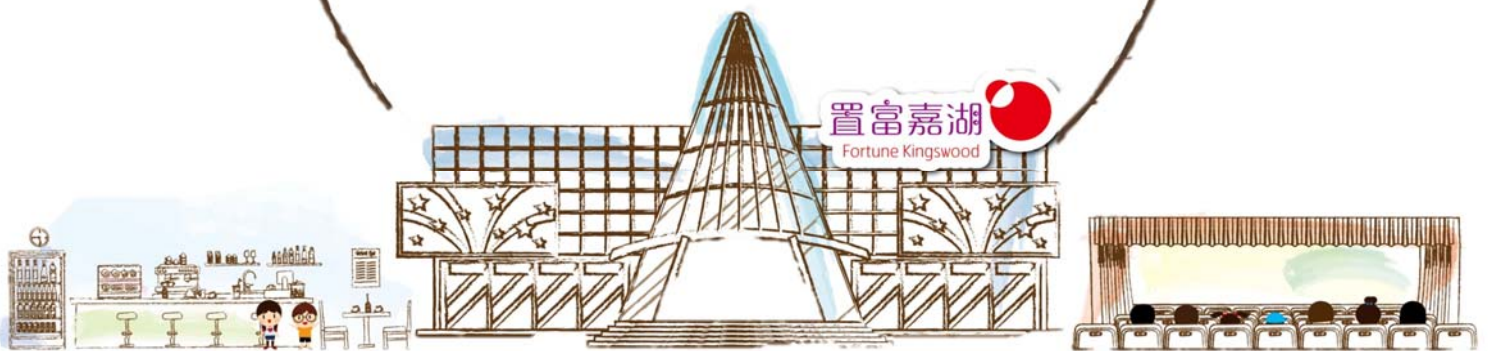


Financial Results for the year ended December 2018

28 January 2019



Results Overview

Capital Management
Portfolio Performance
AEIs
Strategy





FY2018 Key Highlights

Financial Performance

Revenue +3.9%

NPI +4.5%

*On like-for-like basis**

DPU +1.0%

Despite Provident disposal
& AEIs at Kingswood

Portfolio Performance

12.7%
Rental reversion

Fortune Kingswood
AEIs underway

Capital Management

Gearing @20.9%

Repaid HK\$1,950M
debt in 2018

No refinancing needs
until 2020

**Based on like-for-like comparison - calculated by excluding Provident Square (which was divested on 28 February 2018) and Fortune Kingswood (which was undergoing AEIs since June 2018) during the periods under analysis.*

Year ended 31 Dec 2018

3



FY2018 Results Overview

HK\$'M	FY2018	FY2017	YoY Change	Like-for-like basis ²
Revenue	1,940.1	1,935.4	+0.2%	+3.9%
Property operating expenses	(422.6)	(433.6)	-2.5%	
Net property income	1,471.8	1,456.7	+1.0%	+4.5%
Finance cost ¹	(266.6)	(268.1)	-0.6%	
Distributable income	986.2	970.8	+1.6%	
DPU (HK\$ cents)	51.28	50.78	+1.0%	

- Continued growth led by positive reversions and increased carpark income
- NPI increased faster than revenue with a more efficient operation
- Finance cost well contained thanks to interest savings from debt repayment

Notes:

1. Excluding change in fair value of derivative financial instruments.
2. Excluding Provident Square and Fortune Kingswood from both periods.

