



## Financial Results For The Year Ended 31 December 2015

21 Jan 2016



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## Results Highlights

Financial Results & Capital Management

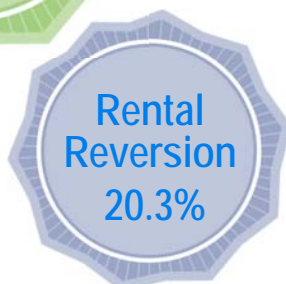
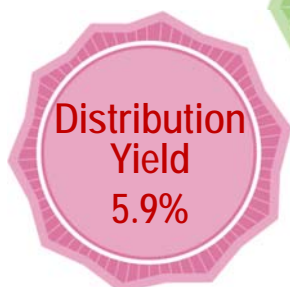
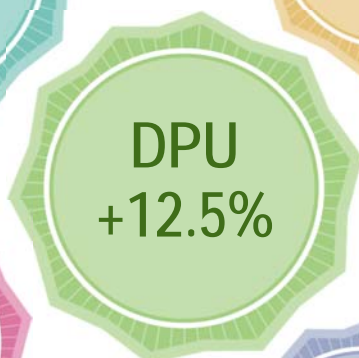
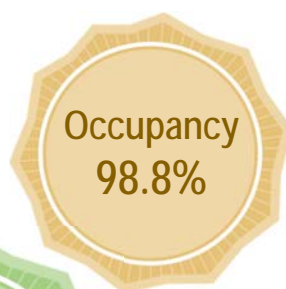
Portfolio Performance

Asset Enhancement Initiatives

Track Record and Prospect



## FY15 Results Highlights



For the 12 months ended 31 Dec 2015

Total Revenue	HK\$ 1,882.1M	+ 13.7% YoY
NPI	HK\$ 1,324.0M	+ 14.0% YoY
Distributable Income	HK\$ 884.6M	+ 13.3% YoY
DPU	HK\$0.4688	+ 12.5% YoY
Distribution Yield <sup>1</sup>	5.9%	
NAV Per Unit <sup>2</sup>	HK\$12.76	+ 7.0% YoY
Portfolio Valuation <sup>2</sup>	HK\$35,918M	+ 9.8% YoY
Gearing <sup>2</sup>	30.1%	
Rental Reversion <sup>3</sup>	20.3%	
Occupancy <sup>2</sup>	98.8%	
Passing Rent <sup>2</sup>	HK\$40.0 psf	

Notes:

1. Based on the closing unit price of HK\$7.98 in Hong Kong as at 31 Dec 2015.
2. As at 31 Dec 2015.
3. For all renewal leases from 1 Jan 2015 to 31 Dec 2015.





# Financial Performance FY15

**FY15 | Revenue +13.7% YoY | DPU +12.5% YoY**

	FY15 (HK\$'000)	FY14 (HK\$'000)	Variance (%)	4Q15 (HK\$'000)	4Q14 (HK\$'000)	Variance (%)
Total revenue	1,882,148	1,655,774	13.7%	489,105	425,686	14.9%
NPI	1,324,027	1,161,224	14.0%	340,766	293,513	16.1%
Income available for distribution	884,570	780,770	13.3%	226,513	197,207	14.9%
DPU (HK cents)	46.88	41.68	12.5%	11.96	10.50	13.9%

