



**Fortune Real Estate Investment Trust
Financial Statements
For the financial period from 1 January 2013 to 30 September 2013**

These figures have not been audited nor reviewed by our auditors.

Fortune Real Estate Investment Trust ("Fortune REIT") is a real estate investment trust constituted by a Trust Deed entered into on 4 July 2003 (as amended) made between ARA Asset Management (Fortune) Limited, as the Manager of Fortune REIT, and HSBC Institutional Trust Services (Singapore) Limited, as the Trustee of Fortune REIT. Fortune REIT was listed on the Singapore Exchange Securities Trading Limited and The Stock Exchange of Hong Kong Limited on 12 August 2003 and 20 April 2010 respectively.

On 9 October 2013, Fortune REIT completed the acquisition of Kingswood Ginza Property (rebranded as Fortune Kingswood). Following the acquisition, Fortune REIT now holds a portfolio of 17 retail properties in Hong Kong, comprising approximately 3.11 million square feet ("Sq.ft.") of retail space and 2,606 car parking lots. The retail properties are Fortune Kingswood, Fortune City One, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Belvedere Square, Waldorf Avenue, Caribbean Square, Provident Square, Jubilee Square, Smartland, Tsing Yi Square, Nob Hill Square, Centre de Laguna, Hampton Loft, Lido Avenue and Rhine Avenue. They house tenants from diverse trade sectors such as supermarkets, food and beverage outlets, banks, real estate agencies, and education providers.

Financial Statements Announcement
For the period from 1 January 2013 to 30 September 2013

1 (a) (i) Statement of comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HK\$ '000		%	HK\$ '000		%
	Actual 1/7/13 to 30/9/13 ^(a)	Actual 1/7/12 to 30/9/12 ^(a)		Increase/ (Decrease)	Actual 1/1/13 to 30/9/13 ^(a)	
Revenue ^(b)	256,268	231,450	10.7%	750,847	667,349	12.5%
Charge-out collections ^(c)	59,416	53,278	11.5%	174,057	154,760	12.5%
Total revenue	315,684	284,728	10.9%	924,904	822,109	12.5%
Property management fees	(7,267)	(6,585)	10.4%	(21,414)	(19,050)	12.4%
Other property operating expenses	(86,151)	(72,682)	18.5%	(230,101)	(203,616)	13.0%
Property operating expenses	(93,418)	(79,267)	17.9%	(251,515)	(222,666)	13.0%
Net property income (before manager's performance fee)	222,266	205,461	8.2%	673,389	599,443	12.3%
Manager's performance fee	(6,675)	(6,183)	8.0%	(20,218)	(18,056)	12.0%
Net property income	215,591	199,278	8.2%	653,171	581,387	12.3%
Interest Income	241	665	(63.8%)	560	2,437	(77.0%)
Net property income after interest income	215,832	199,943	7.9%	653,731	583,824	12.0%
Gain on disposal of investment properties ^(d)	-	-	NM	897	-	NM
Change in fair value of investment properties ^(e)	-	-	NM	1,957,965	932,845	109.9%
Change in fair value of financial instruments ^(f)	(3,889)	(7,340)	(47.0%)	103,327	(3,239)	NM
Profit before borrowing costs	211,943	192,603	10.0%	2,715,920	1,513,430	79.5%
Borrowing costs	(34,108)	(33,715)	1.2%	(100,718)	(94,633)	6.4%
Profit before tax	177,835	158,888	11.9%	2,615,202	1,418,797	84.3%
Hong Kong taxation :						
Current taxation	(24,414)	(21,278)	14.7%	(76,061)	(65,794)	15.6%
Deferred taxation	(6,563)	(6,042)	8.6%	(18,164)	(15,737)	15.4%
Total Hong Kong taxation	(30,977)	(27,320)	13.4%	(94,225)	(81,531)	15.6%
Net profit of property companies	146,858	131,568	11.6%	2,520,977	1,337,266	88.5%
Manager's base fee	(16,778)	(14,570)	15.2%	(48,321)	(42,667)	13.3%
Foreign exchange gain ^(g)	236	169	39.6%	97	158	(38.6%)
Non-tax deductible trust expenses ^(h)	(19,847)	(6,589)	201.2%	(33,191)	(38,373)	(13.5%)
Tax deductible trust expenses	(1,055)	(944)	11.8%	(2,888)	(2,900)	(0.4%)
Non tax-exempt income ⁽ⁱ⁾	1,681	837	100.8%	2,592	2,679	(3.2%)
Singapore taxation ^(j)	1,969	(140)	NM	1,815	(451)	(502.4%)
Total trust expenses	(33,794)	(21,237)	59.1%	(79,896)	(81,554)	(2.0%)
Net profit of the Group, before transactions with unitholders	113,064	110,331	2.5%	2,441,081	1,255,712	94.4%
Distributions to unitholders ^(k)	(153,342)	(138,661)	10.6%	(460,307)	(406,988)	13.1%
Net (loss)/profit of the Group, after transactions with unitholders	(40,278)	(28,330)	42.2%	1,980,774	848,724	133.4%
Net profit of the Group, before transactions with unitholders	113,064	110,331	2.5%	2,441,081	1,255,712	94.4%
Add/(Less):						
Manager's base fee	16,778	14,570	15.2%	48,321	42,667	13.3%
Foreign exchange gain ^(g)	(236)	(169)	39.6%	(97)	(158)	(38.6%)
Non-tax deductible trust expenses ^(h)	19,847	6,589	201.2%	33,191	38,373	(13.5%)
Gain on disposal of investment property ^(d)	-	-	NM	(897)	-	NM
Change in fair value of financial instruments ^(f)	3,889	7,340	(47.0%)	(103,327)	3,239	NM
Change in fair value of investment properties ^(e)	-	-	NM	(1,957,965)	(932,845)	109.9%
Income available for distribution^(l)	153,342	138,661	10.6%	460,307	406,988	13.1%

