

The background of the cover is a photograph of a modern architectural complex. It features two tall, curved skyscrapers with blue-tinted glass facades. Between them is a lower, more complex building with a mix of glass and light-colored panels. In the foreground, there's a wide, paved plaza with some greenery and a few people walking. A large, stylized graphic element, consisting of overlapping white and teal curved shapes, sweeps across the bottom half of the image.

Forterria

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ANNUAL REPORT 2013

For focused
strategies and
sustainable
growth



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ABOUT FORTERRA TRUST

Listed in Singapore in June 2010, Forterra Trust (“Forterra”, or the “Trust”) (SGX-ST Code: ForterraTr, Stock Symbol: LG2U) is a leading owner, manager and developer of commercial real estate in China. With operations headquartered in Shanghai, Forterra has made formidable progress in creating a high quality retail and office portfolio comprising both income

producing and development assets predominantly located in central business district and regional commercial centers in Shanghai, China. Outside of its core market of Shanghai, Forterra has also made selective expansion into Beijing and the promising second-tier coastal city of Qingdao, with one existing project each in both cities respectively.

As at 31 December 2013, Forterra’s gross assets under management (“AUM”) are in excess of RMB11.11 billion (S\$2.32 billion).



2013 AT A GLANCE



Gross Revenue

**S\$77.28
million**

Asset Under Management

**RMB11.11
billion**



Cash Holdings

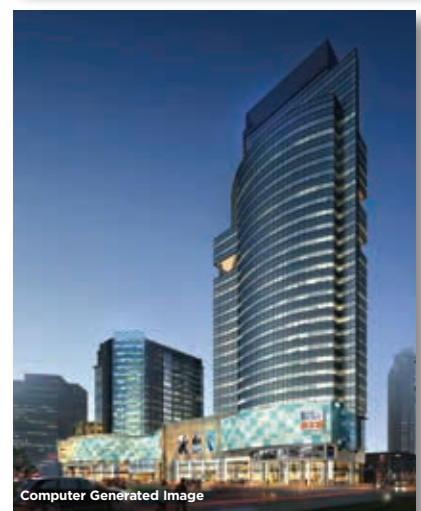
**S\$112.94
million**

Basic Net Asset Value
Per Unit

S\$4.68

Net Property Income

**S\$48.87
million**



SIGNIFICANT EVENTS FOR 2013

FEBRUARY

- Formally launched “Forterra” as the new corporate name and brand identity of the Trust. The Trustee-Manager of Forterra was renamed from Treasury Holdings Real Estate Pte. Ltd. to Forterra Real Estate Pte. Ltd. accordingly.

APRIL

- Entered into a conditional share purchase agreement with an affiliate of The Carlyle Group for the sale of Central Plaza in Shanghai’s Central Business District for S\$333.47 million.

MAY

- Announced the completion of disposal of Central Plaza to an affiliate of The Carlyle Group. This resulted in strengthening of the financial position of, and provision of financial flexibility to Forterra Trust.

JUNE

- Awarded “Showcase Project of Green Construction” by China Construction Industry Association (“CCIA”) for The Place Phase 2 & 3 (formerly known as The HQ 2 & 3), one of the most prestigious accolades in Chinese construction industry recognising the excellence achieved in all aspects of the development process.

JULY

- Awarded the “Outstanding China Enterprise Awards” at the 8th CAPITAL Outstanding China Enterprise Awards by Capital Magazine in Hong Kong. It marks the third year that Forterra has been recognised with this prestigious, quality achievement award.

- Repaid the US\$15.00 million loan to EnTie Commercial Bank of Taiwan.

AUGUST

- Secured a head lease over an additional 3,404 sqm of retail space at Huai Hai Mall in Shanghai’s Central Business District resulting in the expansion of the total retail GFA to 11,024 sqm for a 20+10 years lease term.

- Nan Fung, through its subsidiaries, became the single largest unitholder of Forterra Trust through the completion of acquisition on 28 August 2013 of

- 26.90% of the units in issue of Forterra Trust; and
- 3.08% of units in issue secured by certain put and call options.

- Nan Fung, through its subsidiaries, also acquired 100% of share capital of Oriental Management Services Ltd, which is the sole owner of the Trustee-Manager and Property Manager.

- Appointed Mr. Eric CHUNG Chun Kwong and Mr. Vincent CHEUNG Sai Sing as Non-Executive Directors to the Board.

OCTOBER

- Appointed Mr. Eric CHUNG Chun Kwong as Non-Executive Chairman to the Board.

- Appointed Mr. John LIM Kok Min, Mr. John LEE Ting Kong and Mr. Paul CHENG Kwok Kin as Independent Non-Executive Directors to the Board.

NOVEMBER

- Appointed Mr. Andrew SEAH Choo as the Chief Executive Officer of Forterra Real Estate Pte. Ltd., the Trustee-Manager of Forterra Trust.

- Appointed Mr. Andrew SEAH Choo and Mr. Nelson TANG Chun Wai to the Board as the Executive Director and Non-Executive Director respectively.

DECEMBER

- Announced the expected launch date for The Place (formerly known as The HQ) would be in the second half of 2014, with completion and tenant occupancy dates for The Place Phase 1 (formerly known as The HQ 1) to occur in Q3 2014, and The Place Phase 2 & 3 to follow in Q4 2014.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Trustee-Manager, I am pleased to present the results for Forterra Trust (the "Trust") for the year ended 31 December 2013.

STRENGTHENING FUNDAMENTALS

In 2013, with the dedicated efforts of the management team and a portfolio of premium properties, Forterra experienced a solid year with respect to its commercial real estate operations and attained operational and financial results as targeted. Gross revenue in FY 2013 reached S\$77.28 million, decreased by 22.0% year-on-year mainly attributable to the sale of Central Plaza settled in May 2013 and the absence of retail rental from The Place Phase 1 (formerly known as The HQ 1) amid refurbishment work during the year. Net property income declined by approximately S\$9.96 million to S\$48.87 million. The fall in net property income was less than that of the gross revenue, due to the proactive cost control and efficiency enhancement program implemented during the year.

Basic net asset value ("NAV") per unit as at 31 December 2013 was S\$4.68 (versus S\$4.44 as at 31 December 2012), after factoring in deferred tax liability equivalent to S\$1.55/unit. The increase in NAV per unit across 2013 was predominantly due to foreign exchange rate volatility which witnessed a 6.5% appreciation of the Chinese Renminbi ("RMB") against the S\$ across the 12 month period ended 31 December 2013.

On 23 May 2013, the Trust completed the sale of Central Plaza to a company affiliated with the Carlyle Group at a sale



*Eric CHUNG Chun Kwong
Chairman of the Board*

“To preserve steady growth and Unitholders’ interests, we would focus all our endeavors and resources to build quality, value and market reputation to guide our operations and undertakings.”

Eric CHUNG Chun Kwong
Chairman of the Board

consideration of S\$333.47 million resulting in a net cash proceeds of circa S\$159.20 million which further strengthened the Trust’s cashflow liquidity and financial positions and enable the Trust to focus its development of its core asset – The Place (formerly known as The HQ). The successful sale of Central Plaza also resulted in a gain of S\$17.96 million which reinforced the Trust’s capability to reposition under-performing assets and provide proactive management solutions to deliver higher value and return.

NAN FUNG’S STRENGTH

On 28 August 2013, Nan Fung International Holdings Limited (“Nan Fung”), through its subsidiaries, completed the acquisition of 100% of the equity interest of the Trustee-Manager and the Property Manager by acquiring Oriental Management Services Limited, the sponsor of the Trustee-Manager, and 26.90% of the units in issue of the Trust as well as 3.08% of the units in issue secured by certain put and call options which were subsequently exercised on 21 January 2014. As a result of the acquisition of the units, Nan Fung became the largest unitholder of the Trust.

Nan Fung is one of the largest privately-owned property developers in Hong Kong, with over 47 years of solid experience in real estate development in Hong Kong and 20 years in China. Major business activities of the group are real estate development and investment, construction, property management and financial investment. In China, Nan Fung currently has projects in Shanghai, Guangzhou, Wuxi, Dalian, Tianjin, Sanya, etc and is also the second

largest shareholder of Hong Kong listed Sino Ocean Land. Other than Hong Kong and China, Nan Fung also has investments in Singapore, Malaysia, South Korea, Japan, and New Zealand.

Market has responded positively to Nan Fung’s acquisition. The Trust’s unit price rose from S\$1.63 to S\$2.20 after the announcement of the acquisition.

FOCUSING ON LAUNCHING FLAGSHIP PROJECT – THE PLACE

The Board is delighted to announce that The HQ is now rebranded as The Place to leverage on the reputation and recognition of Nan Fung as “The Place” is the brand that Nan Fung uses for its retail mall in China. The new branding of The Place reflects the strong confidence of Nan Fung in the Trust and its operations in Greater China.

The Place’s development has achieved a number of milestones during the year. For The Place Phase 1 (formerly known as The HQ 1) refurbishment, it is substantially completed and discussions with tenants for their fit-out works have commenced since February 2014. Construction work at The Place Phase 3 (formerly known as The HQ 3) is well underway with structure topping out successfully completed on 16 January 2014.

The Place Phase 1 retail pre-commitment remained in excess of 50.0%, of which written confirmation of interest, including leases under detailed negotiation, was approximately 42.1% as at 31 December 2013 and the balance represented work in progress.

Following the change in the management in October 2013, the Property Manager has performed an extensive review of the operational and development timeline of The Place which is now expected for The Place Phase 1 to be launched in Q3 2014, and The Place Phase 2 (formerly known as The HQ 2) and The Place Phase 3 in Q4 2014. The revision to the completion and opening schedule is the result of unforeseen events, a recalibrated development and operational review undertaken by management to optimise the overall positioning, tenant mix and launch of The Place, with particular consideration given to changing opportunities in market conditions.

Management remains committed to focus on the successful completion of The Place project in a timely manner, and consequently there are no plans for additional balance sheet growth via asset acquisitions until the development of The Place is completed.

The Board has determined that it is prudent, with regard to the Trust’s revenue budget, operations and strategy, and in particular, the completion of The Place and the planned commencement of the refurbishment of Huai Hai Mall in 2014, that there would not be a distribution declared for the year ended 31 December 2013. Nonetheless, the Board maintains its commitment to commence distributions no later than FY 2015.

HEALTHY FINANCIAL POSITION

The Trust maintained a healthy financial position throughout the year. As at 31 December 2013, the Trust gearing ratio stood at 32.6% (total borrowing to total assets), which was still far from

CHAIRMAN'S STATEMENT

the maximum gearing cap of 45.0% as stipulated in the Trust Deed. Bank balances and cash on hand amounted to S\$112.94 million as at 31 December 2013, increased sharply by 124.9% year-on-year.

Overall, we are pleased that the unit price performed well during the course of 2013, as it rose by 47.6% over the year to S\$2.17 as at 31 December 2013, compared to S\$1.47 a year ago, outperforming the Straits Times Index. The market capitalisation of the Trust expanded 47.6% to approximately S\$550.73 million as at 31 December 2013.

MARKET CONDITIONS

The 3rd Plenary Session of the 18th CPC Central Committee in November 2013 outlined major reforms to be accomplished by 2020. For the economic reform, the core is to ensure that the market shall play a decisive role, different from a basic role in the past, in allocating resources. For 2014, the tone set by the government is to maintain an appropriate growth and deepen comprehensive reforms with the macro policy stance remaining proactive in fiscal policy and prudent in monetary policy, and thus a steady economic growth is expected in coming years.

China's economy ended 2013 on a firm footing. GDP growth came in at 7.7% year-on-year in 4Q 2013, taking annual economic growth to 7.7%, unchanged from 2012 – still above the official target of 7.5% and is in the comfort zone to the Central Government and the market. The continuing slower growth trend seen since the 10.4% level reached in 2010 suggested that policy makers are pushing

forward structural reforms – rebalancing the economy by shifting away from investment and exports for growth and relying more on domestic consumption.

Consumption, accounting for half of GDP growth, held up well in 2013. Retail sales in December grew 13.6% year-on-year, almost the fastest pace during the

year and for full year of 2013 it posted 13.1% growth. Disposable incomes grew relatively strongly – 9.7% and 12.4% for urban and rural households respectively, which is believed to support private consumption and offset some of the weakness in public consumption as a result of ongoing anti-corruption drives.

Annual GDP and YoY Growth



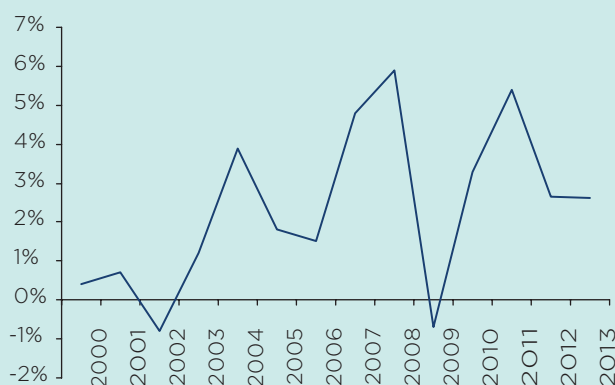
(Source: CEIC, National Bureau of Statistics)

Annual Retail Sales and YoY Growth



(Source: CEIC, National Bureau of Statistics)

Annual CPI inflation



(Source: CEIC, National Bureau of Statistics)

CPI inflation stayed low throughout 2013 and finished the year at 2.6% year-on-year, undershooting the government's 3.5% annual target by a notable margin, with December CPI dropping to a seven-month low of 2.5%, alleviating the fear of aggressive monetary tightening. Overall inflation pressure is expected to remain modest in 2014, which provides more leeway for policy makers to manage monetary policy, especially when growth slows more than expected.

The property sector was the bright spot in China's economy during the year after a lackluster 2012. Housing prices and sales in major cities rose quickly as homebuyers returned to market, which drove total property sales throughout the country expanded by 26.3% to RMB8.14 trillion in 2013, up from 10.0% growth in 2012. Capital investment in property

development rose 19.8% in 2013 compared with 16.2% increase in 2012. Increasing liquidity for the real estate sector in the year helped fuel the market boom as banks delivered some RMB2.34 trillion new loans to the sector, almost RMB1.00 trillion more than 2012.

The office property market in Shanghai remained stable during 2013. Average rents edged up to RMB9.2/sqm/day by end of 2013 from RMB9.0/sqm/day (December 2012) mainly driven by strong leasing demand from domestic financial institutions, whilst the vacancy rate jumped to 10.0% from 7.8%. Retail real estate market continued to be buoyant though facing more challenges than ever. Average ground floor rents in prime locations increased to RMB50.5/sqm/day from RMB47.6/sqm/day with vacancy almost staying flat at 4.6%.

OUTLOOK

2013 marked a new era for the Trust with Nan Fung's acquisition of the Trustee-Manager and Property Manager and also becoming the single largest unitholder of the Trust. Nonetheless, 2014 will continue to present challenges, with the completion and opening of The Place being the critical milestone for the Trust. The management, under the leadership of the newly appointed CEO, Mr. Andrew SEAH Choo, is committed to spend every effort and resource to focus on the development and leasing work of The Place and bring it to reality. Nan Fung will also utilise its real estate development capability and experience to provide assistance and add value to the Trust.

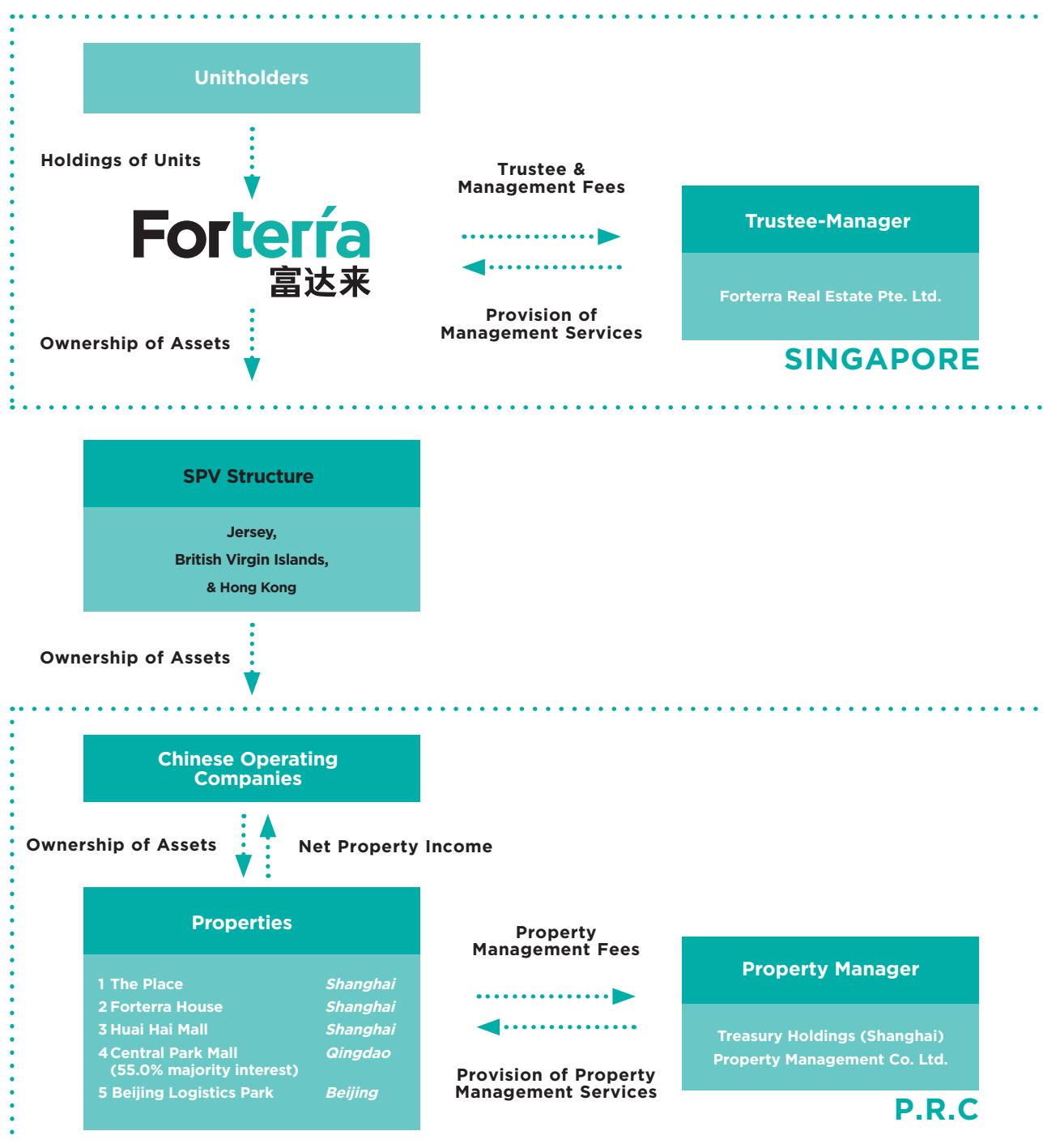
Looking forward, with the completion of The Place, the majority of the Trust portfolio (81.7% of the portfolio) will become income-generating with recurrent rental income. This will lead to significant improvements in the cashflow and financial position of the Trust, and lay a strong foundation for its future development.

Eric Chung Chun Kwong

Chairman of the Board

18 March 2014

TRUST STRUCTURE



TRUSTEE-MANAGER'S BOARD OF DIRECTORS



Front row (from left to right):

Mr. Eric CHUNG Chun Kwong
Mr. Andrew SEAH Choo

Back row (from left to right):

Mr. Nelson TANG Chun Wai
Dr. TAN Khee Giap
Mr. John LIM Kok Min
Mr. Paul CHENG Kwok Kin
Mr. John LEE Ting Kong
Mr. Vincent CHEUNG Sai Sing
Mr. YOON Wai Nam

Mr. Eric CHUNG Chun Kwong

Chairman, Non-Executive &
Non-Independent Director
Appointed 28 August 2013
Appointed Chairman
10 October 2013
Member of the Nominating
Committee

Mr. Chung is the managing director of the Nan Fung group of companies (the "NF Group"), the owner of the Trustee-Manager and substantial unitholder of Forterra Trust. At the NF Group, he is responsible for the Finance and Investment Division, covering the accounting, finance and investment functions of the NF Group.

Mr. Chung brings with him extensive experience in the property, banking and investment markets having spent 30 years

in these industries in Canada and Hongkong. He joined the NF Group in 2001 and has held several key positions over the years. He was the executive director of Nan Fung Development Limited ("NFD") up to July 2012. He also served as general manager of Nan Fung Textiles Consolidated Limited (now known as "Nan Fung Property Consolidated Limited") (2009), while he was the deputy general manager of NFD. He was the Finance Director of NFD (September 2009 to July 2011), before he assumed his current position as the managing director in August 2011.

He currently serves as non-executive director of the board of the companies within the Forterra Trust group and as executive

TRUSTEE-MANAGER'S BOARD OF DIRECTORS

director of the NF Group. He does not sit on the board of any other listed companies. He did not serve on the boards of other listed companies in the preceding three years, and had no other principal commitments except for his appointments within Forterra Trust and the NF Group.

Mr. Chung graduated with a Bachelor's degree in Business Administration from the University of Hawaii, and is a Chartered Financial Analyst.

Mr. Andrew SEAH Choo
Executive Director &
Chief Executive Officer
Appointed 22 November 2013

Mr. Seah brings with him a wealth of more than 30 years of extensive experience in property and project design, development and management in Hong Kong and overseas. Before joining the Trustee-Manager as Chief Executive Officer on 4 November 2013, Mr. Seah oversaw a joint venture development for the NF Group with Sino Ocean Land Holdings Limited ("SOL"), where he was responsible for directing and managing, design, construction and overall quality oversight for a 405 meter tall iconic state-of-the-art mixed development at the heart of the Beijing CBD led by the architects, Foster and Partners. SOL is one of the largest China property developers listed on the

Hong Kong Stock Exchange. Prior to joining NF/SOL, he also served as the former group property advisor to the UOA Group, one of the largest Malaysian property companies, and was responsible for property planning, design and overall strategic direction.

In Hong Kong, Mr. Seah spent more than 10 years with Kowloon-Canton Railway Corporation ("KCRC"), a Hong Kong railway operator with a large landbank and substantial property businesses before its merger with MTR Corporation Limited in 2008. Mr. Seah last held senior executive positions within KCRC's Property Division, managing multiple large-scale property development projects along the railway network, covering architectural planning, design, construction and project management with aims to ensure quality, time and cost control of projects for both developments and investment properties of KCRC. He also once headed a central support group responsible for business planning, research into property products and sustainable development strategies, and corporate governance initiatives of KCRC, overseeing the setting up of various policies, procedures, standards, safety and development manuals to regulate the conduct of property businesses undertaken by KCRC.

Currently, Mr. Seah is an executive

director of Treasury Holdings (Shanghai) Property Management Co., Ltd, the Property Manager to Forterra Trust. He does not serve on the boards of any other listed companies. He did not serve on the boards of any other listed companies in the preceding three years, and had no other principal commitments except for his appointments in Sino Ocean Land Limited, UOA Group and Rainbow Land Holdings Limited.

Mr. Seah graduated with an honours degree from Liverpool University in 1980 and earned a postgraduate degree in architecture from University of Wales (UWIST) in 1982. He was a Chartered Member of the Royal Institute of British Architects, a Chartered Member of the Malaysian Institute of Architects, and elected as a Fellow Member of the Hong Kong Institute of Architects. Mr. Seah is also a registered architect and an Honorary Professor of the Wuhan Railway Institute.

Mr. John LIM Kok Min
Independent Non-Executive
Director
Appointed 10 October 2013
Lead Independent Director
Member of the Audit Committee &
Member of the Nominating
Committee

Mr. Lim brings with him more than 40 years of extensive private and public sector experience in Singapore, South East Asia,

United Kingdom, Australia and New Zealand. He was formerly the Executive Group Deputy Chairman of LMA International NV, a global medical device company listed on SGX until December 2010 and before that, its President (2004 to 2006). He also served as the Chairman of the Building & Construction Authority, Singapore (2001 to 2007) and of Senoko Power Limited (2002 to 2008) and was formerly a director (2006 to 2012) and Deputy Chairman of the Singapore Institute of Management (2010 to 2012). He was also a director of NTUC FairPrice Co-operative (1999 to 2011) and its Deputy Chairman (2008 to 2011). He was Deputy Chairman of Agri-Foods and Veterinary Authority of Singapore (2000 to 2006); and the Group Managing Director of Pan-United Corporation Limited (1997 to 2000) and JC-MPH Ltd. (1993 to 1997); and Divisional Director, Chief Operating Officer and Chief Executive Officer of Cold Storage Holdings Ltd (1981 to 1993). He was the former Chairman, President and Honorary Secretary of the Singapore Institute of Directors.

He is currently a non-executive director of Boustead Singapore Ltd and Silverlake Axis Ltd, both being companies listed on SGX. He is also Chairman of Gas Supply Pte. Ltd, and a non-executive director of several companies including Econ Healthcare Ltd, Taylor's Education Pte Ltd and

Classic Fine Foods Ltd. During the preceding three years, Mr. Lim had no other principal commitments.

Mr. Lim graduated with a BA Honours (Economics) from the University of Malaya in 1962 and is an Honorary Fellow of the Singapore Institute of Directors.

Mr. Paul CHENG Kwok Kin
[Independent Non-Executive Director](#)
[Appointed 10 October 2013](#)
[Chairman of the Audit Committee & Member of the Nominating Committee](#)

Mr. Cheng brings with him extensive management and operational experience covering accounting, financial services, legal, compliance, company secretarial and corporate governance matters. He was a board director, deputy president and chief administration officer of Mitsubishi UFJ Securities (HK) Holdings Limited ("MUHK"), a wholly-owned subsidiary of Mitsubishi UFJ Financial Group, Japan, and held these positions until his retirement from MUHK in December 2012.

Mr. Cheng qualified as a Chartered Accountant in the United Kingdom in 1976 and was a partner of a firm of Chartered Accountants in London for 14 years. He retired from the partnership in June 1992 to join Worldsec Limited, an investment banking group headquartered in Hong Kong.

Mr. Cheng held, for more than 10 years, senior management roles in the finance, operations and administration of the Worldsec group until April 2006 when he left to join MUHK.

Currently, Mr. Cheng serves on the board of Xinyi Solar Holdings Limited (since 2013), a company listed on the Main Board of the Hong Kong Stock Exchange, as an independent non-executive director, chairman of the audit committee and member of the remuneration and nomination committees. Mr. Cheng also serves on the board of R M Group Holdings Limited (since 2013), a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, as an independent non-executive director and chairman of the audit committee and member of the remuneration and nomination committees. He also serves on the Audit Profession Reform Working Group of the Hong Kong Institute of Certified Public Accountants and on the membership committee of the Hong Kong Securities and Investment Institute.

