

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

Issuer/ Manager	ARA ASSET MANAGEMENT (FORTUNE) LIMITED
Securities	FORTUNE REAL ESTATE INV TRUST - SG1O33912138 - F25U
Stapled Security	No

Announcement Details

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For Financial Period Ended	30-Sep-2015
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**Fortune Real Estate Investment Trust
Financial Statements
For the financial period from 1 January 2015 to 30 September 2015**

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.

Fortune REIT holds a portfolio of 17 private housing estate retail properties in Hong Kong, comprising approximately 3.18 million square feet ("Sq.ft.") of retail space and 2,713 car parking lots. The retail properties are Fortune City One, Fortune Kingswood, Ma On Shan Plaza, Metro Town, Fortune Metropolis, Laguna Plaza, Belvedere Square, Waldorf Avenue, Caribbean Square, Provident Square, Jubilee Square, Smartland, Tsing Yi 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 2015 to 30 September 2015

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

	HK\$ '000		%	HK\$ '000		%
	Actual 1/7/15 to 30/9/15 ^(a)	Actual 1/7/14 to 30/9/14 ^(a)		Increase/ (Decrease)	Actual 1/1/15 to 30/9/15 ^(a)	
Revenue ^(b)	388,711	342,041	13.6%	1,144,527	1,006,893	13.7%
Charge-out collections ^(c)	81,740	74,592	9.6%	248,516	223,195	11.3%
Total revenue	470,451	416,633	12.9%	1,393,043	1,230,088	13.2%
Property management fees	(10,953)	(9,727)	12.6%	(31,692)	(28,546)	11.0%
Other property operating expenses	(120,411)	(111,308)	8.2%	(347,598)	(306,823)	13.3%
Property operating expenses	(131,364)	(121,035)	8.5%	(379,290)	(335,369)	13.1%
Net property income (before manager's performance fee)	339,087	295,598	14.7%	1,013,753	894,719	13.3%
Manager's performance fee	(10,189)	(8,936)	14.0%	(30,492)	(27,008)	12.9%
Net property income	328,898	286,662	14.7%	983,261	867,711	13.3%
Interest Income	523	2,258	NM	2,633	5,545	NM
Net property income after interest income	329,421	288,920	14.0%	985,894	873,256	12.9%
Gain on disposal of a property company ^(d)	-	-	-	218,598	-	NM
Change in fair value of investment properties ^(e)	-	-	-	992,020	1,512,690	(34.4%)
Change in fair value of financial instruments ^(f)	(58,736)	13,034	NM	(95,247)	(8,166)	NM
Profit before borrowing costs	270,685	301,954	(10.4%)	2,101,265	2,377,780	(11.6%)
Borrowing costs	(61,357)	(53,307)	15.1%	(176,205)	(161,363)	9.2%
Profit before tax	209,328	248,647	(15.8%)	1,925,060	2,216,417	(13.1%)
Hong Kong taxation :						
Current taxation	(40,834)	(34,416)	18.6%	(123,066)	(104,297)	18.0%
Deferred taxation	(7,610)	(7,503)	1.4%	(23,448)	(22,932)	2.3%
Total Hong Kong taxation	(48,444)	(41,919)	15.6%	(146,514)	(127,229)	15.2%
Net profit of property companies	160,884	206,728	(22.2%)	1,778,546	2,089,188	(14.9%)
Manager's base fee	(26,646)	(23,350)	14.1%	(78,625)	(68,149)	15.4%
Foreign exchange loss ^(g)	(315)	(100)	NM	(441)	(54)	NM
Non-tax deductible trust expenses ^(h)	(9,216)	(9,184)	0.3%	(52,461)	(39,885)	31.5%
Tax deductible trust expenses	(1,890)	(1,078)	75.3%	(5,433)	(3,151)	72.4%
Non tax-exempt income ⁽ⁱ⁾	82	589	(86.1%)	378	2,462	(84.6%)
Singapore taxation	(13)	(96)	(86.5%)	(63)	(412)	(84.7%)
Total trust expenses	(37,998)	(33,219)	14.4%	(136,645)	(109,189)	25.1%
Net profit of the Group, before transactions with unitholders^(k)	122,886	173,509	(29.2%)	1,641,901	1,979,999	(17.1%)
Distributions to unitholders ^(l)	(217,799)	(193,109)	12.8%	(658,057)	(583,563)	12.8%
Net (loss)/profit of the Group, after transactions with unitholders	(94,913)	(19,600)	384.3%	983,844	1,396,436	(29.5%)
Net profit of the Group, before transactions with unitholders	122,886	173,509	(29.2%)	1,641,901	1,979,999	(17.1%)
Add/(Less):						
Manager's base fee	26,646	23,350	14.1%	78,625	68,149	15.4%
Foreign exchange loss ^(g)	315	100	NM	441	54	NM
Non-tax deductible trust expenses ^(h)	9,216	9,184	0.3%	52,461	39,885	31.5%
Gain on disposal of a property company ^(d)	-	-	-	(218,598)	-	NM
Change in fair value of financial instruments ^(f)	58,736	(13,034)	NM	95,247	8,166	NM
Change in fair value of investment properties ^(e)	-	-	-	(992,020)	(1,512,690)	(34.4%)
Income available for distribution	217,799	193,109	12.8%	658,057	583,563	12.8%