Footnotes:

- (a) *The Group's financial information incorporates the financial statements of the Trust and the Property Companies.*
- (b) *Revenue includes rental income, car park income, license income, atrium income and others.*
- (c) *Charge-out collections consist of expenses related to the operation of the properties that are payable by tenants and licensees and these expenses include air conditioning charges, management fees, promotional charges, government rents, utility charges, cleaning charges and government rates.*
- (d) *The Group sold 5 car park lots in one of the investment properties, Fortune City One, during the first quarter of 2013.*
- (e) *On 30 June 2013, an independent valuation was undertaken by Jones Lang LaSalle Limited. The firm is an independent valuer having appropriate professional qualifications and experiences in the location and category of the properties being valued. The valuations for the sixteen properties were based on a combination of the Income Capitalization Method and Direct Comparison Method. The existing valuations adopted amounted to HK\$22,188 million (31 December 2012: HK\$20,208 million).*
- (f) *The amount relates to the net gain/loss arising from the re-measurement of the plain vanilla interest rate swaps which were ineffective under cash flow hedge or not designated for hedge accounting as at 30 September 2013.*
- (g) *Foreign exchange gain represents realised and unrealised foreign exchange differences. The unrealised exchange difference arose from translation of monetary assets and liabilities denominated in foreign currencies into Hong Kong dollars at rates of exchange ruling at the end of the reporting period. The realised exchange difference arose from the settlement of foreign currencies payables at the transaction dates. All exchange differences are included in the statement of comprehensive income.*
- (h) *Included in the non-tax deductible trust expenses for the quarter is an accrual of acquisition cost of HK\$13.0 million for the acquisition of Fortune Kingswood, and for the period from 1 January 2012 to 30 September 2012 was an acquisition fee of HK\$19.0 million paid in the form of units to the Manager for the acquisition of Belvedere Square and Provident Square.*
- (i) *Non tax-exempt income refers mainly to interest income from fixed deposits.*
- (j) *Included in Singapore taxation are tax refund of HK\$1.3 million and write-back of provision of HK\$0.9 million during the quarter, upon finalization of the tax assessment by Comptroller of Income Tax for the year of assessment 2007 to 2009.*
- (k) *The amount of distribution to unitholders has been distributed and/accrued as distribution payable in the Statement of Financial Position.*
- (l) *Fortune REIT's distribution policy is to distribute to unitholders on a semi-annual basis, the higher of (i) 100% of its tax-exempt income (except dividends paid out of interest income and gains, if any, which are distributable at the discretion of the Manager) after deduction of applicable expenses ("Net Tax-Exempt Income"); and (ii) 90% of consolidated net profit after tax (before transactions with unitholders) for the relevant financial period adjusted to eliminate the effects of certain adjustments in the Code on Real Estate Investment Trust (the "REIT Code").*
- (m) *Save as disclosed above, there is no investment income, write-off for stock obsolescence, impairment in the value of investments, profit on sale of investments, properties or plant and equipment, exceptional and extraordinary items during the financial period and the previous corresponding financial period.*

