

Financial Results For The Period Ended 30 Sep 2014

11 Nov 2014



Important Note

This document has been prepared by ARA Asset Management (Fortune) Limited, in its capacity as the manager ("REIT Manager") of Fortune Real Estate Investment Trust ("Fortune REIT") solely for use at the presentation to analysts in relation to the announcement of the results of Fortune REIT for the 9 months ended 30 September 2014 and may not be reproduced or redistributed without permission. Neither this document nor any copy of it may be taken or transmitted into or distributed, directly or indirectly, in the United States or to any U.S. person (within the meaning of Regulation S under the United States Securities Act of 1933, as amended). Neither this document nor any copy of it may be taken or transmitted into Canada or distributed or redistributed in Japan or to any resident thereof. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about and observe, any such restrictions. By attending this presentation, you are agreeing to be bound by the foregoing restrictions and representing that you have understood and accepted the disclaimers set out herein. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

All information and data are provided for information purposes only. All opinions expressed herein are based on information available as of the date hereof and are subject to change without notice.

The information contained in this document is not intended to provide, and you may not rely on this document as providing, a complete or comprehensive analysis of the Fortune REIT's financial or trading position or prospects. The past performance of Fortune REIT is not necessarily indicative of the future performance of Fortune REIT and nothing contained in this document is or, shall be relied on, as a promise or forecast as to the future.

This document may contain forward looking statements. Investors are cautioned that the actual results may differ materially from those set forth in any forward looking statement herein. The REIT Manager, its affiliates, advisors or representatives make no representation or warranty as to the accuracy, suitability or completeness of the information contained in this document and none of the REIT Manager, Fortune REIT, nor any of its respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

This document does not constitute an offer or invitation to purchase or subscribe for any units of Fortune REIT in Hong Kong, Singapore or in any other jurisdiction and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto. No action has been taken or will be taken by the REIT Manager, Fortune REIT, any of their respective affiliates, directors, officers or employees, representatives or advisers, to register these materials as an offering document or otherwise to permit public distribution of this document.



Results Highlights

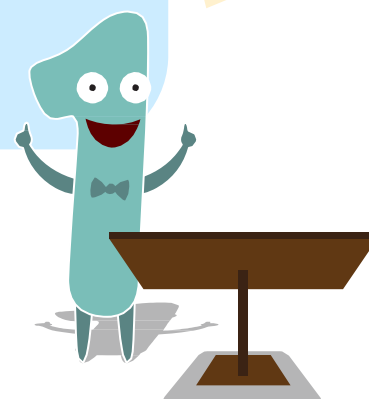
Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect

Well Done!!



Results Highlights

For the 9 months ended 30 Sep 2014

Total Revenue	HK\$1,230.1M	+ 33.0% YoY
NPI	HK\$867.7 M	+ 32.8% YoY
Distributable Income	HK\$583.6 M	+ 26.8% YoY
DPU	HK\$0.3118	+ 18.6% YoY
Distribution Yield ¹	6.0%	
NAV Per Unit ²	HK\$10.99	+ 7.1% YoY
Portfolio Valuation ³	HK\$30,880 M	
Gearing ²	31.2%	
Rental Reversion ⁴	24.6%	
Occupancy ²	97.1%	
Passing Rent ²	HK\$35.7 psf	

Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$ 6.90 as at 30 Sep 2014.
2. As at 30 Sep 2014.
3. As at 30 Jun 2014.
4. For all renewal leases from 1 Jan 2014 to 30 Sep 2014.

Revenue
+33.0%

Rental
Reversion
24.6%

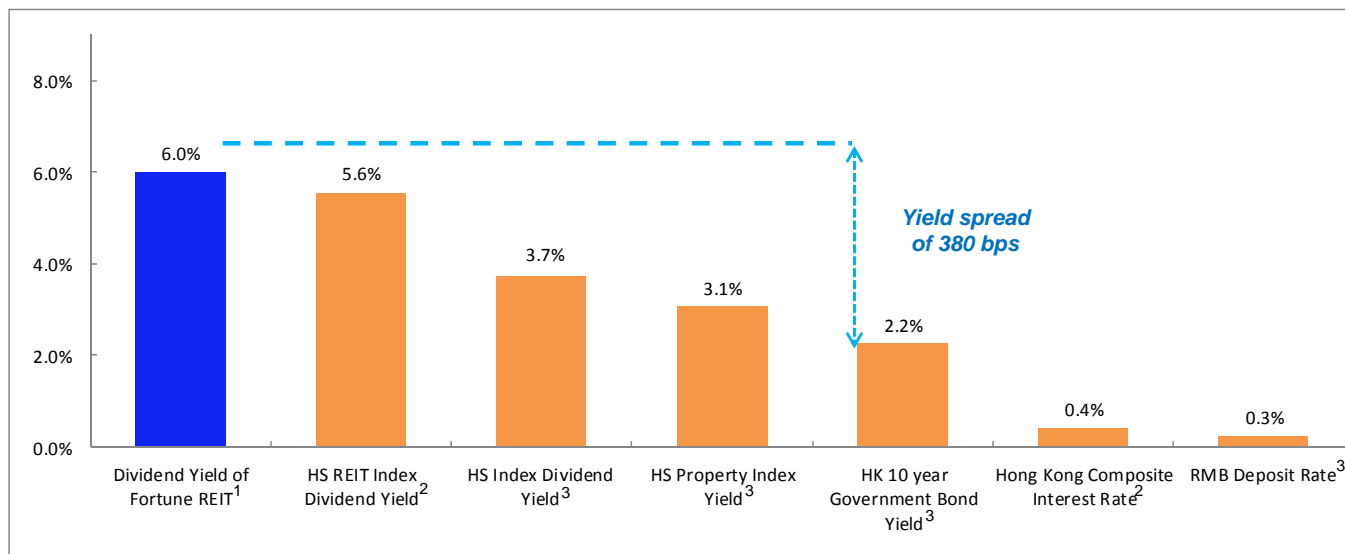
DPU
+18.6%

Occupancy
97.1%

Distribution
Yield
6.0%



Offers 6.0% annualised yield on Hong Kong retail asset



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

Notes:

1. Based on the average closing unit price in Singapore and Hong Kong of HK\$6.9 as at 30 Sep 2014.
2. As at Aug 2014.
3. As at Sep 2014.



