

FORTERRA TRUST
2014 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS

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INTRODUCTION

Forterra Trust (“Forterra” or the “Trust”) is a Singapore registered business trust, constituted pursuant to a Trust Deed dated 19 May 2010 (“Trust Deed”) and a supplemental trust deed dated 26 February 2013 and listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 21 June 2010. Forterra Real Estate Pte. Ltd. (“FRE”), a Singapore domiciled entity, is the Trustee-Manager of Forterra.

The properties held by Forterra as at 30 June 2014 are as follows:

Asset Name	Location	Asset Class	Description	Forterra ownership
Forterra House	Shanghai	Office/ Retail	Income producing asset	100%
The Place Existing	Shanghai	Office/ Retail	Offices together with retail podium under refurbishment	100%
The Place Extension	Shanghai	Office/ Retail	New office and retail podium under development	100%
Huai Hai Mall	Shanghai	Retail	Retail centre vacated and ready for refurbishment	100%
Central Park Mall	Qingdao	Retail	Major town centre redevelopment site, with the first stage completed and income producing	55%

COMPARATIVE STATEMENTS

The actual results for the 2nd quarter (the “2nd Qtr”) ended 30 June 2014 are compared to the actual results of the 2nd Qtr 2013, and the actual results for the 6-month period ended 30 June 2014 (“YTD June 2014”) are compared to the actual results of YTD June 2013. The Singapore Dollar (“S\$”) comparative statements are presented in Section 1.

The functional currency of Forterra is S\$ while the functional currency of the Trust’s operating subsidiaries in the People’s Republic of China (“PRC”) is Renminbi (“RMB”). As the operating companies report their operating income and expenses in RMB, an RMB comparative statement is also presented in Section 16 showing the actual net property income of the 2nd Qtr 2014 and YTD June 2014 against that of the 2nd Qtr 2013 and YTD June 2013. The Trustee-Manager believes that the RMB comparison provides a more meaningful review of the performance of the Trust’s PRC assets as it eliminates financial effects arising from fluctuations of the RMB/S\$ exchange rate.

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1 Consolidated Statement of Profit or Loss

(S\$'000)	2nd Qtr 2014	2nd Qtr 2013	YTD Jun 2014	YTD Jun 2013
Gross rental income	13,427	20,475	28,443	43,605
Other income	-	30	23	220
Gross revenue^a	13,427	20,505	28,466	43,825
Business and property related taxes	(2,223)	(2,389)	(4,544)	(5,415)
Property management fees ^b	(499)	(826)	(1,073)	(1,696)
Other property operating expenses ^c	(2,393)	(3,820)	(6,033)	(7,754)
Total property operating expenses	(5,115)	(7,035)	(11,650)	(14,865)
Net property income^a	8,312	13,470	16,816	28,960
Gain on sale of subsidiaries ^d	20,316	17,964	20,316	17,964
Trustee-Manager's fees ^b	(3,301)	(4,573)	(6,830)	(8,730)
Administrative expenses ^e	(2,139)	(4,812)	(4,401)	(7,869)
Net finance costs ^f	(11,630)	(14,870)	(23,640)	(29,642)
Net foreign exchange gain/(loss) ^g	3,816	(10,355)	4,293	(18,111)
Change in fair values of financial derivatives	-	242	85	570
Change in fair values of investment properties ^h	(246,812)	41,316	(246,812)	41,316
Profit/(Loss) before tax	(231,438)	38,382	(240,173)	24,458
Income tax - Current tax expenses	(279)	(804)	(495)	(1,274)
- Deferred tax benefits/(expenses)	60,275	(11,523)	58,618	(13,874)
Profit/(Loss) after tax	(171,442)	26,055	(182,050)	9,310
Total profit/(loss) attributable to:				
Unitholders of the Trust	(138,246)	24,185	(148,641)	7,244
Non-controlling interests	(33,196)	1,870	(33,409)	2,066
Profit/(Loss) after tax	(171,442)	26,055	(182,050)	9,310
Earnings per unit attributable to unitholders of the Trust				
Basic (cents)	(54.4)	9.5	(58.6)	2.9
Diluted (cents)	(54.4)	9.4	(58.6)	2.8

The figures are based on translating the monthly RMB Statements of Profit or Loss of Forterra's operating subsidiaries into S\$ at each month end during the reporting period.

RMB means Chinese Renminbi. S\$ means Singapore Dollar and cent means Singapore cent.