Mr. Cheng did not serve on the boards of any other listed companies in the preceding three years, and had no other principal commitments except for his appointments in the MUHK group of companies.

TRUSTEE-MANAGER'S BOARD OF DIRECTORS

Mr. Cheng is a fellow of the Institute of Chartered Accountants in England & Wales and of the Hong Kong Institute of Certified Public Accountants.

Mr. John LEE Ting Kong
Independent Non-Executive Director
Appointed 10 October 2013
Chairman of the Nominating
Committee &
Member of the Audit Committee

Mr. John Lee brings with him extensive experience in the area of China tax and regulatory oversight, which is one of the key elements for considering, planning and running a property business in the PRC.

He is currently the Senior Vice President and Chief Tax Officer of Shanda Interactive Entertainment Limited group of companies ("Shanda Group"), overseeing its global taxation matters as well as being responsible for structuring mergers and acquisition and restructuring activities for the Shanda Group to ensure that tax, business and regulatory considerations have been addressed. Before joining the Shanda Group in 2010, he was a senior partner of KPMG based in Shanghai, in charge of China Tax Practice for China and Hong Kong, covering multi-national companies and real estate investors with business interests in China. Prior to Shanghai, Mr. Lee had extensive tax advisory experience in Hong

Kong, Vancouver and Toronto, working for KPMG.

Mr. Lee also sits on the boards of companies within the Shanda Group as well as Able World Holdings Ltd, Autumn Gate Limited and Arbutus Country Holdings Limited. In the preceding three years, he did not serve on the boards of other listed companies and had no other principal commitments except for his appointments within the Shanda Group.

Mr. Lee graduated from the University of Manitoba with a Bachelor in Commerce (Hons). He is a Fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Canadian and British Columbia Institute of Chartered Accountants.

Dr. TAN Khee Giap
Independent Non-Executive
Director
Appointed 25 July 2011
Chairman of the Unit Option
Scheme Committee &
Member of the Audit Committee

Dr. Tan has been the Co-Director of the Asia Competitiveness Institute in Lee Kuan Yew School of Public Policy, National University of Singapore ("LKY School of Public Policy, NUS") since 2009, overseeing research activities on Asia. Upon his graduation in 1987, he joined the banking sector as a treasury manager and served

as secretary to the Assets and Liabilities Committee for three years, thereafter he taught at the Department of Economics and Statistics, National University of Singapore (1990 to 1993). Dr. Tan joined Nanyang Technological University in 1993 and was Associate Dean, Graduate Studies Office (2007 to 2009). He then joined the LKY School of Public Policy, NUS to set up the inaugural Master in Public Policy and Management Program tailor-made for senior government officials from China.

Dr. Tan has consulted extensively with various government ministries, statutory boards and government linked companies of the Singapore Government including the Ministry of Finance, Ministry of Trade & Industry, Ministry of Manpower, Housing & Development Board, Civil Aviation Authority of Singapore, Singapore Tourism Board, Trade Development Board, Maritime Port Authority, Ministry of Information, Culture & Arts, Media Development Authority, Ministry of Environment and Water Resources, Singapore Design Council, Ministry of Community Development, Youth & Sports, Singapore Press Holdings, Mendaki, StarHub and Capital Land on policies concerning financial, fiscal, trade, tourism, public housing, labor, telecommunications, tourism, liveable cities, creative industry,

media, community development, airport and seaport activities.

Currently, he serves as independent director of these listed companies: Breadtalk Group Limited (since October 2010), TEE Land Limited (since May 2013) and Artivision Technologies Limited (since June 2008). He chairs the Remuneration Committees at Artivision Technologies Limited and TEE Land Limited. He sits on the board of Human Capital (Singapore) Pte Ltd. He did not serve on the boards of any other listed companies in the preceding three years, and had no other principal commitments except for his appointment in the LKY School of Public Policy, NUS.

Dr. Tan graduated with a PhD in Economics from the University of East Anglia, UK in 1987.

Mr. YOON Wai Nam

Independent Non-Executive Director
Appointed 25 July 2012
Member of the Audit Committee &
Member of the Unit Option Scheme
Committee

Mr. Yoon Wai Nam is currently the Chief Executive Officer of the Centre for Non-Profit Leadership ("CNPL"), a Singapore non-profit organization with a mission to advocate planned leadership and nurture leadership capability in the non-profit sector. He works with sector administrators as well as individual charities' Board and

Executive Directors in developing leadership.

Mr. Yoon previously spent most of his career running and developing businesses for multinational corporations and companies in Southeast Asia and Indochina including a 4 year stint as the Chief Financial Officer for Lafarge in China. Lafarge is the world largest cement manufacturer headquartered in Paris. During his time with Lafarge Asia Pacific, Mr. Yoon had other leadership roles including strategy and corporate development. He then joined a Hong Kong listed provider of oil logistic and marine services in the Asia Pacific region, as its Chief Financial Officer. Mr. Yoon's most recent role was as Country Head of a US Multinational Corporation in the Philippines.

Presently, Mr. Yoon does not sit on the board of any other listed companies. He served as independent non-executive director of the listed Innopac Holdings Limited (2011 to 2013), and as Vice-President of O'Joy Care Services (2011 to 2013). In the preceding three years, he had no other principal commitments except for his appointment at the CNPL.

Mr. Yoon received his BA (Honours) in Accounting & Finance from The Nottingham Trent University (UK) and MBA from

Strathclyde Graduate Business School, University of Strathclyde (Scotland). He completed his professional exams with CPA Singapore and CIMA (UK) in 1991.

Mr. Vincent CHEUNG Sai Sing

Non-Executive &
Non-Independent Director
Appointed 28 August 2013
Member of the Nominating
Committee &
Member of the Unit Option Scheme
Committee

Mr. Cheung is an executive director of the NF Group. He is responsible for the daily operation and proposition, evaluation and approval of new investments at NF Group.

Before joining NFD in 2009 as Senior Investment Manager, Mr. Cheung was the Vice President of the Hong Kong Medium Term Notes Trading Department for Citigroup Global Markets Asia Limited (March 2004 to May 2008), and subsequently the Vice President of Asia-Pacific Sales Structuring Department for Barclays Capital Asia Ltd (May 2008 to July 2009). He was then appointed as director of NFD (November 2009 to January 2012).

Mr. Cheung serves as non-executive director of the board of companies within Forterra Trust and executive director of the subsidiaries of the NF Group. He is also a non-executive director of

TRUSTEE-MANAGER'S BOARD OF DIRECTORS

Sino Ocean Land Holdings Limited (since 2011), a company listed on the Hong Kong Stock Exchange, as well as a Committee Member of the Shanghai Committee of Chinese People's Political Consultative Conference (since 2012) and of the All-China Youth Federation, and a Council Member of the Hong Kong United Youth Association (since 2010). He did not serve on the boards of any other listed companies in the preceding three years, and had no other principal commitments except for his appointments in Forterra Trust and the NF Group.

Mr. Cheung graduated from the University of California, Berkeley, with honours in Molecular and Cell Biology in 2003.

He is connected to the ultimate beneficial owner of a substantial unitholder of Forterra Trust and of the Trustee-Manager.

Mr. Nelson TANG Chun Wai
Non-Executive &
Non-Independent Director
Appointed 22 November 2013

Mr. Tang is the Vice President (Investments) with NFD and in this role, he leads the sourcing, evaluation, execution and management of real estate and other related deals, as well as other investment activities and capital market exercises for the

NF Group in the People's Republic of China ("PRC").

He has considerable experience in PRC, including Beijing, Shanghai, Hangzhou, Shenyang, Chengdu, Chongqing and Shenzhen, with key relationships established with certain local and nationwide developers in PRC. At NF, he oversaw the debut US\$ Guaranteed Notes issuance which are listed on the SGX-ST and achieved investment-grade ratings from S&P, Moody's and Fitch. He also led and steered the acquisition of the 29.98% stake in Forterra Trust and of the entire stake in the Trustee-Manager and the Property-Manager across the various jurisdictions in Hong Kong, Singapore, Ireland and PRC. Prior to joining the NF Group in August 2010, he was with Goldman Sachs Asia LLC (July 2008 – July 2010). He subsequently rose through the ranks to become the Vice President (China Property at NFD) and since July 2013, as the Vice President (Investments) at NFD.

Mr. Tang currently serves as non-executive director of the board of the companies within Forterra Trust and as director or alternate director in several subsidiaries of Nan Fung International Holdings Limited. He does not sit on the board of any other listed companies. He did not serve on the boards of other listed companies in

the preceding three years, and had no other principal commitments except for his appointments in Forterra Trust and the NF Group.

Mr. Tang graduated with a Bachelor of Science in Economics, summa cum laude, from the Wharton School of the University of Pennsylvania.

TRUSTEE-MANAGER'S REPORT

Forterra Real Estate Pte. Ltd. (formerly known as Treasury Holdings Real Estate Pte. Ltd.) is the Trustee-Manager of Forterra and executes this function in accordance with the Trust Deed established and executed on 19 May 2010 and Supplemental Trust Deed dated 26 February 2013. In this capacity, Forterra Real Estate Pte. Ltd. has created one of the leading players in China's burgeoning commercial real estate sector.

OVERVIEW

Forterra is an owner, manager and developer of quality commercial real estate in China with its focus on Shanghai, the largest commercial and economic region in the country.

With a diverse portfolio comprising office, retail and logistic park real estate represented by stabilised income producing assets, redevelopment projects and green field sites, Forterra strives to deliver optimum returns to unitholders through a mixture of recurrent lease rental income and accretive net asset value through proactive management of its development assets.

BUSINESS REVIEW

• Gross Revenue by Property

Gross revenue for the Trust registered a year-on-year decrease

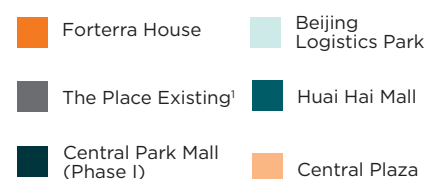
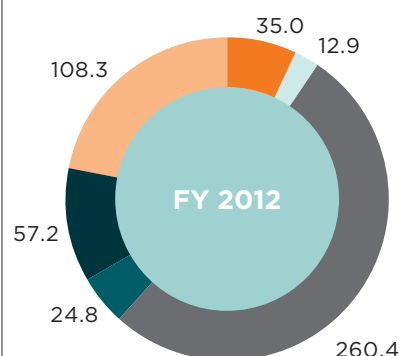
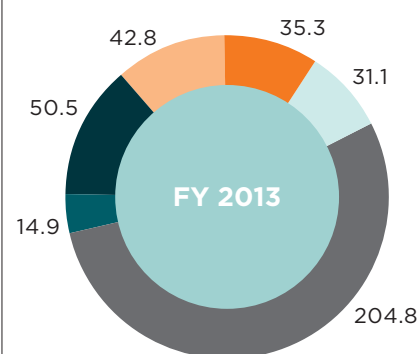
of 22.0% mainly attributable by the sale of Central Plaza settled in May 2013 and the absence of retail rental from The Place Phase 1 (formerly known as The HQ 1) amid refurbishment work during the year. Huai Hai Mall continued its transition to a pre-development state with tenants moved out gradually from the premises and thus resulted in lower revenue contribution during the year. For Central Park Mall, whilst the termination of rent guarantee with TRIO have a short term impact to its revenue contribution, the restructure of the financing arrangement represented an outflow saving of RMB18.6 million (\$3.9 million) for the entirety of the restructure.

• Rental Reversion for Renewal and New Leases

The results for the year reflected that office portfolio remained a strong contributor to gross revenue in terms of total income generated and positive rental reversion. During the year, 73 office tenancies were negotiated reflecting an average increase in contracted rental income of 8.9% on a net effective basis. This leasing activity encompassed over 130,000 sqm of office space of which 47 tenants renewed expiring leases including 9 negotiations for expansion space and 26 new tenants were introduced to the portfolio across 2013.

Gross Revenue by Property

(RMB Million)



1. Formerly known as The HQ Existing

TRUSTEE-MANAGER'S REPORT

• Occupancy Rate

As at 31 December 2013, the occupancy rate of the stabilised assets, namely (i) Forterra House; and (ii) Beijing Logistics Park, and The Place Phase 1 (office portion) was ranged approximately from 91.7% to 100.0%, representing a slight decrease compared to the range of 93.9% to 100.0% for the same period last year. Nonetheless, the occupancy rate of these assets remained at a high level. Huai Hai Mall continued its transition to a pre-development state with occupancy of 14.3% as at 31 December 2013 (51.9% as at 31 December 2012), with all leases expected to be terminated by the end of the first quarter of 2014.

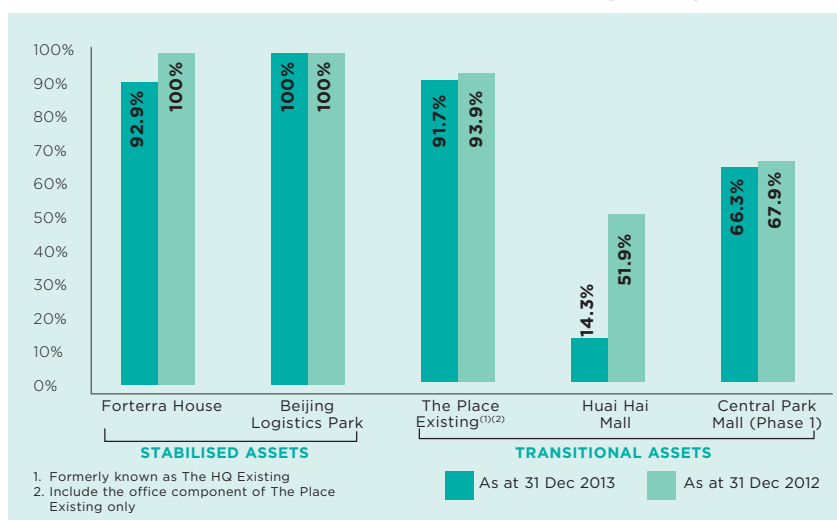
• Huai Hai Mall

As announced on 2 September 2013, the Trust secured a head lease over an additional 3,404 sqm of retail space at Huai Hai Mall resulting in the expansion of the total gross floor area of Huai Hai Mall, which is under the Trust's ownership or control, from 7,620 sqm to 11,024 sqm. The lease is for 20 years with an option, at Forterra's discretion, for an additional 10 years.

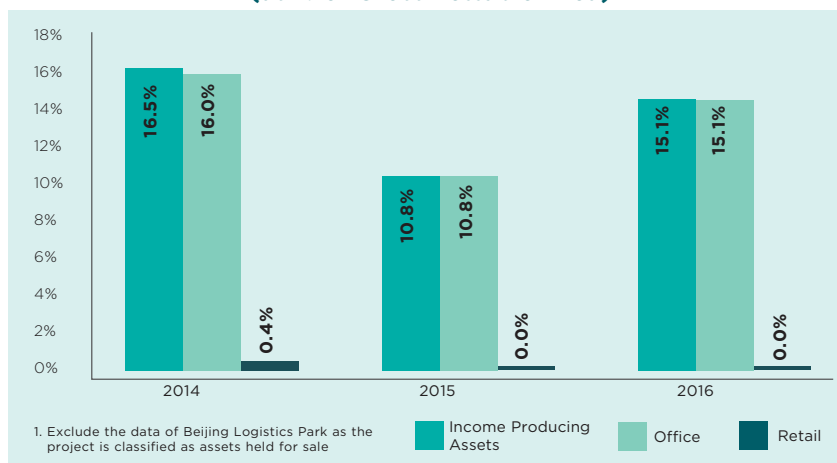
New/Renew Leases Summary

Period	No. of Leases Signed	Average Rental Uplift on Net Effective Basis
Q1 2013	23	12.4%
Q2 2013	26	7.5%
Q3 2013	10	5.9%
Q4 2013	14	3.6%
FY 2013	73	8.9%

Committed Portfolio Occupancy



Leasing Expiry Profile (as % of Gross Lettable Area)



COMMERCIAL REAL ESTATE PORTFOLIO

Forterra undertakes independent valuations of its real estate portfolio in June and December of each year. The results of the December 2013 valuation process, prepared by DTZ Debenham Tie Leung in accordance with the guidelines of the Royal Institute of Chartered Surveyors and the subject of a separate review by Forterra's Audit Committee are detailed below.

Investment Properties	As at 31 December 2013 (RMB million) ⁽¹⁾	As at 31 December 2012 (RMB million) ⁽²⁾	Variance %
Stabilised Assets			
Forterra House, <i>Shanghai</i>	720	721	-0.1%
Beijing Logistics Park, <i>Beijing</i>	338	326	3.7%
Total Stabilised Assets	1,058	1,047	1.1%
Transitional Assets			
The Place Existing ⁽³⁾ , <i>Shanghai</i>	6,077	6,164	-1.4%
Huai Hai Mall, <i>Shanghai</i>	816	809	0.9%
Central Park Mall (Phase I), <i>Qingdao</i>	624	665	-6.2%
Total Transitional Assets	7,517	7,638	-1.6%
Development Asset			
The Place Extension ⁽⁴⁾ , <i>Shanghai</i>	2,057	1,690	21.7%
Land-Bank Asset			
Central Park Mall (Phase II-IV), <i>Qingdao</i>	1,379	1,349	2.2%
Total Portfolio Valuation	12,011	11,724	2.4%
Total Portfolio reflecting 55% ownership of Central Park Mall	11,110	10,818	2.7%

Notes:

- (1) The independent valuation analysis was undertaken by DTZ Debenham Tie Leung.
- (2) The independent valuation analysis was undertaken by CB Richard Ellis.
- (3) Formerly known as The HQ Existing.
- (4) Formerly known as The HQ Extension.

COMMERCIAL REAL ESTATE PORTFOLIO

Property Information as at 31 December 2013	Stabilised Assets	
	Forterra House	Beijing Logistics Park
Location	Historic French Concession, Shanghai	Beijing Airport Logistic Park, Beijing
Type	Office/Retail	Logistics/Warehouse
Total GFA (sqm)	19,643	75,145
No. of Car Park Space	74	n.a
Committed Occupancy	92.9%	100.0%
Valuation ⁽³⁾	RMB720 million	RMB338 million
Gross Revenue	RMB35.3 million	RMB31.1 million
Major Tenants	- SPX Corporation - SAIC Motor Group - Forterra Trust - Bank of Beijing - Aixtron AG	- Taobao - ShunFeng Express

Notes:

- (1) As announced on 2 September 2013, 3,404 sqm of the retail space was secured under the head lease for a 20+10 years lease term resulting in the expansion of the total retail GFA to 11,024 sqm.
- (2) The committed occupancy includes the office component of The Place Existing only.
- (3) The independent valuation analysis was undertaken by DTZ Debenham Tie Leung as at 31 December 2013.

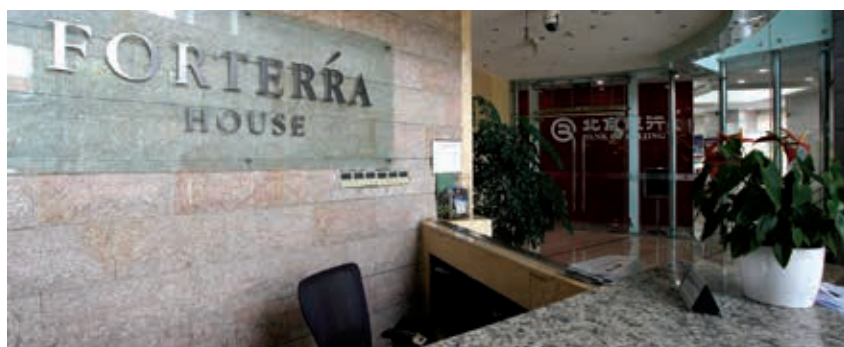
Transitional Assets			Development Asset	Land-Bank Asset
The Place ⁽⁵⁾ (Existing)	Huai Hai Mall	Central Park Mall (Phase I)	The Place ⁽⁶⁾ (Extension)	Central Park Mall (Phase II-IV)
Hongqiao, Shanghai	Huai Hai Road, Shanghai	Laoshan CBD, Qingdao	Hongqiao, Shanghai	Laoshan CBD, Qingdao
Office/Retail	Retail	Retail	Office/Retail	Retail
188,675 (est.)	11,024 ⁽¹⁾	66,160 (est.)	88,312 (est.)	250,774 (est.)
732 (est.)	n.a.	501 (est.)	416 (est.)	2,327 (est.)
91.7% ⁽²⁾	14.3%	66.3%	n.a.	n.a.
RMB6,077 million	RMB816 million ⁽⁴⁾	RMB624 million	RMB2,057 million	RMB1,379 million
RMB204.8 million	RMB14.9 million	RMB50.5 million	n.a.	n.a.
- Honeywell China - Ingersoll Rand Investment - ITT Investment - Ecolab Chemicals - Casio Shanghai - Palmer & Turner Consultants	- Bank of Shanghai	- Lotte Mart	n.a.	n.a.

(4) The valuation reflects the 7,620 sqm retail space under title certificate of Forterra.

(5) Formerly known as The HQ Existing.

(6) Formerly known as The HQ Extension.

COMMERCIAL REAL ESTATE PORTFOLIO



THE PLACE - THE OVERWHELMING FOCUS IN THE SHORT TO MEDIUM TERM

The Place (formerly known as The HQ) comprises 188,675 square metres of existing office and retail facilities to be complemented by an 88,312 square metres extension for which the design has received all the necessary approvals and is currently under construction. Leveraging Forterra's signature strengths of international quality retail design and proactive and strategic development and asset management, upon completion The Place will provide a fully integrated commercial complex comprising over 277,000 square metres of office and retail area with ancillary facilities (basement car parking etc).

The retail scheme of The Place is expertly designed by Benoy Limited, an internationally recognised design firm and is positioned to be one of Shanghai's most exciting new business and lifestyle destinations.

Construction Progress

The development of The Place consisted of capital works for development and refurbishment work, to be undertaken in three phases comprising the following:

- (a) The Place Phase 1 (formerly known as The HQ 1), which is a retail podium



COMMERCIAL REAL ESTATE PORTFOLIO

of an existing building of approximately 10 years old consisting of 2 basement levels and 6 storeys above ground;

- (b) The Place Phase 2 (formerly known as The HQ 2), which is an existing two level outdoor pedestrianised mall and food street and multilevel new bridge linking the podiums of The Place Phase 1 and The Place Phase 3; and
- (c) The Place Phase 3 (formerly known as The HQ 3), which is a new 12-storey office tower, and a retail podium with 4 basement levels and 7 storeys above ground.

The Place Phase 3 is set to secure Gold LEED (“Leadership in Energy and Environmental Design”) certification upon completion, a unique achievement for a retail/office mixed-use property in China.

The Place is expected to be launched in the second half of 2014, with completion and tenant occupancy dates for The Place Phase 1 expected to occur in Q3 of 2014, and The Place Phase 2 and The Place Phase 3 to follow in Q4 of 2014. The revision to the completion and tenant occupancy dates is the result of unforeseen events, a recalibrated development and operational review undertaken by management to optimise the



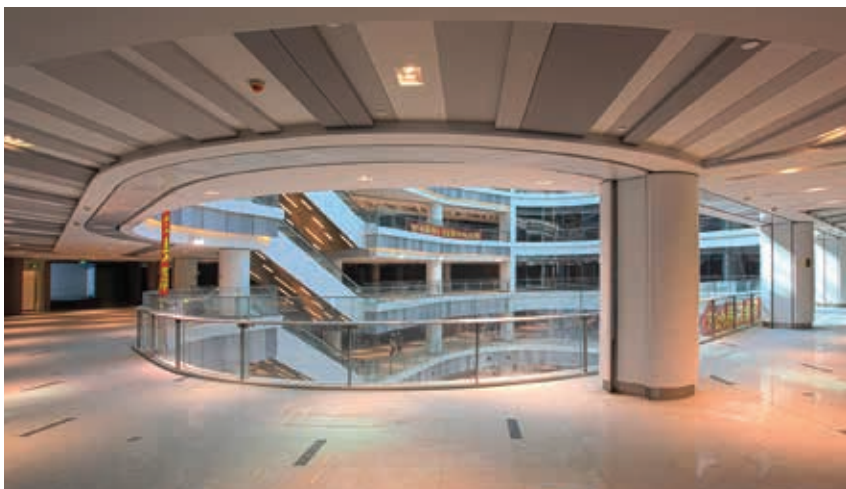
The Place Phase 3:
Construction of a 4 level basement, 7 level retail podium and 12 level office

The Place Phase 2:
Refurbishment of the outdoor pedestrianised mall and food street

The Place Phase 1:
Refurbishment of the existing retail podium consisting of 2 basement levels and 6 storeys above ground



The Place Phase 1 – Natural Ambiance of Central Atrium



The Place Phase 1 – Common Circulation Area



The Place Phase 3 – A Happy Day at the Topping Out Ceremony

overall positioning, tenant mix and launch of The Place, with particular consideration given to changing opportunities in market conditions, following changes in the management leadership in October 2013.

When completed, The Place will be a revitalised office and retail mixed use development with the retail portion positioned as a contemporary family oriented premier mall that offers quality shopping, dining and entertainment experiences.

With respect to the individual components of The Place the following is to be noted:

The Place Phase 1

The refurbishment work is sustainably completed and discussions with tenants for their fit-out works have commenced since February 2014.

The Place Phase 2

Food street – Demolition work was substantially completed during the year and facade renovation works have commenced since February 2014.

New bridge – Base slab is under construction as scheduled and the structure topping out is expected to be done by end April 2014.

COMMERCIAL REAL ESTATE PORTFOLIO

The Place Phase 3

Construction work is well underway with structure topping out successfully completed on 16 January 2014.

LEASING PROGRESS

The Place Phase 1 retail pre-commitment remained in excess of 50.0%, of which written confirmation of interest, including leases under detailed negotiation was approximately 42.1% as at 31 December 2013 and the balance represented work in progress. There are a number of transactions currently being pursued which are expected to advance the pre-leasing commitment well beyond its current level during 1st half of 2014.

The Trust remains focused on a successful completion of The Place to an international standard and the substantial improvement in every financial metric for the business that this will deliver.



MANAGEMENT TEAM OF THE TRUSTEE-MANAGER



Mr. Andrew SEAH
Chief Executive Officer

Refer to the description under the section on the Board of Directors, page 10.



Mr. Richard DING
Chief Strategy Officer &
General Counsel

Mr. Richard Ding is the Chief Strategy Officer and General Counsel of the Trustee-Manager since 2007. Mr. Ding has over 19 years of experience serving in a number of senior executive management and legal positions, with responsibility encompassing general management, investment management, legal risk management, corporate compliance, as well as corporate transaction negotiation and execution where he successfully lead the completion of a wide range of corporate transactions, in particular, cross border corporate finance, mergers and acquisitions, and venture investments, particularly in China.