YTD 3Q14 Revenue +33.0% YoY

	YTD 3Q14 (HK\$'000)	YTD 3Q13 (HK\$'000)	Variance (%)	3Q 14 (HK\$'000)	3Q 13 (HK\$'000)	Variance (%)
Total revenue	1,230,088	924,904	33.0%	416,633	315,684	32.0%
NPI	867,711	653,171	32.8%	286,662	215,591	33.0%
Income available for distribution	583,563	460,307	26.8%	193,109	153,342	25.9%
DPU (HK cents)	31.18	26.28	18.6%	10.30	8.28	24.4%

8.8% from original portfolio; 24.0% from Kingswood

Contributing factors

Higher occupancy rates

Strong rental growth across entire portfolio

Satisfactory returns from completed AEs

Yield accretive acquisition of Fortune Kingswood completed in Oct 2013



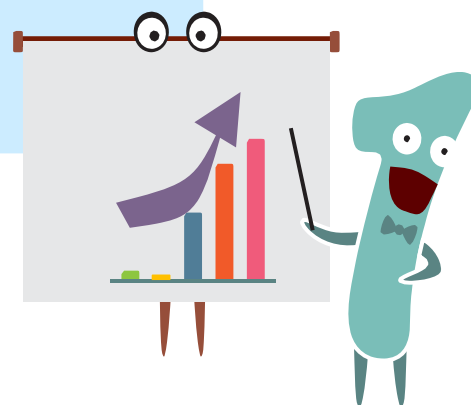
Results Highlights

Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect



Balance Sheet

As at 30 Sep 14	(HK\$'000)
Current Assets	862,002
Non Current Assets	30,936,388
Total Assets	31,798,390
Current Liabilities	1,932,823
Non Current Liabilities	9,275,384
Total Liabilities	11,208,207
Net Assets	20,590,183

Gearing Ratio	31.2%
Portfolio Valuation	HK\$30,880M
NAV Per Unit ¹	HK\$10.99

Note:

1. The total number of deemed units used for the computation of net asset value per Unit is 1,873.0 million Units.



Debt Profile	As at 30 Sep 14	As at 30 Jun 14	As at 30 Sep 13
Total Debt	HK\$9,923M	HK\$9,923M	HK\$4,768M
Gearing Ratio / Aggregate Leverage	31.2%	31.1%	20.1%
Interest Cover ¹	4.74X	4.71X	5.72X
Effective Interest Cost ²	2.17%	2.20%	2.82%

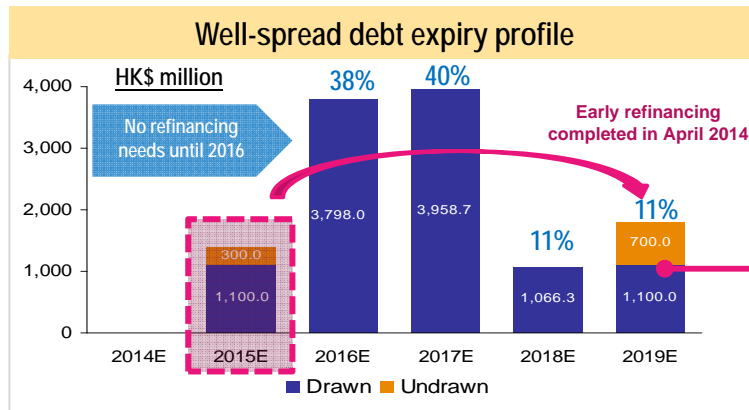
Gearing remains healthy at 31.2%.

Effective interest cost was stable at 2.17%.

Hedged 55% of total debt exposure.

Notes:

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



Financial position strengthened through early refinancing done in April 2014:

- Margin reduced from H+200 bps to H+140 bps
- Enlarged revolver to HK\$700M
- No refinancing needs until 2016



Results Highlights

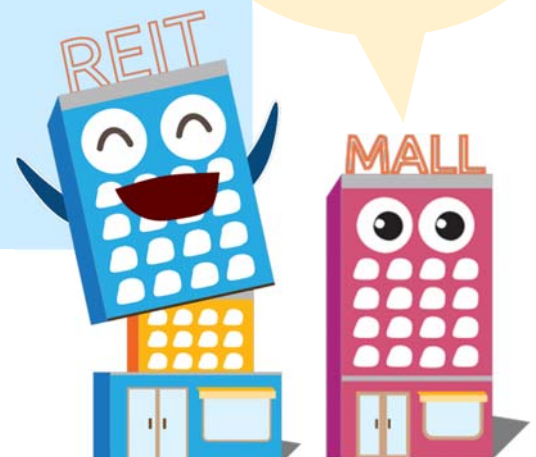
Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect

Current portfolio of 17 properties at HK\$30.88B





Solid Asset Performance

	GRA (s.f.)	Occupancy (30 Sep 14)	Occupancy (31 Dec 13)
1. Fortune City One	414,469	99.8%	99.2%
2. Fortune Kingswood	665,244	99.5%	99.0%
3. Ma On Shan Plaza	310,084	100.0%	98.5%
4. Metro Town	180,822	100.0%	100.0%
5. Fortune Metropolis	332,168	97.9%	97.8%
6. Belvedere Square ¹	276,862	76.6%	94.5%
7. Waldorf Avenue	80,842	100.0%	100.0%
8. Caribbean Square	63,018	100.0%	100.0%
9. Provident Square	180,238	98.4%	99.9%
10. Jubilee Square	170,616	98.6%	100.0%
11. Smartland	123,544	94.1%	99.1%
12. Tsing Yi Square	78,836	100.0%	100.0%
13. Nob Hill Square	91,779	99.1%	100.0%
14. Hampton Loft	74,734	100.0%	100.0%
15. Centre de Laguna	43,000	100.0%	100.0%
16. Lido Avenue	9,836	100.0%	100.0%
17. Rhine Avenue	14,604	100.0%	100.0%
Portfolio Total	3,110,696	97.1%	98.7%



Reversion stands strong AEIs to drive further growth

Portfolio Occupancy

97.1%

Despite frictional vacancy from Belvedere's AEIs commencing in Sep 2014

Average Rental Reversion

24.6%

Supported by strong reversion at flagship properties

Average Passing Rent

HK\$35.7 psf

Original portfolio up 8.5% YoY
Benefited from good reversion and AEIs

Note:

1. Belvedere Square is undergoing phase 1 of AEIs, involving a GRA of approximately 50,000 s.f.

Period ended 30 Sep 2014 | 11



Portfolio Expiry Profile

Expiry Profile by GRA (As at 30 Sep 14)	(% of occupied GRA)		
	4Q 2014	2015	2016 & Beyond
1. Fortune City One	9.5%	36.0%	54.5%
2. Fortune Kingswood	10.0%	31.1%	58.9%
3. Ma On Shan Plaza	22.7%	23.5%	53.7%
4. Metro Town	2.8%	22.0%	75.2%
5. Fortune Metropolis	14.5%	47.9%	37.7%
6. Belvedere Square	15.7%	45.2%	39.2%
7. Waldorf Avenue	0.8%	9.2%	90.0%
8. Caribbean Square	13.1%	50.0%	37.0%
9. Provident Square	49.1%	33.3%	17.5%
10. Jubilee Square	16.5%	38.2%	45.5%
11. Smartland	1.2%	37.4%	61.5%
12. Tsing Yi Square	3.9%	49.0%	47.1%
13. Nob Hill Square	8.8%	44.2%	47.2%
14. Hampton Loft	0.0%	0.0%	100.0%
15. Centre de Laguna	0.7%	40.3%	59.0%
16. Lido Avenue	0.0%	29.9%	70.1%
17. Rhine Avenue	0.0%	0.0%	100.0%
Portfolio Total	13.1%	33.9%	53.0%

Strong leasing demand continued with majority of lease expiry in 4Q14 already pre-committed

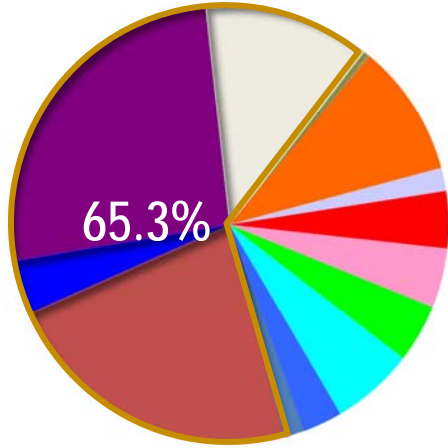


Period ended 30 Sep 2014 | 12

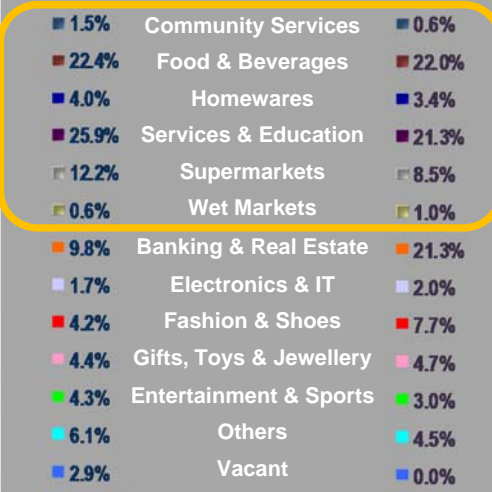


About 60% from non-discretionary retail sector Proven resilience across economic cycles

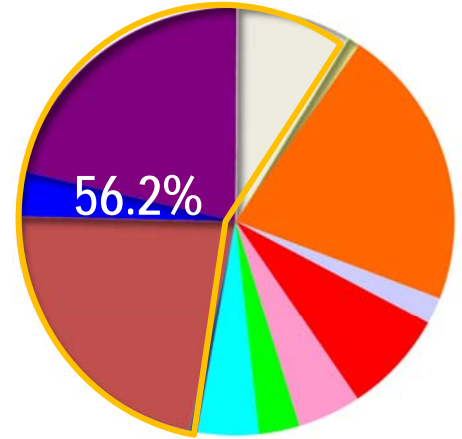
By Gross Rentable Area



Tenant's Trade Mix (as at 30 Sep 14)



