



Results Overview

Disposal of Provident Square
Capital Management
Portfolio Performance
AEIs
Strategy





FY2017 Results Overview

HK\$'M	FY2017	FY2016	Variance (%)	2H2017	2H2016	Variance (%)
Revenue	2,030.2	1,975.4	+ 2.8%	1,026.9	996.3	+3.1%
Property operating expenses	(528.3)	(521.9)	+1.2%	(274.5)	(270.6)	+1.4%
Net property income	1,456.7	1,409.8	+3.3%	729.7	703.9	+3.7%
Borrowing costs	(268.1)	(283.6)	-5.5%	(135.5)	(143.6)	-5.6%
Distributable income	970.8	935.2	+3.8%	483.5	465.2	+3.9%
DPU (HK\$ cents)	50.78	49.23	+3.1%	25.25	24.45	+3.3%

- Improvement in occupancy and acceleration of rental reversion in 2H2017
- NPI increased at a higher rate due to efficient cost control
- Proactive refinancing at lower cost eased pressure from rate hike

Year ended 31 Dec 2017 | 3



Continued Growth in DPU

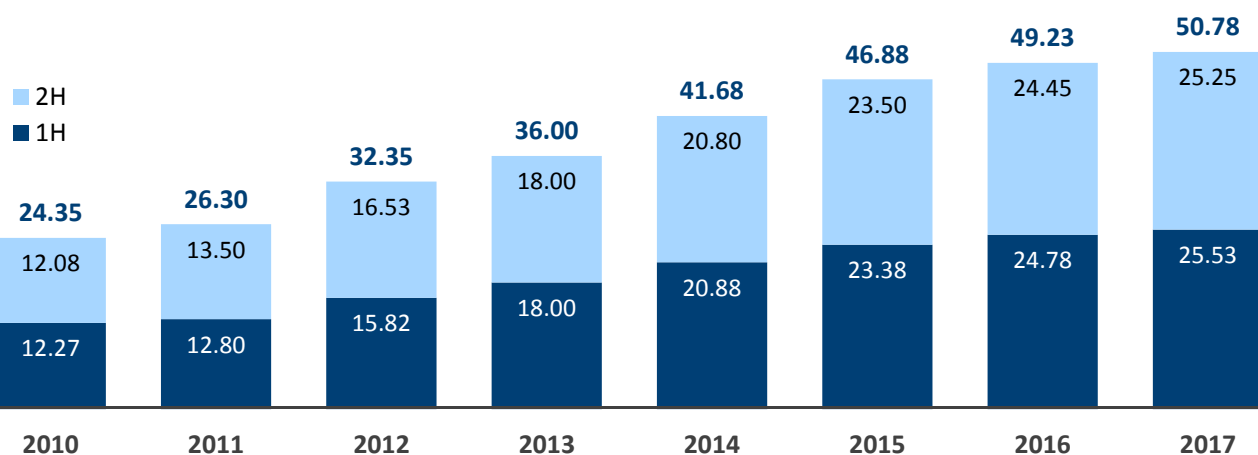
FY2017
DPU

50.78 HK Cents
▲ 3.1% YoY

Offers attractive
5.3% yield

DPU (HK Cents)

▲ 3.1%



Year ended 31 Dec 2017 | 4



FY2017 Financial Performance

Gross Revenue
HK\$2,030.2M
▲ 2.8% YoY

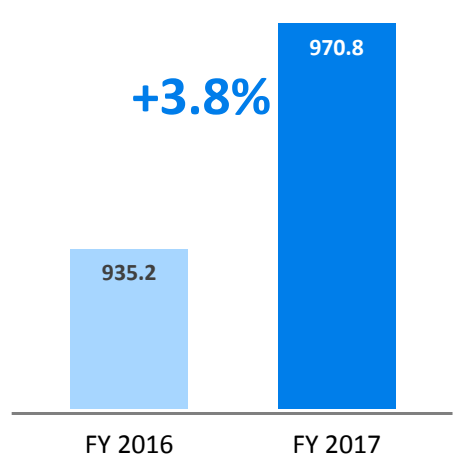
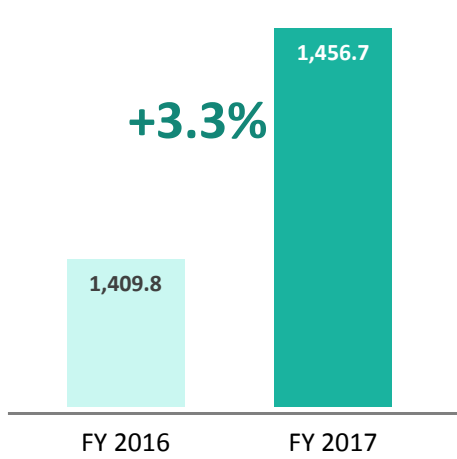
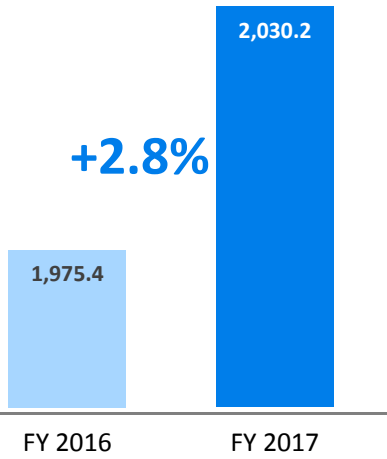
Net Property Income
HK\$1,456.7M
▲ 3.3% YoY