Year ended 31 Dec 2018

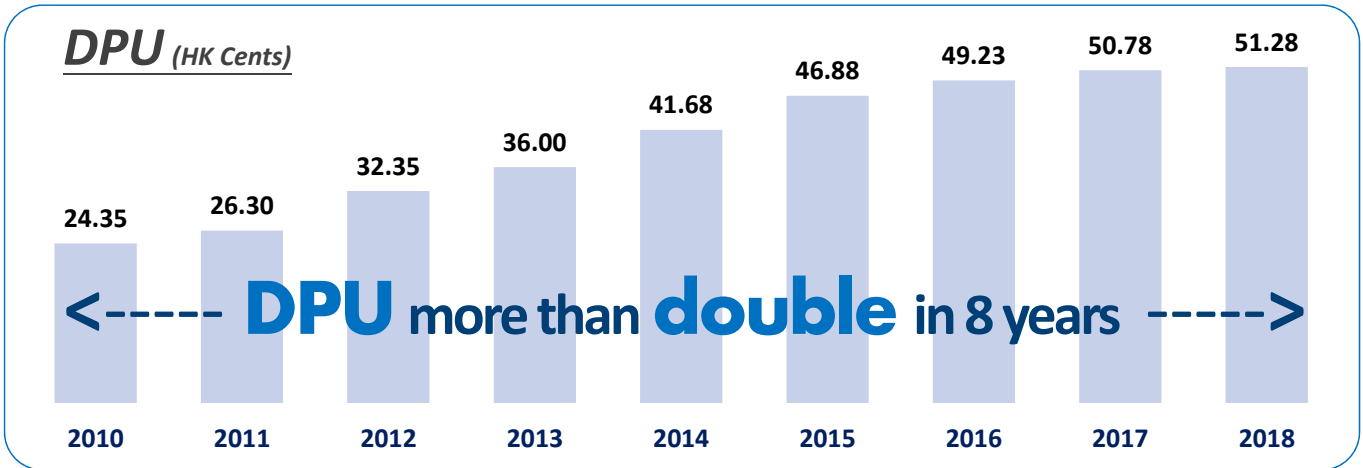
4



Continued Growth in DPU

FY2018
DPU **51.28**
HK cents

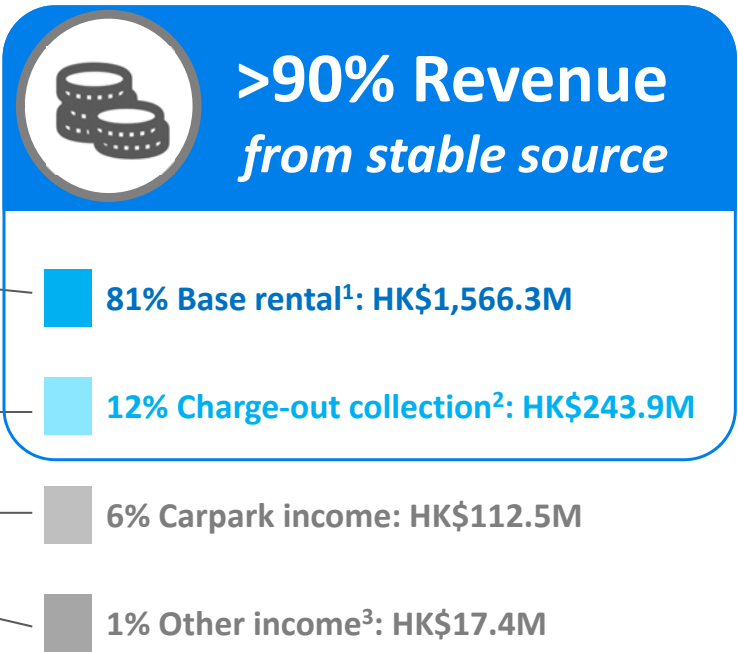
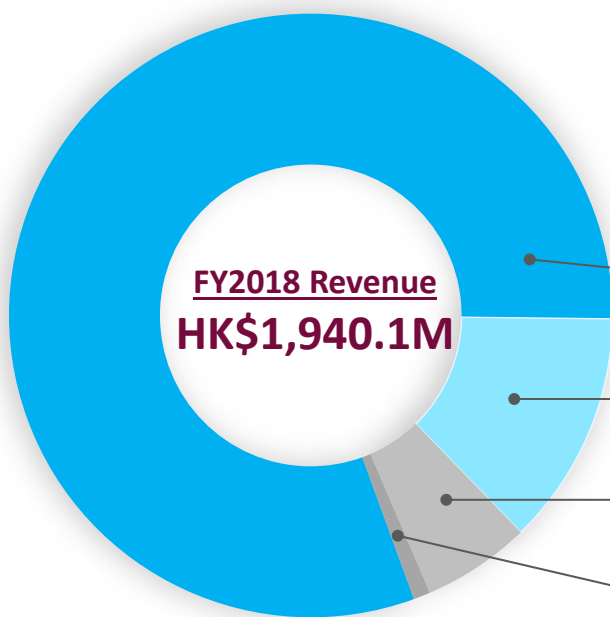
Attractive Yield
5.7%¹



Note: 1. Based on the closing unit price of HK\$8.99 in Hong Kong as at 31 Dec 2018.



Stable Income Source



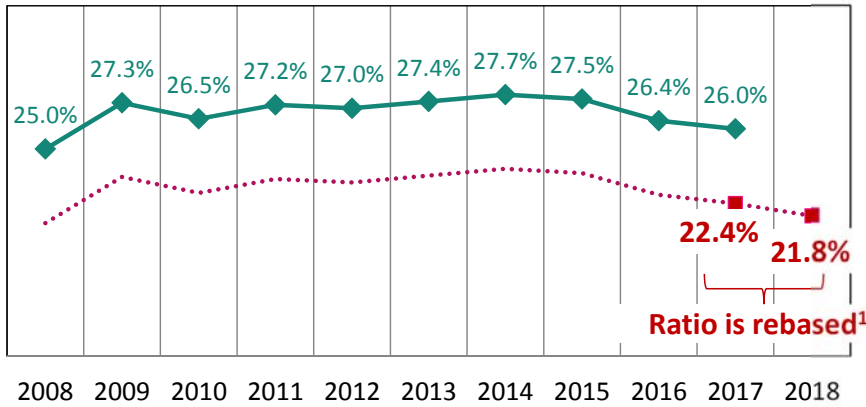
Notes:

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



Improved Profit Margin

Cost-to-revenue ratio



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

Cost-to-revenue ratio

21.8%

Operating expenses

-2.5%

Out of which

Utility expenses

-9.3%

Note:

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

Year ended 31 Dec 2018

7



2018 Final Distribution

Distribution Timetable

S	M	T	W	T	F	S
					Feb 1	2
3	4	5	6	7	8	9
10	11	12	13 Ex-div	14 Record Date	15	16
17	18	19	20	21	22	23
24	25	26	27	28	Mar 1 Payment	

Distribution Period	1 Jul 2018 to 31 Dec 2018
DPU	24.94 HK cents
Ex-Distribution	13 February 2019
Record Date	14 February 2019
Payment	1 March 2019