1 (a) (ii) Statement of other comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HK\$ '000		%	HK\$ '000		%
	Actual 1/7/13 to 30/9/13	Actual 1/7/12 to 30/9/12	Increase/ (Decrease)	Actual 1/1/13 to 30/9/13	Actual 1/1/12 to 30/9/12	Increase/ (Decrease)
Net (loss)/profit of the Group, after transactions with unitholders	(40,278)	(28,330)	42.2%	1,980,774	848,724	133.4%
Other comprehensive income/(loss):						
Cash flow hedge						
- Change in fair value of financial instruments	1,733	(2,647)	(165.5%)	27,011	(19,784)	(236.5%)
- Release to profit or loss ^(a)	1,245	-	NM	4,150	-	NM
	2,978	(2,647)	212.5%	31,161	(19,784)	257.5%
Total comprehensive (loss)/income	(37,300)	(30,977)	20.4%	2,011,935	828,940	142.7%

Footnote:

- (a) As certain interest rate swap contracts were no longer highly effective, the respective cumulative losses from inception of the hedge until then that previously recognised in hedging reserve is released to consolidated income statement over the periods during which the interest payment in relation to the interest rate swap contracts affects the consolidated income statement. During the nine months ended 30 September 2013, release of such cumulative losses from the hedging reserve amounted to HK\$4.2 million.

1 (b)(i) Statement of financial position, together with a comparative statement as at the end of the immediately preceding financial year

	Trust		Group ^(a)	
	HK\$ '000		HK\$ '000	
	Actual 30/9/13	Actual 31/12/12	Actual 30/9/13	Actual 31/12/12
Current assets				
Cash and bank balances	1,108,681	438,309	1,348,448	578,022
Trade and other receivables	39,377	53,306	58,631	55,245
Total current assets	1,148,058	491,615	1,407,079	633,267
Non-current assets				
Investment in property companies	5,470,134	5,470,134	-	-
Investment properties ^(b)	-	-	22,209,854	20,208,000
Derivative assets ^(d)	-	-	61,225	-
Total non-current assets	5,470,134	5,470,134	22,271,079	20,208,000
Total assets	6,618,192	5,961,749	23,678,158	20,841,267
Current liabilities				
Trade and other payables	16,687	7,906	422,375	410,827
Distribution payable ^(c)	153,342	281,135	153,342	281,135
Borrowings	-	-	840,000	940,000
Derivative liabilities ^(d)	-	-	6,080	-
Provision for taxation	440	1,515	89,523	14,538
Total current liabilities	170,469	290,556	1,511,320	1,646,500
Non-current liabilities				
Borrowings	-	-	3,891,438	3,878,815
Deferred tax liabilities	-	-	211,050	192,886
Derivative liabilities ^(d)	-	-	66,014	145,357
Total non-current liabilities	-	-	4,168,502	4,217,058
Total liabilities	170,469	290,556	5,679,822	5,863,558
Net assets attributable to unitholders	6,447,723	5,671,193	17,998,336	14,977,709

Footnotes:

- (a) The Group's financial information incorporates the financial statements of the Trust and the Property Companies.
- (b) Investment properties are stated at valuation based on an independent professional valuation carried out by Jones Lang LaSalle Limited, the independent valuer on 30 June 2013. During the period, some capital costs for the properties were incurred and included in the investment properties.
- (c) Distribution payable is the amount of income available for distribution accrued from 1 July 2013 to 30 September 2013. This is to comply with the REIT Code after the dual primary listing in Hong Kong, and for Fortune REIT's distribution policy please refer to footnote (l) of section 1(a)(i).
- (d) The derivative assets/liabilities relate to the fair value of the plain vanilla interest rate swaps transacted to hedge the interest rate risk on the borrowings.