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) *On 11 February 2015, the Trustee entered into a sale and purchase agreement with an independent third party to sell all the issued shares of Art Full Resources Limited ("Art Full"), the legal and beneficial owner of Nob Hill Square (the "Disposal"). The Disposal was completed on 2 April 2015 and the sales proceeds, net of expenses, have been used to repay part of the 2011 Facilities. The Disposal resulted in a gain of approximately HK\$218.6 million.*
- (e) *On 30 June 2015, an independent valuation was undertaken by Savills Valuation and Professional Services 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 17 properties were based on a combination of the Income Capitalization Method and Direct Comparison Method. The valuations adopted amounted to HK\$35,238 million.*
- (f) *The amount relates to the net (loss)/gain arising from the re-measurement of the interest rate swaps and caps which were ineffective under cash flow hedge or not designated for hedge accounting as at 30 September 2015.*
- (g) *Foreign exchange loss 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 profit or loss.*
- (h) *Included in the non-tax deductible trust expenses for the period from 1 January 2015 to 30 September 2015 (the "Reporting Period") was mainly an acquisition fee of HK\$19.2 million paid in cash to the Manager as well as an acquisition cost of HK\$4.0 million for the acquisition of Laguna Plaza.*
- (i) *Non tax-exempt income refers mainly to interest income from fixed deposits.*
- (j) *The amount of distributions to unitholders have been distributed and/or accrued as distribution payable in the Statement of Financial Position.*
- (k) *The decrease in the net profit of the Group, after transactions with unitholders for the Reporting Period was mainly due to the net effect of (i) a decrease in change in fair value gain on investment properties; (ii) an increase in change in fair value loss on financial instruments (see footnote (f) above); and (iii) a gain on disposal of Art Full (see footnote (d) above). These non-cash items have no effect on the income available for distribution to unitholders.*
- (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, 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 1/7/15 to 30/9/15	Actual 1/7/14 to 30/9/14	Increase/ (Decrease)	Actual 1/1/15 to 30/9/15	Actual 1/1/14 to 30/9/14	Increase/ (Decrease)
Net (loss)/profit of the Group, after transactions with unitholders	(94,913)	(19,600)	384.3%	983,844	1,396,436	(29.5%)
Other comprehensive income - Items that will be reclassified to profit or loss:						
Cash flow hedge						
- Change in fair value of financial instruments	2,748	5,527	(50.3%)	6,939	12,538	(44.7%)
- Release to profit or loss ^(a)	3,470	1,245	178.7%	10,410	3,733	178.9%
	6,218	6,772	(8.2%)	17,349	16,271	6.6%
Total comprehensive (loss)/income	(88,695)	(12,828)	591.4%	1,001,193	1,412,707	(29.1%)