## Contributing factors

Additional income from Laguna Plaza acquired in Jan 2015

Strong rental reversions across the entire portfolio

Remarkable returns from the AEIs at Belvedere Square



Period ended 31 Dec 2015 | 5



# Portfolio Valuation

	Dec 15 <sup>1</sup> (HK\$ million)	Dec 14 <sup>2</sup> (HK\$ million)	Change (Dec 15 vs Dec 14)
1 Fortune City One	7,422	7,124	+4.2%
2 Fortune Kingswood	6,828	6,652	+2.6%
3 Ma On Shan Plaza	5,119	4,896	+4.6%
4 Metro Town	3,294	3,026	+8.9%
5 Fortune Metropolis	2,410	2,311	+4.3%
6 Laguna Plaza	2,214	Acquired on 9 Jan 2015	
7 Belvedere Square	2,107	1,914	+10.1%
8 Waldorf Avenue	1,594	1,582	+0.8%
9 Caribbean Square	969	943	+2.8%
10 Provident Square	961	922	+4.2%
11 Jubilee Square	872	863	+1.0%
12 Smartland	684	658	+4.0%
13 Tsing Yi Square	604	574	+5.2%
14 Centre de Laguna	271	264	+2.7%
15 Hampton Loft	268	258	+3.9%
16 Lido Avenue	186	182	+2.2%
17 Rhine Avenue	115	113	+1.8%
Nob Hill Square	Disposed on 2 Apr 15	438	N/A
<b>Fortune REIT Portfolio</b>	<b>35,918</b>	<b>32,720</b>	<b>+9.8%</b>

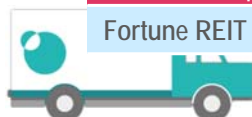
Portfolio at HK\$35,918M up 9.8% from Dec 2014

Cap rates remain unchanged. Portfolio weighted average retail cap rate @4.7%

Valuation increase driven by improved asset performance and the addition of Laguna Plaza

Notes:

- Valued by Savills
- Valued by Jones Lang LaSalle



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## 2015 Final Distribution

DPU	23.50 HK cents
Ex-distribution Date	3 February 2016
Payment Date	29 February 2016

**FinanceAsia**



ASIA'S  
BEST  
COMPANIES  
2015

**Fortune REIT**  
Hong Kong

Best Managed Public Companies (ranked 1st)  
Best Investor Relations (ranked 1st)  
Best Corporate Governance (ranked 1st)  
Most Committed to Paying Good Dividends (ranked 1st)

Jonathan Hirst  
Publisher

Jame DiBlassio  
Editorial Director

**Fortune REIT ranked 1<sup>st</sup>**  
as the Most Committed to Paying Good Dividends in Hong Kong



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### Results Highlights

### Financial Results & Capital Management

### Portfolio Performance

### Asset Enhancement Initiatives

### Track Record and Prospect





# Balance Sheet

As at 31 Dec 2015	(HK\$'000)
Current Assets	783,780
Non Current Assets	35,923,884
<b>Total Assets</b>	<b>36,707,664</b>
Current Liabilities	4,924,666
Non Current Liabilities	7,676,674
<b>Total Liabilities</b>	<b>12,601,340</b>
<b>Net Assets</b>	<b>24,106,324</b>

**Gearing Ratio** 30.1%

**Portfolio Valuation** HK\$35,918M

**NAV Per Unit<sup>1</sup>** HK\$12.76

Note:

1. The total number of deemed units used for the computation of net asset value per Unit is 1,889.9 million Units.



# Capital Management

Debt Profile	As at 31 Dec 15	As at 31 Dec 14
Total Debt	HK\$11,064M	HK\$9,893M
Gearing Ratio / Aggregate Leverage	30.1%	29.4%
Interest Cover <sup>1</sup>	4.81X	4.76X
Effective Interest Cost <sup>2</sup>	2.15%	2.17%

Notes:

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

Gearing at 30.1% with further debt headroom of HK\$2.7B (up to 35% gearing)<sup>1</sup>

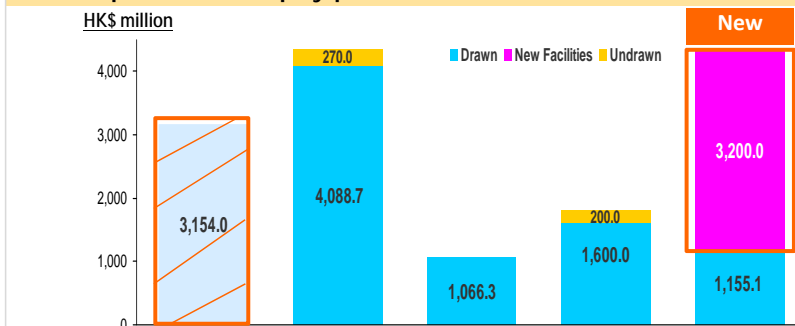
68% of debt hedged to mitigate interest rate volatilities

Entered into new facilities of HK\$3.2B at a margin of HIBOR + 120 bps to refinance facilities due in 2016. No further refinancing need until 2017

Note:

1. With effect from 1 January 2016, the gearing limit for Fortune REIT is 45% and the corresponding debt headroom is HK\$9.9B.