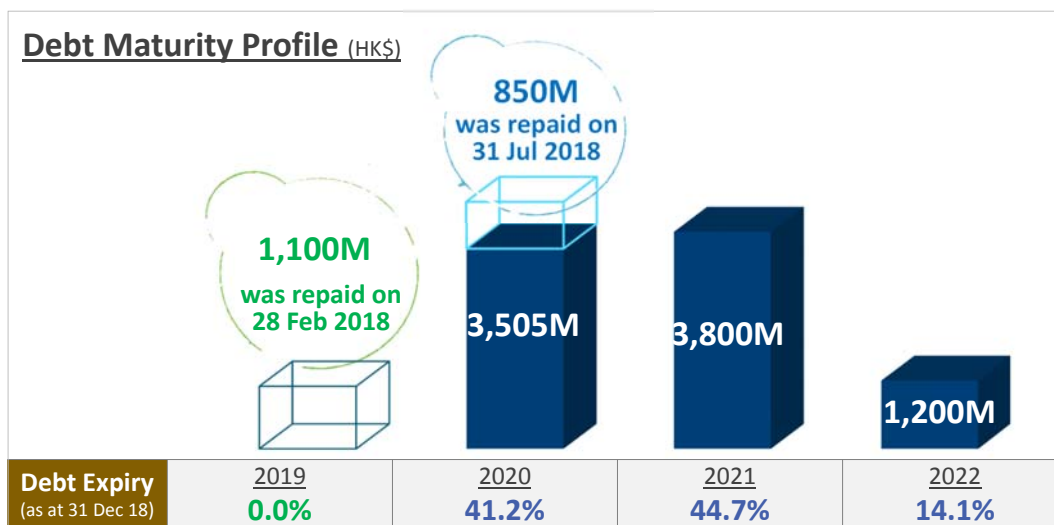
Year ended 31 Dec 2018

8



Prudent Debt Management

HK\$1,950M from divestment proceeds used to repay debt



20.9%
Reduced Gearing
(Dec 17: 27.4%)

2.89%
Effective borrowing cost

Until **2020**
No refinancing needs

78%
Unsecured debt

HK\$ 18.7B
Debt headroom

57%
Interest cost hedged



Disposal gain drove NAV

Portfolio Valuation

HK\$42,000M

▲ 8.2% YoY

@HK\$13,300

psf (G) retail

@HK\$784,000

per carpark lot

NAV per unit

HK\$16.61

▲ 18.2% YoY

Retail cap rate

4.3%

▼ 25 bps from Dec 2017

Results Overview

Capital Management

Portfolio Performance

AEIs

Strategy





Resilient Portfolio Performance

Occupancy

93.1%

Affected by AEIs at Kingswood

Rental Reversion

12.7%

Healthy organic growth

Lease Expiry

33.8%

of GRA* expires in FY2019

*Based on total leased GRA as at 31 Dec 2018

Selected New and Expanding Tenants (Entered Fortune Malls during FY2018)

New...

Expanding...

Year ended 31 Dec 2018 13



Well-positioned Trade Mix

Well-diversified tenant base

1,299 tenants

Tenant retention

68%

Lower due to AEIs at Kingswood

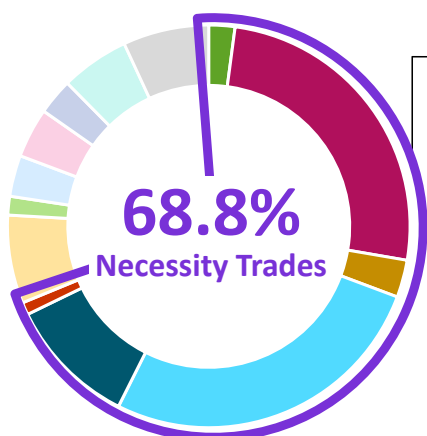
Strong focus on necessity trades

>60%

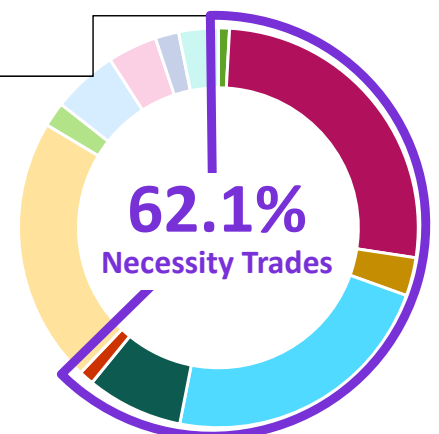
By Gross Rentable Area

Tenant's Trade Mix
(as at 31 Dec 2018)

By Gross Rental Income



2.1%	Community Services	0.9%
25.6%	Food & Beverages	26.5%
3.0%	Homewares	3.1%
26.7%	Services & Education	22.6%
10.4%	Supermarkets	7.8%
1.0%	Wet Markets	1.2%
7.1%	Banking & Real Estate	21.5%
1.5%	Electronics & IT	2.0%
3.3%	Fashion & Shoes	5.3%
4.0%	Gifts, Toys & Jewellery	4.0%
2.9%	Entertainment & Sports	1.9%
5.5%	Others	3.2%
6.9%	Vacant	0.0%



Year ended 31 Dec 2018 14



Promoting Fortune Malls



Year ended 31 Dec 2018 15



Engaging shoppers through digital channels

Exposures in two major social platforms



We will continue to work hand-in-hand with tenants to create a better business environment