From 2003 to 2007, Mr. Ding served as General Counsel, and Director of Strategy and Corporate Transactions for Visteon Corporation's Asia Pacific operations, where in addition to his responsibilities as senior legal officer in the region; Mr. Ding was responsible for formulating Visteon's Asia Pacific strategy, and leading Visteon's merger and acquisitions and joint venture efforts in the region. From 2000 to 2003, Mr. Ding served as Managing Director of Concord Venture Capital's operations in the US where he was responsible for all of the fund's operations in the US, including identifying new investments, and overseeing and managing the fund's existing investment interest in over 20 portfolio companies. Mr. Ding was Co-Head of Overseas Investment and Director of Legal Affairs at Asia Pulp & Paper Company from 1996 to 2000. Mr. Ding began his legal career as an associate at Winthrop, Stimson, Putnam and Roberts where he served in their New York and Hong Kong offices from 1992 to 1996.

MANAGEMENT TEAM OF THE TRUSTEE-MANAGER



Ms. Mariam IM
Chief Financial Officer

Mr. Ding graduated from the University of California, Los Angeles with a Bachelor of Arts in Economics and Political Science. Mr. Ding holds a Juris Doctor degree from Columbia University's School of Law and a Masters degree in Business Administration from National Chengchi University. Mr. Ding was admitted to the New York State Bar in 1993.

Ms. Mariam Im is the Chief Financial Officer of the Trustee-Manager, responsible for overseeing Forterra Trust's functions in accounting, finance, tax and investor relations.

Ms. Im has over 20 years of professional experience in financial management. Prior to joining the Trustee-Manager, she was Director, Financial Management and Treasury of Hong Kong Disneyland. During the twelve years with Hong Kong Disneyland, she oversaw a wide range of finance functions extending from planning and budgeting, financial advisory and capital projects management to risk and treasury management. As the very first staff member of Hong Kong Disneyland, she was instrumental in the successful establishment of the finance structure and the development of the organization. Prior to her role with Hong Kong Disneyland, Ms. Im was with PricewaterhouseCoopers and gained an extensive experience

in providing audit and business advisory services to listed companies and multinationals.

Ms. Im received her Master of Business in Accountancy from University of Royal Melbourne Institute of Technology and Bachelor of Commerce from University of Wollongong, Australia. She is a member of CPA Australia and a member of Hong Kong Institute of Certified Public Accountants.



THE PROPERTY MANAGER



DEVELOPMENT MANAGEMENT

Development is an all embracing term, covering activities from conception to physical realisation of a project. This process involves complex and detailed management of people and physical resources and is the first and foremost important step in delivering a quality building and maximising value for Unitholders.

Our development management team comprises of high caliber professionals with enriched knowledge and proven track record in building commercial real estate in China. They supervise the entire development process from design to pre-construction and construction to ensure the timely delivery of project without compromising quality.

Moving into 2014, the focus of the team remains to be the development of The Place (formerly known as The HQ) into a world class retail and office complex in a timely manner.

ASSET MANAGEMENT

Portfolio asset management embodies a comprehensive and structured approach with a view to enhancing the functions and value of a real estate portfolio. We aim to achieve optimum asset values and ensure consistent income streams supported by a high quality tenant register to increase the long-term viability of Forterra's asset portfolio.

Our asset management team actively explores asset enhancement initiatives and optimises use of space to maintain high tenant retention and occupancy and achieve stable rental growth. The team also seeks to improve the efficiency and reduce costs through various aspects of its operation to maximise the return of our portfolio.

COMMERCIAL LEASING MANAGEMENT

A strong tenant register, measured by reputation, business longevity and strong financial capacity is one of our key service deliverables across the entire portfolio. This requires a strong knowledge of our tenants and an understanding of their business requirements, so that their suitability as a component of our ongoing asset management strategy can be regularly assessed.

This is best achieved through an internal team that builds relationships, understands the market and can assess, solely for the benefit of the portfolio, and hence Unitholders, the desirability of various tenants.

INVESTOR RELATIONS

The Trustee-Manager of Forterra Trust is committed to regular, transparent and fair communications with the investing community, in particular with Forterra's retail and institutional Unitholders ("the Unitholders"), in an effective and timely manner.

Our Investor Relations team strives to build and maintain a robust, responsive and transparent communications with Unitholders, potential investors, analysts and media through communication channels such as email correspondences, conference calls, one-on-one meetings, site visits, media tours, roadshows and Forterra's website. Through these interacted and efficient two way communications, we maintained a satisfactory level of investor access in 2013. These activities present valuable opportunities for the Unitholders to communicate their view on various matters affecting the Trust and for Forterra to share its operational updates through in-depth discussions.

During 2013, Forterra hosted roadshows in Singapore, London and Hong Kong in March and September respectively which allowed senior management to closely communicate Forterra's performance, strategies and outlook with analysts and institutional Unitholders. In June 2013, media site visit was arranged for various financial magazine or

publication journalists travelling to Shanghai where several of our investment properties are located. This media tour provided them unprecedented first-hand access to our management and investment properties and enhanced their understandings on our long-term commitment to the investing community.

Forterra's dedicated efforts in maintaining our commitments to the Unitholders was well recognised by winning the 8th Outstanding China Enterprise Awards in Singapore in August 2013. This remarks the third consecutive year that Forterra

has been recognised with this prestigious and quality achievement award.

All our latest announcements including but not limited to quarterly financial results, presentation are promptly released to SGXNET and published on Forterra's website (www.forterra.com). The public can subscribe to email alerts to receive updates whenever there are any announcements or press releases issued by Forterra. In addition, enquiries could also be reached via a designated email address (ir@forterra.com).

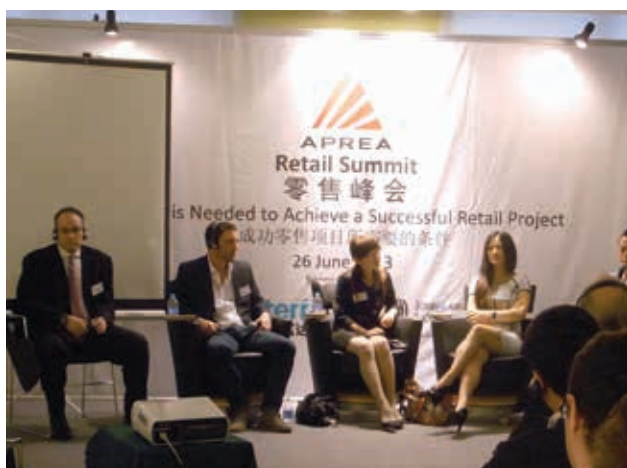


Ms. Mariam Im, CFO of Forterra, received the award on behalf of Forterra

INVESTOR RELATIONS CALENDAR 2013

Quarter	Date	Events
1st Quarter	25 February	Launch of New Brand Identity – Forterra Trust
	27 February	FY 2012 Financial Results Briefing to Analysts and Media
	1-6 March	Non-Deal Roadshows (<i>Singapore / London / Hong Kong</i>)
2nd Quarter	23-25 April	2013 Asia Pacific Real Estate Association (“APREA”) Property Leaders’ Forum (<i>Singapore</i>)
	29 April	2012 Annual General Meeting (<i>Singapore</i>)
	2 May	2013 First Quarter Results Briefing to Analysts and Media
	10 May	Extraordinary General Meeting (<i>Singapore</i>)
	26-27 June	Media Tour & Forterra Retail Soiree (<i>Shanghai</i>)
	27 June	APREA Retail Summit (<i>Shanghai</i>)
3rd Quarter	2-4 August	INVEST Fair 2013 (<i>Singapore</i>)
	5 August	2013 Second Quarter Results Briefing to Analysts and Media
	8-21 September	Non-Deal Roadshows (<i>Singapore / London / Hong Kong</i>)
4th Quarter	29 October	2013 Third Quarter Results Briefing to Analysts and Media

INVESTOR RELATIONS



Forterra Sponsored and Joined the APREA Retail Summit in Shanghai in June 2013



Over 120 Guests Joined the Forterra Retail Soiree Held in June 2013

Financial Calendar 2014/2015 (Tentative)

April 2014

Annual General Meeting

May 2014

2014 First Quarter Results
Announcement

August 2014

2014 Second Quarter Results
Announcement

November 2014

2014 Third Quarter Results
Announcement

February 2015

2014 Fourth Quarter Results
Announcement

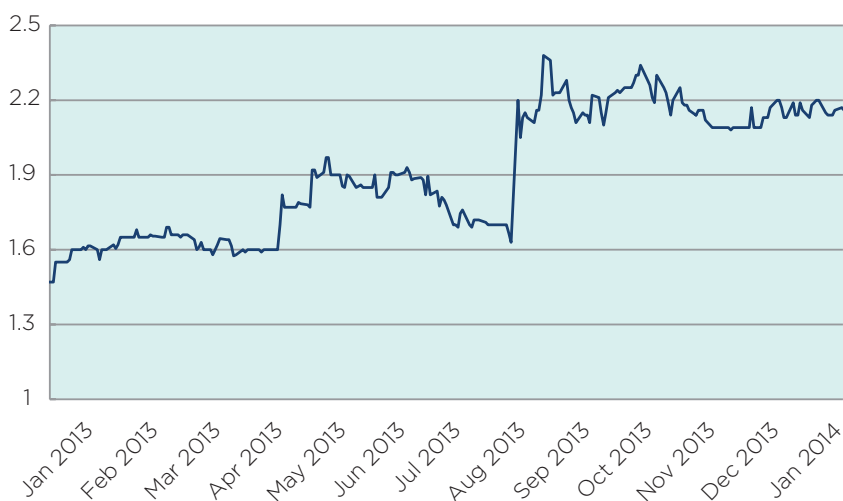
UNIT PRICE PERFORMANCE

(1 January 2013 to 31 December 2013)

Highest Closing Price	S\$2.38
Lowest Closing Price	S\$1.47
Closing Price as at 31 December 2013	S\$2.17
Volume (million Units)	104.61

PRICE PERFORMANCE (FORTERRA TRUST: LG2U)

S\$ per unit



THE UNITHOLDER REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710
Website: www.boardroomlimited.com

For depository-related matters such as change of details pertaining to Unitholders' investment records, please contact:

The Central Depository (Pte) Limited

4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807
Tel: (65) 6535 7511
Fax: (65) 6535 0775
Email: cdp@sgx.com
Website: www.sgx.com/cdp

CORPORATE SOCIAL RESPONSIBILITY

Artworks of the children assisted in the Nanxi Community Children's Art Education Program, an ongoing program that Forterra Foundation has supported financially since 2010 via Forterra-SCF Charitable Fund for Children.



"Clay Pots" by Wei Xiaoxin (10 years old)



"Water Lily" by Meng Qingchun (11 years old)



"Hawk and Chicken" by Yu Jingchuan (7 years old)

Corporate sustainability creates long-term value to our Unitholders and Forterra's long-term commitment to the Chinese market manifests itself through its well established Corporate Social Responsibility ("CSR") Programme which remains a fundamental component of Forterra's business philosophy and execution.

FOR ENVIRONMENTAL SUSTAINABILITY

As a leading owner, manager and developer of commercial real estate in China, the way we construct and operate our investment properties has the essential impact on the environment and community that we live in. As a certified CarbonNeutral Company¹, Forterra is committed to developing and promoting sustainable business practices and has undertaken several initiatives to build on its green credentials achieved over the past number of years.

The Place Phase 3 (formerly known as The HQ 3) in its design process has satisfied all required credits and is on target to achieve LEED² Gold Certification upon completion, becoming one of the very few commercial development in China to win such status.



¹ CarbonNeutral Company: a world-leading carbon offset and carbon management business.

² LEED: Leadership in Energy and Environmental Design, an internationally-recognised green building certification system which is developed by the U.S. Green Building Council (USGBC) in March 2000.

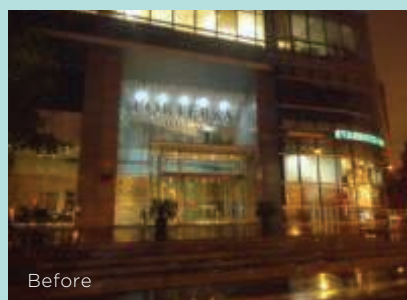
Moreover, Forterra's commitment to carbon neutral status extends to efforts in marketing and communications including its Annual Report which utilises FSC-certified paper.

Forterra explicitly fulfills its long-standing commitment as a responsible corporate citizen through continuously promoting sustainable practices across all aspects of our business. In 2013, Forterra has again proudly become one of the participating companies for the "Earth Hour" to further reduce our carbon footprint and fulfill our commitment to a sustainable environment.

With Strong endorsements from all our tenants, at 8.30pm on Saturday 23 March 2013, all properties in the Forterra portfolio showed their support for "Earth Hour", an important global energy conservation campaign.

FOR THE CHILDREN OF CHINA

As one of Forterra's major CSR initiatives, Forterra Foundation for the Children of China ("Forterra Foundation") has been well operated and managed since first established in 2007. As an international charity, Forterra Foundation aims specifically to aid and support the education and welfare of children in China



Lights off at Forterra House in support of Earth Hour

CORPORATE SOCIAL RESPONSIBILITY

so as to make a meaningful and material contribution to China's next generation.

Since its inception in 2007 and, especially, the establishment of Forterra-SCF Charitable Fund for Children in August 2008 in partnership with Shanghai Charity Foundation (SCF) as a major working platform, Forterra Foundation's charitable works have benefited a cumulative total of over 20,000 Chinese children in Shanghai, Beijing, Jiangsu, Sichuan, Qinghai, Shandong, Jiangxi, Anhui and Gansu as of December 2013.

In September 2013, Forterra Foundation proudly launched the Rainbow Playground Project, which builds concrete playgrounds and donates sports equipment for needy primary schools in under/less-developed rural areas in China, with funding from the Forterra-SCF Charitable Fund for Children.

By the end of December 2013, two playgrounds, with total area of 1,090 sqm, were commissioned to use at the primary schools in Gansu and Shandong Provinces respectively, benefiting 320 students and more in the future.

In 2013, other major initiatives undertaken by the Forterra Foundation included:

- "Speak English, Explore the World" - English tutoring program for underprivileged children in Shanghai's Nandong and Nanxi Communities;
- "Same Starting Line, Happier Childhood" - Art education program for underprivileged children in Shanghai's Nanxi Community;
- "United Love Summer Camp 2013" - Summer camp which invited 60 "left-behind"

children from Jiangxi and Anhui provinces whose parents are migrant workers in Shanghai;

- Donation of an Odyssey of the Mind Classroom (equipment, tools, and supplies) to Yangfan School, i.e. a special education school in Shanghai's Yangpu District with over 180 mentally disabled students; and
- Funding support for Changning District Special Education School to carry out a range of themed events and "experience day" activities benefiting over 80 mentally disabled children.



The Rainbow Playground Project Provides Children with a Safe Environment to Play in.



CORPORATE GOVERNANCE REPORT



INTRODUCTION

Forterra Real Estate Pte. Ltd. (formerly known as Treasury Holdings Real Estate Pte. Ltd.) is the trustee-manager (the “Trustee-Manager”) of Forterra Trust (“Forterra”). The Board of Directors of the Trustee-Manager (the “Board”) and Management of the Trustee-Manager are committed to building and maintaining good corporate governance as they believe it forms the basis from which to enhance the value of Forterra and to safeguard the interests of the unitholders of Forterra as a whole (the “Unitholders”).

This report sets out the main corporate governance policies and practices of the Trustee-Manager with specific reference to the principles in the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (“Code”).

BOARD MATTERS

Principle 1: The Board’s conduct of affairs

The Board has responsibility over the strategic direction and management of Forterra, as well as the corporate governance of the Trustee-Manager. The key roles of the Board are to:

- Set and guide the corporate strategy and business directions of Forterra.
- Ensure that Management discharges business leadership and demonstrates management skills with integrity and enterprise.
- Oversee the proper conduct of the Trustee-Manager.

The Board has adopted a Risk Governance and Internal Control Framework Manual to review and manage risks at the strategic and operational level of Forterra (the “Framework”). Management provides periodic updates to the Board according to the Framework at the regular Board meetings. The Board has also adopted a code of conduct that details values and standards for the Trustee-Manager. In their deliberations of important issues affecting key stakeholders of Forterra, the Board in adopting any actions, takes into account the key stakeholders’ perception of Forterra. The Board also takes into account corporate social responsibility and sustainability issues, where appropriate.

The directors of the Board are expected to objectively discharge their duties and responsibilities at all times in the interest of Forterra and its Unitholders.

The Board has constituted the Audit Committee, the Nominating Committee and the Unit Option Scheme Committee and information on the activities of these Committees can be found in the subsequent sections of this Report. Treasury Holdings (Shanghai) Property Management Co., Ltd has been appointed as the property manager of Forterra (the “Property Manager”).

CORPORATE GOVERNANCE REPORT

The Board meets regularly, at least five (5) times each year and as warranted by circumstances, via ad-hoc meetings and telephone Board meetings, to discuss, review and approve, as required, matters of Forterra, including its performance, its strategic policies, acquisitions and disposals, the annual budget, the Framework and the system of risk management and internal controls, as well as the quarterly and full-year financial results. Under the provisions of the Trustee-Manager's Articles of Association, directors may participate in Board meetings via conference telephone, video conference or similar communications equipment.

The directors' attendance at Board and Committee meetings during the financial year ended 31 December 2013 (the "FY 2013") is as follows:

	Board	Telephone Board Meeting	Audit Committee	Telephone Audit Committee	Unit Option Scheme Committee	Telephone Unit Option Scheme Committee
Directors	A/B	A/B	A/B	A/B	A/B	A/B
Mr. Eric CHUNG*	4 out of 4	2 out of 3	N/A	N/A	N/A	N/A
Mr. Andrew SEAH Choo [#]	1 out of 1	-	N/A	N/A	N/A	N/A
Mr. John LIM**	3 out of 3	0 out of 1	1 out of 2	0 out of 1	N/A	N/A
Mr. Paul CHENG**	3 out of 3	0 out of 1	2 out of 2	0 out of 1	N/A	N/A
Mr. John LEE**	3 out of 3	0 out of 1	2 out of 2	0 out of 1	N/A	N/A
Dr. TAN Khee Giap	8 out of 8	6 out of 10	6 out of 6	1 out of 2	2 out of 2	1 out of 3
Mr. YOON Wai Nam	8 out of 8	9 out of 10	6 out of 6	2 out of 2	2 out of 2	2 out of 3
Mr. Vincent CHEUNG*	4 out of 4	2 out of 3	N/A	N/A	N/A	N/A
Mr. Nelson TANG [#]	1 out of 1	-	N/A	N/A	N/A	N/A
Mr. Richard BARRETT [^]	3 out of 4	8 out of 8	N/A	N/A	N/A	N/A
Mr. Rory WILLIAMS [^]	4 out of 4	5 out of 8	N/A	N/A	N/A	N/A
Mr. Graham SUGDEN ^{^^}	5 out of 5	9 out of 9	4 out of 4	1 out of 1	2 out of 2	2 out of 2
Mr. Richard DAVID ^{^^}	5 out of 5	9 out of 9	N/A	N/A	N/A	N/A
Mr. Steven XU ^{^^}	5 out of 5	8 out of 9	4 out of 4	1 out of 1	2 out of 2	2 out of 2



CORPORATE GOVERNANCE REPORT



A: number of meetings attended by each person while he was a director

B: number of meetings held during the period when the person was a director

* Mr. Chung and Mr. Cheung were appointed directors on 28 August 2013.

Mr. Seah and Mr. Tang were appointed directors on 22 November 2013.

** Mr. Cheng, Mr. Lee and Mr. Lim were appointed directors on 10 October 2013.

^ Mr. Barrett and Mr. Williams resigned on 28 August 2013.

^^ Mr. Sugden, Mr. David and Mr. Xu resigned on 10 October 2013.

None of the directors appointed an alternate director to act on their behalf during the FY 2013.

The Board has also adopted a documented schedule of matters reserved for the Board's decision. Examples of such matters include decisions relating to:

- the overall investment management of Forterra;
- the long- term objectives and commercial strategy of Forterra;
- Forterra's capital structure and any changes thereto; and
- all resolutions and corresponding documentation to be put forward to Unitholders.

The Trustee-Manager issues letters to newly appointed directors. The letters set out the duties and obligations of the directors to the Trustee-Manager and Forterra. In addition, all new directors receive briefings on the legal and regulatory aspects regarding business trusts from Forterra's legal advisors, and briefings on corporate governance from Forterra's auditors and/or legal advisors.

The Trustee-Manager recognises the value of providing its directors with continuous and relevant training and development, to enable them to stay abreast of relevant changes in the industry, and with applicable laws and regulations. The Board is updated on any change to relevant laws, regulations and accounting standards by way of briefings by professionals or by updates issued by the company secretary or Management. The directors are also informed by the company secretary of the availability of appropriate courses which they may attend to update their knowledge, at the expense of the Trustee-Manager. Similarly, directors can also inform the company secretary of any relevant courses that they may wish to attend, whether in Singapore or overseas. These induction and training activities have been adopted by the Board as the Directors' Training Policy and are formally documented.

Principle 2: Board Composition and Guidance

The Trustee-Manager believes that an effective Board is one constituted with the right core competencies and diversity of experiences.

The Board comprises nine (9) directors. Please refer to the section on 'Trustee-Manager's Board of Directors' in the Annual Report for key information on each director.



CORPORATE GOVERNANCE REPORT



The Board determines the “independence” of a director in accordance with the Business Trust Regulations 2005 (the “BTR”) and the Code, taking into account the recommendations of the Nominating Committee, going forward (see “Principle 4: Board Membership” of this Report). Under the BTR, a director is considered independent if he is independent from management and business relationships with the Trustee-Manager, and from every substantial shareholder of the Trustee-Manager, or if a director, notwithstanding that he has the relationships described above, the board of the Trustee-Manager is satisfied that his independent judgement and ability to act with regard to the interests of all Unitholders of Forterra as a whole, will not be interfered with, despite such relationships. The Board also takes into account the principles and guidelines in the Code when determining the “independence” of each director.

Out of the nine (9) directors, eight (8) are non-executive, of whom five (5) are considered independent directors for the purposes of the Business Trusts Act, Chapter 31A of Singapore (“BTA”) and the Code. There is a strong and independent element on the Board.

The Trustee-Manager is wholly-owned by 100% subsidiaries of Nan Fung International Holdings Limited.

In accordance with Regulation 12 of the BTR, the Board conducted an annual review for FY 2013 of each director’s independence and determined as follows:

- Mr Eric Chung is considered to be non-independent as he is a director of a related corporation of the Trustee-Manager and substantial unitholder of Forterra, as well as an employee of a subsidiary of the substantial shareholders of the Trustee-Manager.
- Mr Andrew Seah is considered to be non-independent as he is the chief executive officer (the “CEO”) and executive director of the Trustee-Manager and employee of a related corporation of the Trustee-Manager.
- Mr. Vincent Cheung is considered to be non-independent as he is a director of a related corporation of the Trustee-Manager and substantial unitholder of Forterra, as well as an employee of a subsidiary of the substantial shareholders of the Trustee-Manager. He is also connected to the ultimate beneficial owner of a substantial unitholder of Forterra, and the Trustee-Manager.
- Mr. Nelson Tang is considered to be non-independent as he is a director of a related corporation of the Trustee-Manager and substantial unitholder of Forterra, as well as an employee of a subsidiary of the substantial shareholders of the Trustee-Manager.
- Each of Mr. John Lim, Mr. Paul Cheng, Mr. John Lee, Dr. Tan Khee Giap and Mr. Yoon Wai Nam is independent from management and business relationships with the Trustee-Manager and is independent from the substantial shareholders of the Trustee-Manager.

None of the directors has served more than nine (9) years from the date of his first appointment to the Board.



CORPORATE GOVERNANCE REPORT



In respect of FY 2013, the composition of the Board of the Trustee-Manager is determined using the principles in the BTR:

- At least a majority of the directors shall be independent from management and business relationships with the Trustee-Manager.
- At least one-third of the directors shall be independent from management and business relationships with the Trustee-Manager, and from every substantial shareholder of the Trustee-Manager.
- At least a majority of the directors shall be independent from any single substantial shareholder of the Trustee-Manager.

The Board reviewed its size and composition during the year under review. The nine (9) directors provide core competencies ranging from accounting, financial Management, architectural knowledge, business and management experience, strategic planning experience and customer-based knowledge in PRC. Collectively the directors bring a wide range and depth of experience and industry expertise, represented by their skills, knowledge, experience, nationality and diversity of age.

The non-executive directors constructively challenge, debate and help develop proposals on strategy, and review and monitor the performance of Management. The Board encourages the non-executive directors to meet periodically to discuss certain matters privately, without Management's presence. Out of the eight (8) non-executive directors, five (5) are independent directors. Management is therefore able to benefit from their external, diverse and objective perspective on issues raised before the Board. This also facilitates the interaction between the Board and Management through a robust and constructive exchange of ideas and views, both within and outside the formal environment of meetings.

Given the current size and geographic footprint of the operations of Forterra, the Board is of the view that its directors possess the necessary competencies to lead and guide Forterra, and the current Board size and composition, with a majority of independent directors, are appropriate to facilitate effective decision-making.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The Trustee-Manager adheres to the principle that responsibilities between the Chairman of the Board and the CEO are to be separate. As a result, the positions of Chairman and CEO are held, respectively, by Mr. Eric Chung, who is non-executive and non-independent Chairman, and Mr. Andrew Seah, who is CEO. Mr. Chung and Mr. Seah are not related to each other.

The separation of roles between the Chairman and the CEO, including those as set out below, is reviewed by the Board annually.



CORPORATE GOVERNANCE REPORT



The Chairman's responsibilities include:

- Leading the Board in working with Management to set Forterra's strategy and business direction and to assess and address enterprise and operational plans and risk of Forterra.
- Facilitating the effective contribution of non-executive Directors and the Board as whole.
- Setting and approving the agenda of all Board meetings.
- Encouraging constructive relations and timely communication of information within the Board and between the Board and Management.
- Ensuring processes are in place for effective communication with Unitholders.
- Enhancing standards of corporate governance.

The CEO is also a member of the Board, and has executive responsibilities over the business decisions and operational matters of the Trustee-Manager. As a result, the CEO is responsible, along with the senior management team of the Trustee-Manager, to ensure that the Trustee-Manager is operated in accordance with the strategy and business direction set by the Board.

The Board has further appointed Mr. John Lim as the lead independent director. In addition to the Chairman or CEO, Mr Lim is available to Unitholders to address or respond to their concerns or issues. The lead independent director has the discretion to call for periodic meetings of the independent directors, after which he then provides feedback to the Chairman. Led by Mr. Lim, the first meeting of independent directors was held in February 2014 and Mr. Lim advised the Chairman that the independent directors had no concerns and were satisfied that a strong and independent element existed on the Board and that they were able to participate and contribute effectively in meetings.