By Gross Rental Income



Period ended 30 Sep 2014 | 13



Cartoon featuring and artist events to engage shoppers and community



Period ended 30 Sep 2014 | 14



Active leasing strategies & tenant mix enhancement to drive rental growth



Ma On Shan Plaza: Supermarket



Metro Town: Snack Shop



Waldorf Avenue: F&B



Waldorf Avenue: Shoes Shop



Fortune City One: Bedding

Period ended 30 Sep 2014 | 15



Results Highlights

Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect





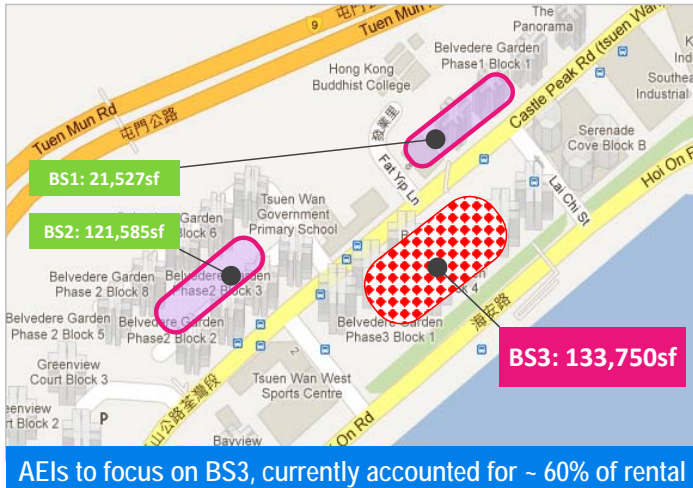
AEIs at Belvedere Square Phase 3 (BS3)



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

Target ROI 15%

AEIs commenced in Sep 2014. To be completed in phrases throughout 2015.



Fortune Kingswood – Tenant Repositioning



Strong rental growth riding on keen leasing interest from both new tenants and renewals

Rental reversion 30+%
Passing rent up 10+%



Fortune REIT's next large scale AEIs

Feasibility study being carried out in 2014





Results Highlights

Financial Results & Capital Management

Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect



Pipelines & Proven Track Record in AElS

Property / Enhanced Area	Completion	CAPEX (HK\$)	ROI ¹
Belvedere Square Phase 3 - 126,000sf	Target End of 2015	80M	<i>Target 15%</i>
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.



• 6.0% DPU yield

1. Attractive Valuation

2. Resilient Portfolio

• Sustainable growth across economic cycles

• Positive rental reversion supported by full employment and tight supply of retail space

3. Stable Retail Outlook

4. AEIs Growth

• Track record of executing value-added AEIs

5. Acquisition Growth

• Strong pipeline from Cheung Kong

Period ended 30 Sep 2014 | 21



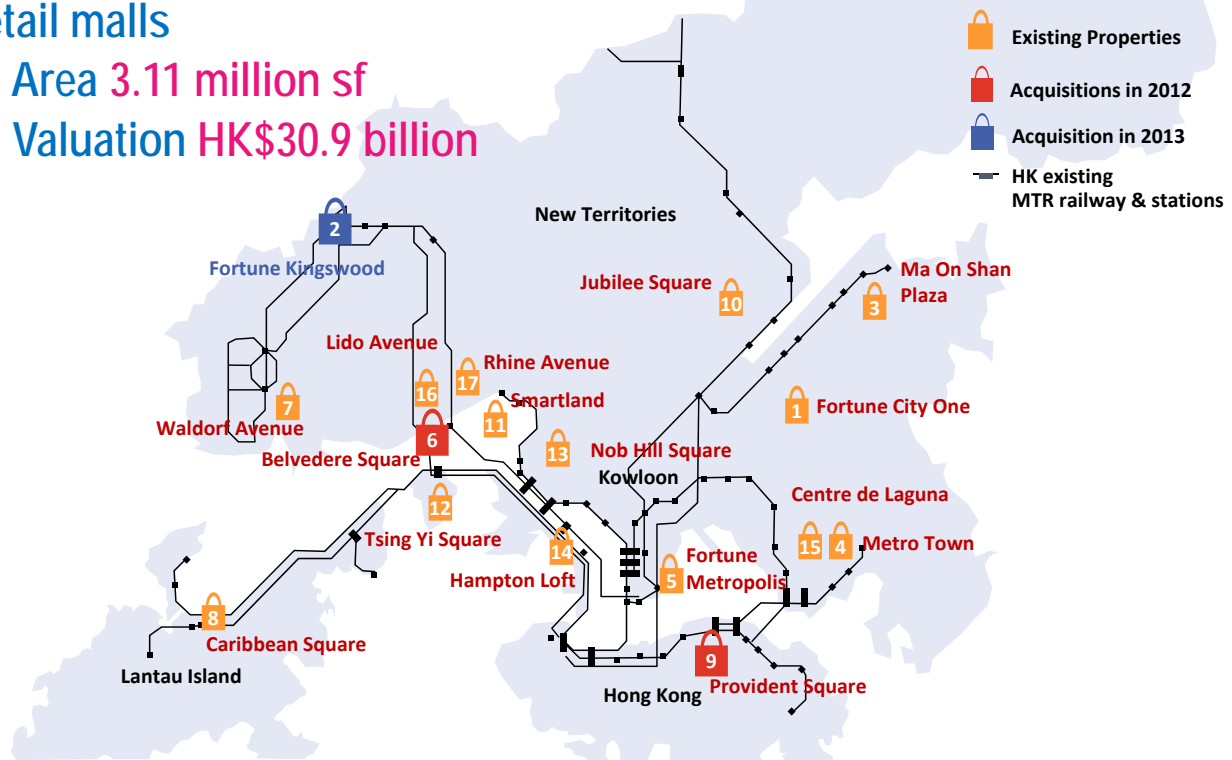
Appendices

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.



