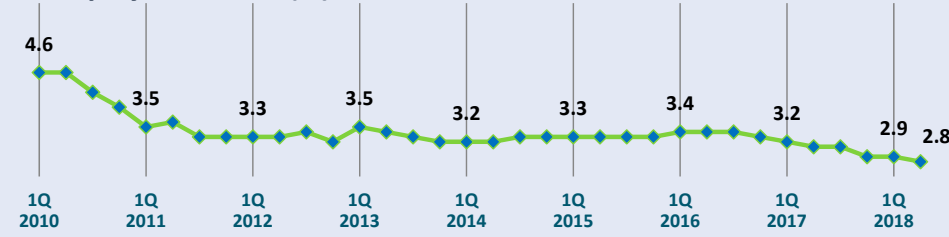
Composite CPI (Underlying) Year-on-Year Change (%)



CPI
(2Q 2018) 2.4%

Inflation edged up to 2.7% in Jun 2018 but is expected to stay within a moderate range in the near term.

Unemployment Rate (%)



Unemployment
(Apr to Jun 2018) 2.8%

Labour market remained in a state of full employment with continuously low unemployment rate.

Source: Census & Statistics Department, HK

Period ended 30 Jun 2018 35

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