Principle 4: Board Membership

The Trustee-Manager believes that board renewal is an ongoing process to ensure good governance and to maintain relevance to the changing needs of the Trustee-Manager and Forterra.

The Trustee-Manager recognizes the importance of an appropriate balance and diversity of skills, industry knowledge, backgrounds, experience, professional qualifications, nationality and age in building an effective Board.

On 10 March 2014, the Board constituted the Nominating Committee, to make recommendations to the Board on all appointments and re-appointments of independent directors to the Board.

Prior to 10 March 2014, the Trustee-Manager, which is not itself a listed entity, appointed the directors.



CORPORATE GOVERNANCE REPORT



The Nominating Committee comprises five (5) members, out of which three (3) are non-executive and independent directors (including the Chairman of the Nominating Committee). The members of the Nominating Committee are:

1. Mr. John Lee (Chairman, independent non-executive director)
2. Mr. John Lim (lead independent director)
3. Mr. Paul Cheng (independent non-executive director)
4. Mr. Eric Chung (non-executive & non-independent director)
5. Mr. Vincent Cheung (non-executive & non-independent director)

The Nominating Committee's responsibilities are set out in the terms of reference and include, but are not limited to the following:

- (i) reviewing and assessing candidates for independent directorships and making recommendations to the Board for the appointment and re-appointment of independent directors in accordance with the Trustee-Manager's Articles of Association;
- (ii) review annually the composition and size of the Board which would facilitate decision making in accordance with the Trustee-Manager's Articles of Association;
- (iii) reviewing annually the independence of directors in accordance with the BTR and the Code;
- (iv) determining where an independent director has other listed company board representation and/or other principal commitments, whether the independent director is able to and has been adequately carrying out his duties as a member of the Board; and
- (v) determining how the Board's performance may be evaluated and proposing annual assessment of the Board collectively and individually.

To ensure a strong and independent element exists in the Board, the terms of reference of the Nominating Committee requires the Nominating Committee to ensure that going forward, the Board shall comprise:

- At least a majority of the directors who shall be independent from management and business relationships with the Trustee-Manager.
- At least a majority of the directors who shall be independent from management and business relationships with the Trustee-Manager, and from every substantial shareholder of the Trustee-Manager.
- At least a majority of the directors shall be independent from any single substantial shareholder of the Trustee-Manager.

The above requirements are stricter than those prescribed under the BTR relating to the composition of the boards of trustee-managers of registered business trusts.



CORPORATE GOVERNANCE REPORT



In August 2013, wholly-owned subsidiaries of Nan Fung International Holdings Ltd (“Nan Fung”) completed the acquisition of 100% equity in the Trustee-Manager and the Property Manager (the “Acquisition”). Concurrently, Nan Fung acquired 26.90% of the units in issue of Forterra and 3.08% of the units in issue by certain put and call options, which were subsequently exercised on 21 January 2014.

In connection with the Acquisition, a review of the Board composition was undertaken, and the following additions and changes were made to the Board:

- Mr. Eric Chung and Mr. Vincent Cheung were appointed as non-executive and non-independent directors on 28 August 2013;
- Mr. Paul Cheng, Mr. John Lim and Mr. John Lee were appointed as independent non-executive directors on 10 October 2013. Mr. Eric Chung was appointed as Chairman of the Board and Mr. Lim, the lead independent director, both on the same day;
- Mr. Andrew Seah and Mr. Nelson Tang were appointed as executive and non-executive non-independent directors, respectively, on 22 November 2013;
- Mr. Richard Barrett and Mr. Rory Williams resigned as non-executive and non-independent directors on 28 August 2013; and
- Mr. Graham Sugden, Mr. Richard David and Mr. Steven Xu resigned as directors of the Board on 10 October 2013. Mr Graham Sugden, Mr. Richard David and Mr. Steven Xu also ceased to be the Chairman, the CEO and the Deputy Chairman respectively, on the same day.

In respect of all future Board appointments, the identification of potential candidates will take into consideration the collective skills, experience and diversity of the Board at that time and the assessed needs of Forterra, and will involve a search from a broad base of relevant sources. Suitable candidates will be carefully evaluated (in the case of non-independent directors) by the Board and (in the case of independent directors) the Nominating Committee on the basis of their qualifications, attributes, past experience, independence or otherwise and ability to add value through their contributions or contacts, to the Management of the Trustee-Manager and the business of Forterra. New independent directors are appointed by way of a Board resolution after the Nominating Committee recommends their appointments to the Board for approval. Upon appointment to the Board, each new director is provided with a formal letter setting out the director's duties and obligations to the Trustee-Manager and Forterra. The Board has not appointed any alternate directors.

Under the memorandum and articles of association of the Trustee-Manager, each director will serve a 24-month term. As a result, each director will step down or submit himself for re-election at a general meeting of the Trustee-Manager at least once in every two (2) years.

For FY 2013, the Board considered its performance as a group, and individually, taking into account factors such as director's participation, and his time and attention to the affairs of Forterra as part of the performance evaluation. Each director has also provided a confirmation to the Board on his ability to devote sufficient time and attention to the affairs of Forterra, having regard to all his other commitments. The Board has reviewed and is satisfied that all directors have devoted the necessary time and attention to the affairs of Forterra during FY 2013 and, therefore, does not see the need, at this time, to set any limit on the number of other listed company board representations on its directors.



CORPORATE GOVERNANCE REPORT



The Board's annual determination of each director's independence for FY 2013 can be found under "Principle 2: Board Composition and Guidance" of this Report.

Key information on each director can be found in the section on 'Trustee-Manager's Board of Directors' in the Annual Report.

Principle 5: Board Performance

The Board believes that the Board's performance is ultimately reflected in the performance of Forterra.

With the constitution of the Nominating Committee, the Nominating Committee will be responsible for undertaking an annual assessment of the performance of the Board moving forward.

For FY2013, the Board conducted an annual assessment to determine whether the Board and the Board Committees, as well as each director, is performing effectively and to identify steps for improvement.

To assist the Board in its evaluation, each director submits his written assessment of the effectiveness of the Board, the directors, the Board Committees, and the Chairman. This exercise is aimed at giving the directors an opportunity to gauge their effectiveness individually and collectively as a Board. It also helps to ensure continual improvement in the Board's decision-making process as it provides a benchmark by which future performance can be measured and highlights any issues that will form the basis of future Board discussions. Based on the information provided by each director, a consolidated report is prepared and presented to the Board.

Following such review for FY 2013, the Board is of the view that all the directors, the Board and Board Committees operated effectively.

Principle 6: Access to Information

Management provides the Board and Board Committees with relevant, and accurate information in a timely manner.

As a general rule, notices of meetings, setting out the agenda and supporting papers providing the background information such as the analysis, financial impact, expected benefits, risk analysis and mitigation measures, implications and recommendations, are sent to the directors at least one (1) week prior to meetings. Papers on particularly sensitive matters, however, may be tabled at the meeting itself and the Chairman may also separately brief the directors individually prior to the meeting. Management staff, the auditors and professional advisers, who can provide additional insight into the matters for discussion, are also invited to attend the meetings.



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Directors also have separate and independent access to members of Management of the Trustee-Manager and the Property Manager. The Board also has separate and independent access to the company secretary. The company secretary, whose appointment and removal are subject to the Trustee-Manager Board, attends all Board and Committee meetings. She reports to and assists the Chairman of the Board and the Board Committees to ensure that proper procedures are followed. Together with Management, she ensures that the Company's Memorandum and Articles of Association and relevant rules, the terms of the Forterra Trust Deed, regulations, best practices and internal policies are complied with. She further assists the Chairman to ensure good information flows within the Board and the Board Committee and between Management and the non-executive directors. Together with Management, she ensures that meeting papers are provided to each director ahead of meetings on a timely basis.

The Chairman and the company secretary are the primary channels of communication between the Trustee-Manager and the SGX-ST.

According to internal guidelines, directors may seek independent professional advice where appropriate, in furtherance of their duties.

Principle 7: Procedure for developing remuneration policies

Forterra, constituted as a trust, is externally managed by the Trustee-Manager and accordingly, it has no personnel of its own. All directors and employees of the Trustee-Manager are remunerated by the Trustee-Manager and not Forterra. For this reason, a Remuneration Committee has not been established. The Board performs this function in accordance with the best practice recommended by the Code.

The Board sought independent advice at the time of listing on market rates in respect of directors' fees for a trustee-manager of a Singapore business trust and, having considered the findings of this survey, are satisfied that the Board is remunerated to a level to attract, retain and motivate directors needed to ensure the success of Forterra. The directors' remuneration and fees are borne by the Trustee-Manager and not Forterra. The Board will review the level of fees from time to time to ensure that they remain at market rates.

The Board has established a Unit Option Scheme Committee (the "UOSC") whose responsibility it is to administer the Forterra Unit Option Scheme in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the UOSC shall participate in any deliberation or decision in respect of Forterra Options to be granted to him or held by him. The UOSC has the powers to determine, amongst other things, the following:

- persons to be granted Forterra Options;
- number of Forterra Options to be offered; and
- recommendations for modifications to the Forterra Unit Option Scheme.



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The UOSC comprises Dr. Tan (the Chairman), Mr. Yoon and Mr. Cheung. The majority of the UOSC (including the Chairman) are independent non-executive directors. Mr. Cheung, a non-executive non-independent director, joined the UOSC on 28 January 2014. The Board believes that Mr. Cheung will contribute a different perspective to the UOSC. Mr. Graham Sudgen and Mr. Steven Xu resigned as directors of the Trustee-Manager on 10 October 2013 and ceased to be members of the UOSC, on the same day.

The duties of the UOSC are set out in the terms of reference reviewed and approved by the Board on an annual basis. The UOSC was revised early this year in relation to, among others, the administration of its proceedings.

The Forterra Unit Option Scheme helps to reward and retain quality staff in the competitive real estate market in China. Please refer to Note 17 to the financial statements of this Annual Report for more information on the Forterra Options.

Principle 8: Level and mix of remuneration

All directors and employees of the Trustee-Manager are remunerated by the Trustee-Manager and not Forterra and further information regarding the remuneration of the directors and employees of the Trustee-Manager are set out in “Principle 7: Procedure for developing remuneration policies” of this Report.

The remuneration of the Trustee-Manager is provided for in Clause 13 of the Trust Deed constituting Forterra dated 19 May 2010.

Principle 9: Disclosure on remuneration

All directors and employees of the Trustee-Manager are remunerated by the Trustee-Manager and not Forterra and further information regarding the remuneration of the directors and employees of the Trustee-Manager are set out in “Principle 7: Procedure for developing remuneration policies” of this Report.

The fee structure of the Trustee-Manager’s remuneration, which includes management fees, trustee fees, acquisition and divestment fees, is disclosed in Note 1 to the financial statements of this Annual Report.



CORPORATE GOVERNANCE REPORT



ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board of the Trustee-Manager is responsible for providing a balanced and understandable assessment of Forterra's performance, position and prospects, through various public reports and reports to regulators (where required), including its quarterly financial statements, annual report, as well as announcements via SGXNet, press releases and corporate website. In turn, Management provides the Board with reports encompassing financial results, market and operational information, which present a balanced and understandable assessment of Forterra's performance, position and prospects, on a periodic basis. These reports, consist of detailed management accounts, budgets versus actual accounts, cashflow reports, portfolio performance information and economic information relating to the Chinese economy. In addition to this, ad-hoc reports are provided to the Board by Management from time to time on matters considered to be of importance.

Principle 11: Risk Management and Internal Controls

The Board of the Trustee-Manager is responsible for the governance of risk and for setting the risk tolerance levels of the Board. To ensure that a sound system of risk management and internal controls are in place to safeguard the interests of Forterra and the Unitholders, as well as determining the nature and extent of the significant risks which the Board is willing to take in achieving the strategic objectives of Forterra; the Board, with the assistance of a third party engaged to review the internal control system, has developed a Risk Governance and Internal Control Framework Manual ("Framework") covering financial, operational, compliance and IT controls. Management provides periodic update to the Board according to the Framework on a quarterly basis. The Framework will be reviewed annually by the Board as part of their assessment of the adequacy and effectiveness of the risk management and internal control systems.

As part of the approval process of the 2013 Annual Report, the Board has received assurance from the CEO and CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of Forterra's operations and finances; and
- (b) regarding the effectiveness of Forterra's risk management and internal control systems.

The Board is assisted in assessing the internal controls by the Audit Committee whose responsibility, inter alia, is to monitor and evaluate the compliance of principal internal control systems and procedures and risk management systems established by Management of the Trustee-Manager and the Property Manager and the effectiveness of these internal controls and risk management system. During the year under review, the internal auditors reviewed the control activities relating to a key development site. The external auditors reviewed and made reference to the findings by the internal auditors on their external audit work.



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In accordance with the SGX-ST Listing Rule 1207(10), the Board, with the concurrence of the Audit Committee, is of the opinion that Forterra currently has an adequate internal control system in place addressing financial, operational, compliance and information technology risks, as well as the risk management systems. In addition they are of the opinion that the internal control system provides reasonable assurance that Forterra's assets are safeguarded, laws and regulations are complied with and that the financial reporting is reliable.

Whilst no system can provide absolute assurance against material loss or financial mis-statement, Forterra's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In designing these controls, the Board has regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

Financial risk management is highlighted in Note 29 of the Annual Report.

Principle 12: Audit Committee

The Audit Committee is appointed by the Board and comprises five (5) non-executive members, all of whom (including the Chairman of the Audit Committee) are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager. The members of the Audit Committee are:

1. Mr. Paul Cheng (Chairman, appointed on 10 October 2013)
2. Mr. John Lim (appointed on 10 October 2013)
3. Mr. John Lee (appointed 10 October 2013)
4. Dr. Tan Khee Giap
5. Mr. Yoon Wai Nam

Mr. Graham Sugden and Mr. Steven Xu resigned as directors of the Trustee-Manager on 10 October 2013 and ceased to be chairman and member of the Audit Committee respectively, on the same day.

The Board is of the view that the Audit Committee has sufficient management expertise and experience amongst its members to discharge the functions of the Audit Committee. The Audit Committee may invite any director or management staff to attend its meetings and according to internal guidelines, may seek independent professional advice where appropriate, in furtherance of their duties.



CORPORATE GOVERNANCE REPORT



The principal role of the Audit Committee is to monitor and evaluate the effectiveness of the Trustee-Manager's internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in the financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit Committee's responsibilities are set out in the terms of reference and include, but are not limited to, the following:

- (i) monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the provisions of the Listing Manual relating to interested person transactions;
- (ii) reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
- (iii) reviewing the financial statements to ascertain that the guidelines and procedures established to monitor interested person transactions and conflicts of interest have been complied with;
- (iv) resolving any conflicts of interest which may arise;
- (v) ensuring that the internal audit function is adequately resourced and has appropriate standing within Forterra;
- (vi) monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the BTA;
- (vii) nominating external auditors;
- (viii) reviewing the nature and extent of non-audit services performed by external auditors;
- (ix) examining with Management the effectiveness of financial, operating and compliance controls;
- (x) reviewing, on an annual basis, the independence and objectivity of the external and internal auditors;
- (xi) meeting with external and internal auditors, without the presence of Management, at least on an annual basis;
- (xii) commissioning an annual internal controls audit, to be discontinued only after the Audit Committee is satisfied with the Forterra's internal controls being robust and effective enough to mitigate any internal control weaknesses, and thereafter to carry out such internal controls audit as and when the Audit Committee deems fit in order to satisfy itself that the Forterra internal controls remain robust and effective;
- (xiii) investigating any matters within the Audit Committee's terms of reference, whenever it deems necessary; and
- (xiv) reporting to the Board on material matters, findings and recommendations.

The Audit Committee met with the external auditors separately without the presence of Management during the year. The Audit Committee has also reviewed, and is satisfied that the non-audit services provided to Forterra by the external auditors for the year ended 31 December 2013, does not affect the independence and objectivity of the external auditors. Hence, the Audit Committee recommended that KPMG LLP be nominated for re-appointment as auditors at the next annual general meeting of the Unitholders. KPMG LLP has indicated their willingness to accept re-appointment.



CORPORATE GOVERNANCE REPORT



Forterra has complied with Rule 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of the external auditor.

During the year, the Audit Committee met 8 (eight) times. The activities at the meetings included the following:

- review of the quarterly and year end results and announcement required by the SGX-ST;
- discussions with the external auditor and review of the audit plans;
- reviewing and approving the scope of work to be undertaken by the external third party appointed to undertake the internal audit function;
- monitoring the work performed by the external third party in relation to the internal audit of the risk management and internal controls; and
- review of all interested person transactions and a quarterly review of the register of interested person transactions to ensure compliance with the Listing Manual and the BTA;

The Audit Committee keeps abreast with changes in regulations and accounting standards through regular updates at the Audit Committee or Board meetings and through their attendance at appropriate seminars.

A whistle blowing policy has been put in place to provide a channel through which employees may report, in good faith and in confidence, any concerns in financial and other matters, and arrangements have been put in place for independent investigation with appropriate follow-up action.

Principle 13: Internal Audit

Forterra's internal audit function has been outsourced to RSM Ethos Pte Ltd ("RSM"). RSM reports to the Audit Committee on internal audit matters and reports to the CEO administratively.

Staffed by qualified executives, RSM conducts its internal audit according to the International Professional Practices Framework issued by the Institute of Internal Auditors. RSM has direct access to the Audit Committee, and to the relevant documents, records, properties and personnel, for the purpose of discharging their duties.

An internal audit program continued during the financial year. The Audit Committee receives reports from RSM at the completion of each stage of the internal audit program. The Audit Committee is also provided with a detailed scope of work for the next stages of the internal audit program for their review and approval.



CORPORATE GOVERNANCE REPORT



Specific duties included within the scope of work to be undertaken as part of the Internal Audit program include:

- a review of the control activities relating to a key development site of Forterra; and
- presentation of the internal audit program annually to the Board of the Trustee-Manager and reporting to the Board on the findings of the internal audit so that they may consider what action, if necessary, should be taken.

The summary of findings by RSM and their recommendations are also discussed at the Audit Committee meetings.

The Audit Committee will review the adequacy and effectiveness of the internal audit function at least annually and, that it has appropriate standing within the Trustee-Manager in relation to the affairs of Forterra. In addition, the AC also approves the hiring, removal, evaluation and compensation of the internal auditors. The Board recognises that whilst they have resolved to outsource the internal audit function, they retain responsibility for maintaining an effective internal audit activity.

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Unitholder Rights

Principle 16: Conduct of Unitholder Meetings

The Trustee-Manager is committed to the timely dissemination of all material price-sensitive information to the Unitholders and public at large. Accordingly, all material price-sensitive information is released via SGXNet, and then posted on the corporate website of Forterra at <http://www.forterra.com>. Forterra's website contains information ranging from detailed financial information, annual reports, investor presentations, analyst coverage, press releases and announcements released via SGXNet.

The general meetings of the Unitholders of Forterra, in particular, the annual general meeting, is a forum for dialogue with the Unitholders. Unitholders are informed of the general meetings through notices published in the press, announcements to SGXNet and the dispatch of the annual report or circulars, within the prescribed statutory periods.

The Trust Deed permits a Unitholder of Forterra to appoint one (1) or two (2) proxies to attend and vote in his place at the general meetings. For the time being, the Trustee-Manager will not be implementing absentia voting methods such as voting via mail, email or fax as issues remain over unitholder authentication and other related security concerns. The Trustee-Manager also permits holders of Units who hold the Units through nominees to attend the general meetings as observers, subject to availability of seats.



CORPORATE GOVERNANCE REPORT



Separate resolutions are proposed at general meetings on each distinct issue, unless the resolutions are interdependent and linked so as to form one significant proposal. Information on each item in the AGM or meeting agenda is disclosed either in the notice or in the Annual Report or the circular. The Trustee-Manager values unitholder participation at the general meetings of Forterra. Unitholders have the opportunity to ask questions about the resolutions being proposed. The Chairman, the chairpersons of the various Board Committees, Management, the external auditors and where necessary, other professional advisers are present to assist the directors to address any relevant queries by the Unitholders, including queries about the conduct of audit and the preparation and content of the auditor's report. To further enhance the participation of the Unitholders, the Trustee-Manager has adopted poll voting for all resolutions tabled at the general meetings, and announces the results of votes cast for and against each resolution and the respective percentage.

The company secretary prepares minutes of meetings of the Unitholders, which incorporates substantial comments or queries from Unitholders and responses from the Board and Management. These minutes are made available to Unitholders upon their request in writing.

Principle 15: Communication with Unitholders

Management handles the investor relation activities to promote regular communication with the Unitholders. Management meets with analysts, institutional investors and fund managers regularly, both locally and overseas, to promote Forterra, communicate its business performance and developments and to gather views and feedback. The corporate website of Forterra provides an investor relations link and e-mail contacts for the Unitholders and general public to provide their views and feedback. Management also attends to queries raised by retail Unitholders via phone calls or emails. Such interaction allows the Board and Management to obtain feedback from the investing community. Please refer to the section on Investor Relations in the Annual Report for more information on the investor relations activities undertaken in 2013.

In preparation for the annual general meeting, Unitholders are encouraged to refer to the SGX-ST's investor guides, namely "An Investor's Guide to Reading Annual Reports" and "An Investor's Guide to Preparing For Annual General Meetings". The guides, in both English and Chinese versions, are available at the SGX website via the link below:

http://www.sgx.com/wps/wcm/connect/sgx_en/home/individual_investor/investor_guide



CORPORATE GOVERNANCE



Dealing in Units

In accordance with Rule 1207 (19) of the SGX-ST Listing Manual, the Board of the Trustee-Manager has adopted a policy and procedure for dealing in the Units of Forterra. The procedure requires directors of the Trustee-Manager to submit an application form and seek prior written consent from the Chairman before trading in the Units of Forterra. If provided with consent to deal, directors are reminded of their duties to notify the details of the trade in writing to the Trustee-Manager of his/her acquisition of Units or changes to the number of Units held in his/her interests, within two (2) business days of the trade. All dealings in Units by directors will be announced via SGXNet, with the announcement to be posted on the internet on the SGX-ST's website <http://www.sgx.com> and Forterra's website <http://www.forterra.com>.

The Property Manager also has its own internal policy and procedure to ensure that staff request prior written consent before dealing in the Units of Forterra. In addition, directors and staff of the Trustee-Manager and of the Property Manager are reminded of the prohibited period to trade prior to the release of Forterra's results and property valuation announcements. The prohibited period is one (1) month prior to the announcement of the annual results and property valuations, and two (2) weeks prior to the announcement of the quarterly results. This policy forms part of the procedures manual reviewed by the Board and Audit Committee as part of their internal controls overview.

Both dealing policies do not permit trading of Units in Forterra on a short-term basis. Both procedures also ensure that there are no director or staff dealings during a prohibited period and that the directors and staff are reminded of laws relating to insider trading.

CORPORATE GOVERNANCE

Interested Person Transactions

The information as required under Rule 907 of the SGX-ST Listing Manual is set out below:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Treasury Holdings China Limited	\$146,522	-

Use of Private Placement Proceeds for the Financial Year ended 31 December 2013

There were no fund raisings during the year ended 31 December 2013.

Material Contracts

Since the end of the previous financial year, there were no material contracts entered into by Forterra and its subsidiaries involving the interests of the CEO, each director or controlling unitholder, either still subsisting as at 31 December 2013, or if not then subsisting, entered into since the end of the previous financial year.



CORPORATE GOVERNANCE



Statement of Policies and Practices in relation to Management and Governance of Forterra

The Trustee-Manager has established the following policies and practices in relation to its management and governance of Forterra:

- (i) the trust property of Forterra is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its own capacity and in its capacity as the Trustee-Manager of Forterra, and regular internal reviews are carried out to ascertain that all trust property has been fully accounted for;
- (ii) the Board reviews and approves all investments and acquisitions by Forterra to ensure that all such investments and acquisitions are within the permitted business scope under the Trust Deed. Prior to the carrying out of any significant business transaction, the Board will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from professional advisers;
- (iii) the Trustee-Manager does not currently have any other businesses other than that of managing Forterra but all potential conflicts, if arising, will be identified by the Board and Management and reviewed. In addition, the majority of the Board are independent directors who do not have management or business relationships with the substantial shareholder of the Trustee-Manager, Oriental Management Services Ltd and are therefore able to examine any potential conflict between the interests of the Trustee-Manager in its own capacity and the interests of all unitholders of Forterra as a whole, independently and objectively;
- (iv) the Management identifies interested person transactions (“IPTs”) in relation to Forterra. The Trustee-Manager has established an internal control system to ensure that all IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of Forterra and the unitholders of Forterra. The Trustee-Manager will maintain a register to record all IPTs which are entered into by Forterra for review by the Audit Committee periodically, to ascertain that the guidelines and procedures established to monitor IPTs are complied with, and are conducted in accordance with applicable requirements of the Listing Manual and the Business Trusts Act, Chapter 31A of Singapore (“BTA”). If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review process and approval process in relation to that transaction;
- (v) the expenses payable to the Trustee-Manager out of trust property are appropriate and in accordance with the Trust Deed and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses paid to the Trustee-Manager out of Forterra’s trust property are disclosed in Note 31 to the financial statements of this Annual Report; and
- (vi) the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time particularly in relation to acquisitions and capital raising to ensure compliance with the requirements of the BTA, the Business Trusts Regulations 2005 and the Listing Manual.



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REPORT OF THE TRUSTEE-MANAGER OF FORTERRA TRUST

The directors of Forterra Real Estate Pte. Ltd. (formerly known as Treasury Holdings Real Estate Pte. Ltd.), the Trustee-Manager of Forterra Trust (the “Trust”) and its subsidiaries (together referred to as the “Group”), are pleased to submit this annual report to the Unitholders of the Trust, together with the audited financial statements for the financial year ended 31 December 2013.

Directors

The directors of the Trustee-Manager in office at the date of this report are as follows:

Eric CHUNG Chun Kwong	Chairman, Non-Executive and Non-Independent Director, appointed on 28 August 2013 and appointed as Chairman on 10 October 2013
Andrew SEAH Choo	Executive Director and Chief Executive Officer (“CEO”), appointed as CEO and Executive Director on 4 November 2013 and 22 November 2013, respectively
John LIM Kok Min	Lead Independent Director, appointed on 10 October 2013
Paul CHENG Kwok Kin	Independent Non-Executive Director, appointed on 10 October 2013
John LEE Ting Kong	Independent Non-Executive Director, appointed on 10 October 2013
Dr. TAN Khee Giap	Independent Non-Executive Director
YOON Wai Nam	Independent Non-Executive Director
Vincent CHEUNG Sai Sing	Non-Executive and Non-Independent Director, appointed on 28 August 2013
Nelson TANG Chun Wai	Non-Executive and Non-Independent Director, appointed on 22 November 2013

Following the completion of the acquisition of the 100% equity in the Trustee-Manager by wholly-owned subsidiaries of Nan Fung International Holdings Ltd during the year, Richard Joseph BARRETT and Rory John WILLIAMS resigned as Directors of the Board on 28 August 2013, while Peter Graham SUGDEN, Richard Anthony DAVID and XU Sitao resigned as Directors of the Board on 10 October 2013.