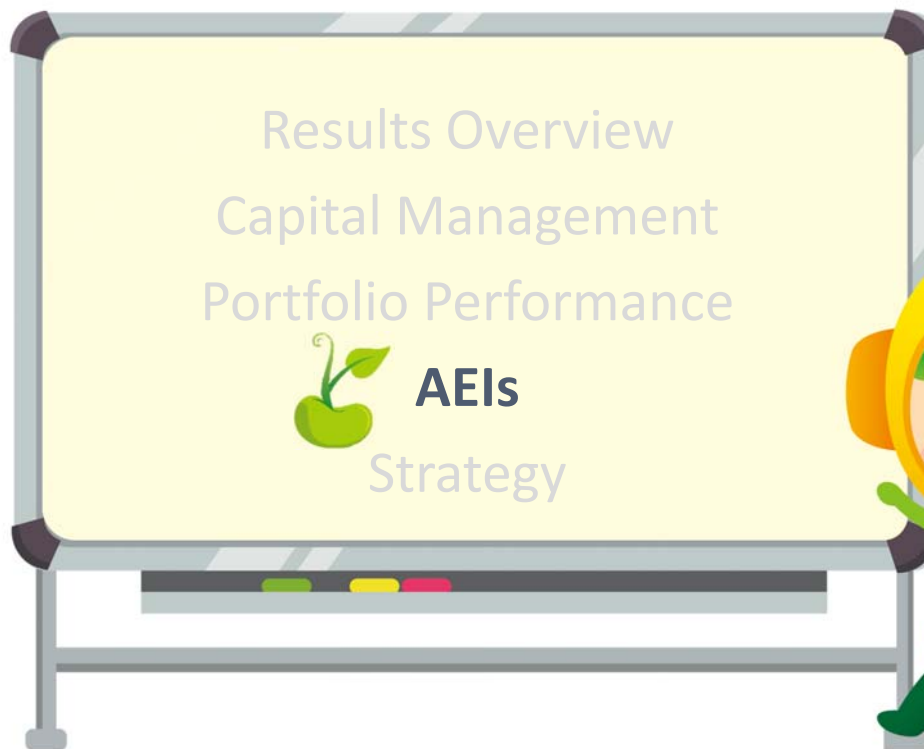
Mall Promotions

Tenants' offers

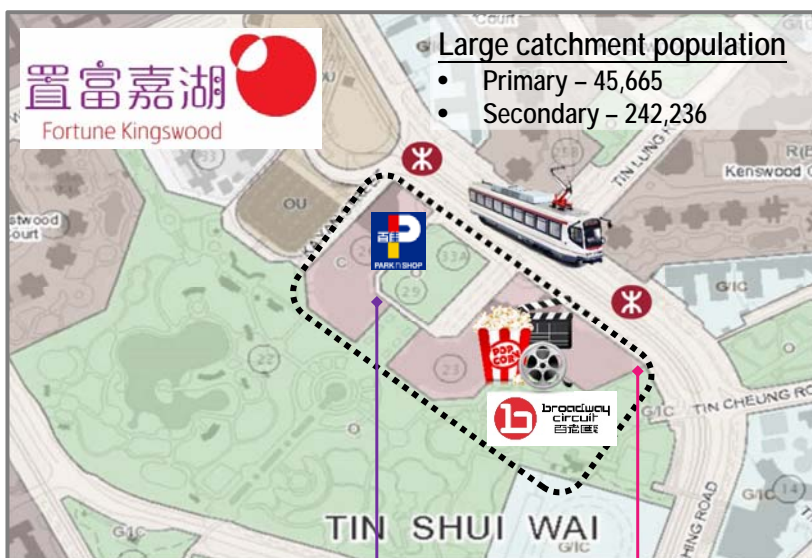
Festive activities



Year ended 31 Dec 2018 16



Largest-ever AEIs at Kingswood



Largest shopping mall in TSW
Completed in 1996 with GRA 665,244sf
Contributed 18.1% total revenue in FY2018

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



AEIs at Kingswood West Block



CAPEX

HK\$150M

Commencement

Jun 2018

Completion

2019

Before



After

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

Atrium perspective



AEIs at Kingswood to unlock potential



Expanding Catchment

Expanding population in both immediate and secondary catchment with new housing in:

- Tin Shui Wai
- Hung Shui Kiu
- Yuen Long



Enhanced Connectivity

New infrastructures to significantly reduce the journey time between west NT and Lantau/airport:

- Hong Kong-Zhuhai-Macau Bridge
- Tuen Mun – Chek Lap Kok Link (under construction)
- Tuen Mun Western Bypass (proposed)



Why invest in Fortune REIT

Acquisition Growth

Ample debt headroom of HK\$18.7B

AEIs Growth

AEIs at Fortune Kingswood to drive growth

5.7%¹
DPU Yield

Resilient Portfolio

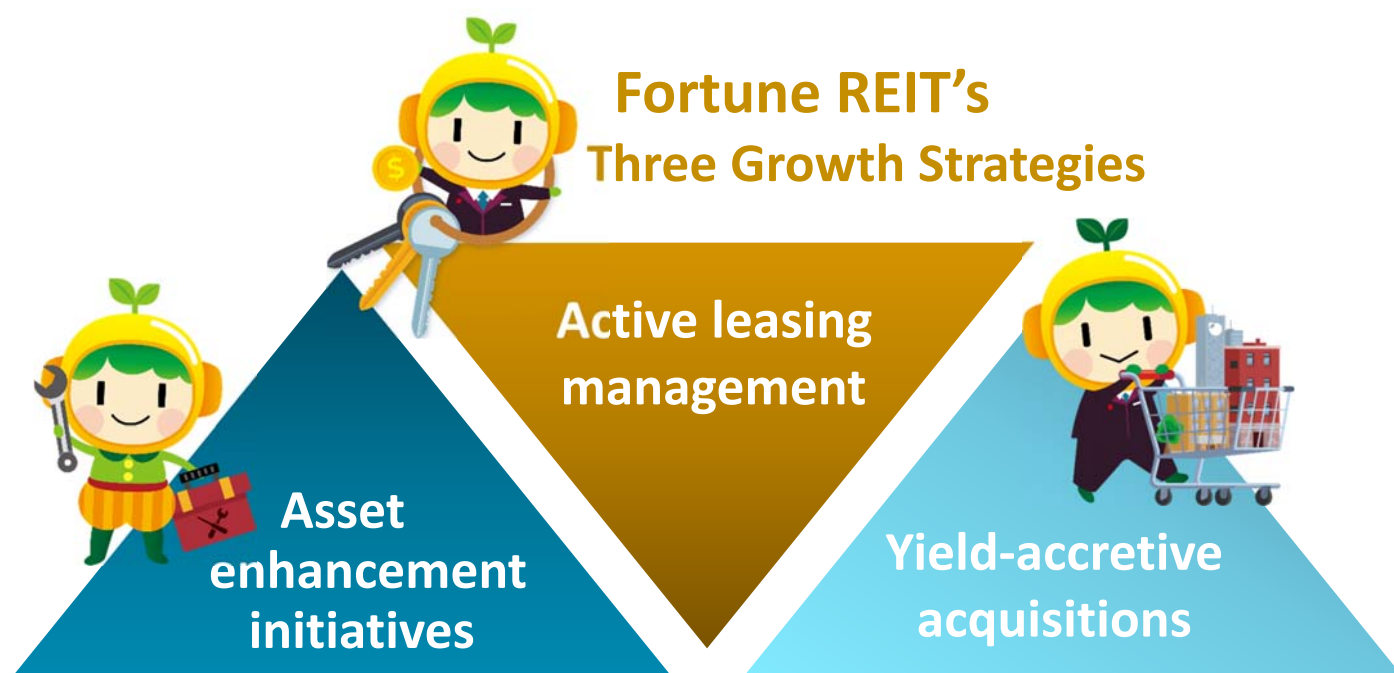
Strong focus on non-discretionary

Robust Financials

Prudent gearing & majority interest cost hedged

Note:

1. Based on the closing unit price of HK\$8.99 in Hong Kong as at 31 Dec 2018.



Income Statement

HK\$'M	FY18	FY17	Variance (%)
Revenue	1,940.1	1,935.4	+0.2%
Property operating expenses	(422.6)	(433.6)	-2.5%
Manager's performance fee	(45.7)	(45.1)	+1.3%
Net property income	1,471.8	1,456.7	+1.0%
Manager's base fee	(121.0)	(112.7)	+7.4%
Finance costs ¹	(255.6)	(299.3)	-14.6%
Change in fair value of investment properties	4,187.6	2,391.5	+75.1%
Gain on disposal of Provident Square	941.1	-	N/A
Other items ²	(11.9)	(15.9)	-25.2%
Profit before taxation	6,212.0	3,420.3	+81.6%
Income tax expense	(221.2)	(219.3)	+0.9%
Profit for the period	5,990.8	3,201.0	+87.2%
Distributable income	986.2	970.8	+1.6%
DPU (HK\$ cents)	51.28	50.78	+1.0%

Notes:

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



Robust Balance Sheet

HK\$'000	31 Dec 2018	31 Dec 2017
Current assets	613,648	783,662
Non current assets	42,018,816	37,770,279
Assets of a disposal co. classified as held for sale ¹	-	1,068,187
Total assets	42,632,464	39,622,128
Current liabilities	1,688,309	2,959,274
Non current liabilities	8,930,790	9,736,359
Liabilities of a disposal co. classified as held for sale ¹	-	38,728
Total liabilities	10,619,099	12,734,361
Net assets	32,013,365	26,887,767
Units in issue ('000 units)	1,927,906	1,914,348

**Portfolio
Valuation**

HK\$42,000 million

**NAV
per Unit**

HK\$16.61

Note:

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

Year ended 31 Dec 2018

25



Portfolio occupancy

Fortune REIT's portfolio	GRA (s.f.)	Occupancy		
		31 Dec 18	30 Jun 18	31 Dec 17
1. Fortune City One	414,469	99.3%	98.6%	98.4%
2. Fortune Kingswood	665,244	88.4% ¹	94.0% ¹	95.8%
3. Ma On Shan Plaza	310,084	92.2% ²	99.6%	99.0%
4. Metro Town	180,822	99.2%	100.0%	100.0%
5. Fortune Metropolis	332,168	73.1% ²	83.1% ²	98.4%
6. Laguna Plaza	163,203	99.0%	98.1%	96.4%
7. Belvedere Square	276,862	99.8%	99.5%	99.6%
8. Waldorf Avenue	80,842	100%	100.0%	100.0%
9. Caribbean Square	63,018	100%	100.0%	100.0%
10. Jubilee Square	170,616	97.2%	96.2%	97.8%
11. Smartland	123,544	96.3%	95.6%	97.5%
12. Tsing Yi Square	78,836	100.0%	100.0%	100.0%
13. Centre de Laguna	43,000	100.0%	100.0%	98.9%
14. Hampton Loft	74,734	100.0%	100.0%	100.0%
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	93.1%	96.0%	98.1% ³

Notes:

1. AEs at Fortune Kingswood started in Jun 2018, and has caused some disruption to occupancy.

2. Occupancy temporarily suffered as the mall is undergoing tenant repositioning

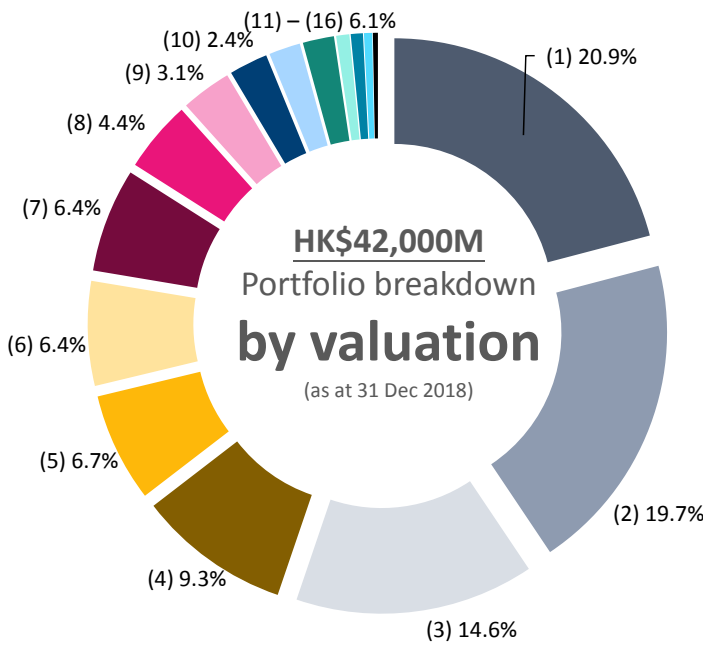
3. Excluded Provident Square.