## Well-spread debt expiry profile



Debt expiry Post Refinancing	2016	2017	2018	2019	2020
	0.0%	36.8%	9.6%	14.4%	39.2%





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## Solid Asset Performance

	GRA (s.f.)	Occupancy (31 Dec 15)	Occupancy (31 Dec 14)
1. Fortune City One	414,469	99.3%	99.5%
2. Fortune Kingswood	665,244	99.6%	100.0%
3. Ma On Shan Plaza	310,084	100.0%	100.0%
4. Metro Town	180,822	100.0%	100.0%
5. Fortune Metropolis	332,168	98.4%	98.2%
6. Laguna Plaza	163,203	98.7%	Acquired on 9 Jan 15
7. Belvedere Square	276,862	97.4%	79.5%
8. Waldorf Avenue	80,842	99.5%	100.0%
9. Caribbean Square	63,018	100.0%	100.0%
10. Provident Square	180,238	91.7%	90.3%
11. Jubilee Square	170,616	99.6%	100.0%
12. Smartland	123,544	99.5%	99.9%
13. Tsing Yi Square	78,836	100.0%	100.0%
14. Centre de Laguna	43,000	99.4%	99.4%
15. Hampton Loft	74,734	100.0%	100.0%
16. Lido Avenue	9,836	100.0%	100.0%
17. Rhine Avenue	14,604	100.0%	100.0%
<b>Portfolio Total</b>	<b>3,182,120</b>	<b>98.8%</b>	<b>97.3%</b>

Reversion stands strong  
AEIs to drive further growth

**Portfolio Occupancy**

**98.8%**

**Average Rental Reversion**

**20.3%**

**Average Passing Rent**

**HK\$40.0 psf**

Original portfolio<sup>1</sup> up 6.8% YoY

Note:  
1. Exclude Laguna Plaza and Nob Hill Square.





# Portfolio Expiry Profile

Expiry Profile by GRA (As at 31 Dec 15)	(% of occupied GRA)		
	2016	2017	2018 & Beyond
1. Fortune City One	45.2%	27.0%	27.8%
2. Fortune Kingswood	25.0%	49.2%	25.8%
3. Ma On Shan Plaza	41.0%	40.2%	18.8%
4. Metro Town	66.1%	22.8%	11.1%
5. Fortune Metropolis	57.2%	29.3%	13.5%
6. Laguna Plaza	30.0%	39.7%	30.3%
7. Belvedere Square	23.5%	37.0%	39.5%
8. Waldorf Avenue	16.2%	32.5%	51.3%
9. Caribbean Square	19.1%	38.0%	42.9%
10. Provident Square	58.0%	25.6%	16.4%
11. Jubilee Square	36.6%	40.2%	23.2%
12. Smartland	22.5%	48.8%	28.7%
13. Tsing Yi Square	33.5%	44.0%	22.5%
14. Centre de Laguna	23.3%	70.5%	6.2%
15. Hampton Loft	74.8%	0.0%	25.2%
16. Lido Avenue	57.3%	21.5%	21.2%
17. Rhine Avenue	4.0%	96.0%	0.0%
<b>Portfolio Total</b>	<b>38.2%</b>	<b>37.0%</b>	<b>24.8%</b>

2016 will benefit from the full-year effect of the strong rental reversion recorded in 2015



Fortune Kingswood



Fortune City One

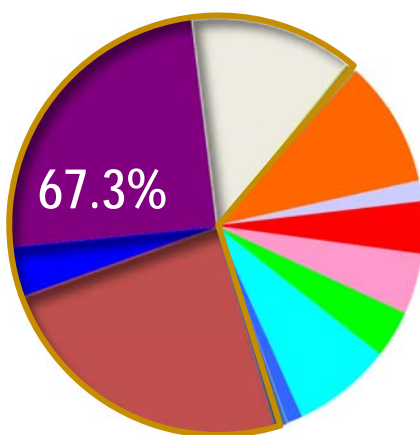
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# Portfolio Trade Mix