Distributable Income
HK\$970.8M
▲ 3.8% YoY

(HK\$ M)

(HK\$ M)

(HK\$ M)

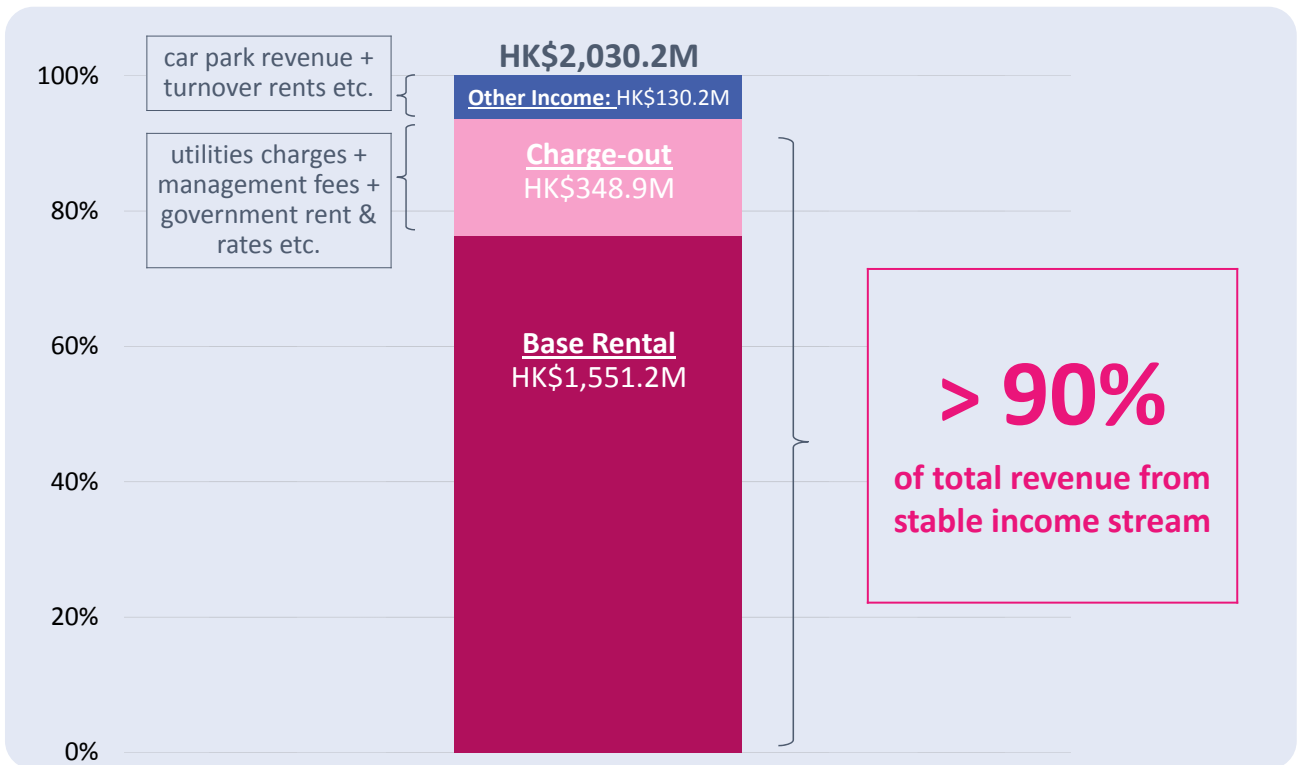


Year ended 31 Dec 2017 | 5



Stable Income Source

FY2017 Revenue Breakdown



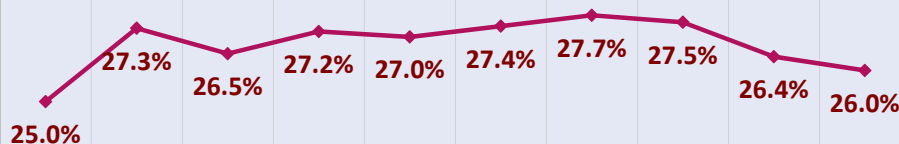
Year ended 31 Dec 2017 | 6



Improved Margin to Enhance NPI growth

Cost-to-revenue ratio

-- FY



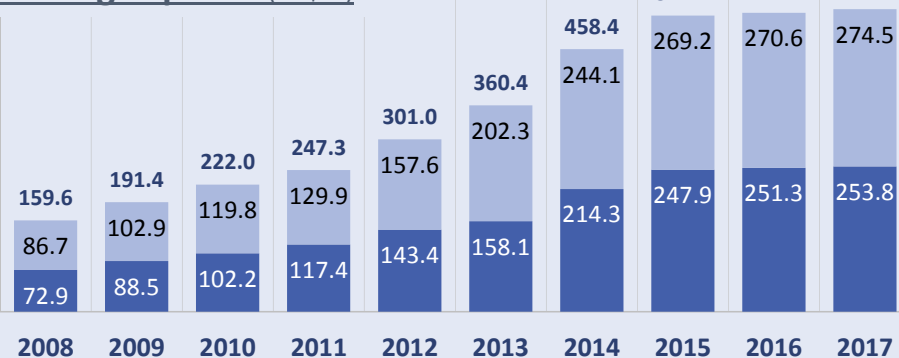
Improved Cost-to-revenue ratio

26.0%

Lowest since 2009

Operating expense (HK\$M)