1 (b)(ii) Aggregate amount of borrowings

As at 30/9/13

Amount repayable in one year or less, or on demand
 Amount repayable after one year

Secured ^(a)	Unsecured
HK\$ '000	HK\$ '000
840,000	-
3,891,438	-
4,731,438	-

As at 31/12/12

Amount repayable in one year or less, or on demand
 Amount repayable after one year

Secured ^(a)	Unsecured
HK\$ '000	HK\$ '000
940,000	-
3,878,815	-
4,818,815	-

Footnote:

- (a) Fortune REIT has in place two term loan and revolving credit facilities, being the 2011 Facilities and the 2012 Facilities. The 2011 Facilities is a 5-year term loan and revolving credit facilities of total HK\$3,800.0 million, comprising of a HK\$2,830.0 million term loan facility and a HK\$970.0 million revolving credit facility, which mature in 2016. As at 30 September 2013, HK\$3,668.0 million had been drawn down (31 December 2012: HK\$3,770.0 million).

The 2012 Facilities is a 3-year term loan and revolving credit facility of up to an aggregate principal amount of HK\$1,400.0 million, comprising of a HK\$1,100.0 million term loan facility and a HK\$300.0 million revolving credit facility, which mature in 2015. As at 30 September 2013, HK\$1,100.0 million had been drawn down (31 December 2012: HK\$1,100.0 million). There is an option to rollover the revolving credit facility of the 2011 Facilities and the 2012 Facilities up until maturity.

Included in the amount repayable after one year is an unamortized debt front end fee of HK\$36.5 million (31 December 2012: HK\$51.1 million). The 2011 Facilities is secured by, inter alia, a mortgage over Fortune City One, Ma On Shan Plaza, Fortune Metropolis, Smartland, Tsing Yi Square, Nob Hill Square, Centre de Laguna, Lido Avenue and Rhine Avenue whereas the 2012 Facilities is secured by, inter alia, a mortgage over Belvedere Square, Provident Square, Caribbean Square and Hampton Loft.

1 (b)(iii) Post Balance Sheet Note

Subsequent to the balance sheet date, Fortune REIT completed the acquisition of a retail property in Hong Kong namely Fortune Kingswood (the "Acquisition"). The Acquisition was partly financed by net proceeds from the placement of new Units which was completed on 6 August 2013 (the "Unit Placement") as well as drawdown of term loans.

On 7 October 2013, the Group entered into four credit agreements (the "New Facilities") for an aggregate term loan facilities of HK\$5,025.0 million for terms between 3.5 years to 5 years. On 9 October 2013, HK\$5,025.0 million was drawn down under the New Facilities to part finance the consideration of the Acquisition, and other fees and expenses (including stamp duty, advisory fees, professional fees and expenses) in connection with the Acquisition.

Significant Impact to Balance Sheet upon Completion of the Acquisition

a. Investment Properties

Valuation of investment properties increased from HK\$22,188.0 million to HK\$28,037.0 million with the newly acquired retail property.

b. Borrowings

Borrowings increased from HK\$4,768.0 million to HK\$9,793.0 million with the additional term loans of HK\$5,025.0 million.

c. Cash and bank balances

Cash and bank balances decreased by approximately HK\$947.0 million as the Acquisition was partly financed by the net proceeds from the Unit Placement.