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

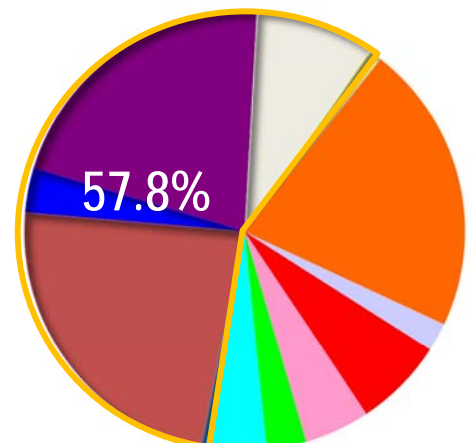
By Gross Rentable Area



Tenant's Trade Mix (as at 31 Dec 15)

1.0%	Community Services	0.4%
24.1%	Food & Beverages	23.2%
3.9%	Homewares	3.3%
24.6%	Services & Education	21.2%
12.7%	Supermarkets	8.7%
1.0%	Wet Markets	1.0%
9.8%	Banking & Real Estate	21.4%
1.6%	Electronics & IT	2.1%
4.0%	Fashion & Shoes	6.6%
4.7%	Gifts, Toys & Jewellery	4.8%
3.7%	Entertainment & Sports	2.9%
7.7%	Others	4.4%
1.2%	Vacant	0.0%

By Gross Rental Income



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## Promoting Fortune Malls

### Engage shoppers with different kinds of innovative festival events and cartoon-themed decorations



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## Enhanced offering with new tenants

### Active leasing strategies & tenant mix enhancement to drive rental growth



Fortune City One: F&B



Ma On Shan Plaza: F&B



Jubilee Square: Medical Services



Provident Square: Fashion & Sports



Ma On Shan Plaza: Beauty



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**Asset Enhancement Initiatives**

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## AEIs at Belvedere Square Phase 3 (BS3)



CAPEX	Commencement	Completion
HK\$80M	3Q 2014	4Q 2015

**Achieved ROI 20.3%**

**Occupancy up notably to 97.4%**

**Main entrance**



**New refreshed outlook of the mall**





# AEIs at Belvedere Square Phase 3 (BS3)



Bright and modern style of atrium



Before



New corridor was opened up to allow for more retail offerings



# AEIs at Belvedere Square Phase 3 (BS3)

Received strong leasing interests. New tenants to enhance retail offerings.



AEON Living Plaza



City Life



Snack Shop



F&B



Chinese Restaurant



Bakery





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## Pipelines & Proven Track Record in AEs

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



Note:

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





• 5.9% DPU yield

## 1. Attractive Valuation

## 2. Resilient Portfolio

• Sustainable growth across economic cycles

• Positive rental reversion supported by full employment and rising income

## 3. Stable Retail Outlook

## 4. AEs Growth

• Track record of executing value-added AEs

## 5. Acquisition Growth

• Strong pipeline from Cheung Kong



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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.



# Investment Highlights



## About Fortune REIT

- Listed in Singapore since Aug 2003 and Hong Kong since Apr 2010
- Converted to **Secondary Listing in Singapore** in Dec 2015 (**Hong Kong Primary Listing** status unchanged)
- Asia's 1<sup>st</sup> cross-border REIT and the 1<sup>st</sup> REIT to hold Hong Kong assets



## Portfolio of retail properties

- 17 private housing estate retail properties in Hong Kong
- Comprised of 3.18 million square feet of retail space and 2,713 carpark spaces
- Portfolio Valuation at **HK\$35.9 billion**



## Market Capitalization & NAV (as at 31 Dec 2015)

- Market capitalization of Fortune REIT at **HK\$ 15.1 billion**
- NAV at **HK\$12.76** per unit