2H
1H



well-contained operating expenses

only + **1.2%**

NPI +3.3%

as a result



2017 Final Distribution

Distribution Timetable

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

Distribution Details

Distribution Period	1 Jul 2017 to 31 Dec 2017
DPU	25.25 HK cents
Ex-Distribution	5 February 2018
Book Closure	7 February 2018
Payment	28 February 2018





Disposal of Provident Square

To dispose Provident Square at HK\$2.0 Billion



Gross Rentable Area	: 180,238 sf
Appraised Value ¹	: HK\$1,061M
Purchase Price in 2012	: HK\$650M

Notes:

1. By Knight Frank as at 30 Nov 2017.
2. For the six months ended 30 Jun 2017.
3. By valuation as at 30 Jun 2017.

To unlock value with good return

✓ 1.8% NPI yield	✓ 88.5% Premium over Book	✓ 3.1X Purchase Price
✓ HK\$921M Disposal Gain	✓ 28.3% IRR Unleveraged for 5-year holding period	

Use of proceeds

✓ HK\$1,100M for debt repayment	✓ Potential AEIs, investment opportunities and other viable options
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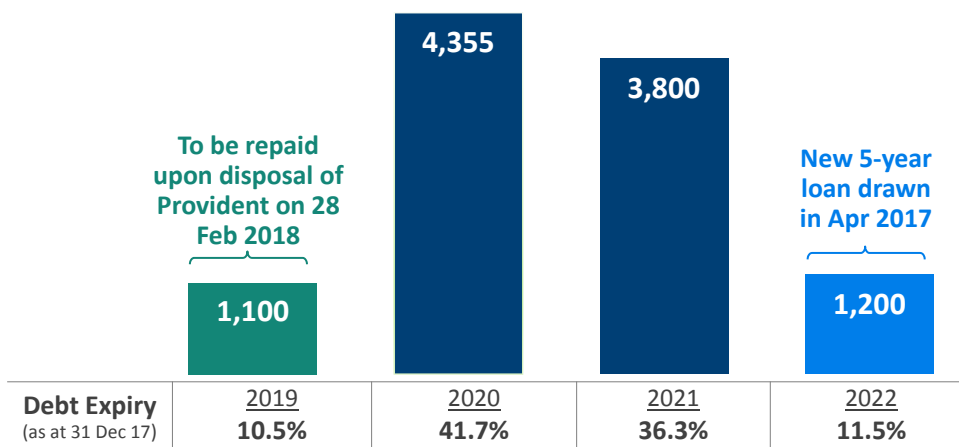
Completion expected on 28 Feb 2018

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Prudent Debt Management

Debt Maturity Profile (HK\$ million)



27.4%
Gearing

2.47%
All-in financing cost

Until **2019**
No refinancing needs

70%
Unsecured debt

HK\$ **12.7B**
Debt headroom

60%
Interest cost hedged

Note: The above information have not reflected the impact of the disposal of Provident Square. Completion is expected to take place on 28 Feb 2018.



Portfolio Valuation up 6.7%

Portfolio Valuation¹
HK\$38,812M
 ▲ 6.7% (from Dec 2016)

NAV per unit¹
HK\$14.05
 ▲ 8.9% (from Dec 2016)



@HK\$ **11,600**
 psf (G) retail



@HK\$ **706,400**
 per carpark lot



4.6%
 Retail cap rate

Note:
 1. Figures as at 31 Dec 2017 and have not taken into account the disposal of Provident Square. Completion is expected to take place on 28 Feb 2018.



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Portfolio Performance

	Occupancy	
	31 Dec 17	31 Dec 16
1. Fortune City One	98.4%	98.4%
2. Fortune Kingswood	95.8%	98.4%
3. Ma On Shan Plaza	99.0%	99.2%
4. Metro Town	100%	100%
5. Fortune Metropolis	98.4%	95.5%
6. Laguna Plaza	96.4%	97.0%
7. Belvedere Square	99.6%	100%
8. Waldorf Avenue	100%	100%
9. Provident Square	98.1%	84.6%
10. Caribbean Square	100%	98.3%
11. Jubilee Square	97.8%	96.9%
12. Smartland	97.5%	96.1%
13. Tsing Yi Square	100%	99.0%
14. Centre de Laguna	98.9%	100%
15. Hampton Loft	100%	66.4%
16. Lido Avenue	100%	100%
17. Rhine Avenue	100%	100%
Portfolio Total	98.1%	96.7%

Occupancy: 98.1%

A good uplift during 2017
Significant improvements in Laguna Plaza, Provident Square & Hampton Loft.