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 profit or loss over the periods during which the interest payment in relation to the interest rate swap contracts affects the statement of profit or loss. During the Reporting Period, release of such cumulative losses from the hedging reserve amounted to HK\$10.4 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 30/9/15	Actual 31/12/14	Actual 30/9/15	Actual 31/12/14
Current assets				
Cash and bank balances	25,415	424,418	440,120	688,407
Trade and other receivables	36,989	56,710	76,938	60,853
Total current assets	62,404	481,128	517,058	749,260
Non-current assets				
Investment in property companies	6,817,589	6,429,319	-	-
Investment properties ^(b)	-	-	35,267,086	32,720,000
Derivative assets ^(d)	-	-	3,331	32,306
Deposit for acquisition of property companies	-	-	-	95,925
Total non-current assets	6,817,589	6,429,319	35,270,417	32,848,231
Total assets	6,879,993	6,910,447	35,787,475	33,597,491
Current liabilities				
Trade and other payables	8,398	6,135	696,279	588,627
Distribution payable ^(c)	217,799	390,316	217,799	390,316
Borrowings	-	-	3,593,776	940,000
Derivative liabilities ^(d)	-	-	11,572	-
Provision for taxation	81	423	132,286	10,049
Total current liabilities	226,278	396,874	4,651,712	1,928,992
Non-current liabilities				
Borrowings	-	-	7,222,844	8,881,110
Deferred tax liabilities	-	-	386,596	378,235
Derivative liabilities ^(d)	-	-	70,968	33,617
Total non-current liabilities	-	-	7,680,408	9,292,962
Total liabilities	226,278	396,874	12,332,120	11,221,954
Net assets attributable to unitholders	6,653,715	6,513,573	23,455,355	22,375,537

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 Savills Valuation and Professional Services Limited, the independent valuer on 30 June 2015. During the Reporting 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 2015 to 30 September 2015. 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 interest rate swaps and caps transacted economically to hedge the interest rate risk on the borrowings.

1 (b)(ii) Aggregate amount of borrowings

As at 30/9/15	Secured ^(a)	Unsecured ^(a)
	HK\$ '000	HK\$ '000
Amount repayable in one year or less, or on demand	3,466,276	127,500
Amount repayable after one year	5,613,163	1,609,681
	9,079,439	1,737,181

As at 31/12/14	Secured ^(a)	Unsecured ^(a)
	HK\$ '000	HK\$ '000
Amount repayable in one year or less, or on demand	940,000	-
Amount repayable after one year	7,275,397	1,605,713
	8,215,397	1,605,713

Footnote:

- (a) Fortune REIT has in place four credit facilities, being the 2011 Facilities, the 2013 Facilities, the 2014 Facilities and the 2015 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 will mature in 2016. As at 30 September 2015, HK\$3,120.0 million had been drawn down (31 December 2014: HK\$3,268.0 million).

The 2013 Facilities is a term loan facilities of HK\$5,025.0 million, with terms between 3.5 years to 5 years. As at 30 September 2015, HK\$5,025.0 million had been drawn down (31 December 2014: HK\$5,025.0 million).

The 2014 Facilities is a 5-year term loan and revolving credit facility of up to an aggregate principal amount of HK\$1,800.0 million, comprising of a HK\$1,100.0 million term loan facility and a HK\$700.0 million revolving credit facility, which will mature in 2019. As at 30 September 2015, HK\$1,450.0 million had been drawn down (31 December 2014: HK\$1,600.0 million).

The 2015 Facilities is a HK\$1,200.0 million 5-year term loan and a HK\$400.0 million 2-year revolving credit facility, which will mature in 2020 and 2017 respectively. As at 30 September 2015, HK\$1,285.1 million had been drawn down.

There is an option to rollover the revolving credit facilities of the 2011 Facilities, the 2014 Facilities and the 2015 Facilities up until maturity.