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1 Consolidated Statement of Profit or Loss (continued)

Footnotes:

- a. An analysis of gross revenue and net property income in RMB is presented in Section 16.
- b. Property management fees are payable to Treasury Holdings (Shanghai) Property Management Co., Limited, the “Property Manager” of the Trust, and Trustee-Manager’s fees are payable to the Trustee-Manager, both of which are wholly owned subsidiaries of a company that is beneficially owned by the controlling unitholder of Forterra.
- c. An analysis of other property operating expenses in RMB is presented in Section 17.
- d. On 4 April 2014, China Real Estate Opportunities Limited, a wholly-owned subsidiary of the Trust, entered into a share purchase agreement with CLH (53) Pte. Ltd., a wholly owned subsidiary of Global Logistic Properties Limited (“GLP”), for the sale (the “Transaction”) of its interest in 100% of the issued shares in Dream Land Properties Limited, a Jersey-incorporated company which owns the Beijing Logistics Park (“BLP”) property, for a share sale consideration of S\$22 million. The Transaction was completed on 16 April 2014, resulting in a gain of S\$20 million.
- e. An analysis of administrative expenses is presented in Section 18.
- f. The decrease in net finance costs for YTD June 2014, as compared to that of YTD June 2013, is mainly attributable to the reduction of finance costs of Central Plaza and BLP as a result of their disposals in May 2013 and April 2014 respectively.
- g. Net foreign exchange gain in the 2nd Qtr of 2014 is mainly due to the foreign currency gain (unrealised) arising from the revaluation of the US dollar denominated loans as a result of the appreciation of the Singapore dollar against the US dollar (from US\$1= S\$1.2610 as at 31 March 2014 to US\$1= S\$1.2484 as at 30 June 2014), compared to the net foreign exchange loss (unrealised) in the 2nd Qtr of 2013 as a result of the depreciation of the Singapore dollar against the US dollar (from US\$1=S\$1.2422 as at 31 March 2013 to US\$1= S\$1.2626 as at 30 June 2013).

Net foreign exchange gain in YTD June of 2014 is mainly due to the foreign currency gain (unrealised) arising from the revaluation of the US dollar denominated loans as a result of the appreciation of the Singapore dollar against the US dollar (from US\$1= S\$1.2642 as at 31 December 2013 to US\$1= S\$1.2484 as at 30 June 2014), compared to the net foreign exchange loss (unrealised) in YTD June 2013 as a result of the depreciation of the Singapore dollar against the US dollar (from US\$1=S\$1.2225 as at 31 December 2012 to US\$1= S\$1.2626 as at 30 June 2013).
- h. An analysis of change in fair values of investment properties is presented in Section 3, Footnote a.

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2 Consolidated Statement of Comprehensive Income

(S\$'000)	2 nd Qtr 2014	2 nd Qtr 2013	YTD Jun 2014	YTD Jun 2013
Profit/(Loss) after tax	(171,442)	26,055	(182,050)	9,310
Other comprehensive income/(expense):				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences relating to translation of the financial statements of foreign operations ^a	(3,113)	51,471	(55,161)	75,365
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations ^a	(4,730)	6,410	(6,920)	16,116
Reclassification adjustment of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	(7,829)	(773)	(7,829)	(773)
Other comprehensive income/(expense) for the period, net of tax	(15,672)	57,108	(69,910)	90,708
Total comprehensive income/(expense)	(187,114)	83,163	(251,960)	100,018
Attributable to:				
Unitholders of the Trust	(153,722)	77,702	(214,675)	92,165
Non-controlling interests	(33,392)	5,461	(37,285)	7,853
Total comprehensive income/(expense)	(187,114)	83,163	(251,960)	100,018

- a. The foreign currency translation loss in the 2nd Qtr of 2014 is mainly due to the foreign exchange loss (unrealised) arising from the translation of RMB financial statements of the PRC operating subsidiaries into S\$ (from S\$1=RMB4.935 as at 31 March 2014 to S\$1=RMB4.968 as at 30 June 2014), compared to the foreign exchange gain (unrealised) in the 2nd Qtr of 2013 (from S\$1=RMB5.004 as at 31 March 2013 to S\$1=RMB4.863 as at 30 June 2013).

The foreign currency translation loss in YTD June 2014 is mainly due to the foreign exchange loss (unrealised) arising from the translation of RMB financial statements of the PRC operating subsidiaries into S\$ (from S\$1=RMB4.787 as at 31 December 2013 to S\$1=RMB4.968 as at 30 June 2014), compared to the foreign exchange gain (unrealised) in YTD June 2013 (from S\$1=RMB5.096 as at 31 December 2012 to S\$1=RMB4.863 as at 30 June 2013).