Rental Reversion: 12.8%

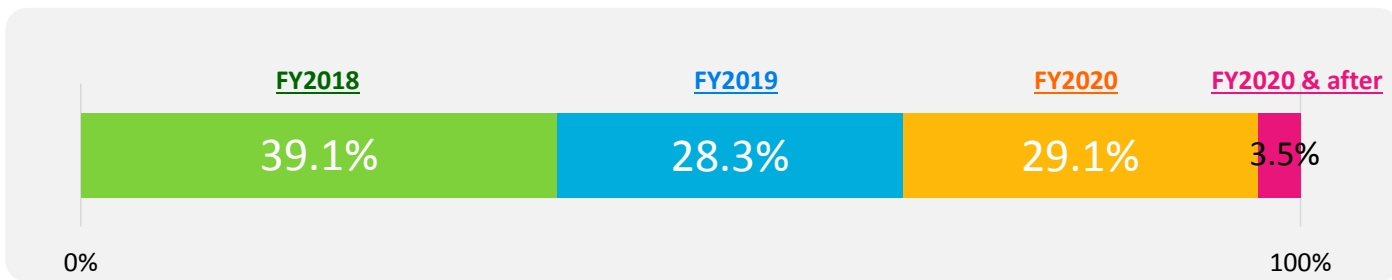
Accelerated from 10.7% in 1H2017

Passing Rent: HK\$43.2psf



Proactive leasing strategies

Lease Expiry Profile (Based on total leased GRA as at 31 Dec 2017)



Selected New and Expanding Tenants (Entered Fortune Malls during FY2017)

New...

Expanding...



Enhanced tenant mix to drive rental growth



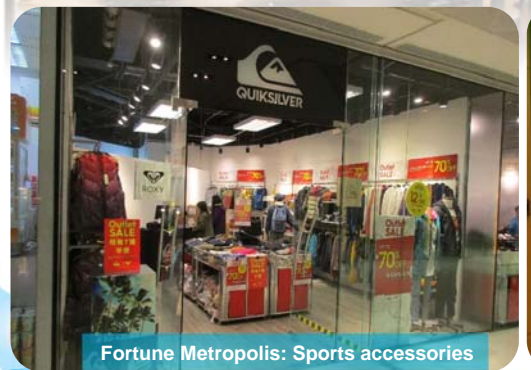
Fortune City One: Sports accessories



Fortune City One: F&B



Ma On Shan Plaza: Baby Care Products



Fortune Metropolis: Sports accessories



Fortune Kingswood: F&B



Laguna Plaza: Chinese Restaurant



Well-positioned Trade Mix

Well-diversified tenant base

1,392 tenants

High tenant retention

78%

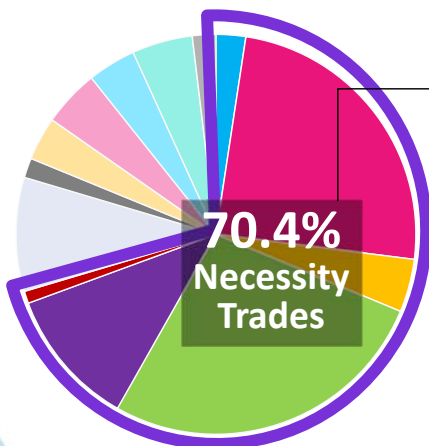
Strong focus on necessity trades

>60%

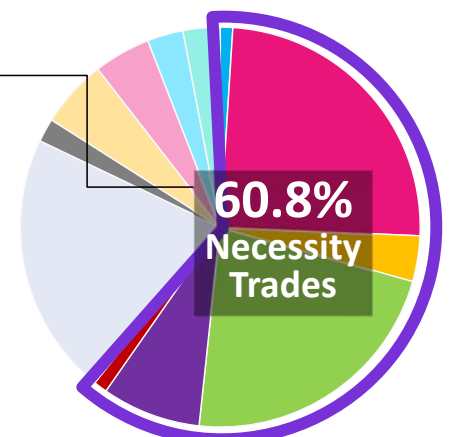
By Gross Rentable Area

Tenant's Trade Mix (as at 31 Dec 2017)

By Gross Rental Income



2.4%	Community Services	1.0%
24.6%	Food & Beverages	24.7%
4.3%	Homewares	3.7%
26.9%	Services & Education	22.3%
11.2%	Supermarkets	8.0%
1.0%	Wet Markets	1.1%
9.2%	Banking & Real Estate	21.3%
1.6%	Electronics & IT	1.9%
3.5%	Fashion & Shoes	5.5%
4.6%	Gifts, Toys & Jewellery	4.6%
3.9%	Entertainment & Sports	2.9%
4.9%	Others	3.0%
1.9%	Vacant	0.0%