17 retail malls
Total Area 3.11 million sf
Total Valuation HK\$30.9 billion



Period ended 30 Sep 2014 | 23



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 1st cross-border REIT and the 1st REIT to hold Hong Kong assets



Portfolio of retail properties

- 17 private housing estate retail properties in Hong Kong
- Comprised of 3.11 million square feet of retail space and 2,606 carpark spaces.
- Portfolio valuation at HK\$30.9 billion



Market Capitalization & NAV (as at 30 Sep 2014)

- Market capitalization of Fortune REIT at HK\$12.9 billion
- NAV at HK\$10.99 per unit



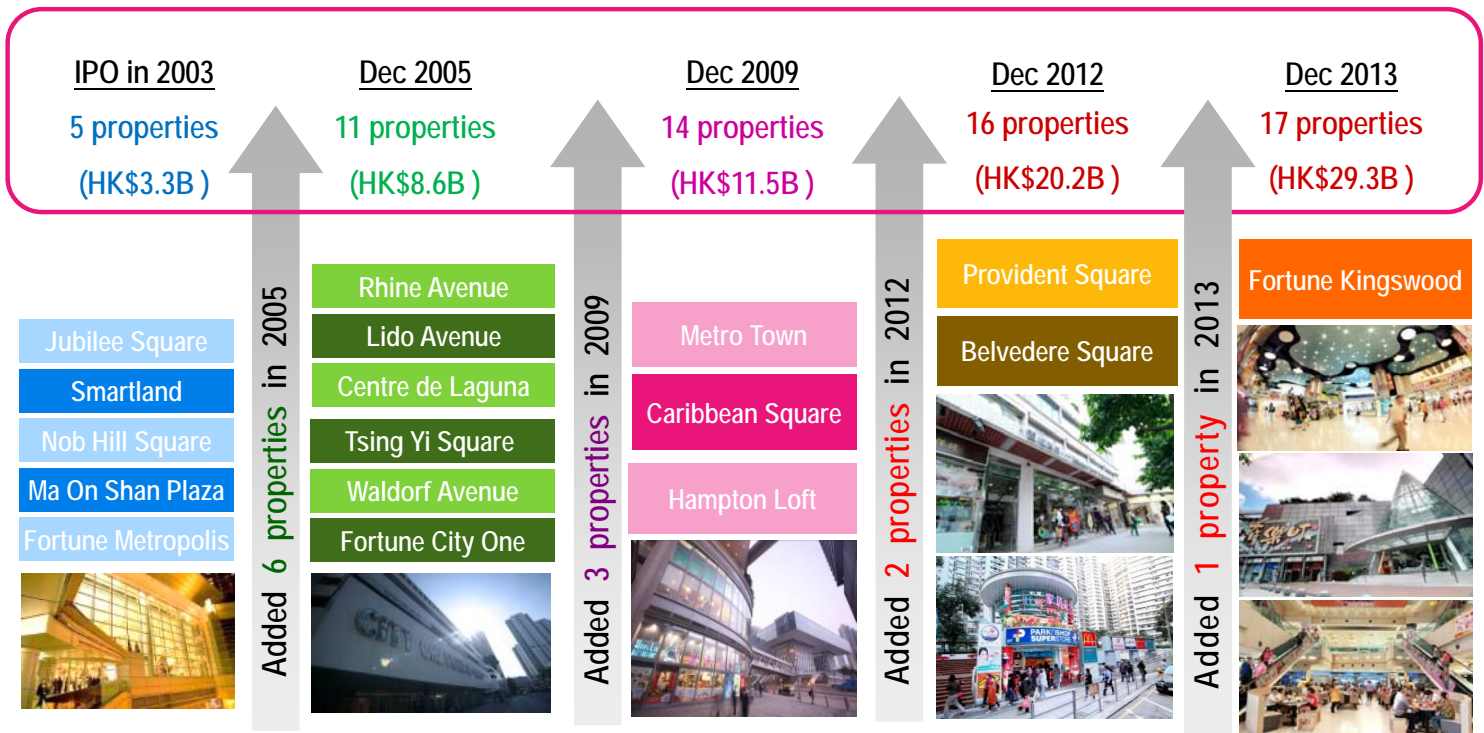
Distribution Policy

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

Period ended 30 Sep 2014 | 24

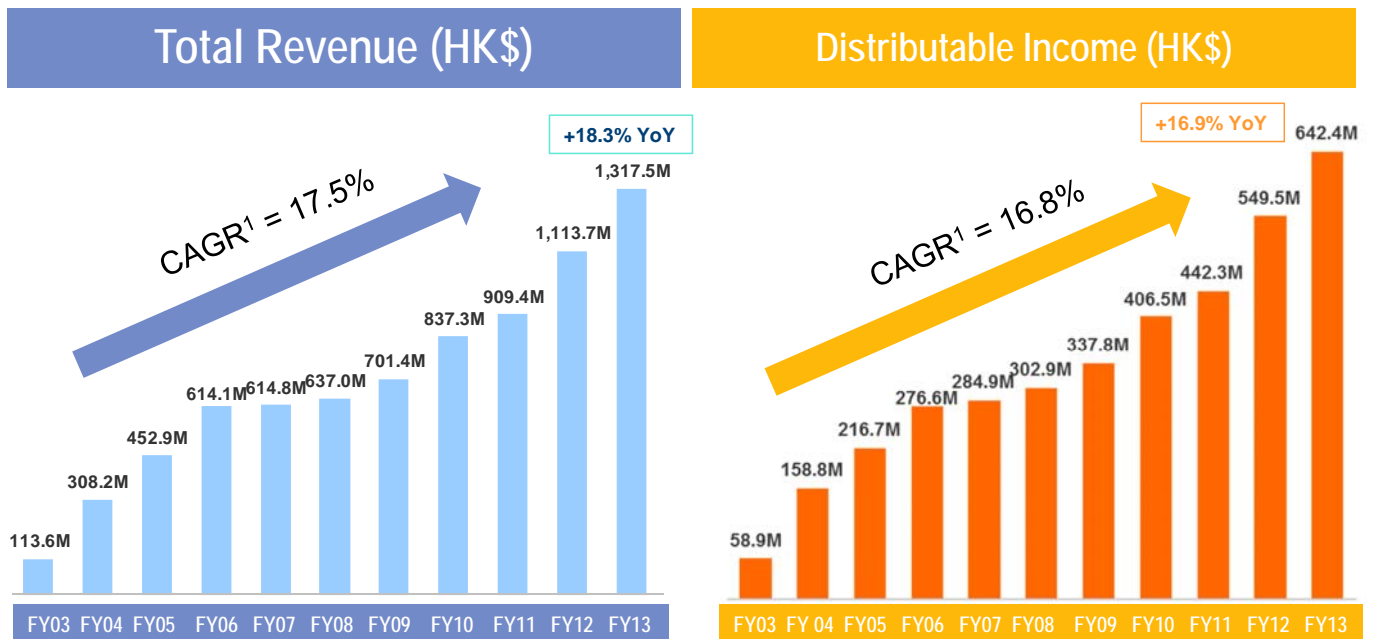


Proven Acquisition Growth



Years of Sustainable Growth

10 consecutive years of sustained growth



Note:
1. 2004 - 2013 compound annual growth rate (CAGR).



AEIs at Fortune City One



CAPEX	Commencement	Completion
HK\$20M	2Q 2013	October 2013

Achieved ROI >25%



A refreshing outlook



Better layout with more offerings



Period ended 30 Sep 2014 | 27



AEIs at Fortune City One



CAPEX	Commencement	Completion
HK\$100M	3Q 2011	1H 2013

Achieved ROI > 25%



Period ended 30 Sep 2014 | 28