Principal activities of the Trust

The principal activity of the Trust is to own, invest in and proactively manage income-producing real estate used primarily for office, retail, industrial/logistics purposes as well as hotels and serviced apartments located in the People’s Republic of China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region (collectively the “Greater China”), and real estate-related assets in relation to the foregoing. The Trust may acquire, hold or develop land, under-performing assets or uncompleted developments to be used as commercial real estate located in the Greater China, with the objective of providing proactive management solutions to deliver maximum value that results in either the holding of the properties upon completion or the disposal of the properties on a strategic basis.



REPORT OF THE TRUSTEE-MANAGER OF FORTERRA TRUST



Directors' Interests

According to the register kept by the Trustee-Manager for the purposes of Section 76 of the Singapore Business Trusts Act, Chapter 31A (the "Act"), no Director who held office at the end of the financial year was interested in any Units of, or debentures of the Trust either at the beginning of the financial year or date of appointment, if later, and at the end of the financial year.

There were no changes in any of the above mentioned interest in the Trust between the end of the financial year and 21 January 2014.

Except as disclosed in the "Unit Options" section of this report, neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Trustee-Manager to acquire benefits by means of the acquisition of Units in or debentures of the Trust.

During the financial year, no Director received or was entitled to receive a benefit in the Trust by reason of a contract made by the Trustee-Manager, on behalf of the Trust or related corporation, with the Director, or with a company of which such Director was a member or had a substantial financial interest, except as disclosed in Note 31 to the financial statements.

Unit options

Under the Jersey Scheme of Arrangement, shareholders in China Real Estate Opportunities Limited ("CREO") voted to authorise the Board of the Trustee-Manager to grant options on equivalent terms over units (the "Forterra Substitution Options", formerly known as TCT Substitution Options) pursuant to the Forterra Unit Option Scheme (formerly known as TCT Unit Option Scheme) to the directors of CREO and employees of companies within the Treasury Holdings Group who held options over CREO shares pursuant to grants under the CREO Share Scheme which were subsisting on the Listing Date of the Trust on 21 June 2010, and which were surrendered by such directors and employees, in consideration thereafter.

REPORT OF THE TRUSTEE-MANAGER OF FORTERRA TRUST

Details on the Forterra Substitution Options granted to the Directors of the Trustee-Manager, participants who are Controlling Unitholders and participants who have received five per cent or more of the total number of Forterra Options (formerly known as TCT Options) available under the Forterra Unit Option Scheme are as follows:

Name of Participant	Number of Units comprised in Forterra Options granted during the financial year under review (including terms)	Aggregate number of Units comprised in Forterra Options and Forterra Substitution Options granted since commencement of the Scheme to the end of the financial year under review	Aggregate number of Units comprised in Forterra Options and Forterra Substitution Options exercised since commencement of the Scheme to the end of the financial year under review	Aggregate number of Units comprised in Forterra Options and Forterra Substitution Options outstanding as at the end of the financial year under review
New Precise Holdings Limited (Controlling Unitholder)	-	3,050,000	-	3,050,000
Richard Anthony DAVID (Resigned as Director and CEO of the Trustee-Manager on 10 October 2013)	-	1,825,000	-	1,825,000

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 21 June 2010 by way of introduction. The number of share options granted to Richard Joseph BARRETT exceeded 10% of the shares available under the CREO Share Scheme. Such share options were replaced by the equivalent Forterra Options under the Forterra Unit Option Scheme. Notwithstanding the number of Units available to Richard Joseph BARRETT exceeded 10% of the Units available under the Forterra Unit Option Scheme, the participation of Richard Joseph BARRETT in the Forterra Unit Option Scheme was disclosed in the introductory document dated 21 June 2010 and approved at the Extraordinary General Meeting of CREO held on 7 June 2010.

On 28 August 2013, the Unit Option Scheme Committee approved the assignment of 3,050,000 Forterra Options from Richard Joseph BARRETT and Rory John WILLIAMS to New Precise Holdings Limited, and the extension of the exercise periods of all other Forterra Options under the Unit Option Scheme currently in issue by a year. Rory John WILLIAMS elected to surrender his 750,000 Forterra Options on 28 August 2013. Richard Anthony DAVID, who resigned as Director and CEO of the Trustee-Manager on 10 October 2013, retained his Forterra Options through their original expiration date with the approval of the Unit Option Scheme Committee on 29 October 2013.

REPORT OF THE TRUSTEE-MANAGER OF FORTERRA TRUST

175,000 of the Forterra Options that have been granted were exercised during the financial year.

None of Forterra Options were granted during the year.

There are a total of 5,835,000 Forterra Options outstanding at 31 December 2013.

More information in respect of the unit options granted is disclosed in Note 17 to the financial statements.

Audit Committee

The Audit Committee comprises five (5) non-executive Directors, all of whom are independent. The members of the Audit Committee as at the date of this report are:

Paul CHENG Kwok Kin	(Audit Committee Chairman, appointed on 10 October 2013)
John LIM Kok Min	(appointed on 10 October 2013)
John LEE Ting Kong	(appointed on 10 October 2013)
Dr. TAN Khee Giap	
YOON Wai Nam	

Peter Graham SUGDEN and XU Sitao ceased to be chairman and member of the Audit Committee respectively on 10 October 2013.

The Audit Committee carried out its function in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations 2005 and the SGX-ST Listing Manual.

The Audit Committee held eight (8) meetings during the year. In performing its functions, the Audit Committee met with the Trust's external auditors and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Trustee-Manager's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Trust prior to their submission to the Directors of the Trustee-Manager for adoption;
- the scope of the internal audit work to be undertaken by the external third party appointed to undertake the internal audit function;



REPORT OF THE TRUSTEE-MANAGER OF FORTERRA TRUST



- reviewed the policies and practices put in place by the Trustee-Manager to ensure compliance with applicable laws, regulations, guidelines and constitutional documents of the Trust; and
- interested person transactions and internal policies and procedures.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer of the Trustee-Manager to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors, the nomination of Messrs KPMG LLP for re-appointment as auditors of the Trust at the forthcoming Annual General Meeting of the Unitholders.

In appointing auditors for the Trust and its subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

For further information on the activities of the Audit Committee, please refer to the section on “Principle 12: Audit Committee” in the Corporate Governance Report.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

For and on behalf of the Board of Directors of the Trustee-Manager

Eric CHUNG Chun Kwong
Director

Andrew SEAH Choo
Director

18 March 2014



STATEMENT BY THE TRUSTEE-MANAGER



In our opinion:

- (a) the financial statements set out on pages 65 to 144 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 December 2013 and of the results, changes in Unitholders' funds and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

With respect to the consolidated statement of profit or loss of the Group for the year ended 31 December 2013:

- Fees or charges paid or payable out of the Trust property to the Trustee-Manager are in accordance with the Trust Deed dated 19 May 2010, as amended by the Supplemental Deed dated 26 February 2013;
- Interested person transactions are not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction; and
- The Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

The details of the Board of Directors of the Trustee-Manager's review and determination under Regulation 12(7) of the Singapore Business Trust Regulations are disclosed in the section on "Principle 2: Board Composition and Guidance" in the Corporate Governance Report.

For and on behalf of the Board of Directors of the Trustee-Manager

Eric CHUNG Chun Kwong
Director

Andrew SEAH Choo
Director

18 March 2014



STATEMENT BY THE CHIEF EXECUTIVE OFFICER



In accordance with Section 86 of the Singapore Business Trusts Act, Chapter 31A, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders of the Trust as a whole.

Andrew SEAH Choo
Chief Executive Officer

18 March 2014



INDEPENDENT AUDITORS' REPORT



Unitholders of Forterra Trust

Report on the financial statements

We have audited the accompanying financial statements of Forterra Trust (the “Trust”) (constituted in the Republic of Singapore pursuant to a Trust Deed dated 19 May 2010 (the “Trust Deed”)) and its subsidiaries (the “Group”), which comprise the statements of financial position of the Group and the Trust as at 31 December 2013, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of movements in unitholders’ funds and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 65 to 144.

Trustee-Manager’s responsibility for the financial statements

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the “Act”) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the financial statements.



INDEPENDENT AUDITORS' REPORT



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Trust are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 December 2013 and the results, changes in unitholders' funds and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trust have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
18 March 2014

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		Group		Trust	
	Note	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Non-current assets					
Investment properties	4	2,438,479	2,236,656	-	-
Property, plant and equipment	5	979	1,208	-	-
Subsidiaries	6	-	-	976,874	976,874
		<u>2,439,458</u>	<u>2,237,864</u>	<u>976,874</u>	<u>976,874</u>
Current assets					
Trade and other receivables	7	54,913	99,946	96,763	77,647
Cash and cash equivalents	8	108,244	42,080	2,743	49
Assets classified as held for sale	9	75,510	436,684	-	-
		<u>238,667</u>	<u>578,710</u>	<u>99,506</u>	<u>77,696</u>
Total assets		<u>2,678,125</u>	<u>2,816,574</u>	<u>1,076,380</u>	<u>1,054,570</u>
Non-current liabilities					
Interest-bearing borrowings	10	617,223	648,903	-	-
Debt securities	10,11	-	69,995	-	69,995
Derivative financial liabilities	12	-	1,128	-	54
Deferred tax liabilities	13	393,601	367,906	546	850
		<u>1,010,824</u>	<u>1,087,932</u>	<u>546</u>	<u>70,899</u>
Current liabilities					
Interest-bearing borrowings	10	91,789	23,377	-	-
Debt securities	10,11	79,470	5,170	79,470	5,170
Derivative financial liabilities	12	85	166	-	166
Current tax liabilities		415	123	-	-
Trade and other payables	14	102,262	102,897	94,114	45,527
Liabilities classified as held for sale	9	70,242	340,438	-	-
		<u>344,263</u>	<u>472,171</u>	<u>173,584</u>	<u>50,863</u>
Total liabilities		<u>1,355,087</u>	<u>1,560,103</u>	<u>174,130</u>	<u>121,762</u>
Net assets		<u>1,323,038</u>	<u>1,256,471</u>	<u>902,250</u>	<u>932,808</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		Group		Trust	
	Note	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Represented by:					
Unitholders' funds	15				
Units in issue	16	982,473	981,911	982,473	981,911
Foreign currency translation reserve		44,336	(66,248)	-	-
Unit option reserve		12,516	13,533	12,516	13,533
Convertible bond reserve		2,641	2,337	2,641	2,337
Accumulated profits/(losses)		147,042	195,318	(95,380)	(64,973)
		1,189,008	1,126,851	902,250	932,808
Non-controlling interests		134,030	129,620	-	-
		1,323,038	1,256,471	902,250	932,808
Net asset value per unit attributable to unitholders	28				
Basic (dollars)		4.68	4.44		
Diluted (dollars)		4.46	4.20		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$'000	2012 \$'000
Gross rental income	18	76,950	98,985
Other income		333	134
Gross revenue		77,283	99,119
Business and property-related taxes		(10,246)	(12,545)
Property management fees		(2,754)	(3,386)
Other property operating expenses		(15,411)	(24,357)
Total property operating expenses		(28,411)	(40,288)
Net property income		48,872	58,831
Other gains	19	22,166	-
Trustee-Manager's fees	20	(16,129)	(16,316)
Administrative expenses	21	(12,212)	(11,708)
Other expenses		(663)	-
Finance income	22	382	205
Finance costs	23	(57,280)	(54,587)
Net foreign exchange (loss)/gain		(19,511)	30,666
Changes in fair value of investment properties		(13,641)	70,381
Changes in fair value of financial derivatives		1,103	(1,084)
(Loss)/Profit before tax	24	(46,913)	76,388
Income tax expense	25		
- Current tax		(2,115)	(2,110)
- Deferred tax		(3,483)	(27,611)
(Loss)/Profit for the year		(52,511)	46,667
(Loss)/Profit attributable to:			
Unitholders of the Trust		(49,252)	42,417
Non-controlling interests		(3,259)	4,250
(Loss)/Profit for the year		(52,511)	46,667
Earnings per unit attributable to unitholders of the Trust	27		
Basic (cents)		(19.4)	16.7
Diluted (cents)		(19.4)	16.6

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2013

	2013 \$'000	2012 \$'000
(Loss)/Profit for the year	(52,511)	46,667
Other comprehensive income/(expense)		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences relating to translation of the financial statements of foreign operations	101,534	(65,510)
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations	17,492	(27,038)
Foreign currency translation reserve transferred to profit or loss arising from disposal of foreign entities	(773)	-
Other comprehensive income/(expense) for the year	118,253	(92,548)
Total comprehensive income/(expense) for the year	65,742	(45,881)
Total comprehensive income/(expense) attributable to:		
Unitholders of the Trust	61,332	(44,189)
Non-controlling interests	4,410	(1,692)
Total comprehensive income/(expense) for the year	65,742	(45,881)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2013

	Units in issue \$'000	Foreign currency translation reserve \$'000	Unit option reserve \$'000	Convertible bond reserve \$'000	Accumulated profits \$'000	Attributable to Unitholders of the Trust \$'000	Attributable to non- controlling interests \$'000	Total \$'000
At 1 January 2013	981,911	(66,248)	13,533	2,337	195,318	1,126,851	129,620	1,256,471
Total comprehensive income/ (expense) for the year								
Loss for the year	-	-	-	-	(49,252)	(49,252)	(3,259)	(52,511)
Other comprehensive income/(expense)								
Foreign currency translation differences relating to translation of the financial statements of foreign operations	-	93,865	-	-	-	93,865	7,669	101,534
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations	-	17,492	-	-	-	17,492	-	17,492
Foreign currency translation reserve transferred to profit or loss arising from disposal of foreign entities	-	(773)	-	-	-	(773)	-	(773)
	-	110,584	-	-	-	110,584	7,669	118,253
Total comprehensive income/ (expense) for the year	-	110,584	-	-	(49,252)	61,332	4,410	65,742
Transactions with unitholders, recorded directly in equity								
Contributions by and distributions to unitholders								
Equity-settled unit-based transactions	-	-	460	-	-	460	-	460
Exercise of unit options	562	-	(501)	-	-	61	-	61
Lapse of unit options	-	-	(976)	-	976	-	-	-
Deferred tax arising from convertible bonds recognised	-	-	-	304	-	304	-	304
Total transactions with unitholders	562	-	(1,017)	304	976	825	-	825
At 31 December 2013	982,473	44,336	12,516	2,641	147,042	1,189,008	134,030	1,323,038

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2012

	Units in issue \$'000	Foreign currency translation reserve \$'000	Unit option reserve \$'000	Convertible bond reserve \$'000	Accumulated profits \$'000	Attributable to Unitholders of the Trust \$'000	Attributable to non- controlling interests \$'000	Total \$'000
At 1 January 2012	981,911	20,358	15,312	2,337	150,570	1,170,488	131,312	1,301,800
Total comprehensive income/ (expense) for the year								
Profit for the year	-	-	-	-	42,417	42,417	4,250	46,667
Other comprehensive income/ (expense)								
Foreign currency translation differences relating to translation of the financial statements of foreign operations	-	(59,568)	-	-	-	(59,568)	(5,942)	(65,510)
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations	-	(27,038)	-	-	-	(27,038)	-	(27,038)
	-	(86,606)	-	-	-	(86,606)	(5,942)	(92,548)
Total comprehensive income/ (expense) for the year	-	(86,606)	-	-	42,417	(44,189)	(1,692)	(45,881)
Transactions with unitholders, recorded directly in equity								
Contributions by and distributions to unitholders								
Equity-settled unit-based transaction	-	-	552	-	-	552	-	552
Lapse of unit options	-	-	(2,331)	-	2,331	-	-	-
Total transactions with unitholders	-	-	(1,779)	-	2,331	552	-	552
At 31 December 2012	981,911	(66,248)	13,533	2,337	195,318	1,126,851	129,620	1,256,471

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$'000	2012 \$'000
Operating activities			
(Loss)/Profit for the year		(52,511)	46,667
Adjustments for:			
Gain from restructuring of the original acquisition arrangements of Central Park Mall		(4,202)	-
Gain from disposal of subsidiaries which hold Central Plaza		(17,964)	-
Finance income		(382)	(205)
Finance costs		57,280	54,587
Depreciation of property, plant and equipment		312	367
Income tax expense		5,598	29,721
Equity-settled unit-based expenses		460	552
Changes in fair value of financial derivatives		(1,103)	1,084
Changes in fair value of investment properties		13,641	(70,381)
Unrealised foreign exchange loss/(gain)		19,511	(30,666)
		20,640	31,726
Changes in:			
- trade and other receivables		(3,053)	11,522
- trade and other payables		(14,915)	8,612
Cash generated from operations		2,672	51,860
Income taxes paid		(1,823)	(2,263)
Net cash generated from operating activities		849	49,597
Investing activities			
Disposal of subsidiaries, net of cash disposed of	19	177,992	-
Transaction costs paid for divestment of subsidiaries		(8,972)	-
Settlement for the restructuring of the acquisition arrangements of Central Park Mall		(11,449)	-
Development costs paid on investment properties		(64,537)	(52,723)
Purchase of plant and equipment		(2)	(71)
Interest received		382	205
Net cash generated from/(used in) investing activities		93,414	(52,589)
Financing activities			
Proceeds from bank borrowings, net of transaction costs		48,216	62,779
Repayment of bank borrowings		(41,206)	(10,590)
Unit options exercised		61	-
Interest paid		(42,087)	(42,583)
Decrease/(Increase) in restricted cash		6,957	(208)
Net cash (used in)/generated from financing activities		(28,059)	9,398
Net increase in cash and cash equivalents		66,204	6,406
Cash and cash equivalents at beginning of year		36,054	39,780
Effect of exchange rate fluctuations on cash held		3,480	(1,999)
Increase in cash and cash equivalents classified as held for sale		(1,124)	(8,133)
Cash and cash equivalents at end of year	8	104,614	36,054

The accompanying notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS



These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors of the Trustee-Manager on 18 March 2014.

1 DOMICILE AND ACTIVITY

Forterra Trust (the “Trust”) is a Singapore-domiciled business trust established pursuant to the Trust Deed dated 19 May 2010 by Forterra Real Estate Pte. Ltd. (the “Trustee-Manager”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee-Manager is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries (collectively, the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

On 28 August 2013, Nan Fung International Holdings Limited (“Nan Fung”) completed its acquisition, via its wholly-owned subsidiary, New Precise Holdings Limited (“New Precise”), of 68,268,322 existing units, equivalent to 26.90% of the units of the Trust in issue. Pursuant to a put/call option agreement (the “Put/Call Option Agreement”) dated 22 July 2013, New Precise completed the acquisition of a further 7,815,057 units, equivalent to 3.08% of the units of the Trust in issue on 21 January 2014. As such, Nan Fung is deemed a controlling unitholder of the Trust.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 21 June 2010.

The principal activity of the Trust is investment holding. The principal activities of the subsidiaries are those relating to investment in, either directly or indirectly, real estate or real estate-related assets in the People’s Republic of China (the “PRC”).

The financial statements of the Group as at and for the year ended 31 December 2013 comprise the Trust and its subsidiaries.

The Group has entered into service agreements with the Trustee-Manager in relation to management of the Trust and its property operations. The fee structures for these services are as follows:

Trustee’s fee

Pursuant to the Trust Deed, the Trustee’s fees are based on 0.02% per annum of the value of the assets of the Group (“Trust Property”). The Trustee’s fees are payable quarterly in arrears in the form of cash to the Trustee-Manager.



NOTES TO THE FINANCIAL STATEMENTS



1 DOMICILE AND ACTIVITY (CONTINUED)

Manager's fee

Management fees

The Trustee-Manager is entitled under the Trust Deed to the following management fees:

- (a) a base fee of 0.5% per annum of the value of the Trust Property of the Trust; and
- (b) a performance fee of 4.0% per annum of the Net Property Income (as defined in the Trust Deed) of the real estate held by the Trust, whether directly or indirectly, in the relevant financial period (calculated based on the currency in which the property income of such real estate is received and before accounting for the performance fee in that financial period).

The base fee and performance fee are payable quarterly in arrears to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect). The Trustee-Manager has elected to receive the base fee and performance fee in cash for the year ended 31 December 2013.

When management fees are payable in Units, the issue prices will be determined based on the volume weighted average traded price per unit for all trades done on the SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective date of issue of the new units, or where the independent directors of the Trustee-Manager believe such market price is not a fair reflection of the market price of a Unit, such amount as determined by the independent directors of the Trustee-Manager at its discretion (after consultation with a stockbroker), as being the fair market price of a Unit, provided that such issue price shall be not less than the higher of the (i) market price (i.e. volume weighted average trade price for a Unit for the last 10 business days) and (ii) current unit value on the last day of the relevant period in which the relevant component of the management fees accrues.

Other fees

Pursuant to the Trust Deed, the Trustee-Manager is also entitled to the following:

- An acquisition fee amounting to 1.0% of (i) the value of the underlying real estate (after deducting the interest of any third party co-owners or co-participants) purchased by the Trustee-Manager on behalf of the Trust, whether directly or indirectly; or (ii) the acquisition price of any other asset forming a part of the Trust Property acquired by the Trustee-Manager on behalf of the Trust. No acquisition fee is payable on the acquisition of the initial portfolio of properties. Any payment to third party agents or brokers in connection with the acquisition of any asset of the Trust shall be paid by the Trustee-Manager to such persons out of the Trust Property of the Trust or the assets of the relevant special purpose vehicle, and not out of the acquisition fee received or to be received by the Trustee-Manager.



NOTES TO THE FINANCIAL STATEMENTS



1 DOMICILE AND ACTIVITY (CONTINUED)

Manager's fee (Continued)

Other fees (Continued)

- A divestment fee amounting to 0.5% of (i) the value of the underlying real estate (after deducting the interest of any third party co-owners or co-participants) sold or divested by the Trustee-Manager on behalf of the Trust, whether directly or indirectly; or (ii) the sale price of any other asset forming a part of the Trust Property sold or divested by the Trustee-Manager on behalf of the Trust. Any payment to third party agents or brokers in connection with the divestment of any asset of the Trust shall be paid by the Trustee-Manager to such persons out of the Trust Property of the Trust or the assets of the relevant special purpose vehicle, and not out of the divestment fee received or to be received by the Trustee-Manager.

The Trustee-Manager may elect to receive all or any part of the acquisition fee and divestment fee in Units instead of cash.

The Group has entered into agreements with Treasury Holdings (Shanghai) Property Management Co., Ltd (the "Property Manager"), in relation to management of its property operations. The fee structures for these services are as follows:

Property management fees:

2.0% of the monthly gross revenue of the relevant property and to be paid monthly.

Development management fees:

5.0% of the total costs of development (excluding cost of land, interest on capital cost or development loans during the development period and the cost of money required to carry out the development) for any development, re-development, refurbishment, retrofitting, addition and alteration or renovation works to the relevant property and to be paid quarterly.

Lease management fees:

1.0% of the monthly gross revenue of the relevant property and to be paid monthly.



NOTES TO THE FINANCIAL STATEMENTS



1 DOMICILE AND ACTIVITY (CONTINUED)

Manager's fee (Continued)

Other fees (Continued)

General management services fees:

20.0% of the apportioned remuneration cost which is incurred and reimbursable to the Property Manager in respect of the centralised team of personnel of the Property Manager providing general management services in respect of the relevant property and to be paid monthly.

Marketing services commissions:

- 1 month's base rent and amenities income for every lease with a duration of less than one year;
- 1.5 months' base rent and amenities income for every lease with a duration of between one and two and one-half years;
- 2 months' base rent and amenities income for every lease with a duration of more than two and one-half years but less than 10 years;
- 2.0% of the total base rent and amenities income for the entire lease period for every lease with a duration exceeding 10 years; and
- 2.0% of the sale price in the case of a strata-sale of any part or parcel of any property.

The lease period described under "marketing services commission" above refers to the initial lease period and excludes any renewal periods. Renewal of an existing lease will be calculated at half of the above marketing services commission otherwise payable for a new tenancy, and for the net renewal period. The marketing services commission will be subject to a mark-up of 20.0% if the services of a third-party agent are utilised.



NOTES TO THE FINANCIAL STATEMENTS



2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the “Act”) and the Singapore Financial Reporting Standards (“FRS”).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Trust.

All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires the Trustee-Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.



NOTES TO THE FINANCIAL STATEMENTS



2 BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (Continued)

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgement, are disclosed in the following notes:

- Note 3(m) – Estimation of income tax
- Note 4 and 30 – Valuation of investment properties
- Note 30 – Valuation of financial instruments

(e) Changes in accounting policies

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in Note 4 and Note 30.

Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendments to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements and have been applied consistently by the entities in the Group, except as explained in Note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(i) *Business combinations (Continued)*

When unit-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis required by FRSS.

Cost related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) *Acquisition of non-controlling interests*

Acquisitions of non-controlling interests are accounted for as transaction with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to the non-controlling interests arising from transactions that do not involve the loss of control are based on proportional amount of the net assets of the subsidiary.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(iii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

(iv) *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured at cost are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss, except for differences arising on the translation of qualifying cash flow hedges, which are recognised in other comprehensive income.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (Continued)

(ii) *Foreign operations (Continued)*

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

(c) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, or are being constructed or developed for future use as investment property. Investment properties are stated at initial cost on acquisition, and at fair value thereafter, with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year.

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (Continued)

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the properties, plant and equipment are installed and are ready for use. Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

The estimated useful lives for the current and comparative years are as follows:

Self-use office units	20 years
Furniture, fittings and equipment	5-10 years

Depreciation of an asset ceases at the date the asset is classified as held for sale in accordance with FRS105 – *Non-current Assets Held for Sale and Discontinued Operations*.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments

(i) *Non-derivative financial assets*

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables (excluding prepayments) and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(ii) *Non-derivative financial liabilities*

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(iii) *Compound financial instruments*

Compound financial instruments issued by the Group comprise convertible bonds denominated in Singapore Dollars and convertible notes denominated in Chinese RMB, which are different from the functional currency of the Trust. These convertible debt instruments can be converted to units of the Trust at the option of the holder, where the number of units to be issued does not vary with changes in their fair value.

Convertible debts denominated in the functional currency of the Trust

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(iii) *Compound financial instruments (Continued)*

Convertible debts denominated in the functional currency of the Trust (Continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest and gains and losses related to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

Foreign currency convertible debts

On issuance of foreign currency convertible debts, the proceeds are allocated between the embedded equity conversion option and the liability component. The embedded option is recognised at its fair value. The liability component is recognised as the difference between total proceeds and the fair value of the equity conversion option.