1 (c) Statement of cash flows

	Group		Group	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
	Actual 1/7/13 to 30/9/13	Actual 1/7/12 to 30/9/12	Actual 1/1/13 to 30/9/13	Actual 1/1/12 to 30/9/12
Operating Activities				
Profit before taxation	142,072	137,791	2,533,491	1,337,694
Adjustments for:				
Change in fair value of investment properties	-	-	(1,957,965)	(932,845)
Change in fair value of financial instruments	3,889	7,340	(103,327)	3,239
Amortisation of debt front end fee	4,890	4,891	14,670	13,295
Gain on disposal of investment properties	-	-	(897)	-
Base fee paid in units	16,778	14,570	48,321	42,667
Acquisition fee paid in units	-	-	-	19,000
Interest income	(1,922)	(1,502)	(3,152)	(5,116)
Borrowing costs	34,108	33,715	100,718	94,633
Operating profit before changes in working capital	199,815	196,805	631,859	572,567
Increase in trade and other receivables	(2,065)	(5,492)	(2,531)	(2,905)
Increase in trade and other payables	1,721	9,997	14,876	20,181
Cash generated from operating activities	199,471	201,310	644,204	589,843
Income taxes refund/(paid)	1,273	-	739	(490)
Cash flow from operating activities	200,744	201,310	644,943	589,353
Investing Activities				
Upgrading of investment properties	(21,854)	(47,856)	(45,039)	(85,511)
Acquisition of property companies/properties, net of cash acquired	-	-	-	(1,896,231)
Disposal of investment properties	-	-	2,047	-
Interest received	646	1,387	2,297	8,326
Decrease in fixed deposits	-	-	-	150,000
Cash flow used in investing activities	(21,208)	(46,469)	(40,695)	(1,823,416)
Financing Activities				
Proceeds from issue of new units (net of issue costs)	957,691	-	957,691	-
Drawdown of borrowings	-	-	-	1,940,000
Distribution paid	(306,851)	(268,203)	(587,898)	(495,545)
Repayment of borrowings	-	-	(102,047)	(300,000)
Borrowing costs paid	(34,434)	(28,763)	(101,568)	(85,663)
Payment of debt front end fee	-	-	-	(33,600)
Cash flow (used in)/from financing activities	616,406	(296,966)	166,178	1,025,192
Net increase/(decrease) in cash and cash equivalents	795,942	(142,125)	770,426	(208,871)
Cash and cash equivalents at beginning of the period	552,506	664,975	578,022	731,721
Cash and cash equivalents at end of the period	1,348,448	522,850	1,348,448	522,850

1 (d)(i) Statement of changes in net assets attributable to unitholders

Statement for the third quarter FY2013	Actual				
	Issued Units	Unit issue costs	Hedging reserve	Retained profits	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group					
Balance as at 1 July 2013	6,499,903	(271,593)	(60,720)	10,890,897	17,058,487
Total comprehensive income	-	-	2,978	113,064	116,042
Unitholders' transactions					
Creation of units					
- issuance of New Units	975,001	-	-	-	975,001
- management fee paid/payable in units	16,778	-	-	-	16,778
Unit issue cost	-	(14,630)	-	-	(14,630)
Distribution paid/payable to Unitholders	-	-	-	(153,342)	(153,342)
Increase/(decrease) in net assets resulting from Unitholders' transactions	991,779	(14,630)	-	(153,342)	823,807
Balance as at 30 September 2013	7,491,682	(286,223)	(57,742)	10,850,619	17,998,336
Balance as at 1 July 2012	6,438,510	(271,593)	(90,115)	8,057,982	14,134,784
Total comprehensive (loss)/income	-	-	(2,647)	110,331	107,684
Unitholders' transactions					
Creation of units					
- management fee paid/payable in units	14,570	-	-	-	14,570
Distribution paid/payable to Unitholders	-	-	-	(138,661)	(138,661)
Increase/(decrease) in net assets resulting from Unitholders' transactions	14,570	-	-	(138,661)	(124,091)
Balance as at 30 September 2012	6,453,080	(271,593)	(92,762)	8,029,652	14,118,377

Statement for the YTD FY2013	Actual				
	Issued Units	Unit issue costs	Hedging reserve	Retained profits	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group					
Balance as at 1 January 2013	6,468,360	(271,593)	(88,903)	8,869,845	14,977,709
Total comprehensive income	-	-	31,161	2,441,081	2,472,242
Unitholders' transactions					
Creation of units					
- issuance of New Units	975,001	-	-	-	975,001
- management fee paid/payable in units	48,321	-	-	-	48,321
Unit issue cost	-	(14,630)	-	-	(14,630)
Distribution paid/payable to Unitholders	-	-	-	(460,307)	(460,307)
Increase/(decrease) in net assets resulting from Unitholders' transactions	1,023,322	(14,630)	-	(460,307)	548,385
Balance as at 30 September 2013	7,491,682	(286,223)	(57,742)	10,850,619	17,998,336
Balance as at 1 January 2012	6,391,413	(271,593)	(72,978)	7,180,928	13,227,770
Total comprehensive (loss)/income	-	-	(19,784)	1,255,712	1,235,928
Unitholders' transactions					
Creation of units					
- acquisition fee paid in units	19,000	-	-	-	19,000
- management fee paid/payable in units	42,667	-	-	-	42,667
Distribution paid/payable to Unitholders	-	-	-	(406,988)	(406,988)
Increase/(decrease) in net assets resulting from Unitholders' transactions	61,667	-	-	(406,988)	(345,321)
Balance as at 30 September 2012	6,453,080	(271,593)	(92,762)	8,029,652	14,118,377