AEIs at 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.



AEIs at Jubilee Square



CAPEX	Commencement	Completion
HK\$15M	2Q 2012	2Q 2013

Achieved ROI > 25%

FY13 net property income of Jubilee Square increased by 57.4% y-o-y. 3/F now positioned as a household and F&B centre while 6/F & 7/F are focused on enhanced service and education trade.





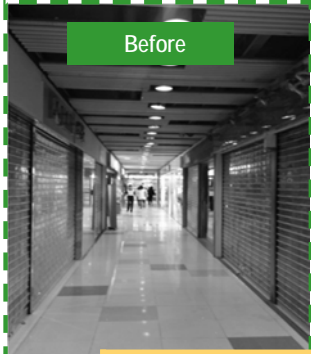
Tenant Repositioning Initiatives - Waldorf

華都大道
Waldorf Avenue



Passing Rent +12% YoY

Revamped the entire secondary corridor in order to attract quality tenants & draw footfall



Before



After

Fashion & shoes, electronics, gifts & jewelry contributing 50% of total rental



Period ended 30 Sep 2014 | 31

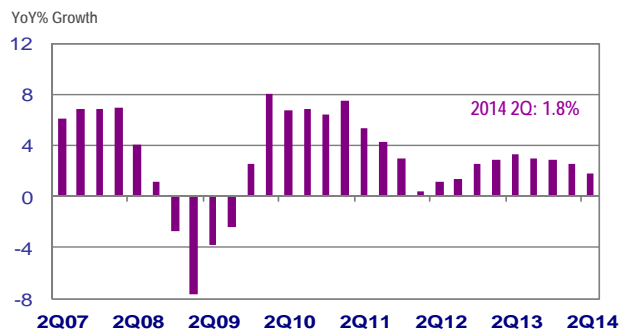


Hong Kong Economy

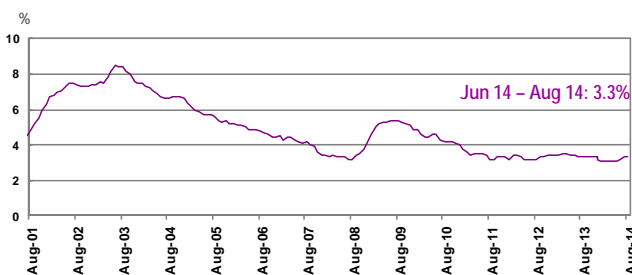
Economy recorded stable growth

- ✓ HK GDP weakened in 2014. GDP growth at 1.8% yoy, slower from 2.6% in the first quarter, slowing down for the fourth consecutive quarters.
- ✓ The weak performance was mainly weighed down by a fall down in tourist spending and a concurrent slowdown in domestic demand. Private consumption expenditure grew slightly by 1.2% yoy.
- ✓ GDP growth forecast in 2014 was cut to 2.0% - 3.0%

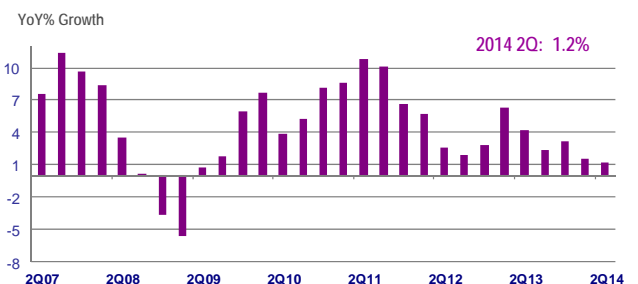
GDP 2Q14: Economic growth moderated further