Included in the borrowings is an unamortized debt front end fee of HK\$63.4 million (31 December 2014: HK\$71.8 million). The 2011 Facilities are secured by, inter alia, a mortgage over Fortune City One, Ma On Shan Plaza, Fortune Metropolis, Smartland, Tsing Yi Square, Centre de Laguna, Lido Avenue and Rhine Avenue. HK\$3,406.3 million of the 2013 Facilities are secured by, inter alia, a mortgage over Metro Town and Fortune Kingswood. The 2014 Facilities are secured by, inter alia, a mortgage over Belvedere Square, Provident Square, Caribbean Square and Hampton Loft. HK\$1,155.1 million of the 2015 Facilities are secured by, inter alia, a mortgage over Laguna Plaza.

1 (c) Statement of cash flows

	Group		Group	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
	Actual 1/7/15 to 30/9/15	Actual 1/7/14 to 30/9/14	Actual 1/1/15 to 30/9/15	Actual 1/1/14 to 30/9/14
Operating Activities				
Profit before taxation	171,343	215,524	1,788,478	2,107,640
Adjustments for:				
Change in fair value of investment properties	-	-	(992,020)	(1,512,690)
Change in fair value of financial instruments	58,736	(13,034)	95,247	8,166
Amortisation of debt front end fee	8,363	7,494	26,888	33,943
Gain on disposal of a property company	-	-	(218,598)	-
Base fee paid in units	26,646	23,350	78,625	68,149
Interest income	(605)	(2,847)	(3,011)	(8,007)
Borrowing costs	59,100	52,273	169,434	159,374
Operating profit before changes in working capital	323,583	282,760	945,043	856,575
(Increase)/decrease in trade and other receivables	(5,352)	(1,867)	(9,908)	4,250
Increase in trade and other payables	21,489	23,625	78,018	46,987
Cash generated from operating activities	339,720	304,518	1,013,153	907,812
Income taxes paid	-	(1)	(703)	(31,838)
Cash flow from operating activities	339,720	304,517	1,012,450	875,974
Investing Activities				
Acquisition of property companies	-	-	(1,783,205)	-
Upgrading of investment properties	(29,086)	(6,332)	(81,301)	(35,642)
Proceeds from disposal of a property company	(69)	-	640,439	-
Interest received	271	2,557	2,721	7,773
Cash flow used in investing activities	(28,884)	(3,775)	(1,221,346)	(27,869)
Financing Activities				
Drawdown of borrowings	-	-	1,865,060	30,000
Repayment of borrowings	(200,000)	-	(878,000)	(30,000)
Distribution paid	(440,258)	(390,391)	(830,525)	(725,647)
Borrowing costs paid	(66,623)	(52,440)	(177,488)	(161,008)
Payment of debt front end fee	-	-	(18,438)	(20,700)
Cash flow used in financing activities	(706,881)	(442,831)	(39,391)	(907,355)
Net decrease in cash and cash equivalents	(396,045)	(142,089)	(248,287)	(59,250)
Cash and cash equivalents at beginning of the period	836,165	941,014	688,407	858,175
Cash and cash equivalents at end of the period	440,120	798,925	440,120	798,925

Financial Statements Announcement
For the period from 1 January 2015 to 30 September 2015