Financial Statements Announcement
For the period from 1 January 2013 to 30 September 2013

Statement for the third quarter FY2013

Trust

Balance as at 1 July 2013

Total comprehensive loss

Unitholders' transactions

Creation of units

- issuance of New Units

- management fee paid/payable in units

Unit issue cost

Distribution paid/payable to Unitholders

Increase/(decrease) in net assets resulting from

Unitholders' transactions

Balance as at 30 September 2013

Balance as at 1 July 2012

Total comprehensive loss

Unitholders' transactions

Creation of units

- management fee paid/payable in units

Distribution paid/payable to Unitholders

Increase/(decrease) in net assets resulting from

Unitholders' transactions

Balance as at 30 September 2012

Actual			
Issued Units	Unit issue costs	Accumulated losses	Net
HK\$'000	HK\$'000	HK\$'000	HK\$'000
6,499,903	(271,593)	(570,600)	5,657,710
-	-	(33,794)	(33,794)
975,001	-	-	975,001
16,778	-	-	16,778
-	(14,630)	-	(14,630)
-	-	(153,342)	(153,342)
991,779	(14,630)	(153,342)	823,807
7,491,682	(286,223)	(757,736)	6,447,723
6,438,510	(271,593)	(482,732)	5,684,185
-	-	(21,234)	(21,234)
14,570	-	-	14,570
-	-	(138,661)	(138,661)
14,570	-	(138,661)	(124,091)
6,453,080	(271,593)	(642,627)	5,538,860

Statement for the YTD FY2013

Trust

Balance as at 1 January 2013

Total comprehensive income

Unitholders' transactions

Creation of units

- issuance of New Units

- management fee paid/payable in units

Unit issue cost

Distribution paid/payable to Unitholders

Increase/(decrease) in net assets resulting from

Unitholders' transactions

Balance as at 30 September 2013

Balance as at 1 January 2012

Total comprehensive income

Unitholders' transactions

Creation of units

- acquisition fee paid in units

- management fee paid/payable in units

Distribution paid/payable to Unitholders

Increase/(decrease) in net assets resulting from

Unitholders' transactions

Balance as at 30 September 2012

Actual			
Issued Units	Unit issue costs	Accumulated losses	Net
HK\$'000	HK\$'000	HK\$'000	HK\$'000
6,468,360	(271,593)	(525,574)	5,671,193
-	-	228,145	228,145
975,001	-	-	975,001
48,321	-	-	48,321
-	(14,630)	-	(14,630)
-	-	(460,307)	(460,307)
1,023,322	(14,630)	(460,307)	548,385
7,491,682	(286,223)	(757,736)	6,447,723
6,391,413	(271,593)	(422,839)	5,696,981
-	-	187,200	187,200
19,000	-	-	19,000
42,667	-	-	42,667
-	-	(406,988)	(406,988)
61,667	-	(406,988)	(345,321)
6,453,080	(271,593)	(642,627)	5,538,860

1 (d)(ii) Details of any changes in the units since the end of the previous period reported on

<u>Date</u>	<u>Units Issued</u>	<u>Purpose</u>
As at 1 July 2013	1,702,420,481	Total units since the end of previous financial period
2 July 2013	2,310,051	As payment of management fee for the period from 1 April 2013 to 30 June 2013
6 August 2013 ^(a)	142,962,000	Issue of New Units
As at 30 September 2013	<u>1,847,692,532</u>	
4 October 2013 ^(b)	2,622,346	As payment of management fee for the period from 1 July 2013 to 30 September 2013
Deemed units as at 30 September 2013	<u>1,850,314,878</u>	

The total number of issued units as at the end of the immediately preceding year (31 December 2012) was 1,697,825,978.