Promoting Fortune Malls



Monchichi Summer event



Fueki Mid-Autumn decoration



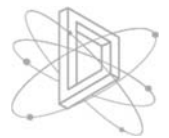
X'mas decoration & event



Dancing Show



Fathers' Day event



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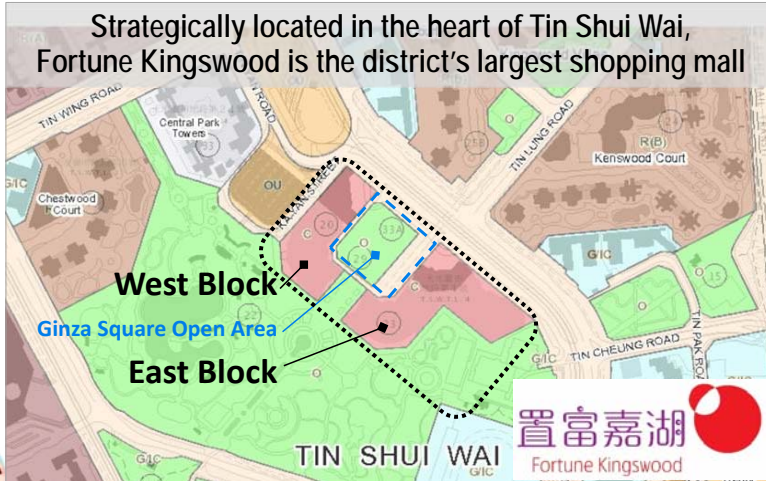




Largest-ever AEs at Fortune Kingswood

Fortune Kingswood has been a growth engine for Fortune REIT since 2013

- Completed in 1996 with a total GRA of 665,244 sf
- Contributed 18.5% of portfolio revenue in 2017
- The only cinema and largest supermarket in TSW as key attractions
- 16,500 households in Kingswood Villas as immediate catchment



1st phase of AEs at West Block

- Budgeted capex of HK\$150M
- Project expected to start in 2Q2018
- To improve mall's efficiency, visitor circulation and F&B offerings

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The graphic features several stylized atom symbols and cartoon characters. At the bottom, there are illustrations of the Fortune Kingswood and Fortune City One buildings. The central text is presented in a pink box.



Why invest in Fortune REIT

Resilient Portfolio

- Strong focus on non-discretionary consumption

Robust Financials

- Prudent gearing & majority interest cost hedged

5.3%
DPU Yield¹

AEIs Growth

- AEIs at our largest property, Fortune Kingswood to drive growth

Acquisition Growth

- Current debt headroom of HK\$12.7B
- Strategic disposal to unlock value and strengthen financial capability

Note:

1. Based on the closing unit price of HK\$9.66 in Hong Kong as at 29 Dec 2017.

Year ended 31 Dec 2017 | 23



Appendices

Fortune REIT's Three Growth Strategies

Active leasing management

Asset enhancement initiatives

Yield-accretive acquisitions





Income Statement

HK\$'M	FY17	FY16	Variance (%)
Revenue	2,030.2	1,975.4	+2.8%
Property operating expenses	(528.3)	(521.9)	+1.2%
Manager's performance fee	(45.1)	(43.7)	+3.2%
Net property income	1,456.7	1,409.8	+3.3%
Manager's base fee	(112.7)	(108.8)	+3.6%
Borrowing costs	(268.1)	(283.6)	-5.5%
Change in fair value of investment properties	2,391.5	377.0	+534.4%
Other items ¹	(47.2)	75.2	-162.8%
Profit before taxation	3,420.3	1,469.6	+132.7%
Income tax expense	(219.3)	(211.7)	+3.6%
Profit for the period	3,201.0	1,257.9	+154.5%
Distributable income	970.8	935.2	+3.8%
DPU (HK\$ cents)	50.78	49.23	+3.1%

Note:

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

Year ended 31 Dec 2017 | 25



Robust Balance Sheet

HK\$'000	31 Dec 2017	31 Dec 2016
Current assets	783,662	652,497
Non current assets	37,770,279	36,418,702
Assets of a disposal co. classified as held for sale ¹	1,068,187	-
Total assets	39,622,128	37,071,199
Current liabilities	2,959,274	1,864,582
Non current liabilities	9,736,359	10,661,734
Liabilities of a disposal co. classified as held for sale ¹	38,728	-
Total liabilities	12,734,361	12,526,316
Net assets	26,887,767	24,544,883
Units in issue ('000 units)	1,914,348	1,902,128

Portfolio Valuation

HK\$ 38,812 million

NAV per Unit

HK\$ 14.05

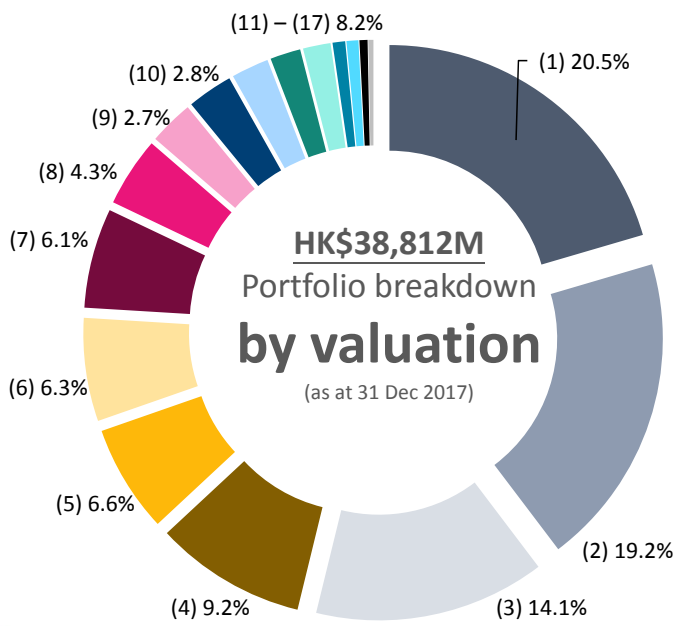
Note:

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

Year ended 31 Dec 2017 | 26



Portfolio Valuation



Portfolio Valuation¹ (HK\$M)

(1) Fortune City One	7,939
(2) Fortune Kingswood	7,462
(3) Ma On Shan Plaza	5,489
(4) Metro Town	3,590
(5) Fortune Metropolis	2,557
(6) Laguna Plaza	2,450
(7) Belvedere Square	2,370
(8) Waldorf Avenue	1,651
(9) Provident Square	1,061
(10) Caribbean Square	1,080
(11) Jubilee Square	892
(12) Smartland	723
(13) Tsing Yi Square	656
(14) Centre de Laguna	299
(15) Hampton Loft	283
(16) Lido Avenue	190
(17) Rhine Avenue	120
Portfolio Total	38,812

Portfolio Valuation

HK\$38,812M

▲ **6.7%** from Dec 2016

Retail Cap Rate

Average **@4.6%**

Note:

1. Valued by Knight Frank as at 31 Dec 2017.

2. Portfolio valuation includes Provident Square, which disposal will be completed on 28 Feb 2018.

Year ended 31 Dec 2017 | 27



Investment Highlights

HK\$18.5B¹
Market Cap

HK\$38.8B^{1,2}
Portfolio Valuation

HK\$14.05^{1,2}
NAV

100%
Dividend Payout

14 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 31 Dec 2017

2. Includes Provident Square, which disposal will be completed on 28 Feb 2018.

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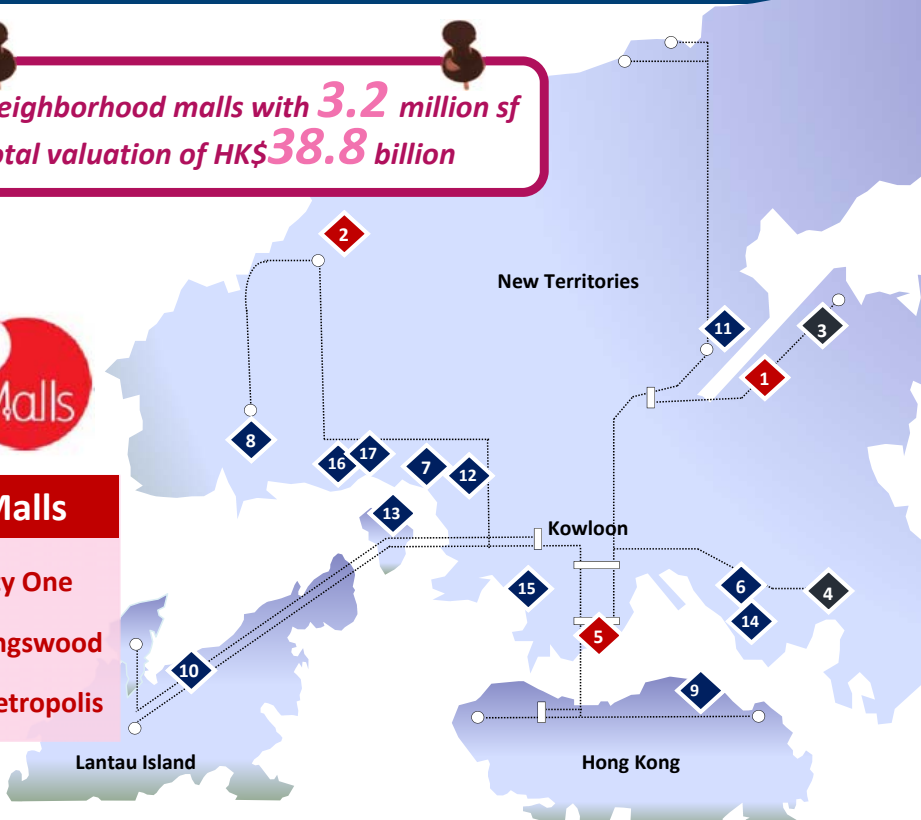


Fortune REIT's Portfolio

17 Neighborhood malls with **3.2** million sf
Total valuation of **HK\$38.8** 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