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

<u>Statement for the third quarter FY2015</u>	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 2015	7,717,226	(286,279)	(19,296)	16,105,753	23,517,404
Profit for the period, before transactions with unitholders	-	-	-	122,886	122,886
Cash flow hedge					
- Change in fair value of financial instruments	-	-	2,748	-	2,748
- Release to profit or loss	-	-	3,470	-	3,470
Unitholders' transactions					
Creation of units					
- management fee paid/payable in units	26,646	-	-	-	26,646
Distribution paid/payable to Unitholders	-	-	-	(217,799)	(217,799)
Increase/(decrease) in net assets resulting from Unitholders' transactions	26,646	-	-	(217,799)	(191,153)
Balance as at 30 September 2015	7,743,872	(286,279)	(13,078)	16,010,840	23,455,355
Balance as at 1 July 2014	7,617,155	(286,279)	(44,111)	13,292,896	20,579,661
Profit for the period, before transactions with unitholders	-	-	-	173,509	173,509
Cash flow hedge					
- Change in fair value of financial instruments	-	-	5,527	-	5,527
- Release to profit or loss	-	-	1,245	-	1,245
Unitholders' transactions					
Creation of units					
- management fee paid/payable in units	23,350	-	-	-	23,350
Distribution paid/payable to Unitholders	-	-	-	(193,109)	(193,109)
Increase/(decrease) in net assets resulting from Unitholders' transactions	23,350	-	-	(193,109)	(169,759)
Balance as at 30 September 2014	7,640,505	(286,279)	(37,339)	13,273,296	20,590,183

<u>Statement for the YTD FY2015</u>	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 2015	7,665,247	(286,279)	(30,427)	15,026,996	22,375,537
Profit for the period, before transactions with unitholders	-	-	-	1,641,901	1,641,901
Cash flow hedge					
- Change in fair value of financial instruments	-	-	6,939	-	6,939
- Release to profit or loss	-	-	10,410	-	10,410
Unitholders' transactions					
Creation of units					
- management fee paid/payable in units	78,625	-	-	-	78,625
Distribution paid/payable to Unitholders	-	-	-	(658,057)	(658,057)
Increase/(decrease) in net assets resulting from Unitholders' transactions	78,625	-	-	(658,057)	(579,432)
Balance as at 30 September 2015	7,743,872	(286,279)	(13,078)	16,010,840	23,455,355
Balance as at 1 January 2014	7,572,356	(286,279)	(53,610)	11,876,860	19,109,327
Profit for the period, before transactions with unitholders	-	-	-	1,979,999	1,979,999
Cash flow hedge					
- Change in fair value of financial instruments	-	-	12,538	-	12,538
- Release to profit or loss	-	-	3,733	-	3,733
Unitholders' transactions					
Creation of units					
- management fee paid/payable in units	68,149	-	-	-	68,149
Distribution paid/payable to Unitholders	-	-	-	(583,563)	(583,563)
Increase/(decrease) in net assets resulting from Unitholders' transactions	68,149	-	-	(583,563)	(515,414)
Balance as at 30 September 2014	7,640,505	(286,279)	(37,339)	13,273,296	20,590,183

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	Actual			
	Issued Units	Unit issue costs	Accumulated loss	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Statement for the third quarter FY2015				
Trust				
Balance as at 1 July 2015	7,717,226	(286,279)	(548,081)	6,882,866
Loss for the period, before transactions with unitholders	-	-	(37,998)	(37,998)
Unitholders' transactions				
Creation of units				
- management fee paid/payable in units	26,646	-	-	26,646
Distribution paid/payable to Unitholders	-	-	(217,799)	(217,799)
Increase/(decrease) in net assets resulting from Unitholders' transactions	26,646	-	(217,799)	(191,153)
Balance as at 30 September 2015	7,743,872	(286,279)	(803,878)	6,653,715
Balance as at 1 July 2014				
7,617,155	(286,279)	(798,437)	6,532,439	
Loss for the period, before transactions with unitholders	-	-	(33,219)	(33,219)
Unitholders' transactions				
Creation of units				
- management fee paid/payable in units	23,350	-	-	23,350
Distribution paid/payable to Unitholders	-	-	(193,109)	(193,109)
Increase/(decrease) in net assets resulting from Unitholders' transactions	23,350	-	(193,109)	(169,759)
Balance as at 30 September 2014	7,640,505	(286,279)	(1,024,765)	6,329,461