## Distribution Policy

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



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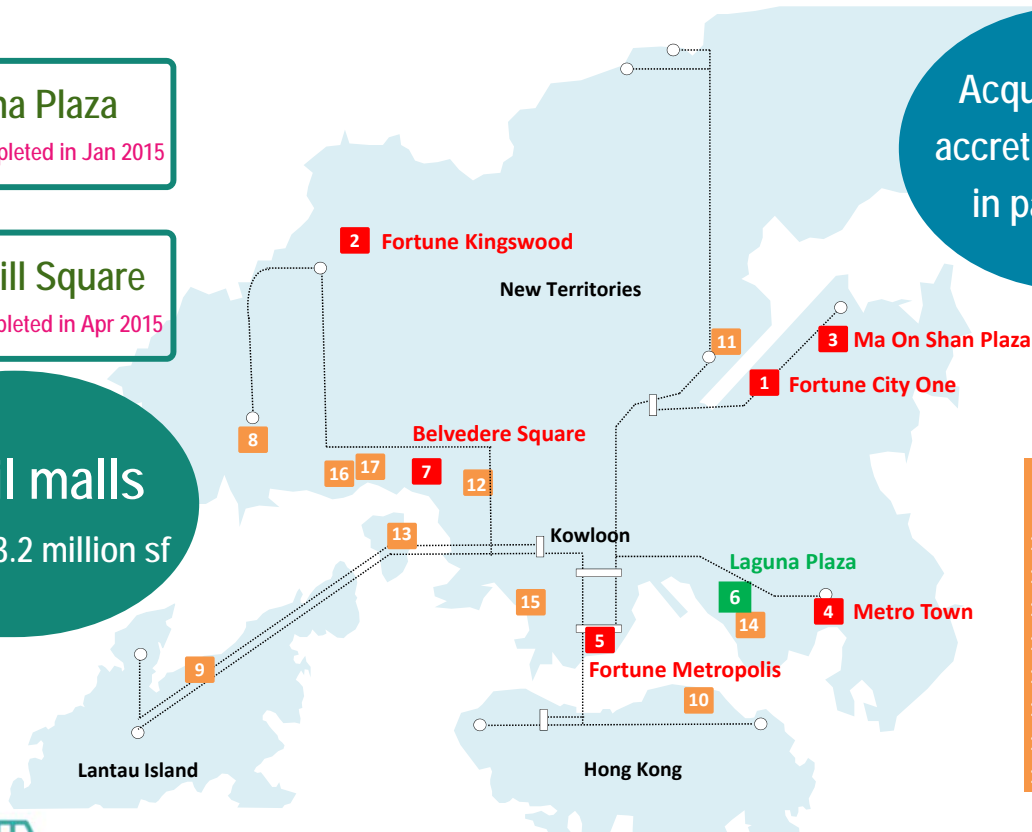
# Fortune REIT's Portfolio

★ **Laguna Plaza**  
Acquisition completed in Jan 2015

★ **Nob Hill Square**  
Disposal completed in Apr 2015

**17 retail malls**  
Total Area 3.2 million sf

Acquired 4 yield-accretive properties in past 3 years.



- 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



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# Portfolio Optimization

## Extracting Value from Proactive Portfolio Management

Acquisition of Laguna Plaza		Disposal of Nob Hill Square
January 2015	Completion	April 2015
163,203 sf	Gross Rentable Area	91,779 sf
HK\$1,918.5 million	Consideration	HK\$648 million
4.7%	Net Property yield	2.9%
8% discount	Comparison with Valuation	48% premium

**DPU-accretive**

Yield-accrative acquisition at discount to valuation. To drive further growth from portfolio

Proactive capital management. Greater financial flexibility to seize opportunities as they arise.

**NAV-accrative**

Divestment at premium to book to maximize return and unlock value for unitholders



# Proven Acquisition Growth

## Portfolio expanded for more than 10 times in 11 years

IPO in 2003	2005	2009	2012	2013	2015
5 malls	+6 malls	+3 malls	+2 malls	+1 mall	+1 mall
HK\$3.3B	AUM increasing to				HK\$35.9B

Jubilee Square	Rhine Avenue	Metro Town	Provident Square	Fortune Kingswood	Laguna Plaza
Smartland	Lido Avenue	Caribbean Square	Belvedere Square		
Nob Hill Square <sup>1</sup>	Centre de Laguna	Hampton Loft			
Ma On Shan Plaza	Tsing Yi Square				
Fortune Metropolis	Waldorf Avenue				
	Fortune City One				

Note:  
1. Nob Hill Square was disposed on 2 Apr 2015.