Unemployment: Labour market held stable in Aug 14



Private consumption: Slowdown after two quarters of subdued economic growth



Source: Census & Statistics Department, HK

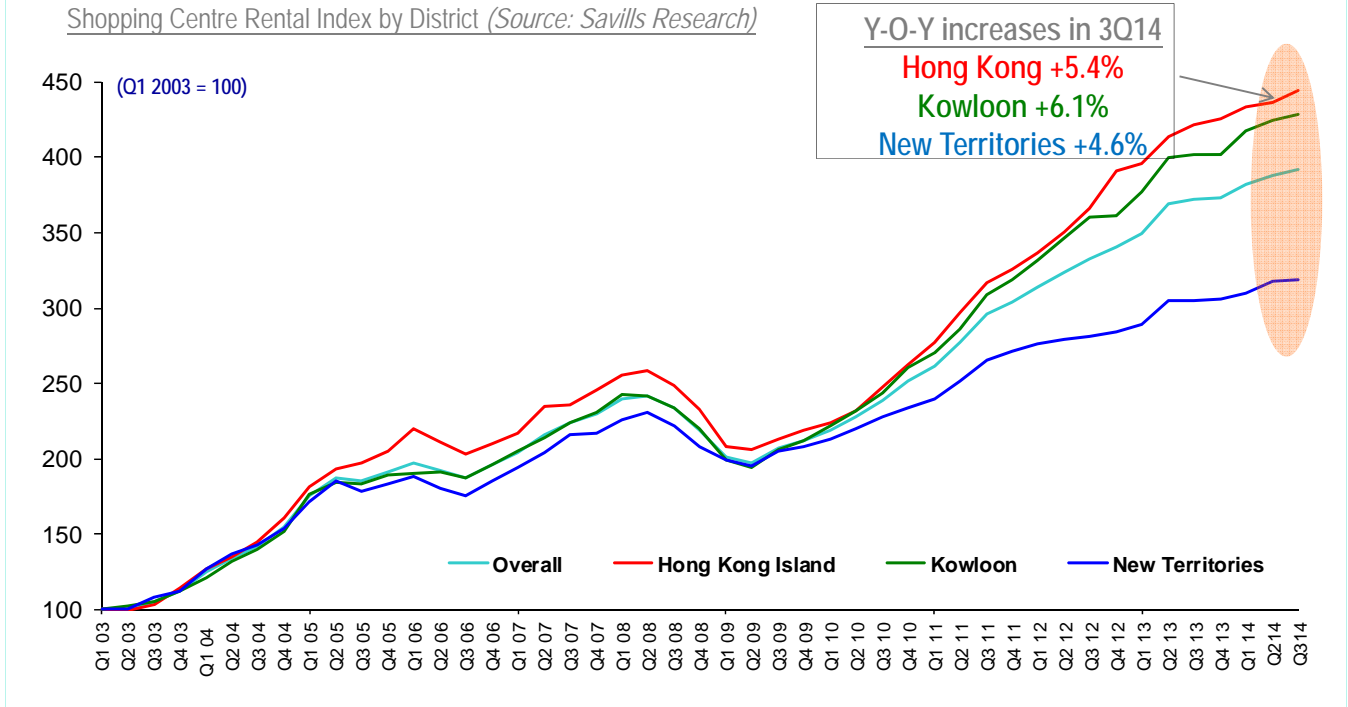
Period ended 30 Sep 2014 | 32



Solid Shopping Centre Rent

Rising for 21 consecutive quarters since 2Q09

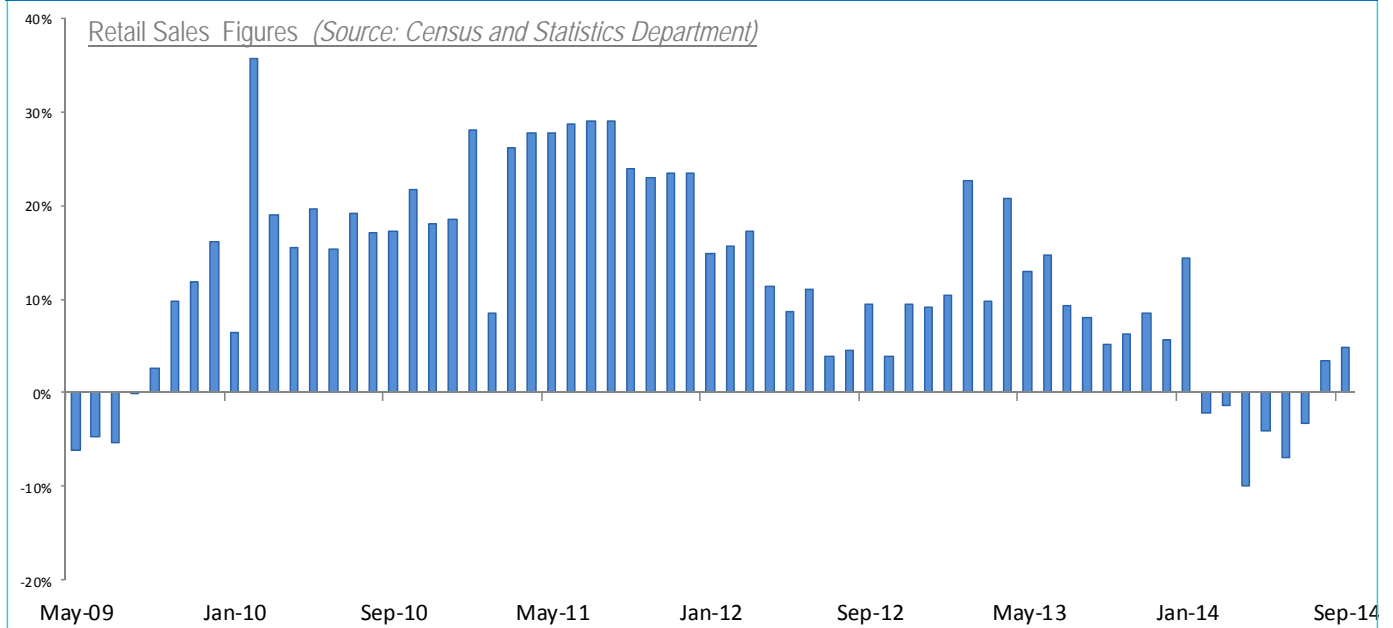
Shopping Centre Rental Index by District (Source: Savills Research)