The equity conversion option is subsequently carried at its fair value with fair value changes recognised in profit or loss. The liability component is carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of units in issue.

(iv) *Derivative financial instruments*

The Group primarily holds derivative financial instruments to hedge its interest rate risk exposure.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(v) *Intra-group financial guarantees*

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Group will be required to make a payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

(f) Unitholders' funds

Unitholders' funds represent the Unitholders' share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities upon termination and are classified as equity. Incremental costs directly attributable to the issue of units are recognised as a deduction from equity, net of any tax effects.

When units are repurchased and cancelled, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from unitholders' funds.

(g) Impairment

(i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (Continued)

(i) *Non-derivative financial assets (Continued)*

Loans and receivables (Continued)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (Continued)

(ii) *Non-financial assets (Continued)*

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Non-current assets held for sale

Non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale under current assets. Immediately before classification as held for sale, the assets and liabilities are measured in accordance with the applicable FRSs. Thereafter the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell except for the following assets which are measured in accordance with applicable FRSs:

- (a) Deferred tax assets (FRS 12 – *Income Taxes*);
- (b) Financial assets within the scope of FRS 39 – *Financial Instruments: Recognition and Measurement*; and
- (c) Non-current assets that are accounted for in accordance with the fair value model in FRS 40 – *Investment Property*.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Non-current assets held for sale (Continued)

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(i) Unit-based payment transactions

Equity-settled unit-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the grant date. The fair value determined at the grant date of the equity-settled unit-based payments is expensed on a straight-line basis over the vesting period, based on the Trust's estimate of the units that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value of unit options is measured using the Binomial option pricing method. The expected life used has been adjusted, based on management's best estimate, for effects of behavioural considerations.

(j) Revenue recognition

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Service charge income from rendering of services is recognised when the services are performed.

(k) Expenses

(i) *Trustee-Manager's fees*

Trustee-Manager's fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1.

(ii) *Property and administrative expenses*

Property and administrative expenses are recognised on an accrual basis.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings and amortisation of transaction costs. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. As the Group's property portfolio is located in the PRC, the foregoing tax rate refers to the prevailing corporate income tax rate of 25% in the PRC.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxation (Continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Earnings per unit

The Group presents basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders of the Trust by the weighted average number of units outstanding during the year, adjusted for own units held. Diluted earnings per share is determined by adjusting the profit or loss attributable to unitholders and the weighted average number of units outstanding, adjusted for own units held, for the effects of all dilutive potential units, which comprise convertible debt securities and unit options granted.



NOTES TO THE FINANCIAL STATEMENTS



3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

Segment results, segment assets and segment liabilities that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses, central financing costs, corporate assets and convertible debt securities issued by the Trust.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and development cost on investment properties.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Group that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt, are set out below.

Applicable for the Group's 2014 financial statements

- FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

The Group has re-evaluated its involvement with investees under the new control model. Based on its assessment as at 31 December 2013, the Group does not expect any material financial impact on the results and financial position from the adoption of FRS 110.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New standards and interpretations not yet adopted (Continued)

Applicable for the Group's 2014 financial statements (Continued)

- FRS 112 *Disclosure of Interests in Other Entities* brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries and associates and unconsolidated structured entities in comparison with the existing disclosures. FRS 112 requires the disclosure of information about the nature, risks and financial effects of these interests.
- Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group does not expect any material financial impact on the results and financial position from the adoption of these amendments.

4 INVESTMENT PROPERTIES

	Group	
	2013 \$'000	2012 \$'000
At 1 January	2,236,656	2,668,647
Additions	69,837	48,455
Changes in fair value	(13,954)	70,381
Reclassification to assets held for sale	-	(419,702)
Effect of movements in exchange rates	145,940	(131,125)
At 31 December	<u>2,438,479</u>	<u>2,236,656</u>

Investment properties with an aggregate carrying value of \$2,150 million (2012: \$1,972 million) as at 31 December 2013 are pledged as security for banking facilities granted to the subsidiaries (see Note 10).

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONTINUED)

Included in the costs capitalised above are capitalised borrowing costs related to the construction of The Place (formerly known as The HQ) Extension of approximately \$5,865,000 (2012: \$5,655,000).

The investment properties are stated at their fair values based on valuations undertaken by an independent international valuation firm, DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd., on 31 December 2013.

Description of property	Type	Remaining lease term	Location	2013 valuation \$'000	2012 valuation \$'000
The Place Existing	Office/Retail	30 years	No. 100, Zun Yi Road, Changning District, Shanghai	1,269,480	1,209,576
The Place Extension	Office/Retail	40 years	No. 100, Zun Yi Road, Changning District, Shanghai	429,705	331,633
Central Park Mall, Qingdao	Office/Retail	35 years	Central Park Mall, Qinlin Road, Laoshan District, Qingdao	418,425	395,251
Huai Hai Mall	Office/Retail	29 years	No. 158, Middle Huai Hai Road, Shanghai	170,462	158,752
Forterra House	Office/Retail	41 years	No. 1568, Huashan Road, Changning District, Shanghai	150,407	141,444
				<u>2,438,479</u>	<u>2,236,656</u>

The Trustee-Manager believes that the independent valuer has appropriate professional qualifications and experience in the location and category of the properties being valued. In determining the fair value, the valuer used the direct comparison approach, discounted cash flow approach, income capitalisation approach and residual approach which involve certain estimates. The Trustee-Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions, and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards. The key assumptions used to determine the fair value of investment properties include projected rental rates, market-corroborated capitalisation yields, terminal yields and discount rates.

NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT

Group	Self-use office units \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Cost			
At 1 January 2012	1,523	719	2,242
Additions	-	16	16
Effect of movements in exchange rates	(181)	(81)	(262)
Reclassification to assets held for sale	(113)	(98)	(211)
At 31 December 2012	1,229	556	1,785
Additions	-	2	2
Effect of movements in exchange rates	201	97	298
At 31 December 2013	1,430	655	2,085
Accumulated depreciation			
At 1 January 2012	271	208	479
Depreciation charge for the year	226	141	367
Effect of movements in exchange rates	(70)	(60)	(130)
Reclassification to assets held for sale	(64)	(75)	(139)
At 31 December 2012	363	214	577
Depreciation charge for the year	209	103	312
Effect of movements in exchange rates	140	77	217
At 31 December 2013	712	394	1,106
Carrying amounts			
At 1 January 2012	1,252	511	1,763
At 31 December 2012	866	342	1,208
At 31 December 2013	718	261	979

NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES

Details of significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective interest held	
		2013	2012
		%	%
Indirect subsidiaries			
* Shanghai Hua Tian Property Development Co., Ltd	PRC	100	100
* Shanghai Central Land Estate Co., Ltd	PRC	-	100
* Shanghai Vision Honest Real Estate Development Co., Ltd	PRC	100	100
* Beijing Dream Land Industrial Development Co., Ltd	PRC	100	100
* Qingdao Sanyang Real Estate Co., Ltd	PRC	55	55
* Shanghai Haici Real Estate Co. Ltd	PRC	100	100
* Audited by other member firms of KPMG International			

On 9 April 2013, CREO (Shanghai Central Plaza) Limited (“CSCP”), a wholly-owned subsidiary of the Trust, entered into a conditional share purchase agreement (“SPA”) with Central Plaza Holding Company Ltd, a non-related party affiliated with an investment fund managed by an affiliate of the Carlyle Group, for the sale of CSCP’s interest in all the allotted and issued shares in the share capital of Central Land Estate Limited, a Hong Kong domiciled entity wholly-owned by the Group, which owned the Central Plaza property for a consideration of US\$196.5 million (equivalent to approximately \$249.1 million). The Transaction was approved by the Trust’s unitholders at the extraordinary general meeting held on 10 May 2013 (the “Transaction”) and was completed with all conditions precedent fulfilled on 23 May 2013. See Note 19 for the financial effects of the Transaction.

NOTES TO THE FINANCIAL STATEMENTS

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade receivables	491	1,512	-	-
Amounts due from subsidiaries, non-trade	28,278	69,279	94,972	75,655
Other receivables	22,093	25,513	1,791	1,792
Loans and receivables	50,862	96,304	96,763	77,447
Prepayments	4,051	3,642	-	200
	<u>54,913</u>	<u>99,946</u>	<u>96,763</u>	<u>77,647</u>

Trade and other receivables of the Group are primarily denominated in Chinese Renminbi ("RMB").

The Trust's amounts due from subsidiaries as at 31 December 2013 relate mainly to the payments made on behalf of the Trust's investment holding vehicles for the acquisition of Central Park Mall and Huai Hai Mall.

Intra-group receivables of \$28,278,000 as at 31 December 2013 (2012: \$69,279,000) were not eliminated between the entities which hold Beijing Logistics Park (2012: entities which hold Beijing Logistics Park and Central Plaza) and other group entities since the reclassification of the assets/liabilities related to Beijing Logistics Park as held for sale.

Non-trade amounts due from subsidiaries are unsecured and interest free, and are repayable on demand.

As at 31 December 2013, included in other receivables of the Group is a consideration due from the buyer of the Group's equity interest in LuxChina Property Development Co., Ltd of approximately \$16,908,000 (2012: \$15,882,000), which is planned by the Trust-Manager and the buyer, to be offset against the same amount due to a related party of the buyer (Note 14). The movement during the year represents exchange difference on translation.

Based on historical default rates, the Trust believes that no allowance for impairment loss is necessary in respect of trade receivables as at 31 December 2013 (2012: impairment loss of \$314,000).

There was no significant concentration of credit risk at the reporting date.

Prepayments comprise mainly advances made to suppliers for the purchase of equipment and contractors for the development of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

8 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Total cash and cash equivalents	108,244	42,080	2,743	49
Less: Restricted cash	(3,630)	(6,026)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	104,614	36,054	2,743	49

Restricted cash as at 31 December 2013 represented cash deposited in interest reserve accounts to repay interests as and when they become due.

The weighted average effective interest rate per annum relating to cash and cash equivalents at the date of the statement of financial position ranges from 0% to 1.40%, (2012: 0% to 0.94%). Interest rates reprice at intervals of one week, two weeks, one month, three months and six months.

Refer to Note 29 for foreign currency balances held.

Included in cash and cash equivalents are cash and bank balances of group entities that are denominated in the Chinese Renminbi ("RMB"). RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

9 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Trust announced in its 2012 half year result announcement dated 24 July 2012 that the Group intends to divest group entities which hold Beijing Logistics Park and Central Plaza (collectively the "Properties") through a proactive sales campaign, respectively. In view of the Group's commitment to the plan to divest the group entities which hold the Properties (the "Divestment"), the assets and liabilities (including amounts due from/to other group entities) related to the Properties were classified as assets and liabilities held for sale in the consolidated statement of financial position as at year end until completion of the Divestment or termination of the sales campaign.

NOTES TO THE FINANCIAL STATEMENTS

9 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

At 31 December 2013, the assets and liabilities related to the entities which hold Beijing Logistics Park (2012: Beijing Logistics Park and Central Plaza) comprise assets and liabilities as follows:

	Note	Group 2013 \$'000	Group 2012 \$'000
Assets classified as held for sale			
Investment properties – Beijing Logistics Park	(1)	70,608	63,972
Investment properties – Central Plaza	(2)	–	355,730
Trade and other receivables		206	1,521
Cash and cash equivalents	(3)	4,696	8,133
Amounts due from other group entities		–	7,256
Other assets		–	72
		<u>75,510</u>	<u>436,684</u>
Liabilities classified as held for sale			
Interest-bearing borrowings	(4)	34,480	177,656
Deferred tax liabilities	(5)	543	72,761
Trade and other payables		6,941	20,740
Amounts due to other group entities		28,278	69,279
Other liabilities		–	2
		<u>70,242</u>	<u>340,438</u>

- (1) Following the reclassification in the consolidated statement of financial position and in accordance with FRS 105 – *Non-current Assets Held for Sale and Discontinued Operations* (“FRS 105”) and FRS 40 – *Investment Properties*, the Properties are stated at fair value and the subsequent changes in fair value are recognised in profit or loss.

Description of property	Type	Remaining lease term	Location	2013 valuation \$'000	2012 valuation \$'000
Beijing Logistics Park	Office/ Logistics	43 years	Shunyi District, Beijing	70,608	63,972

Beijing Logistics Park is pledged as security for banking facilities granted to the entities holding the property as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

9 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

- (2) The divestment of the group entities which owned Central Plaza was completed in May 2013.
- (3) Cash and cash equivalents classified as held for sale comprise:

	Group	
	2013 \$'000	2012 \$'000
Cash and cash equivalents that are free from restriction	4,696	3,572
Restricted cash	-	4,561
	<u>4,696</u>	<u>8,133</u>

- (4) The terms and conditions of outstanding loans and borrowings classified as held for sale are as follows:

		Nominal interest rate	Final maturity/ repayment date	2013 Face value \$'000	2013 Carrying amount \$'000	2012 Face value \$'000	2012 Carrying amount \$'000
Central Plaza							
Secured bank loans	USD	LIBOR + 3.5%	23 May 2013	-	-	134,474	132,934
Secured bank loans	RMB	PBOC rate 125%	23 May 2013	-	-	12,461	12,351
Beijing Logistics Park							
Secured bank loans	RMB	PBOC rate 105%	29 May 2021	35,408	34,480	33,359	32,371
				<u>35,408</u>	<u>34,480</u>	<u>180,294</u>	<u>177,656</u>

Refer to Note 29 for information on the exposure to interest rate, foreign currency and liquidity risks.

- (5) Deferred tax liabilities are recognised based on changes in the carrying value of the properties against their tax base. Deferred tax assets of \$1,354,000 (2012: \$505,000) have not been recognised as uncertainties exist in the realisation of the tax losses of the group entities which hold Beijing Logistics Park.

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST-BEARING BORROWINGS

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Unsecured borrowings				
Convertible debt securities	79,971	76,437	79,971	76,437
Less: Unamortised transaction costs	(501)	(1,272)	(501)	(1,272)
	<u>79,470</u>	<u>75,165</u>	<u>79,470</u>	<u>75,165</u>
Amount repayable within one year	79,470	5,170	79,470	5,170
Amount repayable after one year	-	69,995	-	69,995
	<u>79,470</u>	<u>75,165</u>	<u>79,470</u>	<u>75,165</u>
Secured borrowings				
Loans	713,180	678,809	-	-
Less: Unamortised transaction costs	(4,168)	(6,529)	-	-
	<u>709,012</u>	<u>672,280</u>	<u>-</u>	<u>-</u>
Amount repayable within one year	91,789	23,377	-	-
Amount repayable after one year	617,223	648,903	-	-
	<u>709,012</u>	<u>672,280</u>	<u>-</u>	<u>-</u>
Total borrowings¹	<u>788,482</u>	<u>747,445</u>	<u>79,470</u>	<u>75,165</u>

- 1 Total borrowings at the year end exclude borrowings for the Beijing Logistics Park (2012: exclude borrowings for the Beijing Logistics Park and Central Plaza).



NOTES TO THE FINANCIAL STATEMENTS



10 INTEREST-BEARING BORROWINGS (CONTINUED)

The bank loans are secured by legal mortgages over each specific property excluding 3 development sites of Central Park Mall (collectively, the “Mortgaged Properties”) and a pledge of the equity interest in the property companies which hold The Place and Forterra House. The equity interest in the property company of Huai Hai Mall is also required to be pledged using best efforts with the applicable authority. As at 31 December 2013, application in conjunction with the banks for the equity interest pledge of the property company which holds Huai Hai Mall is in progress. The term loan facilities have legal covenants which require the Group, amongst others:

- (i) not to, without the prior written consent of the lender, cause, suffer or permit to exist or to be created, incurred or assume any lien on any portion of the Mortgaged Properties;
- (ii) to conform to various negative pledge covenants which impose certain restrictions on dividend payment by some entities in the Group;
- (iii) to maintain loan to valuation (“LTV”) ratio in respect of the Mortgaged Properties as follows:
 - The Place Existing: LTV shall not exceed 50%
 - The Place Extension: LTV shall not exceed 60%
 - Forterra House: LTV shall not exceed 60%
 - Huai Hai Mall: LTV shall not exceed 55%

To minimise the Group’s exposure to adverse interest rate movements on its US\$ denominated floating rate loans, the Group has entered into the following hedging arrangement:

- Interest rate swap for the notional principal amount of US\$135.0 million on a bank loan for The Place, effective from 26 January 2012 to 27 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST-BEARING BORROWINGS (CONTINUED)

Terms and debt repayment schedule

Terms and conditions of the outstanding loans are as follows:

	Nominal interest rate per annum %	Final maturity date	Face value \$'000	Carrying amount \$'000
2013				
USD floating rate term loan	LIBOR + 4.25%	11 Jun 2015	60,430	59,672
RMB floating rate term loan	PBOC * 128%	11 Jun 2015	9,818	9,680
USD floating rate term loan	LIBOR + 3%	26 Jul 2015	326,839	326,839
RMB floating rate term loan	PBOC	2 Jun 2015	82,891	81,712
RMB floating rate term loan	PBOC	17 Feb 2016	90,843	89,551
USD floating rate term loan	LIBOR + 4.5%	2 Jun 2015	31,606	31,156
RMB floating rate term loan	PBOC	25 Sep 2020	48,047	48,047
RMB floating rate term loan	PBOC * 123%	11 Jul 2014	9,609	9,569
USD floating rate term loan	LIBOR + 3.5%	11 Jul 2014	53,097	52,786
			<u>713,180</u>	<u>709,012</u>
2012				
USD floating rate term loan	LIBOR + 4.25%	11 Jun 2015	58,435	57,168
RMB floating rate term loan	PBOC * 128%	11 Jun 2015	9,615	9,394
USD floating rate term loan	LIBOR + 3%	26 Jul 2015	326,730	326,730
RMB floating rate term loan	PBOC	2 Jun 2015	79,160	77,224
RMB floating rate term loan	PBOC	17 Feb 2016	60,158	58,687
USD floating rate term loan	LIBOR + 4.5%	2 Jun 2015	30,562	29,815
RMB floating rate term loan	PBOC	25 Sep 2020	51,020	51,020
RMB floating rate term loan	PBOC * 123%	11 Jul 2014	9,419	9,306
USD floating rate term loan	LIBOR + 3.5%	11 Jul 2014	51,345	50,570
HKD floating rate term loan	HIBOR + 1.8%	19 Nov 2013	2,366	2,366
			<u>678,810</u>	<u>672,280</u>

As at 31 December 2013, the effective interest rates for bank borrowings ranged from 3.25% to 4.75%, (2012: 3.43% to 5.07%) per annum for the USD term loans, 6.10% to 7.81%, (2012: 6.40% to 8.24%) per annum for the RMB term loans.

NOTES TO THE FINANCIAL STATEMENTS

10 INTEREST-BEARING BORROWINGS (CONTINUED)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Trust to banks in respect of various banking facilities amounting to \$485.6 million (2012: \$634.9 million) granted to subsidiaries of the Group. The periods in which the financial guarantees expire are as follows:

	Trust	
	2013	2012
	\$'000	\$'000
Less than 1 year	53,097	134,474
Between 1 and 5 years	397,087	467,072
More than 5 years	35,409	33,359
	<u>485,593</u>	<u>634,905</u>

At 31 December 2013, the Group does not consider it probable that a claim will be made against the Trust under the guarantees.

11 DEBT SECURITIES

Forum convertible bonds

On 14 March 2011, the Trust issued a convertible bond ("Forum CB") with a principal amount of \$59.7 million to finance the Group's acquisition of Huai Hai Mall and Central Park Mall.

On 31 January 2013, the bondholder completed the transfer of three principal amounts of \$10.0 million each to three different transferees while retaining the principal balance of \$29.7 million.

The Forum CB is convertible by the bondholder into units at a conversion price of \$2.10 at any time on or after 40 days following 14 March 2011 up to seven business days prior to 17 September 2014 (subject to the satisfaction of certain conditions), or if the Forum CB have been called for redemption before 17 September 2014, then up to seven business days prior to the date fixed for redemption thereof. Based on the conversion price of \$2.10 and the issue value of \$59.7 million, 28,428,571 conversion units may be allotted and issued by the Trustee-Manager in the event of the full conversion of the Forum CB.

Unless previously redeemed (following the exercise of a Delisting/Change of Control Put Right), converted or purchased and cancelled, the Trustee-Manager will redeem the Forum CB on 17 September 2014.

NOTES TO THE FINANCIAL STATEMENTS

11 DEBT SECURITIES (CONTINUED)

Forum convertible bonds (Continued)

The Forum CB bears cash interest on the outstanding principal amount of the bond at the rate of 6.0% per annum. The principal amount of the bond plus an additional amount necessary to result in a yield of 16.75% per annum, compounded semi-annually (less all cash interest paid), shall be payable upon redemption on 17 September 2014.

Trio convertible notes

On 1 April 2011, the Trust issued four tranches of convertible notes ("Trio CB") with a notional amount of RMB7.0 million each and a fifth tranche with a notional amount of RMB8.0 million to finance the Group's acquisition of Central Park Mall. The aggregate notional amount of the Trio CB is RMB36.0 million, equivalent to approximately \$6.9 million at the date of issuance. The five tranches of convertible notes have the same interest rate of 6% per annum.

Trio CB was terminated on 29 August 2013 pursuant to the restructuring of the original acquisition arrangements with the former owner of Central Park Mall (see Note 19).

The details of debt securities are set out as follows:

	Aggregate principal amount and accrued interest outstanding* \$'000	Convertible bond reserve (in unitholders' funds) \$'000	Derivative financial liability \$'000	Finance costs \$'000	Conversion Price \$
2013					
Forum CB	79,470	2,641	-	12,906	2.10
Trio CB	-	-	-	286	n/a
	<u>79,470</u>	<u>2,641</u>	<u>-</u>	<u>13,192</u>	
2012					
Forum CB	69,375	2,337	-	11,455	2.10
Trio CB	5,790	-	54	482	2.80
	<u>75,165</u>	<u>2,337</u>	<u>54</u>	<u>11,937</u>	

* net of unamortised transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

12 DERIVATIVE FINANCIAL LIABILITIES

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial derivative liabilities				
Derivative component of				
convertible debt securities	-	54	-	54
Interest rate swaps used for hedging	85	1,240	-	166
	<u>85</u>	<u>1,294</u>	<u>-</u>	<u>220</u>
Expiring within 1 year	85	166	-	166
Expiring between 1 and 5 years	<u>-</u>	<u>1,128</u>	<u>-</u>	<u>54</u>

Derivative financial liabilities relate primarily to the fair value of floating-to-fixed interest rate swaps entered into to manage the interest rate risk on the United States dollar denominated floating rate bank loans. The notional amounts are disclosed in Note 29(c).

13 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities are as follows:

	At 1 January 2012 \$'000	Recognised in statement of profit or loss \$'000	Translation differences \$'000	Reclassified to liabilities held for sale \$'000	At 31 December 2012 \$'000	Recognised in statement of profit or loss \$'000	Recognised in equity \$'000	Translation differences \$'000	At 31 December 2013 \$'000
Group									
Investment properties	434,407	26,862	(21,452)	(72,761)	367,056	2,956	-	23,043	393,055
Convertible debts	<u>101</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>850</u>	<u>-</u>	<u>(304)</u>	<u>-</u>	<u>546</u>
	<u>434,508</u>	<u>27,611</u>	<u>(21,452)</u>	<u>(72,761)</u>	<u>367,906</u>	<u>2,956</u>	<u>(304)</u>	<u>23,043</u>	<u>393,601</u>
Trust									
Convertible debts	<u>101</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>850</u>	<u>-</u>	<u>(304)</u>	<u>-</u>	<u>546</u>

NOTES TO THE FINANCIAL STATEMENTS

13 DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax assets have not been recognised in respect of the following item because uncertainty exists in the availability of future taxable profit against which the Group can utilise the benefits therefrom:

	2013 \$'000	2012 \$'000
Tax losses	<u>33,597</u>	<u>30,008</u>

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

14 TRADE AND OTHER PAYABLES

	Group		Trust	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade creditors and accruals	8,992	9,028	437	1,975
Development cost payables	20,939	10,746	-	-
Security deposits	14,591	15,525	-	-
Interest payable	3,690	3,259	-	-
Taxes payable	24,416	10,010	-	-
Amount due to the Trustee-Manager	3,889	12,658	3,889	12,258
Amounts due to subsidiaries, non-trade	-	7,256	89,788	29,883
Deposit received from a related party of the buyer of an equity investment (Note 7)	16,908	15,882	-	-
Other payables	3,764	1,085	-	1,411
Advances from customers	5,073	3,318	-	-
Deferred consideration	-	14,130	-	-
	<u>102,262</u>	<u>102,897</u>	<u>94,114</u>	<u>45,527</u>

Amounts due to the Trustee-Manager pertain to management and trustee fees accrued in accordance with the Trust Deed. Non-trade amounts due to subsidiaries are unsecured and interest-free, and are repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS



14 TRADE AND OTHER PAYABLES (CONTINUED)

Intra-group payables of \$7,256,000 as at 31 December 2012 were not eliminated between the group entities which held Beijing Logistics Park and Central Plaza and other group entities following the reclassification of the assets/liabilities related to Beijing Logistics Park and Central Plaza as held for sale.

Deferred consideration pertained to the amount due to the vendor of Central Park Mall as part of the consideration for the acquisition of the property. During the current financial year, the Trust undertook a restructuring of the original acquisition arrangements with the vendor of Central Park Mall (see Note 19).

15 UNITHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations and from the translation of monetary items forming part of the Group's net investment in foreign operations.

Unit option reserve

The unit option reserve comprises the cumulative value of employee services received for the issue of the units under the Trust's Unit Option Scheme.

Convertible bond reserve

The convertible bond reserve comprises the equity component of the Forum CB issued net of tax (see Note 11).

Capital management

The Trustee-Manager reviews the Group's and the Trust's capital structure regularly, which the Group defines as total Unitholders' funds. The Group uses a combination of debt and equity to fund acquisition, property development and asset enhancement projects. The Trustee-Manager seeks to maintain an optimal combination of debt and equity in order to minimise the cost of capital and maximise returns to Unitholders.

NOTES TO THE FINANCIAL STATEMENTS

15 UNITHOLDERS' FUNDS (CONTINUED)

Capital management (Continued)

The objectives of the Trustee-Manager are to:

- (a) maintain a strong Statement of Financial Position by adopting and maintaining a target gearing range;
- (b) secure diversified funding sources from financial institutions and/or capital markets;
- (c) adopt a proactive interest rate management strategy to manage risks related to interest rate fluctuations; and
- (d) manage the foreign currency exposure through hedging, where appropriate.

There were no changes in the Group's approach to capital management during the year.

During the year, the Group has complied with all the externally imposed capital requirements.