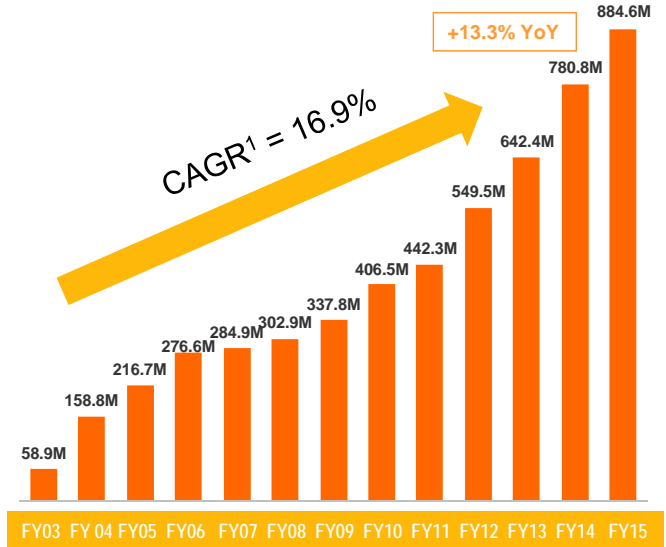
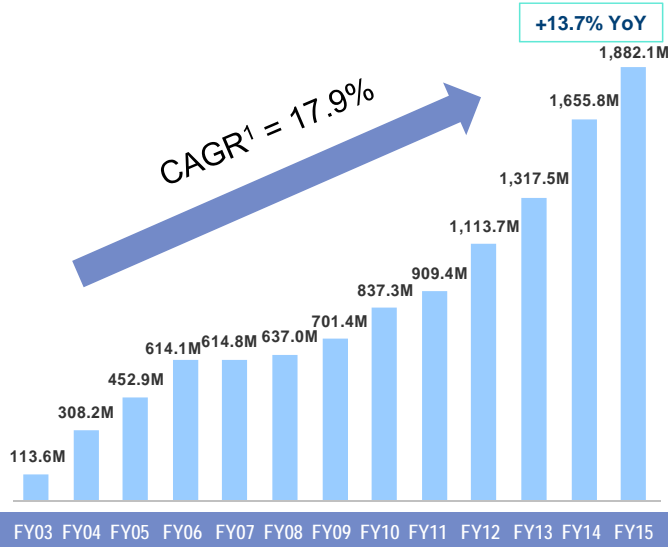


# Years of Sustainable Growth

## 12 consecutive years of sustained growth

### Total Revenue (HK\$)

### Distributable Income (HK\$)



Note:  
1. 2004 – 2015 compound annual growth rate (CAGR).



# AEIs at Fortune City One



CAPEX	Commencement	Completion
HK\$150M	2Q 2010	October 2013

Achieved ROI >20%





# 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.



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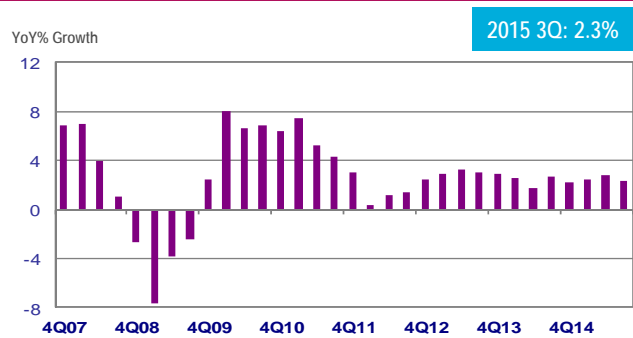