Hong Kong Retail Sales

Value of total retail sales for first nine months of 2014 decreased by 0.4 % YoY

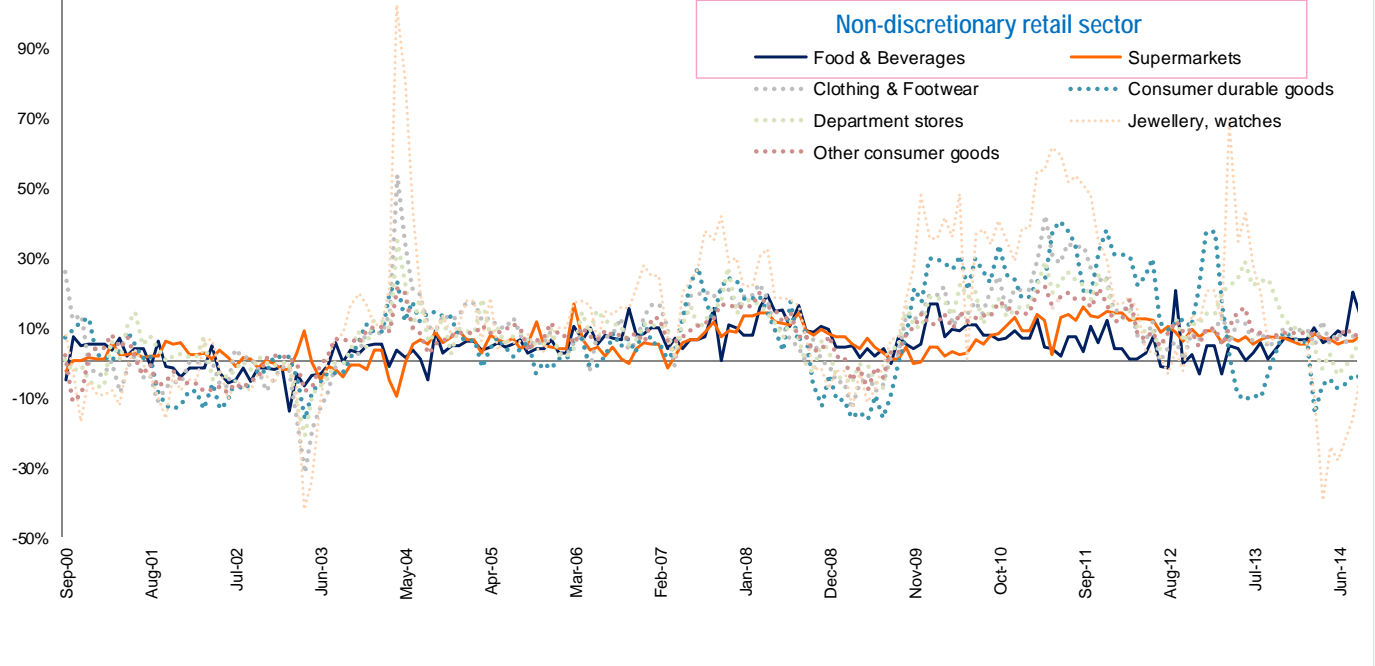
Retail Sales Figures (Source: Census and Statistics Department)





Non-discretionary spending sectors continues to show resilience

Retail Sales Figures (Source: Census and Statistics Department)



A New Brand for Next Phase of Growth



A new brand architecture under Fortune REIT

"Fortune REIT", the listed entity, heads the brand hierarchy and "Fortune Malls" will be the new bridging asset brand applied across all 17 malls under management.

All 17 malls will be given colourful new identities which share the same logo, but with different hues to reinforce the new Fortune Malls image.





2013 Annual Report Awards



2014 International ARC Awards

- Gold Award – Cover Photo/Design
- Silver Award – Printing and Production
- Bronze Award – Non-English Annual Report

Annual Reports



2014 Galaxy Awards

- Silver Award – Annual Report- Overall Presentation

ASIAMONEY

BEST
MANAGED
COMPANIES

2014

2014 Best Managed Company
Awards in Hong Kong – AsiaMoney



10th Corporate Governance Asia
Recognition Awards



U Choice Lifestyle Brand Award 2014 –
Leisure Life: Your Favourite Shopping Mall

Period ended 30 Sep 2014 | 37



Contact Us

ARA Asset Management (Fortune) Limited

Anthony Ang	Chief Executive Officer	anthonyang@ara.com.hk
Justina Chiu	Deputy Chief Executive Officer	justinachiu@ara.com.hk
Jenny Hung	Director, Investment and IR	jennyhung@ara.com.hk

Singapore Office

#16-02 Suntec Tower 4
6 Temasek Boulevard
Singapore 038986

Tel: +65 6835 9232
Fax: +65 6835 9672

<http://www.fortunereit.com>

Hong Kong Office

Units 5508-10 55/F The Center
99 Queen's Road Central
Hong Kong

Tel: +852 2169 0928
Fax: +852 2169 0968

<http://www.fortunemalls.com.hk>