16 UNITS IN ISSUE

	Trust	
	2013	2012
	Number of units	Number of units
At 1 January	253,619,717	253,619,717
Issue of units:		
- Unit options exercised (Note 17)	175,000	-
At 31 December	<u>253,794,717</u>	<u>253,619,717</u>



NOTES TO THE FINANCIAL STATEMENTS



16 UNITS IN ISSUE (CONTINUED)

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser), at any time, convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Trustee-Manager to redeem his Units while the Units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee-Manager or any creditor of the Trustee-Manager in the event that liabilities of the Trust (excluding net assets attributable to Unitholders) exceed its assets. Under the Trust Deed, every Unit carries the same voting rights.

17 FORTERRA UNIT OPTION SCHEME

Prior to the constitution of the Trust, certain directors of CREO and the employees of Treasury Holdings China Limited ("THCL") and Treasury Holdings, were granted CREO Share Options in the implementation of the CREO Share Scheme as approved by the Board of Directors of CREO. In conjunction with the acquisition of CREO and the listing of the Trust on the mainboard of the SGX-ST, a Forterra Unit Option Scheme (formerly known as TCT Unit Option Scheme) was introduced to replace the CREO Share Scheme on 21 June 2010. As such, the Trustee-Manager granted the Forterra Unit Options to the existing holders of the CREO Share Options, in consideration for any CREO Share Options which they surrender prior to, and conditional upon, the listing of the Units of the Trust on the mainboard of the SGX-ST. The terms of the Forterra Unit Option are equivalent to the terms of the CREO Share Options, so that the rights of the holders of the CREO Share Options will not be prejudiced.

NOTES TO THE FINANCIAL STATEMENTS

17 FORTERRA UNIT OPTION SCHEME (CONTINUED)

The fair value amount in respect of the outstanding options that had been charged through the statement of profit or loss of CREO and the fair value amount of the relevant employee benefits that was required to be settled in equity of CREO prior to the acquisition of CREO made by the Trust were recognised in the Unitholders' Funds of the Trust.

In 2013, as part of the acquisition of the units in the Trust by New Precise, the unit options previously granted to the former controlling unitholder and his associates were assigned to New Precise. Following the assignment, the expiry dates of all outstanding unit options were extended by approximately 12 months.

The fair values of the options were calculated using the binomial option pricing model. The options under Forterra Unit Option Scheme are measured in SGD, being modified as follows:

Tranches	One	Two	Three	Four	Five	Six	Seven
Exercise price (\$)	0.35	3.10	3.10	3.30	2.60	3.10	3.10
Number of options	3,825,000	3,810,000	75,000	150,000	2,000,000	400,000	575,000
Expected volatility	20.95%	22.21%	22.21%	21.87%	53.89%	40.40%	38.76%
Expected life (years, extended)	5.0	5.5	5.5	5.5	7.0	4.8	5.1
Risk free rate	5.24%	5.50%	5.50%	4.33%	4.47%	0.87%	0.53%
Earliest exercise date	21/6/2010	21/6/2010	21/6/2010	21/6/2010	10/9/2013	3/3/2012	1/1/2013
Original expiry date	24/4/2014	4/6/2014	2/12/2014	23/1/2015	10/9/2015	31/12/2014	31/12/2015
Extended expiry date*	<u>30/6/2015</u>	<u>4/6/2015</u>	<u>-</u>	<u>23/1/2016</u>	<u>10/9/2016</u>	<u>31/12/2015</u>	<u>31/12/2016</u>

* The expiry dates of all tranches were extended on 28 August 2013. Among the 3,275,000 unit options of Tranche One, the expiry date of 175,000 unit options remained unchanged on 24 April 2014.

NOTES TO THE FINANCIAL STATEMENTS

17 FORTERRA UNIT OPTION SCHEME (CONTINUED)

The number of unit options outstanding at 31 December 2013 and 31 December 2012 are summarised as follows:

Tranches	One	Two	Three	Four	Five	Six	Seven
Outstanding at							
31 December 2012	3,450,000	1,335,000	-	150,000	1,750,000	200,000	575,000
Exercised during the year	(175,000)	-	-	-	-	-	-
Lapsed during the year	-	(850,000)	-	-	-	(200,000)	(400,000)
Outstanding at							
31 December 2013	<u>3,275,000</u>	<u>485,000</u>	<u>-</u>	<u>150,000</u>	<u>1,750,000</u>	<u>-</u>	<u>175,000</u>
Exercisable at							
31 December 2012	<u>3,450,000</u>	<u>1,335,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Exercisable at							
31 December 2013	<u>3,275,000</u>	<u>485,000</u>	<u>-</u>	<u>150,000</u>	<u>1,750,000</u>	<u>-</u>	<u>175,000</u>

1,450,000 unit options (2012: 2,475,000) lapsed during the year upon the employment termination of the grantees. The Trust recognised compensation expenses of \$460,000 (2012: \$552,000) relating to equity-settled unit-based awards. The fair value of unit-based payment awards is expensed over the vesting period, together with a corresponding credit in unit option reserve in the Unitholders' funds.

18 GROSS RENTAL INCOME

	2013 \$'000	2012 \$'000
Base rent	63,443	79,493
Service charge income	13,507	19,492
	<u>76,950</u>	<u>98,985</u>

NOTES TO THE FINANCIAL STATEMENTS

19 OTHER GAINS

	2013 \$'000	2012 \$'000
Gain from restructuring of the original acquisition arrangements of Central Park Mall	4,202	-
Gain from disposal of subsidiaries which hold Central Plaza	17,964	-
	<u>22,166</u>	<u>-</u>

Restructuring of the original acquisition arrangements of Central Park Mall

During the year, the Trust undertook a restructuring of the original acquisition arrangements with the former owner (the "Vendor") of Central Park Mall, in respect of the amount due to the Vendor of Central Park Mall, which pertained to the remaining consideration for the acquisition of the property. The restructuring was completed on 29 August 2013, which reduced the outstanding consideration of RMB73.3 million (equivalent to approximately \$15.4 million) to RMB54.7 million (equivalent to approximately \$11.5 million), and resulted in the cancellation of the Trio convertible notes of RMB25.0 million (equivalent to approximately \$5.2 million) issued by the Trust to the Vendor and the redeemed but unpaid amount of RMB14 million (equivalent to approximately \$2.9 million), and termination of the top-up rent guarantee amount of RMB37.5 million (equivalent to approximately \$7.8 million) previously granted and due by the Vendor. The Group realised a net gain of \$4.2 million on the completion of the restructuring of original acquisition arrangements with the Vendor.

Sale of Central Plaza

A gain of \$17.96 million was recognised from the disposal of Central Plaza in May 2013. A summary of the financial effects on the disposal of the subsidiaries which hold Central Plaza is as follows:

	2013 \$'000
Sale consideration for Central Plaza	249,107
Add: post-closing adjustment to the consideration as agreed with the buyer	<u>3,474</u>
	<u>252,581</u>

NOTES TO THE FINANCIAL STATEMENTS

19 OTHER GAINS (CONTINUED)

Sale of Central Plaza (Continued)

	2013 \$'000
Investment property	(374,313)
Plant and equipment	(21)
Trade and other receivables	(1,061)
Cash and cash equivalents	(11,378)
Deferred tax liabilities	77,297
Interest-bearing borrowings	13,112
Amounts due to other group entities by the disposed subsidiaries*	76,207
Trade and other payables	9,442
Net assets disposed of	<u>(210,715)</u>
Gain before transaction costs	41,866
Transaction costs including withholding tax	(24,675)
Foreign currency translation reserve transferred to profit or loss	773
Net gain on the disposal	<u>17,964</u>

Included in transaction costs is a divestment fee of \$1,809,000 paid to the Trustee-Manager in accordance with the Trust Deed.

	2013 \$'000
Sale consideration for Central Plaza	249,107
Post-closing adjustment to the consideration, satisfied in cash	3,474
Proceeds from the buyer's repayment of amount due to other group entities by the disposed subsidiaries*	76,207
Repayment of the outstanding bank loans	(139,418)
Cash of the subsidiaries which hold Central Plaza disposed of	(11,378)
Cash inflow from the disposal of subsidiaries	<u>177,992</u>

* Pursuant to the SPA, the buyer took over and repaid the amount due to other group entities by the disposed subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

20 TRUSTEE-MANAGER'S FEES

	2013 \$'000	2012 \$'000
Base management fee	12,856	12,698
Performance management fee	1,703	2,043
Trustee fee	514	508
Others	1,056	1,067
	<u>16,129</u>	<u>16,316</u>

Trustee-Manager's fees are payable to the Trustee-Manager, a subsidiary of Oriental Management Services Limited which is wholly-owned by the controlling unitholder of the Trust.

21 ADMINISTRATIVE EXPENSES

The following items have been included in arriving at administrative expenses for the year:

	2013 \$'000	2012 \$'000
Equity-settled unit-based expenses	460	552
Unit options surrendered	-	60
Valuation fees	171	285
Depreciation of property, plant and equipment	<u>312</u>	<u>367</u>

There are no employee expenses as the Group's administrative and operating functions are managed by the Trustee-Manager and the Property Manager.

22 FINANCE INCOME

	2013 \$'000	2012 \$'000
Interest income on bank deposits	<u>382</u>	<u>205</u>

NOTES TO THE FINANCIAL STATEMENTS

23 FINANCE COSTS

	2013 \$'000	2012 \$'000
Interest expenses on bank borrowings	38,201	37,768
Interest expenses on convertible debts	13,192	11,937
Amortisation of transaction costs for bank loans and convertible debt securities	5,887	4,882
	<u>57,280</u>	<u>54,587</u>

24 PROFIT OR LOSS FOR THE YEAR

The following items have been included in arriving at the net profit or loss for the year:

	2013 \$'000	2012 \$'000
Non-audit fees paid/payable to:		
- auditors of the Trust	6	6
- other auditors	125	45
	<u>131</u>	<u>51</u>
Audit fees paid/payable to:		
- auditors of the Trust	194	185
- other auditors	355	346
	<u>549</u>	<u>531</u>

25 INCOME TAX EXPENSE

	2013 \$'000	2012 \$'000
Current tax expense		
PRC income tax for the current year	990	715
Under provided in the prior year	35	-
Withholding income tax	1,090	1,395
	<u>2,115</u>	<u>2,110</u>
Deferred tax expense		
Origination and reversal of temporary differences	3,483	27,611
	<u>5,598</u>	<u>29,721</u>

NOTES TO THE FINANCIAL STATEMENTS

25 INCOME TAX EXPENSE (CONTINUED)

Reconciliation of effective tax rate

	2013 \$'000	2012 \$'000
(Loss)/Profit before taxation	(46,913)	76,388
Income tax using the PRC tax rate of 25% (2012: 25%)	(11,728)	19,097
Effect of different tax rates in foreign jurisdictions	2,868	5,774
Non-deductible expenses	11,533	7,203
Tax exempt income	(2,874)	(376)
Effect of foreign exchange differences transferred to equity*	4,119	(6,737)
Utilisation of tax losses not recognised in previous years	(425)	(150)
Deferred tax assets not recognised	1,157	2,294
Under provided in prior years	35	-
Withholding tax	1,090	1,395
Others	(177)	1,221
	5,598	29,721

* relates to foreign exchange differences arising from inter-company loans which, in substance, form part of the Group's net investment in foreign operations. Such foreign exchange differences are transferred to the foreign currency translation reserve in the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

26 AMOUNT AVAILABLE FOR DISTRIBUTION

	2013 \$'000	2012 \$'000
Reconciliation from net (loss)/profit to distribution to Unitholders		
Amount from operations before distribution at the beginning of the year	(16,117)	(2,881)
Net (loss)/profit attributable to Unitholders of the Trust	(49,252)	42,417
Distribution adjustments (Note A)	32,441	(55,653)
Amount from operations unavailable for distribution to Unitholders at the end of the year	(32,928)	(16,117)
Realised gains available for distribution to Unitholders at the beginning of the year (Note B)	5,802	5,802
Add: Realised gain on disposal of subsidiaries which hold the Central Plaza (Note C)	32,086	-
Amount from realised gains available for distribution to Unitholders at the end of the year	37,888	5,802

No distribution was made in current year and in 2012.

Note A:

	2013 \$'000	2012 \$'000
Adjustment items		
- Depreciation of property, plant and equipment*	296	367
- Deferred tax expense*	3,398	26,290
- Amortisation of transaction costs for bank loans and convertible debt securities	5,887	4,882
- Difference between the convertible debt interests at the effective interest rates and at the nominal interest rates	9,439	8,209
- Unrealised foreign exchange (gain)/loss	19,511	(30,666)
- Changes in fair value of investment properties*	12,517	(66,371)
- Changes in fair value of financial derivatives	(1,103)	1,084
- Gain on disposal of subsidiaries which hold Central Plaza	(17,964)	-
- Equity-settled unit-based expenses	460	552
Distribution adjustments	32,441	(55,653)

* adjusted for non-controlling interests' share of such adjustment items

NOTES TO THE FINANCIAL STATEMENTS

26 AMOUNT AVAILABLE FOR DISTRIBUTION (CONTINUED)

Note B:

Realised gains available for distribution relate to profits as follows: 1) prior to the listing of the Trust, CREO sold its interest in Tangdao Bay development site and realised a gain of approximately \$22.6 million from the sale in December 2009; and 2) CREO sold its interest in units of RREEF China Commercial Trust in the first quarter of 2010 and realised a gain of approximately \$4.2 million from the disposal.

Note C:

This includes the gain on disposal of subsidiaries which hold Central Plaza amounting to \$17,964,000 recognised during the current financial year and the accumulated valuation gain offset by the historical deferred tax expenses of Central Plaza from the date of the Trust's acquisition of the equity interest in these subsidiaries to the date of the completion of their sale, amounting to \$14,122,000.

27 EARNINGS PER UNIT

(a) Basic earnings per unit

	Group	
	2013 cents	2012 cents
Basic earnings per unit	(19.4)	16.7

The calculation of basic earnings per unit for the Group was based on the profit or loss for the year attributable to unitholders and the weighted average number of units outstanding:

	Group	
	2013 \$'000	2012 \$'000
(Loss)/Profit for the year attributable to Unitholders	(49,252)	42,417
	Number of units 2013	Number of units 2012
Units in issue at beginning of the year	253,619,717	253,619,717
Effect of new units issued during the year	83,425	-
Weighted average number of units outstanding during the year	253,703,142	253,619,717

NOTES TO THE FINANCIAL STATEMENTS

27 EARNINGS PER UNIT (CONTINUED)

(b) Diluted earnings per unit

	Group	
	2013 cents	2012 cents
Diluted earnings per unit	(19.4)	16.6

In calculating diluted earnings per unit, the net profit or loss attributable to unitholders of the Trust and the weighted average number of units in issue during the year are adjusted for the effects of dilutive potential units:

	Number of units 2013	Number of units 2012
Weighted average number of units used in calculation of basic earnings per unit	253,703,142	253,619,717
<i>Weighted average number of unissued units from:</i>		
Options under Forterra Unit Option Scheme	–	2,587,500
Weighted average number of units (diluted) outstanding during the year	253,703,142	256,207,217

As the Group incurred a net loss for the year ended 31 December 2013, the adjustments to the net loss attributable to unitholders of the Trust and the potential units to be issued under the Forterra Unit Option Scheme and the convertible debt securities have not been taken into consideration in arriving at the diluted earnings per unit for the year ended 31 December 2013.

For the financial year ended 31 December 2012, the potential units to be issued under the convertible debt securities were not dilutive, and consequently, they had not been taken into consideration in arriving at the diluted earnings per unit.

NOTES TO THE FINANCIAL STATEMENTS

28 NET ASSET VALUE PER UNIT

(a) Basic net asset value per unit

	Group	
	2013	2012
	\$	\$
Basic net asset value per unit	4.68	4.44

The calculation of basic net asset value per unit for the Group was based on the net asset value attributable to unitholders and the number of units in issue outstanding at year end.

(b) Diluted net asset value per unit

	Group	
	2013	2012
	\$	\$
Diluted net asset value per unit	4.46	4.20

In calculating diluted net asset value per unit, the net assets attributable to unitholders of the Trust and the number of units in issue at year end are adjusted for the effects of dilutive potential units:

	Group	
	2013	2012
	\$'000	\$'000
Net assets attributable to unitholders of the Trust	1,189,008	1,126,851
Proceeds from potential units to be issued for unit options	1,146	1,208
Conversion of debt securities	79,470	75,166
Net assets attributable to unitholders of the Trust (diluted)	1,269,624	1,203,225

NOTES TO THE FINANCIAL STATEMENTS

28 NET ASSET VALUE PER UNIT (CONTINUED)

(b) Diluted net asset value per unit (Continued)

	Group	
	2013	2012
	Number of units	Number of units
Number of units in issue at year end	253,794,717	253,619,717
Number of potential units to be issued for unit options	2,746,774	2,628,571
Number of potential units to be issued for convertible debts	28,428,571	30,460,953
Number of units in issue and potential units (diluted) at year end	<u>284,970,062</u>	<u>286,709,241</u>

29 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks in the normal course of business:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Trustee-Manager has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Trustee-Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.



NOTES TO THE FINANCIAL STATEMENTS



29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Cash and bank balances are placed with the licensed financial institutions. The derivatives are entered into with bank and financial institution counterparties which are rated “A” or equivalent.

Trade receivables relate mainly to the Group’s tenants. The Group’s exposure to credit risk is influenced by the individual characteristics of each tenant. Customers are grouped according to their trade/business e.g. retail, office, mixed use. Receivables are reviewed monthly. There are no significant concentrations of credit risk with a single customer as the Group has a large number of tenants who pay their rentals in advance and some properties are rented subject to deposits, so that in the event of non-payment, the Group has recourse to this deposit. The Group establishes an allowance for impairment loss that represents its estimate of incurred losses in respect of trade and other receivables, if required.

The carrying amount of financial assets in the statement of financial position represents the Group’s and the Trust’s maximum exposure to credit exposure, before taking into account any collateral held. The Group and the Trust does not hold any collateral in respect of its financial assets.

The Group’s policy is to provide financial guarantees only to wholly-owned subsidiaries. The maximum exposure of the Trust in respect of the intra-group financial guarantee at the end of the reporting period is \$485,593,000 (2012: \$634,905,000).

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are to be settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

The Trustee-Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual maturities of financial liabilities (including those classified as held for sale), including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
31 December 2013					
Non-derivative financial liabilities					
Interest-bearing borrowings	(709,012)	(760,924)	(122,605)	(620,239)	(18,080)
Debt securities	(79,470)	(90,230)	(90,230)	-	-
Trade and other payables*	(97,189)	(97,189)	(97,189)	-	-
Liabilities held for sale*	(69,676)	(75,947)	(31,820)	(17,476)	(26,651)
	<u>(955,347)</u>	<u>(1,024,290)</u>	<u>(341,844)</u>	<u>(637,715)</u>	<u>(44,731)</u>
Derivative financial liabilities					
Interest rate swap (net settled)	(85)	(85)	(85)	-	-

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

		Cash flows			
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2012					
Non-derivative financial liabilities					
Interest-bearing borrowings	(672,280)	(778,540)	(32,886)	(680,827)	(64,827)
Debt securities	(75,165)	(100,385)	(5,170)	(95,215)	-
Deferred consideration	(14,130)	(14,130)	(14,130)	-	-
Trade and other payables*	(85,449)	(85,449)	(85,449)	-	-
Liabilities held for sale*	(267,365)	(299,412)	(232,591)	(21,817)	(45,004)
	<u>(1,114,389)</u>	<u>(1,277,916)</u>	<u>(370,226)</u>	<u>(797,859)</u>	<u>(109,831)</u>
Derivative financial liabilities					
Interest rate swaps (net settled)	(1,240)	(1,299)	(1,226)	(73)	-
Convertible bond derivative#	<u>(54)</u>	<u>(54)</u>	<u>-</u>	<u>(54)</u>	<u>-</u>
	(1,294)	(1,353)	(1,226)	(127)	-

* exclude advances from customers

[#] fair value of the convertible bond derivative

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

	Carrying amount \$'000	Cash flows			
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	Over 5 years \$'000
Trust					
31 December 2013					
Non-derivative financial liabilities					
Debt securities	(79,470)	(90,230)	(90,230)	-	-
Trade and other payables	(94,114)	(94,114)	(94,114)	-	-
	<u>(173,584)</u>	<u>(184,344)</u>	<u>(184,344)</u>	<u>-</u>	<u>-</u>
31 December 2012					
Non-derivative financial liabilities					
Debt securities	(75,165)	(100,385)	(5,170)	(95,215)	-
Trade and other payables	(45,527)	(45,527)	(45,527)	-	-
	<u>(120,692)</u>	<u>(145,912)</u>	<u>(50,697)</u>	<u>(95,215)</u>	<u>-</u>
Derivative financial liabilities					
Interest rate swap	(166)	(168)	(168)	-	-
Convertible bond derivative^	(54)	(54)	-	(54)	-
	<u>(220)</u>	<u>(222)</u>	<u>(168)</u>	<u>(54)</u>	<u>-</u>

^ fair value of the convertible bond derivative

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income and its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. Market risk is managed through established policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk.

Foreign currency risk

The Group incurs foreign currency risk as a result of its operations in the PRC and interest-bearing liabilities. The currency giving rise to this risk at the date of the statement of financial position is primarily the United States dollar. Exposures to significant foreign currency risk are as follows:

	US Dollar \$'000
Group	
As at 31 December 2013	
Cash and cash equivalents	80,077
Derivative financial liabilities	(85)
Interest-bearing borrowings	(470,453)
	<u>(390,461)</u>
As at 31 December 2012	
Cash and cash equivalents	14,086
Derivative financial liabilities	(1,240)
Interest-bearing borrowings	(597,217)
	<u>(584,371)</u>

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

Sensitivity analysis

A strengthening of the respective functional currencies of the Group's operations, as indicated below, against the US Dollar at 31 December, would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2012, as indicated below:

	Profit or loss \$'000
Group	
As at 31 December 2013	
US Dollar	39,046
As at 31 December 2012	
US Dollar	58,437

A weakening of the foreign exchange rates at 31 December would have had an equal but opposite effect on the currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing borrowings at floating rates. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. In order to minimise exposure to changes to interest rates, the Group has purchased certain hedging instruments, the purpose of which is to fix the interest rates payable on its loan facilities.

The Group finances its operations through a mixture of retained earnings, interest-bearing loans and borrowings and capital raised. The Group borrows in the desired currencies at floating rates and uses interest rate swap contracts to generate the desired interest rate profile and to manage the Group's exposure to interest rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk (Continued)

The Group entered into an interest rate swap with a notional principal amount of US\$135.0 million effective from 26 January 2012 to 27 January 2014. Included in the derivative financial liabilities at 31 December 2012 was an interest rate swap with a notional principal amount of US\$55.0 million, which matured in 2013. The fair value of these interest rate swaps was a liability of \$85,000 as at 31 December 2013 (2012: \$1,240,000). Except for the foregoing interest rate swaps, the Group's interest-bearing liabilities are at floating rates of interest at 31 December 2013.

As at the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group		Trust	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Cash and cash equivalents	40,553	10,623	2,627	-
Debt securities	(79,971)	(76,437)	(79,971)	(76,437)
Interest rate swaps	(170,670)	(232,274)	-	(67,237)
	<u>(210,088)</u>	<u>(298,088)</u>	<u>(77,344)</u>	<u>(143,674)</u>
Variable rate instruments				
Cash and cash equivalents	72,387	39,590	116	49
Interest-bearing borrowings	(748,588)	(859,104)	-	-
Interest rate swaps	170,670	232,274	-	67,237
	<u>(505,531)</u>	<u>(587,240)</u>	<u>116</u>	<u>67,286</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

For variable rate loans and borrowings, it is estimated that an increase of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit or (loss)	
	100 bp increase \$'000	100 bp decrease \$'000
Group		
As at 31 December 2013		
Variable rate instruments	(6,762)	6,762
Interest rate swap	1,707	(1,707)
Cash flow sensitivity (net)	<u>(5,055)</u>	<u>5,055</u>
As at 31 December 2012		
Variable rate instruments	(8,195)	8,195
Interest rate swaps	2,323	(2,323)
Cash flow sensitivity (net)	<u>(5,872)</u>	<u>5,872</u>
Trust		
As at 31 December 2013		
Variable rate instruments	<u>*</u>	<u>(*)</u>
As at 31 December 2012		
Variable rate instruments	<u>*</u>	<u>(*)</u>
Interest rate swap	672	(672)
Cash flow sensitivity (net)	<u>672</u>	<u>(672)</u>

* less than \$1,000



NOTES TO THE FINANCIAL STATEMENTS



30 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Derivatives

The fair values of interest rate swaps (Level 2 fair values) are based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial assets

These financial instruments include trade and other receivables and cash and cash equivalents. The carrying values of these financial instruments are an approximation of the fair values because they are short-term in nature or re-priceable.

Non-derivative financial liabilities

Fair value is calculated using discounted cash flow models, with the discount rate determined based on benchmark rates for instruments with similar maturity and repricing plus a credit spread. In determining the applicable credit spread, reasonable efforts have been made to determine whether there has been a change in the credit risk associated with the financial asset or financial liability. The carrying values of the interest-bearing liabilities at floating interest rates are an approximation of the fair values because they are short-term in nature or re-priceable. In respect of the liability component of convertible debt securities, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.



NOTES TO THE FINANCIAL STATEMENTS



30 DETERMINATION OF FAIR VALUES (CONTINUED)

Investment properties

The fair values of investment properties are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

The valuations are prepared by considering the market values of comparable properties (direct comparison approach) and the aggregate of the estimated cash flows expected to be received from renting out the property (discounted cash flow approach). A yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within appropriate time.

The fair values of the investment properties are derived based on the approaches described in Note 4.