Footnote:

- (a) On 6 August 2013, 142,962,000 Units were issued at an issue price of HK\$6.82 per Unit pursuant to the Unit Placement.
- (b) On 4 October 2013, there was an additional 2,622,346 Units issued to the Manager as payment of management fee for the period from 1 July 2013 to 30 September 2013.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagement 2400 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The same accounting policies and methods of computation were followed during the current financial period as compared with those contained in the audited financial statements for the year ended 31 December 2012.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per unit and Distribution per unit for the financial period

Period from 1 January 2013 to 30 September 2013

	Actual 1/7/13 to 30/9/13 HK cents	Actual 1/7/12 to 30/9/12 HK cents	Actual 1/1/13 to 30/9/13 HK cents	Actual 1/1/12 to 30/9/12 HK cents
Earnings per unit for the period based on the weighted average number of units in issue, before transactions with unitholders	4.12	6.44	140.83	74.16
Weighted average number of units in issue (million)	1,733.4	1,693.3	1,733.4	1,693.3
Distribution per unit ("DPU") for the period	8.28	8.16	26.28	23.98
Total number of deemed units in issue (million)	1,850.3	1,697.8	1,850.3	1,697.8

7. Net asset value per unit based on issued units at the end of current period

	Actual 30/9/13 HK\$	Actual 31/12/12 HK\$
Net asset value per unit ^(a)	9.73	8.81

Footnote:

(a) Net asset value per unit is calculated based on net assets of the Group over the total number of deemed units in issue of 1,850.3 million (2012: 1,700.2 million). The increase in net asset value per unit was mainly due to the increase in the fair value of the investment properties.

8. Review of performance

Income Statement	HK\$ '000		%	HK\$ '000		%
	Actual 1/7/13 to 30/9/13	Actual 1/7/12 to 30/9/12	Increase	Actual 1/1/13 to 30/9/13	Actual 1/1/12 to 30/9/12	Increase
Total revenue	315,684	284,728	10.9%	924,904	822,109	12.5%
Net property income	215,591	199,278	8.2%	653,171	581,387	12.3%
Income available for distribution	153,342	138,661	10.6%	460,307	406,988	13.1%

YTD September 2013 versus YTD September 2012

For the nine months ended 30 September 2013 ("Reporting Period"), Fortune REIT's revenue and net property income grew by 12.5% and 12.3% year-on-year to HK\$924.9 million and HK\$653.2 million respectively. The improved financial performance compared to the corresponding period last year was attributed to (i) the strong rental reversions across its enlarged portfolio; (ii) a full nine-month income contributions of Belvedere Square and Provident Square acquired in February 2012; as well as (iii) strong returns from the completed asset enhancement initiatives ("AEI").

Portfolio occupancy rate was 98.3% as at 30 September 2013. Passing rent was HK\$34.2 per sq. ft. while a 20.0% rental reversion was achieved from renewed leases for the Reporting Period.

Property operating expense was HK\$251.5 million, 13.0% higher year-on-year. However, cost to revenue ratio was well contained at 27.2% compared to 27.1% for the corresponding period last year.

Borrowing costs, excluding debt front-end fees, for the Reporting Period totalled HK\$100.7 million, an increase of 6.4% over the same period last year.

Net profit of the Property Companies increased by 88.5% compared to the same period last year, mainly due to higher gain in the fair value of investment properties. However, the changes in the property valuation would not have any impact on income available for distribution.

Income available for distribution for the Reporting Period amounted to HK\$460.3 million, a year-on-year increase of 13.1%.

Additional Quarterly Review

Revenue and net property income for the third quarter of 2013 rose 10.9% and 8.2% year-on-year to HK\$315.7 million and HK\$215.6 million respectively. The improvement in financial performance compared to the third quarter of 2012 is mainly attributable to the increase in unit rent and occupancy of the property portfolio. Property operating expenses and borrowing costs for the third quarter of 2013 were higher than the corresponding quarter last year by 17.9% and 1.2% respectively. Income available for distribution was HK\$153.3 million, an increase of 10.6% compared to the corresponding period last year.

Capital Management

The Manager continued to take a prudent approach in managing the risk which may arise due to fluctuation of interest costs. As at 30 September 2013, the interest cost for approximately 76% of Fortune REIT's debt exposure has been hedged to fixed rates through various plain vanilla interest rate swaps. Fortune REIT's weighted average effective cost of borrowing for the Reporting Period was 2.82% (nine months ended 30 September 2012: 2.76%). The Manager will continue to monitor the interest rate movement closely and may, depending on market conditions, consider putting in place additional interest rate swaps.