	Actual			
	Issued Units	Unit issue costs	Accumulated loss	Net
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Statement for the YTD FY2015				
Trust				
Balance as at 1 January 2015	7,665,247	(286,279)	(865,395)	6,513,573
Profit for the period, before transactions with unitholders	-	-	719,574	719,574
Unitholders' transactions				
Creation of units				
- management fee paid/payable in units	78,625	-	-	78,625
Distribution paid/payable to Unitholders	-	-	(658,057)	(658,057)
Increase/(decrease) in net assets resulting from Unitholders' transactions	78,625	-	(658,057)	(579,432)
Balance as at 30 September 2015	7,743,872	(286,279)	(803,878)	6,653,715
Balance as at 1 January 2014				
7,572,356	(286,279)	(722,984)	6,563,093	
Profit for the period, before transactions with unitholders	-	-	281,782	281,782
Unitholders' transactions				
Creation of units				
- management fee paid/payable in units	68,149	-	-	68,149
Distribution paid/payable to Unitholders	-	-	(583,563)	(583,563)
Increase/(decrease) in net assets resulting from Unitholders' transactions	68,149	-	(583,563)	(515,414)
Balance as at 30 September 2014	7,640,505	(286,279)	(1,024,765)	6,329,461

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 2015	1,879,418,796	Total units since the end of previous financial period
3 July 2015	3,386,932	As payment of management fee for the period from 1 April 2015 to 30 June 2015
As at 30 September 2015	<u>1,882,805,728</u>	
5 October 2015 ^(a)	3,566,314	As payment of management fee for the period from 1 July 2015 to 30 September 2015
Deemed units as at 30 September 2015	<u>1,886,372,042</u>	

The total number of issued units as at the end of the immediately preceding year (31 December 2014) was 1,873,046,294.

Footnote:

(a) On 5 October 2015, there was an additional 3,566,314 units issued to the Manager as payment of management fee for the period from 1 July 2015 to 30 September 2015.

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 2014.

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 2015 to 30 September 2015	Actual	Actual	Actual	Actual
	1/7/15 to 30/9/15 HK cents	1/7/14 to 30/9/14 HK cents	1/1/15 to 30/9/15 HK cents	1/1/14 to 30/9/14 HK cents
Earnings per unit for the period based on the weighted average number of units in issue, before transactions with unitholders	6.45	9.20	87.25	105.97
Weighted average number of units in issue (million)	1,881.8	1,868.5	1,881.8	1,868.5
Distribution per unit ("DPU") for the period	11.54	10.30	34.92	31.18
Total number of deemed units in issue (million)	1,886.4	1,873.0	1,886.4	1,873.0

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

Net asset value per unit ^(a)	Actual	Actual
	30/9/15 HK\$	31/12/14 HK\$
	12.43	11.93

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 1,886.4 million (31 December 2014: 1,876.3 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	Actual	Increase	Actual	Actual	Increase
	1/7/15 to 30/9/15	1/7/14 to 30/9/14		1/1/15 to 30/9/15	1/1/14 to 30/9/14	
Total revenue	470,451	416,633	12.9%	1,393,043	1,230,088	13.2%
Net property income	328,898	286,662	14.7%	983,261	867,711	13.3%
Income available for distribution	217,799	193,109	12.8%	658,057	583,563	12.8%

Year-to-date September 2015 versus Year-to-date September 2014

Total revenue for the Reporting Period was HK\$1,393.0 million, 13.2% higher year-on-year. The improved financial performance compared to the corresponding period last year was mainly attributed to a solid rental reversion across the portfolio as well as the additional income contribution from Laguna Plaza acquired in January 2015.

Portfolio occupancy rate was 98.0% as at 30 September 2015. Passing rent was HK\$39.7 per sq. ft. while a 21.8% rental reversion was achieved from renewed leases for the Reporting Period.

Property operating expenses was HK\$379.3 million, up 13.1% year-on-year. Cost-to-revenue ratio was maintained at 27.2%. Net property income was HK\$983.3 million, an increase of 13.3% year-on-year. Income available for distribution was HK\$658.1 million, 12.8% higher year-on-year.