# Hong Kong Economy

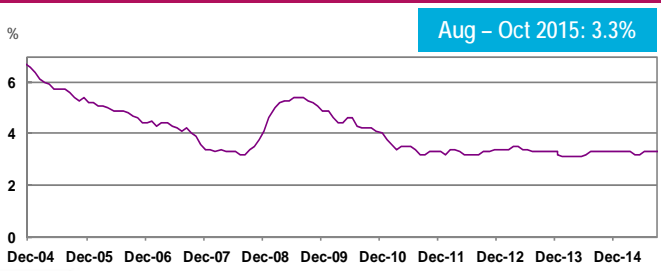
## Economy recorded modest growth

- ✓ HK GDP growth slowed down in 3Q15, with GDP expanded by only 2.3%, slower than the 2.8% in 2Q15
- ✓ Domestic demand remained the key source of economic growth: private consumption remained solid, supporting by broadly stable labour market and income conditions
- ✓ GDP growth for 2015 full year was forecasted at 2.4%

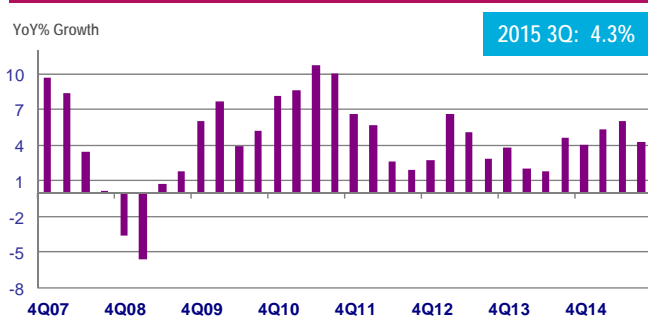
## GDP: HK Economy growth slowed down in 3Q15



## Unemployment: Labour market stay resilient



## Private consumption: Domestic sector increased solidly in 3Q15



Source: Census & Statistics Department, HK

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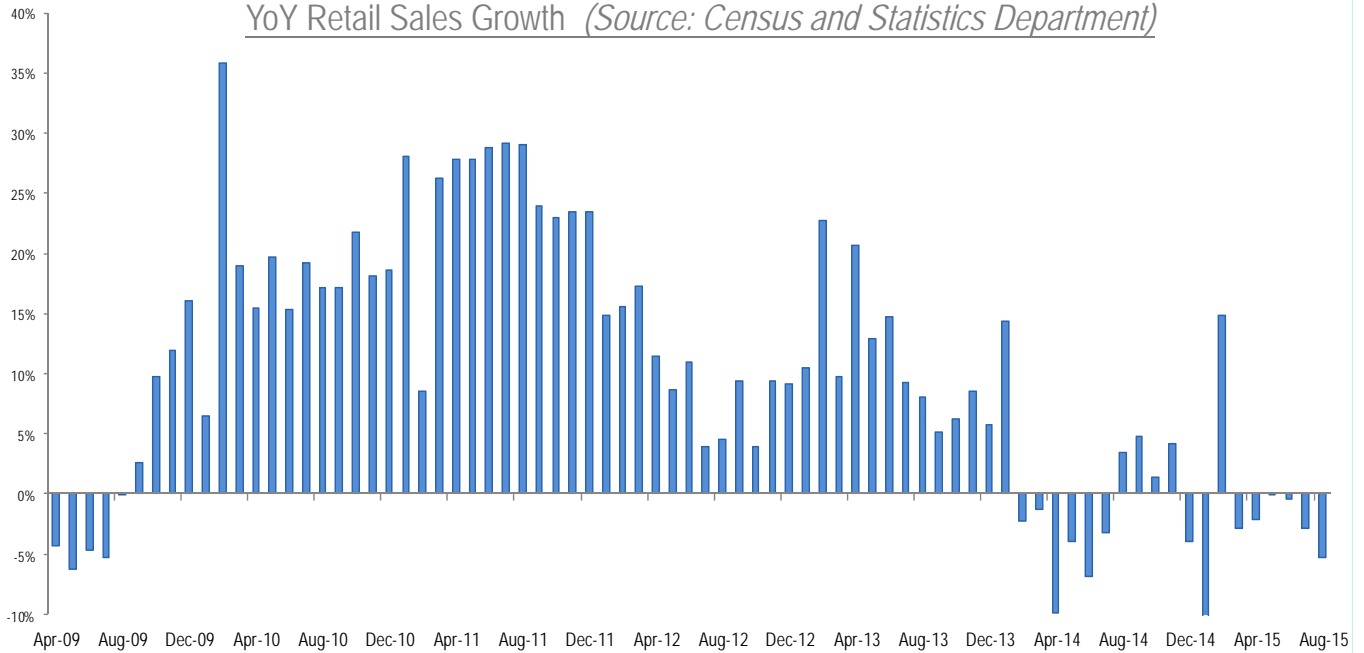