The weighted average debt maturity of the 2011 Facilities and 2012 Facilities was 2.3 years. The two Facilities are secured over Fortune REIT's 13 investment properties, which carried an aggregate fair value of HK\$17,381 million as at 30 June 2013. The Trustee has provided a guarantee for both of the Facilities.

On 6 August 2013, 142,962,000 Units were issued at an issue price HK\$6.82 per Units pursuant to the Unit Placement. The net proceeds of approximately HK\$958 million from the Unit Placement were received in cash.

The gearing ratio and aggregate leverage of Fortune REIT stood at 20.1% as at 30 September 2013 (31 December 2012: 23.4%). The net current liabilities as at 30 September 2013 was HK\$104.2 million, mainly due to the drawdown of the revolving credit facility of the 2011 Facilities to part finance the acquisition of Belvedere Square and Provident Square in 2012. There is an option to rollover the revolving credit facility up until maturity.

Net asset value per unit amounted to HK\$9.73 as at 30 September 2013, up 10.4% from HK\$8.81 reported as at the end of 2012, mainly as a result of the increase in the valuation of investment properties.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The asset performance in this quarter is broadly in line with the commentary under paragraph 10 in the second quarter 2013 results released on 15 July 2013.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Hong Kong's economy grew moderately in the second quarter of 2013. Gross domestic product ("GDP") grew 3.3% from a year earlier, slightly up from 2.9% in the first quarter. Domestic demand held strong and was the key growth driver of GDP. Private consumption expenditure rose further in the second quarter by 4.2% year-on-year, benefitting from the favourable job and income conditions. Retail sector in Hong Kong remains a bright spot in the economy, with the total value of retail sales for the first nine months of 2013 increasing by 12.5% year-on-year. Fortune REIT's portfolio of private housing estate retail properties will continue to benefit from the strong retail environment.

As there could be continuing pressure going forward on certain costs items such as rising statutory minimum wages and electricity, as well as inflation and other external factors, the Manager will continue to monitor the operating expenses closely. As part of Fortune REIT's green policy, measures such as energy-saving initiatives will continue to be adopted and this will also help to mitigate the impact of higher electricity tariffs.

Subsequent to the third quarter in 2013, the acquisition of Fortune Kingswood was completed on 9 October 2013. The Manager remains committed in driving revenue growth by implementing AEI projects, as well as effective leasing and tenant repositioning strategies. Looking ahead, the additional income from Fortune Kingswood starting from the fourth quarter onwards, full-year income contribution from Belvedere Square and Provident Square, as well as the completed AEIs at Fortune City One, Jubilee Square and Ma On Shan Plaza are expected to contribute to the further growth of Fortune REIT.

11. Distributions

(a) Current financial period

Any distribution declared for the current period?	Nil
---	-----

(b) Corresponding period of the immediate preceding financial year

Any distribution declared for the current period?	Nil
---	-----

(c) Date Payable	Not applicable
-------------------------	----------------

(d) Book Closure Date	Not applicable
------------------------------	----------------

12. If no distribution has been declared/(recommended), a statement to that effect

No distribution has been declared or recommended for the current financial period from 1 July 2013 to 30 September 2013.

13. Interested Person Transaction Mandate

Fortune REIT has not obtained a general mandate from Unitholders for Interested Person Transactions.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the manager of Fortune Real Estate Investment Trust (the “Manager”) which may render the interim financial results of the Group and the Trust (comprising the statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to Unitholders and consolidated statement of cash flows, together with their accompanying notes) as at 30 September 2013 and the results of the business, changes in net assets attributable to Unitholders and cash flows of the Group for the 9 months ended on that date, to be false or misleading in any material aspect.

On behalf of the Board of the Manager,

Ang Meng Huat, Anthony
Director

Chiu Yu, Justina
Director

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses, including employee wages, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

BY ORDER OF THE BOARD
ARA ASSET MANAGEMENT (FORTUNE) LIMITED
AS MANAGER OF FORTUNE REAL ESTATE INVESTMENT TRUST

Ang Meng Huat, Anthony
Director

11 November 2013