Total borrowing costs (excluding non-tax deductible front end fees) were HK\$176.2 million for the Reporting Period, an increase of 9.2% year-on-year due to the drawdown of additional loan facilities to finance the acquisition of Laguna Plaza in January 2015 as well as additional interest rate hedging entered during this quarter. The effective interest cost decreased year-on-year from 2.17% to 2.10%. As at 30 September 2015, the interest cost for 69% (31 December 2014: 55%) of Fortune REIT's loan was hedged through interest rate swaps and caps.

The gearing ratio and aggregate leverage was at 30.4% as at the end of the Reporting Period (31 December 2014: 29.4%). The net current liabilities as at 30 September 2015 was HK\$4,134.7 million, mainly comprised of (i) a HK\$3,116.3 million 5-year loan facilities, which was due to mature in April 2016; and (ii) revolving credit facilities of HK\$477.5 million, which has an option to roll over to their maturities.

Additional Quarterly Review

Revenue and net property income for the third quarter of 2015 rose 12.9% and 14.7% year-on-year to HK\$470.5 million and HK\$328.9 million respectively. The improvement in financial performance compared to the third quarter of 2014 is mainly attributable to a solid rental reversion across the portfolio as well as the additional income contribution from Laguna Plaza acquired in January 2015. Property operating expenses and borrowing costs for the third quarter 2015 were higher than the corresponding quarter last year by 8.5% and 15.1% respectively. Income available for distribution was HK\$217.8 million, an increase of 12.8% compared to the corresponding period last year.

9. Variance between actual and the forecast results for the period from 1 January 2015 to 30 September 2015

The asset performance in this quarter is broadly in line with the commentary under paragraph 10 in the second quarter 2015 results released on 27 July 2015.

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 recorded moderate growth in the second quarter of 2015 with gross domestic product up by 2.8% year-on-year, slightly faster than the 2.4% growth in the preceding quarter. The domestic demand held remarkably resilient, thereby cushioning the overall economy against the weakness in external trade. Private consumption grew by 6.0% over a year earlier in the second quarter on the back of full employment and rising income. The value of total retail sales in Hong Kong decreased by 2.2% year-on-year in the first eight months of 2015, due primarily to the sharp decline in tourist spending on luxury items. Local consumption is expected to be the main support for the retail market in the near term.

The Manager remains mindful of the economic uncertainties associated with factors such as the changing pattern of tourist spending and the gloomy outlook on global economic growth. These factors are compounded by the anticipation of the potential interest rate hikes. Nevertheless, Fortune REIT's portfolio of private housing estate retail properties, which cater mainly to day-to-day shopping needs, tends to maintain a more resilient performance when compared to the overall market and economic conditions.

As part of the Manager's prudent capital management strategy, additional hedging was made during third quarter of 2015 to mitigate expected interest rate volatilities. As at 30 September 2015, the interest cost of 69% of Fortune REIT's debt was hedged through interest rate swaps and caps. Moreover, as there could be continuing pressure in the coming year on certain costs such as rising wages and electricity tariffs, inflation and other external factors, the Manager will closely monitor the operating expenses. Cost containment measures such as implementing energy-saving in operations and facilities will continue to be adopted in order to mitigate the impact from cost inflation.

Looking ahead, the Manager is dedicated to drive revenue growth by implementing effective leasing and tenant repositioning strategy as well as asset enhancement initiatives, meanwhile remaining closely attentive to investment opportunities for Fortune REIT's long-term sustainable development.

11. Distributions

(a) Current financial period

Any distribution declared for the current period? No

(b) Corresponding period of the immediate preceding financial year

Any distribution declared for the current period? No

(c) Date Payable No applicable

(d) Book Closure Date No 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 2015 to 30 September 2015.

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 unaudited interim financial results of the Group and the Trust (comprising the statement of financial position, statement of profit or loss and other 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 2015 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 respect.

On behalf of the Board of the Manager,

Chiu Yu, Justina
Director

Ang Meng Huat, Anthony
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

Chiu Yu, Justina
Director

3 November 2015