# Hong Kong Retail Sales

Value of total retail sales for first eleven months of 2015 decreased by 3.1% YoY

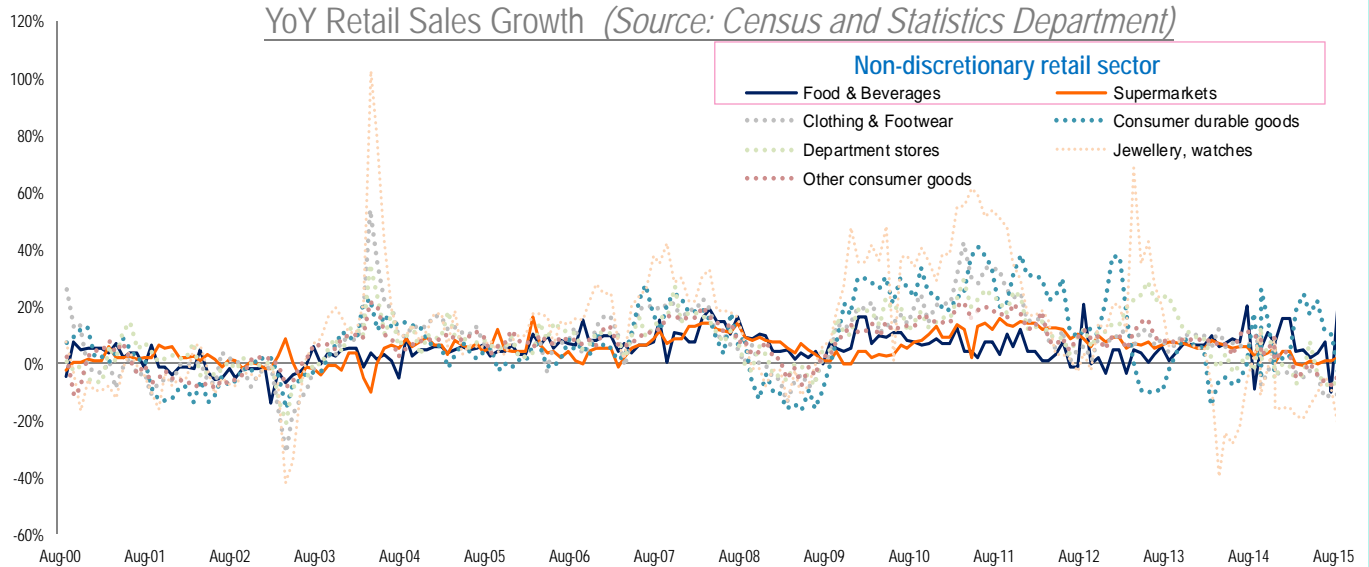
YoY Retail Sales Growth (Source: Census and Statistics Department)



# Hong Kong Retail Sales

Non-discretionary spending sectors continues to show resilience

YoY Retail Sales Growth (Source: Census and Statistics Department)





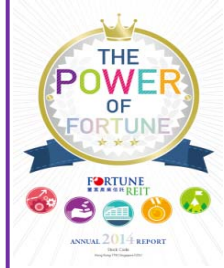
# Wide Recognition in Excellence in FY15

## Corporate Governance



1. Outstanding Listed Company Award 2015
2. Finance Asia's Best Companies Poll 2015 (5 Champions)
3. Best Investment Value Award for Listed Companies 2015

## Investor Communications



4. ARC Awards 2015 (4 Golds)
5. Vision Awards (Silver)
6. HKIRA 1st Investor Relations Awards (3 Champions)



# 11 Awards in different categories

## Corporate Social Responsibility



7. 5 Years Plus Caring Company Logo
8. U Green Awards 2014/15
9. Green Mark Certification & Q-Mark Elite Brand Awards 2015
10. Indoor Air Quality Certificate
11. Experiential Marketing Brilliance Awards 2015



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## Contact Us



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