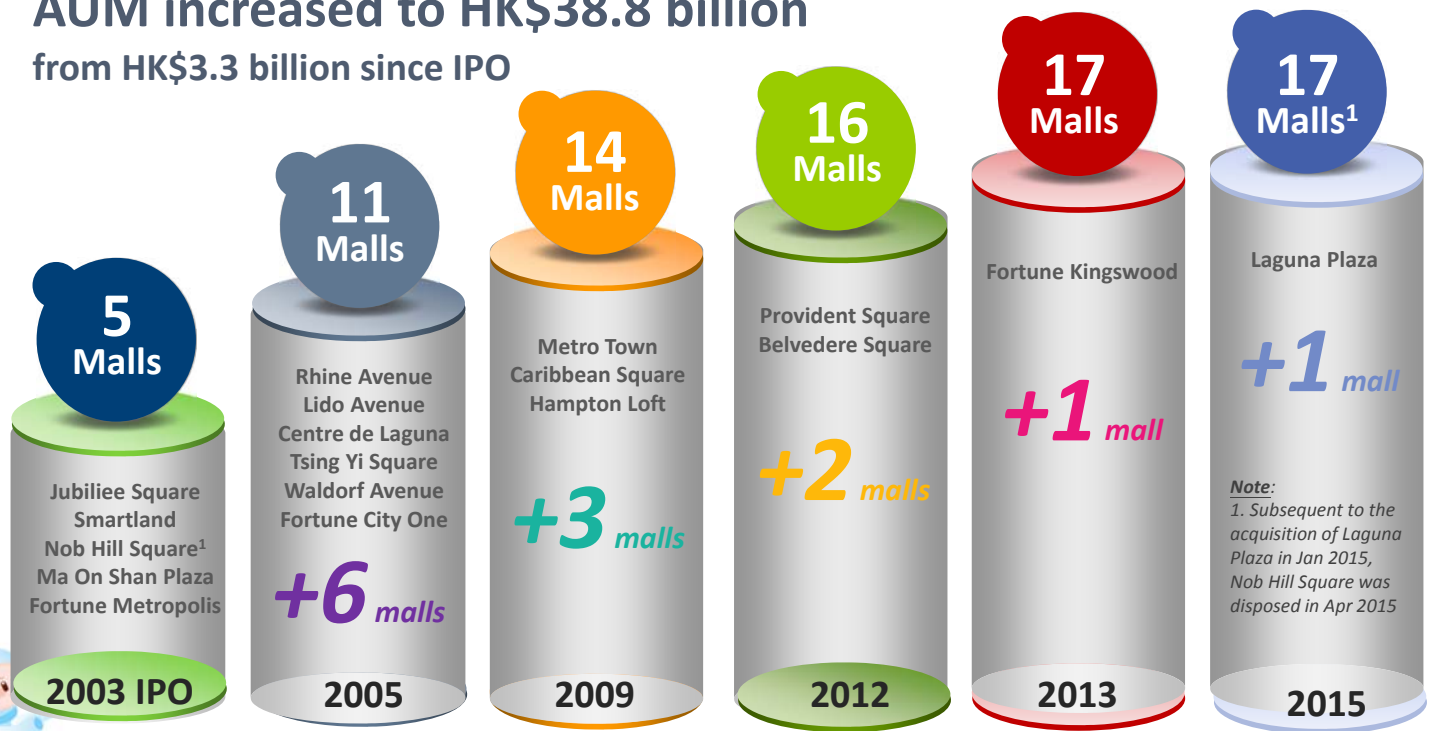


Note: Included Provident Square, of which disposal will be completed on 28 Feb 2018.



Proven Acquisition Growth

Asset Portfolio grew >10 times in 14 years
AUM increased to HK\$38.8 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%

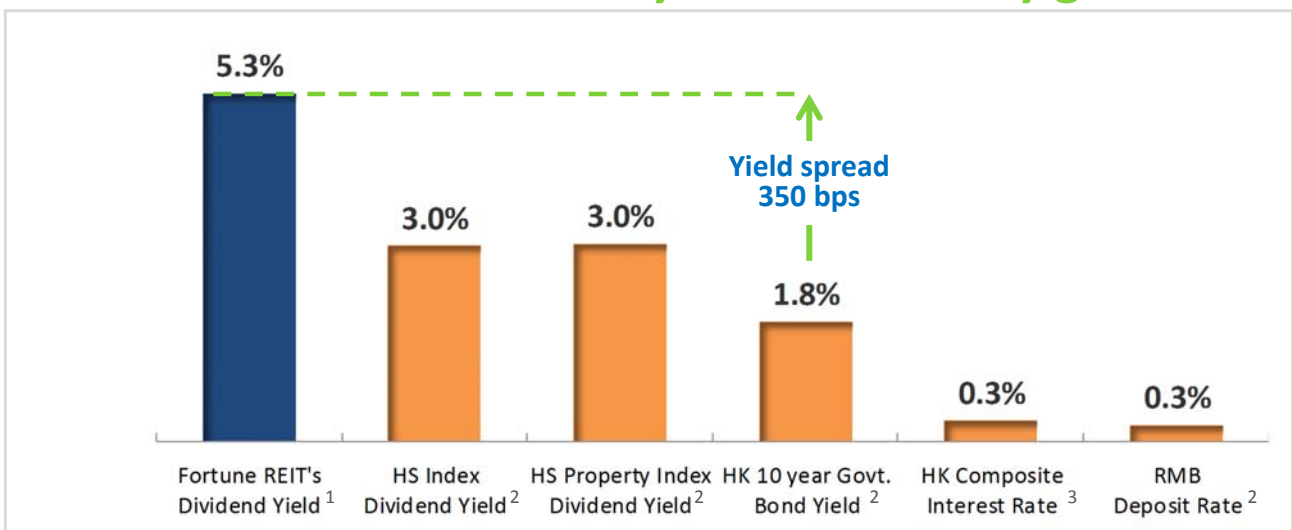


Year ended 31 Dec 2017 | 33



Resilient Asset Class with Attractive Yield

Offers 5.3% distribution yield with steady growth



Notes:

- 1. Based on HK Closing unit price of HK\$9.66 on 29 Dec 2017
- 2. As at Dec 2017.
- 3. As at Nov 2017.