Unit-based payment transactions

The fair value of the unit options is measured using the Binomial option pricing method. Measurement inputs include the unit price on the measurement date, the exercise price of the unit option, expected volatility (based on an evaluation of the historical volatility of the Trust's unit price, particularly over the historical period commensurate with the expected term), expected term of the unit option (based on historical experience and general option holder behaviour), expected distribution, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

NOTES TO THE FINANCIAL STATEMENTS

30 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities (including those classified as held for sale), together with the carrying amounts shown in the statement of financial position, are as follows:

		Group					
			Hedging		Other		
		Designated	instruments	Loans	financial	Total	
Note		at fair	at	and	liabilities	carrying	Fair
		value	fair value	receivables	within the	amount	Values
		\$'000	\$'000	\$'000	scope of	\$'000	\$'000
					FRS 39		
					\$'000		
2013							
Financial assets							
Trade and other receivables*	7	-	-	50,862	-	50,862	50,862
Cash and cash equivalents	8	-	-	108,244	-	108,244	108,244
Assets held for sale*	9	-	-	4,894	-	4,894	4,894
		-	-	164,000	-	164,000	164,000
Financial liabilities							
Interest rate swap	12	-	85	-	-	85	85
Debt securities	11	-	-	-	79,470	79,470	84,102
Secured borrowings	10	-	-	-	709,012	709,012	709,012
Trade and other payables#	14	-	-	-	97,189	97,189	97,189
Liabilities held for sale#	9	-	-	-	69,676	69,676	69,676
		-	85	-	955,347	955,432	960,064

NOTES TO THE FINANCIAL STATEMENTS

30 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

		Group				
			Hedging		Other	
		Designated	instruments	Loans	financial	Total
Note		at fair	at	and	liabilities	carrying
		value	fair value	receivables	within the	amount
		\$'000	\$'000	\$'000	scope of	\$'000
					FRS 39	Fair
					\$'000	Values
						\$'000
2012						
Financial assets						
Trade and other receivables*	7	-	-	96,304	-	96,304
Cash and cash equivalents	8	-	-	42,080	-	42,080
Assets held for sale*	9	-	-	16,864	-	16,864
		-	-	155,248	-	155,248
Financial liabilities						
Interest rate swaps	12	-	1,240	-	-	1,240
Convertible bond derivative	12	54	-	-	-	54
Debt securities	11	-	-	-	75,165	85,791
Secured borrowings	10	-	-	-	672,280	672,280
Deferred consideration	14	-	-	-	14,130	14,130
Trade and other payables#	14	-	-	-	85,449	85,449
Liabilities held for sale#	9	-	-	-	267,365	267,365
		54	1,240	-	1,114,389	1,126,309

exclude advances from customers

* exclude prepayments

NOTES TO THE FINANCIAL STATEMENTS

30 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classifications and fair values (Continued)

Fair values versus carrying amounts (Continued)

		Trust				
		Hedging		Loans	Other	Total
		Designated	instruments	and	financial	carrying
		at fair	at	receivables	liabilities	amount
Note		value	fair value		within the	
		\$'000	\$'000	\$'000	scope of	\$'000
					FRS 39	Fair
					\$'000	values
						\$'000
2013						
Financial assets						
Trade and other receivables*	7	-	-	96,763	-	96,763
Cash and cash equivalents	8	-	-	2,743	-	2,743
		-	-	99,506	-	99,506
Financial liabilities						
Debt securities	11	-	-	-	79,470	84,102
Trade and other payables	14	-	-	-	94,114	94,114
		-	-	-	173,584	178,216
2012						
Financial assets						
Trade and other receivables*	7	-	-	77,447	-	77,447
Cash and cash equivalents	8	-	-	49	-	49
		-	-	77,496	-	77,496
Financial liabilities						
Interest rate swap	12	-	166	-	-	166
Convertible bond derivative	12	54	-	-	-	54
Debt securities	11	-	-	-	75,165	85,791
Trade and other payables	14	-	-	-	45,527	45,527
		54	166	-	120,692	131,538

exclude advances from customers

* exclude prepayments

NOTES TO THE FINANCIAL STATEMENTS

30 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classifications and fair values (Continued)

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, were as follows:

	2013	2012
Debt securities	9%	8% – 10%

Fair value hierarchy

The table below analyses financial instruments and recurring non-financial assets carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
31 December 2013				
Investment properties [^]	-	-	2,509,087	2,509,087
Derivative financial liabilities	-	(85)	-	(85)
	-	(85)	2,509,087	2,509,002
31 December 2012				
Investment properties [^]	-	-	2,656,358	2,656,358
Derivative financial liabilities	-	(1,294)	-	(1,294)
	-	(1,294)	2,656,358	2,655,064
Trust				
31 December 2012				
Derivative financial liabilities	-	(220)	-	(220)

[^] include investment properties classified as held for sale

NOTES TO THE FINANCIAL STATEMENTS

30 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classifications and fair values (Continued)

*Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group and Trust				
31 December 2013				
Debt securities – liability component	-	(84,102)	-	(84,102)
31 December 2012				
Debt securities – liability component	-	(85,791)	-	(85,791)

* exclude financial assets and liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and/or the effect of discounting is immaterial.

The following table shows a reconciliation from the beginning balance to the ending balance for Level 3 fair value measurements.

	Group	
	2013 \$'000	2012 \$'000
Balance at 1 January	2,656,358	2,668,647
Additions	71,962	48,455
Disposal	(374,313)	-
Gains and losses for the year		
Changes in fair value – Unrealised	(13,641)	70,381
Change in fair value recognised in other comprehensive income		
Effect of movements in exchange rates	168,721	(131,125)
Balance at 31 December	2,509,087	2,656,358

NOTES TO THE FINANCIAL STATEMENTS

30 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classifications and fair values (Continued)

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed (Continued)*

The following table shows the key unobservable inputs used in the valuation models:

Type	Valuation techniques	Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Discounted cash flow approach	Discount rate ranging from 8% to 10%	A significant increase/decrease in discount rate would result in a significantly lower/higher fair value measurement.
	Direct capitalisation approach	Capitalisation rate/yield ranging from 4% to 8%	A significant increase/decrease in capitalisation rate would result in a significantly lower/higher fair value measurement.
	Direct comparison method	Sale price ranging from RMB37,000 to RMB48,000 per sqm for the office units in Shanghai; Sale price ranging from RMB41,000 to RMB109,000 per sqm for the retail property units in Shanghai; sale price at RMB4,600 per sqm for Beijing Logistics Park; sale price ranging from RMB15,000 to RMB20,000 per sqm for the 4 phases of Central Park Mall	A significant increase in average sale prices would result in a significantly higher fair value measurement.

Valuation process applied by the Group

The fair value of investment properties is determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuers provide the fair value of the Group's investment property portfolio every six months.

NOTES TO THE FINANCIAL STATEMENTS

30 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classifications and fair values (Continued)

Key unobservable inputs

Key unobservable inputs correspond to:

- Market rents and sale prices derived from the same open markets and rent and sale prices of comparable property units.
- Investment property capitalisation rate/yields derived from market data for similar properties, adjusted for nature, location and condition of the properties.
- The discount rate reflects the overall rate of return expected by the investor. The discount rate is the sum of the risk-free return and equity risk premium.

31 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Trustee-Manager or the Group and the party are subject to common control. Related parties may be individuals or other entities.

Other than those disclosed elsewhere in the financial statements, there were following significant transactions entered into on terms agreed with related parties during the year:

	2013 \$'000	2012 \$'000
Treasury Holdings (Shanghai) Property Management Co., Ltd., the Property Manager		
Rental income received/receivable	763	737
Property management fees paid/payable	2,754	3,386
Development management service fee paid/payable	225	415
Marketing services commission	1,574	2,417
Reimbursements	2,172	1,805
Forterra Real Estate Pte. Ltd., the Trustee-Manager		
Trustee-Manager's fees paid/payable	16,129	16,316
Divestment fee paid/payable	1,809	-
Reimbursements	417	391



NOTES TO THE FINANCIAL STATEMENTS



31 RELATED PARTIES (CONTINUED)

Property management fees, Trustee-Manager's fees and other fees are payable to subsidiaries of Oriental Management Services Limited which is wholly-owned by the controlling unitholder of the Trust.

Reimbursements to the Property Manager comprise mainly remuneration of its personnel who render their services to the Group. Reimbursements to the Trustee-Manager comprise mainly the out-of-pocket expenses and certain staff costs incurred by the Trustee-Manager in connection with or arising out of the performance of its duties in managing the Trust.

32 SEGMENT REPORTING

The Group has two reportable segments, representing its operations in the PRC, Shanghai property operation and non-Shanghai property operation, which are managed separately due to the different geographical locations. The Group's Chief Operating Decision Maker (CODM, the Group's CEO) reviews internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Performance of each reportable segment is measured based on segment revenue and segment net property income. Net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within the business of investment property leasing.

Segment assets and liabilities are presented net of inter-segment balances. There are no sale or purchase transactions between reportable segments.

NOTES TO THE FINANCIAL STATEMENTS

32 SEGMENT REPORTING (CONTINUED)

Year ended 31/12/2013	Shanghai Property Operation \$'000	Non-Shanghai Property Operation \$'000	Others \$'000	Total \$'000
Gross revenue	60,473	16,583	227	77,283
Net property income	37,010	11,700	162	48,872
Other gains				22,166
Trustee-Manager's fees				(16,129)
Administrative expenses				(12,212)
Other expenses				(663)
Finance income				382
Finance costs				(57,280)
Net foreign exchange loss				(19,511)
Changes in fair value of investment properties				(13,641)
Changes in fair value of financial derivatives				1,103
Loss before tax				(46,913)
Income tax expense				(5,598)
Loss for the year				(52,511)
As of 31/12/2013				
Total assets	2,094,244	502,880	81,001	2,678,125
Total liabilities	(1,065,005)	(188,687)	(101,395)	(1,355,087)
Capital expenditure	(69,616)	(2,348)	-	(71,964)

NOTES TO THE FINANCIAL STATEMENTS

32 SEGMENT REPORTING (CONTINUED)

Year ended 31/12/2012	Shanghai Property Operation \$'000	Non-Shanghai Property Operation \$'000	Others \$'000	Total \$'000
Gross revenue	85,121	13,918	80	99,119
Net property income	50,550	8,258	23	58,831
Trustee-Manager's fees				(16,316)
Administrative expenses				(11,708)
Finance income				205
Finance costs				(54,587)
Net foreign exchange gain				30,666
Changes in fair value of investment properties				70,381
Changes in fair value of financial derivatives				(1,084)
Profit before tax				76,388
Income tax expense				(29,721)
Profit for the year				46,667
As of 31/12/2012				
Total assets	2,272,435	469,401	74,738	2,816,574
Total liabilities	(1,266,283)	(183,237)	(110,583)	(1,560,103)
Capital expenditure	(34,558)	(13,913)	-	(48,471)

NOTES TO THE FINANCIAL STATEMENTS

33 COMMITMENTS

Capital commitment

The Group entered into contracts to develop or refurbish certain investment properties. At 31 December 2013, the commitment under those contracts amounted to \$49 million (2012: \$34 million).

Operating leases

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	2013 \$'000	2012 \$'000
Receivable:		
- within 1 year	43,747	64,618
- after 1 year but within 5 years	45,610	61,654
- after 5 years	40,153	62,081
	<u>129,510</u>	<u>188,353</u>

The Group leases out its investment properties to tenants under lease agreements for periods ranging from 6 months to 10 years with options granted to certain tenants to renew their leases. There was no contingent rental income recognised for the year ended 31 December 2013 (2012: nil).



STATISTICS OF UNITHOLDINGS

AS AT 10 MARCH 2014



Number of units issued	253,794,717
Market capitalization	S\$458,099,464 [#]
Voting rights	One vote per unit

[#] Based on closing price of S\$1.805 as at 10 March 2014.

Distribution of Unitholdings

As at 10 March 2014

Size of holding	No. of Unitholders	%	No. of Units	%
1-999	28	11.15	9,623	0.00
1,000-10,000	107	42.63	538,960	0.21
10,001-1,000,000	103	41.04	9,145,935	3.61
1,000,001 and above	13	5.18	244,100,199	96.18
Total	251	100.00	253,794,717	100.00

Location of Unitholders

As at 10 March 2014

Country	No. of Unitholders	%	No. of Units	%
Singapore	186	74.10	249,002,778	98.11
Malaysia	2	0.80	83,000	0.03
United Kingdom	46	18.33	978,697	0.39
Others	17	6.77	3,730,242	1.47
Total	251	100.00	253,794,717	100.00

STATISTICS OF UNITHOLDINGS

AS AT 10 MARCH 2014

Twenty Largest Unitholders

As at 10 March 2014

	Name	No. of Units	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	82,421,737	32.48
2	DBS NOMINEES (PRIVATE) LIMITED	66,946,380	26.38
3	RAFFLES NOMINEES (PTE) LIMITED	28,166,896	11.10
4	CITIBANK NOMINEES SINGAPORE PTE LTD	26,677,216	10.51
5	DBSN SERVICES PTE. LTD.	22,450,987	8.85
6	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	6,221,979	2.45
7	DB NOMINEES (SINGAPORE) PTE LTD	3,007,241	1.18
8	ANG KONG MENG	1,629,000	0.64
9	MARY ANNE NUALA KELLY	1,538,707	0.61
10	TREASURY ASIAN INVESTMENTS LIMITED	1,439,056	0.57
11	JEN SHEK CHUEN	1,310,000	0.52
12	UOB KAY HIAN PRIVATE LIMITED	1,264,000	0.50
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,027,000	0.40
14	MERRILL LYNCH (SINGAPORE) PTE LTD	714,190	0.28
15	ABN AMRO NOMINEES SINGAPORE PTE LTD	597,000	0.24
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	543,353	0.21
17	TONG WENG KIN	500,000	0.20
18	WEE WEI LING	469,000	0.18
19	GERALD KARL MCKEEVER	456,025	0.18
20	S NALLAKARUPPAN	432,000	0.17
	TOTAL	247,811,767	97.65

Free Float

Based on the information made available to the Trustee-Manager as at 10 March 2014, approximately 33.05% of the number of units issued were held in the hands of the public and therefore, the Trustee-Manager has complied with Rules 1207 and 723 of the Listing Manual of the SGX-ST which requires at least 10% of the total number of units issued to be held at all times by the public.

STATISTICS OF UNITHOLDINGS

AS AT 10 MARCH 2014

Substantial Unitholders

As at 10 March 2014

		Direct Interest		Deemed Interest	
		No. of Units	%	No. of Units	%
1.	Chen Group's International Limited ¹	-	-	76,083,379	29.98
2.	Credit Suisse Group AG ²	-	-	25,675,245	10.12
3.	APG Asset Management N.V. ³	21,985,397	8.66	-	-
4.	PAG Holdings Limited ⁴	-	-	46,170,162	18.19

- Chen's Group International Limited ("Chen's Group") is deemed interested in the units registered in the name of New Precise Holdings Limited ("New Precise") in Forterra Trust, through Nan Fung International Holdings Limited ("NFI") (which is wholly-owned by Chen's Group); which in turn holds Nan Fung Group Holdings Limited ("NFG") (which is wholly-owned by NFI); which in turn holds Golden Anchor Holdings Limited ("Golden Anchor") (which is wholly-owned by NFG); which in turn holds View Far Management Limited ("View Far") (which is wholly-owned by Golden Anchor). New Precise is wholly-owned by View Far. Chen Wai Wai Vivien; Lee Angelina Pui Ling; Wong Anna Suk-Han and Wong Wai Pat are the executors of the estate of the late Mr. Chen Din Hwa, which holds deemed interest in Forterra Trust through Chen's Group. Each of Chen's Group, NFI, NFG, Golden Anchor, View Far, the estate of the late Mr. Chen Din Hwa and the executors does not hold any interest in units in Forterra Trust other than through New Precise.
- In the provision of prime brokerage services to the beneficial owners, Credit Suisse Securities (Europe) Limited has the rights of use of the 25,675,245 units held in Forterra Trust and registered in the name of Raffles Nominees Pte Ltd, and is deemed to have an interest in such units. Credit Suisse Group AG ("CSGAG") is deemed interested in the 25,675,245 units registered in the name of Raffles Nominees Pte Ltd through Credit Suisse AG (which is the subsidiary of CSGAG); which in turn holds Credit Suisse Investments (UK) (which is a subsidiary of Credit Suisse AG); which in turn holds Credit Suisse Investment Holdings (UK) (which is a subsidiary of Credit Suisse Investments (UK)), and Credit Suisse Securities (Europe) Limited is a subsidiary of Credit Suisse Investment Holdings (UK). Each of CSGAG, Credit Suisse AG, Credit Suisse Investments (UK) and Credit Suisse Investment Holdings (UK) does not hold any interests in units in Forterra Trust other than through Credit Suisse Securities (Europe) Limited.
- The Trustee-Manager was informed that the asset management activities of APG Algemene Pensioen Groep NV were transferred to APG Asset Management N.V. ("APG AM") on 3 January 2014 by operation of Dutch law. As a result of this, APG AM has become a substantial unitholder of Forterra Trust and APG Algemene Pensioen Groep NV has ceased to be a substantial unitholder of Forterra Trust. The 21,985,397 units in Forterra Trust in which APG AM has a direct interest are registered in the name of DBS Nominees Pte. Ltd.

STATISTICS OF UNITHOLDINGS

AS AT 10 MARCH 2014

4. (a) PAG Holdings Limited (“PAGHL”) has a direct controlling interest in Pacific Alliance Group Limited (“PAGL”), which in turn has an indirect controlling interest in Pacific Alliance Asia Opportunity Fund L.P. (the “Fund”) and thus each of PAGHL and PAGL has a deemed interest in the 34,410,245 units of Forterra Trust held by the Fund. PAGL has a direct controlling interest in Pacific Alliance Real Estate Limited (“PARE”), the fund manager which is entitled to exercise control over the investment decisions of Pacific Alliance China Land Limited (“PACL”), and therefore, each of PAGHL and PAGL, has a deemed interest in Forterra Trust’s 11,759,917 units held by PACL.
- (b) Pacific Alliance Group Asset Management Limited (“PAGAM”) is the General Partner of the Fund. As such, PAGAM has a controlling interest in the Fund and therefore has a deemed interest in Forterra Trust’s units held by the Fund.
- (c) Pacific Alliance Investment Management Limited (“PAIM”) has a controlling interest in PAGAM and has an indirect controlling interest in the Fund, therefore, it has a deemed interest in Forterra Trust’s units held by the Fund.
- (d) Castle Road Holdings Limited (“Castle”) is entitled to exercise or control the exercise of more than 20% of the votes attached to PAGHL, therefore, it has an indirect controlling interest in the Fund and an indirect controlling interest in PARE, the fund manager of PACL and, a deemed interest in Forterra Trust’s units held by the Fund and PACL.
- (e) Nerine Trust Company (BVI) Limited (“Nerine”) is entitled to exercise or control the exercise of more than 20% of the votes attached to PAGHL, therefore, it has an indirect controlling interest in the Fund and an indirect controlling interest in PARE, the fund manager of PACL, and a deemed interest in Forterra Trust’s units held by the Fund and PACL.
- (f) Mr. Gradel is the beneficiary of a Trust of which Nerine is the Trustee, which has an indirect controlling interest in the Fund and an indirect controlling interest in PARE, the fund manager of PACL, therefore, he has a deemed interest in Forterra Trust’s units held by the Fund and PACL.
- (g) Roseworth Investments Limited (“Roseworth”) is entitled to exercise or control the exercise of more than 20% of the votes attached to PAGHL, therefore, it has an indirect controlling interest in the Fund and an indirect controlling interest in PARE, the fund manager of PACL, and a deemed interest in Forterra Trust’s units held by the Fund and PACL.
- (h) Mr. Shan controls Roseworth, therefore, he has an indirect controlling interest in the Fund and an indirect controlling interest in PARE, the fund manager of PACL and, a deemed interest in Forterra Trust’s units held by the Fund and PACL.
- (i) Each of PAGL, PAGHL, PARE, PAGAM, PAIM, Castle, Nerine, Mr. Gradel, Roseworth and Mr. Shan does not hold any interests in units in Forterra Trust other than through the Fund and PACL.



NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Unitholders of Forterra Trust (“FTT” and unitholders of FTT, “Unitholders”) will be held at the Millenia 3, Level 2 of The Ritz-Carlton Millenia Singapore, 7 Raffles Avenue, Singapore 039799 on Wednesday, 30 April 2014 at 10.00 a.m. (the “Annual General Meeting”) to transact the following business:

(A) AS ORDINARY BUSINESS

Ordinary Resolution 1

To receive and adopt the Report of Forterra Real Estate Pte. Ltd. as trustee-manager of FTT (“Trustee-Manager”), the Statement by the Trustee-Manager and the Audited Financial Statements of FTT for the year ended 31 December 2013 and the Auditors’ Report thereon.

Ordinary Resolution 2

To re-appoint Messrs KPMG LLP as the Independent Auditors of FTT and to hold office until the conclusion of the next Annual General Meeting, and to authorise the Directors of the Trustee-Manager to fix their remuneration.

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution 3

That pursuant to Clause 6.1 of the Trust Deed dated 19 May 2010, as amended by the Supplemental Deed dated 26 February 2013, constituting FTT (the “Trust Deed”), Section 36 of the Business Trusts Act, Chapter 31A of Singapore (“BTA”), and Rule 806 of the listing manual (the “Listing Manual”) of Singapore Exchange Securities Trading Limited (the “SGX-ST”), authority be and is hereby given to the Trustee-Manager to:

- (a) (i) issue new units in FTT (“Units”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and
- (b) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution is in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),



NOTICE OF ANNUAL GENERAL MEETING



provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders shall not exceed twenty per cent. (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be based on the number of issued Units at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), the BTA for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the Trust Deed (as amended, varied or supplemented from time to time);
- (4) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued;
- (5) unless revoked or varied by the Unitholders in a general meeting, such authority shall continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting of the Unitholders; or
 - (b) the date by which the next Annual General Meeting of the Unitholders is required by law to be held, whichever is earlier; and



NOTICE OF ANNUAL GENERAL MEETING



- (6) the Trustee-Manager be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of FTT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Notes)

BY ORDER OF THE BOARD
Forterra Real Estate Pte. Ltd.
(as Trustee-Manager of Forterra Trust)

Emily Teo
Company Secretary

Singapore, 8 April 2014

Notes:

1. A Unitholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Unitholder.
2. The instrument appointing a proxy must be lodged at the registered office of the Unit Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.
3. The Chairman will be exercising his power under the Trust Deed to demand that all resolutions which are to be put to the vote of the meeting shall be decided on by a poll.

Explanatory Notes:

1. Ordinary Resolution 3

Ordinary Resolution 3, if passed, will empower the Trustee-Manager from the date of the Annual General Meeting until (a) the conclusion of the next Annual General Meeting, (b) the date by which the next Annual General Meeting is required by law to be held, or (c) the date such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units and to make or grant Instruments (such as options, warrants or debentures) convertible into Units and issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units, and of which up to 20% of the total number of issued Units may be issued other than on a pro rata basis to Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

NOTES TO PROXY FORM

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

1. A unitholder of Forterra Trust ("**Forterra**") and a unitholder of Forterra, "**Unitholder**") entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Forterra units ("**Units**") held in this form of proxy. If the Unitholder has Units entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Forterra, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the Annual General Meeting.
6. The Proxy Form must be executed under the hand of the appointer or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointer by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with Forterra Real Estate Pte. Ltd., as trustee-manager of Forterra (the "**Trustee-Manager**") be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Trustee-Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Trustee-Manager.
9. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.
10. The Chairman will be exercising his power under the Trust Deed to demand that all resolutions which are to be put to the vote of the meeting shall be decided on by a poll. A declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a poll, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

PROXY FORM

ANNUAL GENERAL MEETING FORTERRA TRUST

(a business trust constituted on 19 May 2010 under the laws of the Republic of Singapore)

I/We _____ (Name) with NRIC/Passport No.: _____
of _____ (Address)
being a holder/s of units in Forterra Trust, hereby appoint:

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No.of Units	%
Address			

or, both of whom failing, the Chairman of the Annual General Meeting of Forterra Trust as my/our proxy/proxies to attend and to vote for me/us on my/our behalf in the poll at the Annual General Meeting to be held at the Millenia 3, Level 2 of The Ritz-Carlton Millenia Singapore, 7 Raffles Avenue, Singapore 039799 on Wednesday, 30 April 2014 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Ordinary Resolutions	To be used on a poll	
		No. of Votes For *	No. of Votes Against *
	ORDINARY BUSINESS		
1	To receive and adopt the report of the Trustee-Manager, the Statement by the Trustee-Manager and the Audited Financial Statements of Forterra Trust for the year ended 31 December 2013 and the Auditors' Report thereon.		
2	Re-appointment KPMG LLP as the Independent Auditors, to hold office until the conclusion of the next Annual General Meeting, and to authorise the Trustee-Manager to fix their remuneration.		
	SPECIAL BUSINESS		
3	To authorise the Trustee-Manager to issue new Units in Forterra Trust subject to limits, and to make or grant convertible instruments.		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2014

Total number of Units held

Signature(s) of Unitholder(s)/Common Seal

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2nd fold here

Affix
Postage
Stamp

Boardroom Corporate & Advisory Services Pte. Ltd.

(as unit registrar of Forterra Trust)

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

3rd fold here

Forterra

富达来

FORTERRA TRUST

Website: www.forterra.com
E-mail: info@forterra.com
SGX Code: ForterraTr
Stock Symbol: LG2U
Reuters Code: FORT.SI

TRUSTEE-MANAGER

Forterra Real Estate Pte. Ltd.
(Company No: 201003233M)
65 Chulia Street
#43-08 OCBC Centre
Singapore 049513
+(65) 6671 0168
+(65) 6671 0160

DIRECTORS OF THE TRUSTEE-MANAGER

Eric CHUNG Chun Kwong
(Chairman, Non-Executive & Non-Independent Director)
Andrew SEAH Choo
(Executive Director & CEO)
John LIM Kok Min
(Lead Independent Director)
Paul CHENG Kwok Kin
(Independent Non-Executive Director)
John LEE Ting Kong
(Independent Non-Executive Director)
Dr. TAN Khee Giap
(Independent Non-Executive Director)
YOON Wai Nam
(Independent Non-Executive Director)
Vincent CHEUNG Sai Sing
(Non-Executive & Non-Independent Director)
Nelson TANG Chun Wai
(Non-Executive & Non-Independent Director)

AUDIT COMMITTEE

Paul CHENG Kwok Kin
(Chairman)
John LEE Ting Kong
John LIM Kok Min
Dr. TAN Khee Giap
YOON Wai Nam

NOMINATING COMMITTEE

John LEE Ting Kong
(Chairman)
John LIM Kok Min
Paul CHENG Kwok Kin
Eric CHUNG Chun Kwong
Vincent CHEUNG Sai Sing

UNIT OPTION SCHEME COMMITTEE

Dr. TAN Khee Giap
(Chairman)
YOON Wai Nam
Vincent CHEUNG Sai Sing

COMPANY SECRETARY

Emily TEO

REGISTERED OFFICE

65 Chulia Street
#43-08 OCBC Centre
Singapore 049513
+(65) 6671 0168
+(65) 6671 0160

PROPERTY MANAGER

Treasury Holdings (Shanghai)
Property Management Co., Ltd.
Forterra House
1568 Huashan Road
Shanghai 200052
China
Telephone: +86 (21) 6282 5000
Facsimile: +86 (21) 6282 5777

REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: +(65) 6536 5355
Facsimile: +(65) 6438 8710

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone: + (65) 6213 3388
Facsimile: + (65) 6225 0984
(Engagement partner since
financial year ended 31 December
2011 : TAY Puay Cheng)