Year ended 31 Dec 2018

26



Portfolio Valuation



Portfolio Valuation¹ (HK\$M)

(1) Fortune City One	8,788
(2) Fortune Kingswood	8,261
(3) Ma On Shan Plaza	6,144
(4) Metro Town	3,926
(5) Fortune Metropolis	2,805
(6) Laguna Plaza	2,683
(7) Belvedere Square	2,670
(8) Waldorf Avenue	1,832
(9) Caribbean Square	1,295
(10) Jubilee Square	995
(11) Smartland	809
(12) Tsing Yi Square	804
(13) Centre de Laguna	339
(14) Hampton Loft	311
(15) Lido Avenue	208
(16) Rhine Avenue	130
Portfolio Total	42,000

Portfolio Valuation

HK\$42,000M

▲ 8.2% from Dec 17
11.3% from Dec 17 (16 properties²)

Retail Cap Rate

Average **@4.3%**

▼ **25 bps** vs Dec 17

Notes:

1. Valued by Knight Frank as at 31 Dec 2018.
2. Excluded Provident Square as at 31 Dec 2017 for a like-for-like comparison.



Investment Highlights

HK\$17.3B¹
Market Cap

HK\$42.0B¹
Portfolio Valuation

HK\$16.61¹
NAV

100%
Dividend Payout

15 Years
Continued Growth

16 Neighborhood malls in Hong Kong

Dual-listed in Singapore and Hong Kong



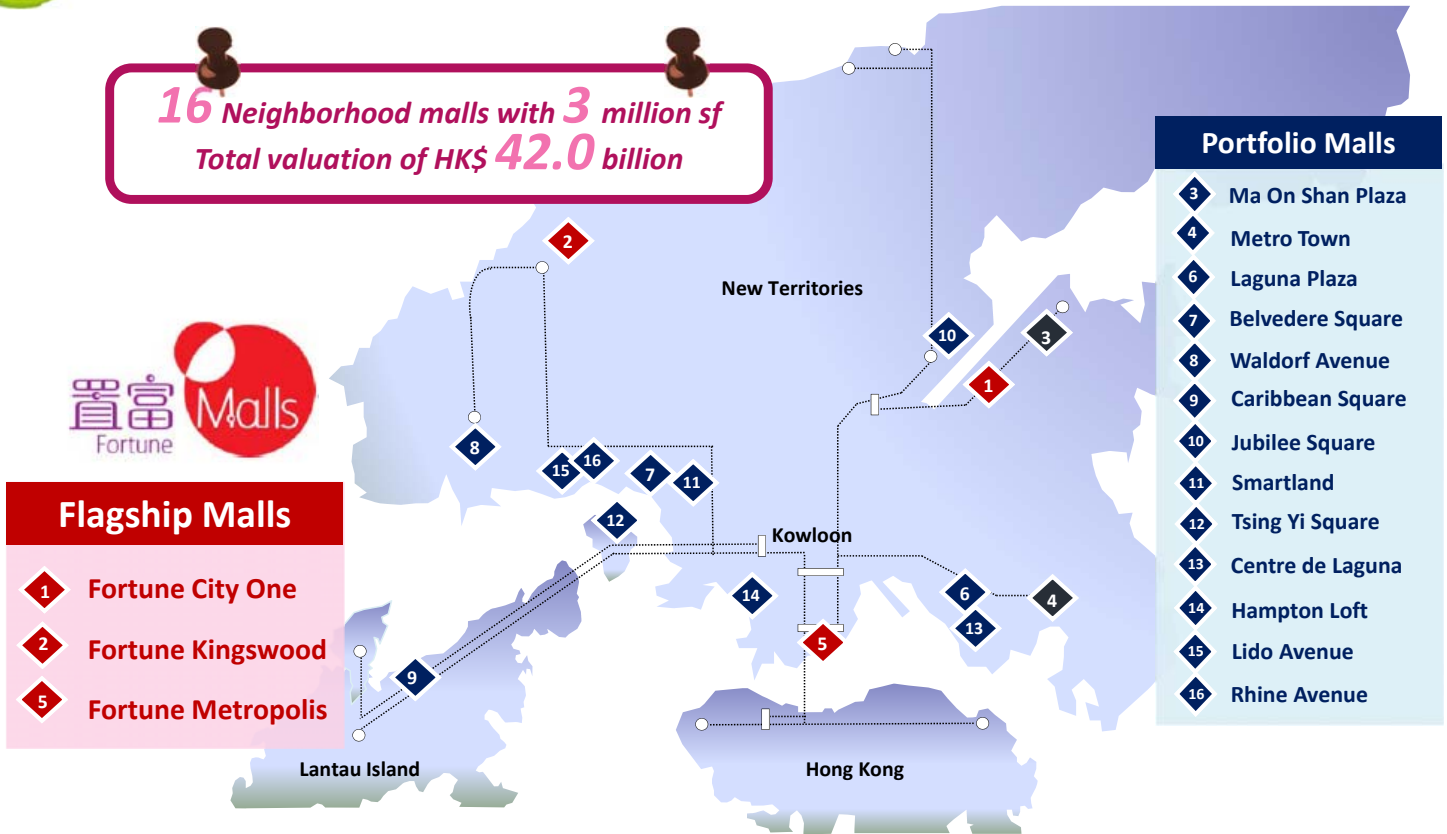
Note:

1. As at 31 December 2018.



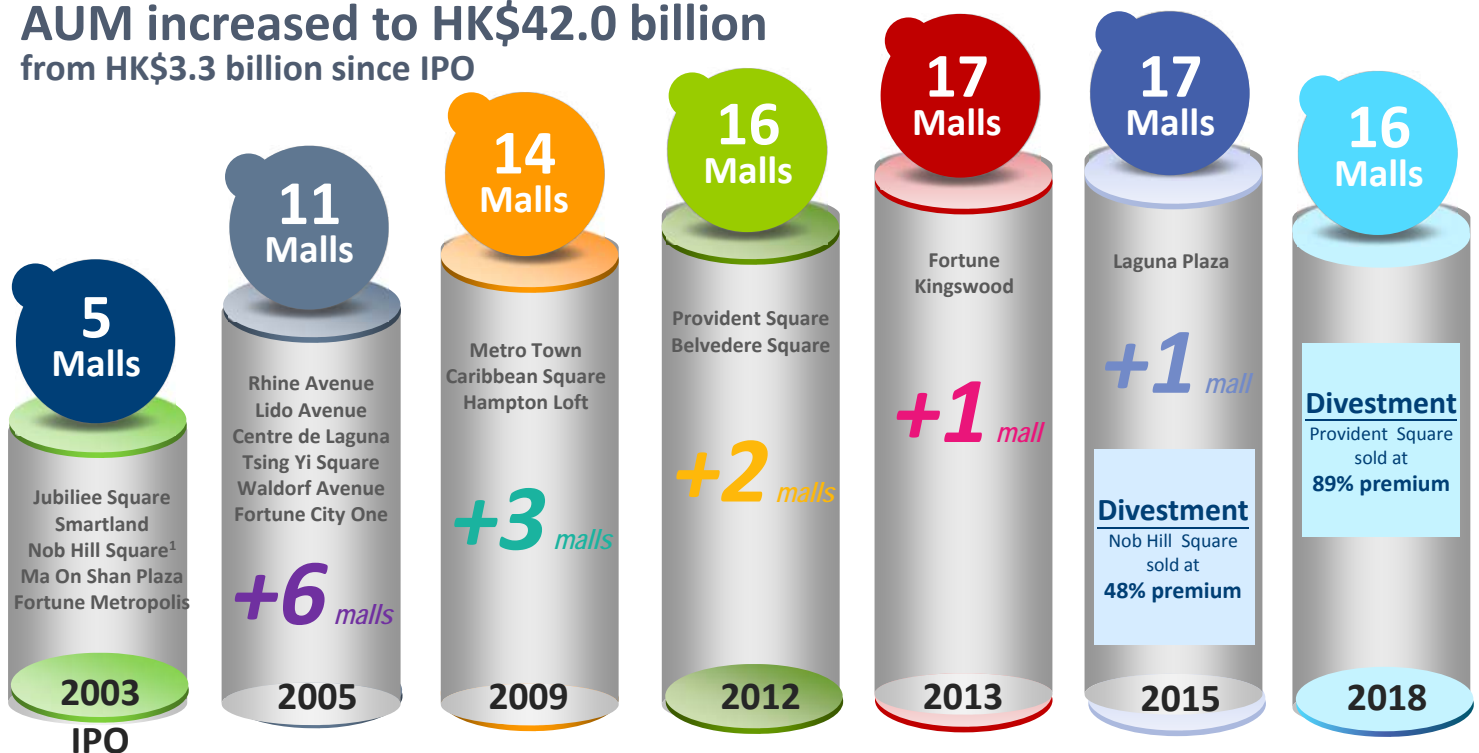
Fortune REIT's Portfolio

16 Neighborhood malls with **3** million sf
Total valuation of HK\$ **42.0** billion



Proven Acquisition Growth

Asset Portfolio grew >11 times in 15 years
AUM increased to HK\$42.0 billion
from HK\$3.3 billion since IPO





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.



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%

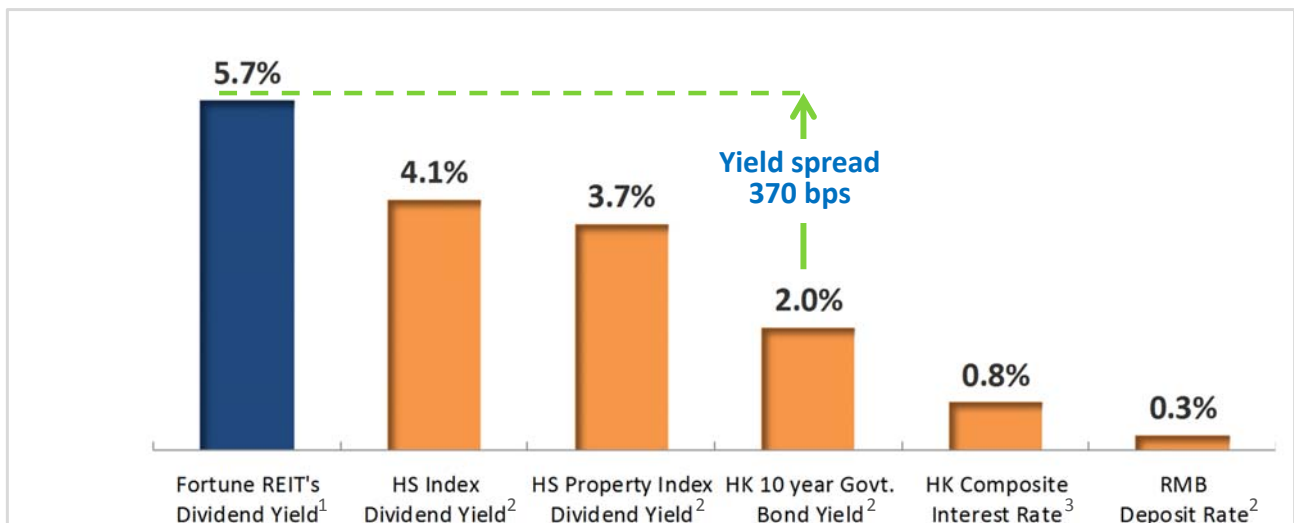


Year ended 31 Dec 2018 33



Resilient Asset Class with Attractive Yield

Offers 5.7% distribution yield with steady growth



Notes:

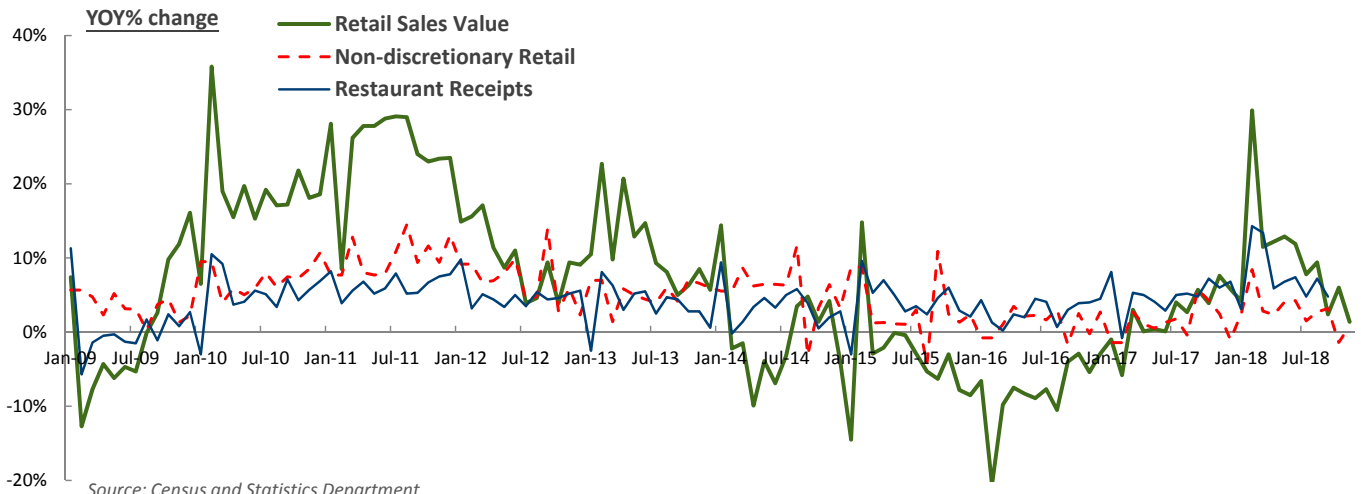
- 1. Based on HK Closing unit price of HK\$8.99 on 31 Dec 2018
- 2. As at Dec 2018.
- 3. As at Nov 2018.

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

Year ended 31 Dec 2018 34



HK retail sales recorded 9.7% growth in 11M18 Resilient non-discretionary trades & restaurant receipts

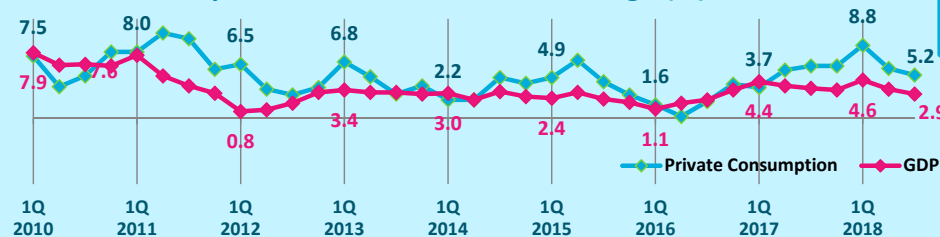


YOY %	2009	2010	2011	2012	2013	2014	2015	2016	2017	11M2018
Total retail sales	+0.6%	+18.3%	+24.9%	+9.8%	+11.0%	-0.2%	-3.7%	-8.1%	+2.2%	+9.7%
Non-dis. retail	+3.5%	+7.4%	+10.1%	+7.0%	+5.4%	+5.4%	+3.2%	+1.2%	+1.3%	+2.9%
Restaurant Receipts	+0.6%	+5.1%	+6.4%	+5.0%	+3.5%	+3.5%	+3.9%	+2.9%	+5.0%	9M: +7.4%

Year ended 31 Dec 2018 35



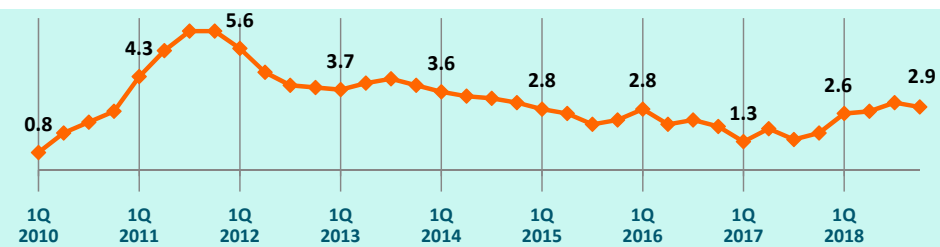
Private Consumption & GDP Year-on-Year Change (%)



Private Consumption
(3Q 2018) 5.2%

GDP grew solidly by 2.9% in 3Q, sustaining the above-trend growth. Private Consumption expanded notably.

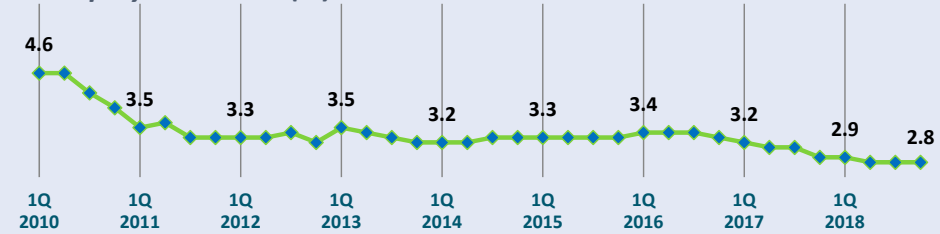
Composite CPI (Underlying) Year-on-Year Change (%)



CPI
(4Q 2018) 2.9%

Inflation moderated slightly 4Q and its upside risks is expected be contained in the near term.

Unemployment Rate (%)



Unemployment
(Oct to Dec 2018) 2.8%

Labour market remained tight with continuously low unemployment rate.

Source: Census & Statistics Department, HK

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