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

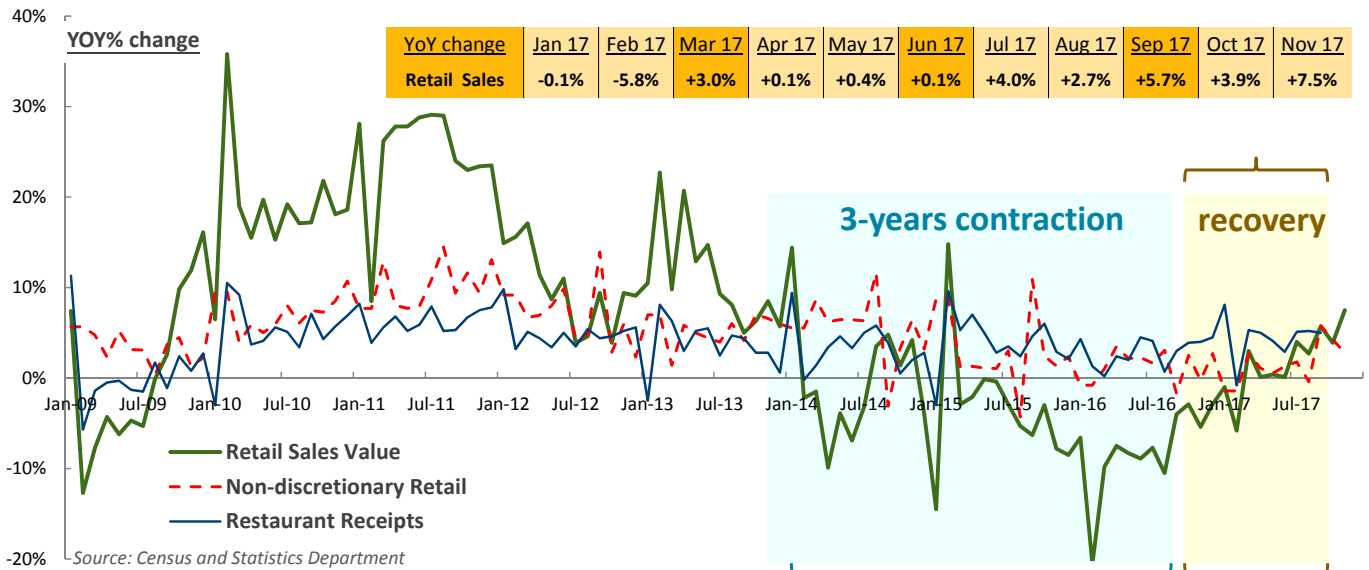
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Hong Kong Retail Sales

HK retail sales is picking up momentum after a three-year contraction

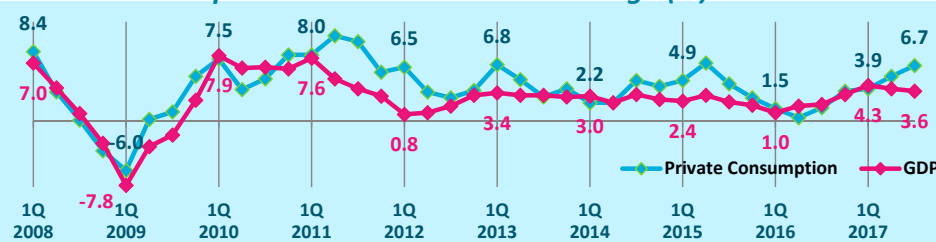


YOY %	2009	2010	2011	2012	2013	2014	2015	2016	11M2017
Total retail sales	+0.6%	+18.3%	+24.9%	+9.8%	+11.0%	-0.2%	-3.7%	-8.1%	+1.8%
Non-dis. retail	+3.5%	+7.4%	+10.1%	+7.0%	+5.4%	+5.4%	+3.2%	+1.2%	+1.5%
Restaurant Receipts	+0.6%	+5.1%	+6.4%	+5.0%	+3.5%	+3.5%	+3.9%	+2.9%	9M: +4.4%



Hong Kong Economy

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



Private Consumption
(2017 3Q) 6.7%

GDP grew notably by 3.6% in 3Q, sustaining the improving trend. Private Consumption held up particularly well.

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



CPI
(2017 4Q) 1.6%

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

Unemployment Rate (%)



Unemployment
(Oct to Dec 2017) 2.9%

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

Source: Census & Statistics Department, HK



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