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3 **Statements of Financial Position**

(S\$'000 except otherwise stated)	Group		Trust	
	As at 30 Jun 2014	As at 31 Dec 2013	As at 30 Jun 2014	As at 31 Dec 2013
Non-current assets				
Investment properties ^a	2,155,395	2,438,479	-	-
Property, plant and equipment	847	979	-	-
Subsidiaries	-	-	976,874	976,874
Total non-current assets	2,156,242	2,439,458	976,874	976,874
Current assets				
Trade and other receivables ^b	24,770	54,913	92,916	96,763
Cash and cash equivalents ^c	124,825	108,244	6,425	2,743
Assets classified as held for sale ^d	-	75,510	-	-
Total current assets	149,595	238,667	99,341	99,506
Total assets	2,305,837	2,678,125	1,076,215	1,076,380
Non-current liabilities				
Interest-bearing borrowings	233,267	617,223	-	-
Deferred tax liabilities ^e	321,434	393,601	546	546
Total non-current liabilities	554,701	1,010,824	546	546
Current liabilities				
Interest-bearing borrowings	477,339	91,789	-	-
Debt security ^f	85,186	79,470	85,186	79,470
Derivative financial liabilities	-	85	-	-
Current tax liabilities	-	415	-	-
Trade and other payables ^g	117,472	102,262	103,564	94,114
Liabilities classified as held for sale ^d	-	70,242	-	-
Total current liabilities	679,997	344,263	188,750	173,584
Total liabilities	1,234,698	1,355,087	189,296	174,130
Net assets	1,071,139	1,323,038	886,919	902,250
Represented by:				
Unitholders' funds ^h	974,394	1,189,008	886,919	902,250
Non-controlling interests	96,745	134,030	-	-
	1,071,139	1,323,038	886,919	902,250
Number of units issued	253,969,717	253,794,717	253,969,717	253,794,717
NAV attributable to unitholders per unit				
Basic (in S\$)	3.84	4.68	N.A	N.A
Diluted (in S\$)	3.72	4.46	N.A	N.A

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3 Statements of Financial Position (continued)

Footnotes:

a. Investment properties

i) Movement

(S\$'000)	YTD Jun 2014
Total property value as at 1 January	2,438,479
Capitalised development costs*	49,107
Decrease in fair value	(246,812)
Foreign currency translation differences	(85,379)
Total property value as at 30 June	2,155,395

* The capitalised development costs in YTD June 2014 mainly relate to the construction of The Place Extension and the refurbishment of The Place Existing retail podium.

ii) Carrying value

	30 Jun 2014		31 Dec 2013	
	RMB'000	S\$'000	RMB'000	S\$'000
The Place	7,707,000	1,551,329	8,134,000	1,699,185
Central Park Mall	1,527,000	307,367	2,003,000	418,425
Huai Hai Mall	816,000	164,251	816,000	170,462
Forterra House	658,000	132,448	720,000	150,407
	10,708,000	2,155,395	11,673,000	2,438,479

Forterra engages an independent valuer to perform valuation of all of its investment properties in June and December of each year. The carrying values represent the valuation amounts of the investment properties as at 30 June 2014 and 31 December 2013 respectively.

The changes in valuation amounts reflect the general market trend tracking by a more cautious environment for retailers and retailing business, as well as the softening macro economy in China and the expected ample new office supply in Shanghai in the coming years.

The lower valuation of The Place also reflects the revised opening timelines, updated development budget and the expected rental from the further optimisation and fine-tuning of the tenant mix which gears towards more offerings in F&B and offerings for children, a more sustainable retail operating model.

With regard to Central Park Mall, the decline in valuation was attributable to the softening property market in Qingdao as well as the management's plan and ongoing discussions in securing a long term tenancy for the entire Phase I so as to achieve an optimal occupancy and operating cash flow.

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3 Statements of Financial Position (continued)

Footnotes (continued):

a. Investment properties (continued)

iii) Development Costs (excluding land cost and capitalised interest)

(in million, unless otherwise specified)	Approved Budget*		Contract Committed		Expenditure to 30 Jun 2014		% of Approved Budget
	RMB	S\$	RMB	S\$	RMB	S\$	
The Place Extension	946	190	767	154	641	129	67.9%

* The budget was revised and approved by the Board on 1 August 2014, reflecting an increase of RMB47 million compared to the budget approved in December 2013.

The increase is primarily attributable to additional enhancement works resulting from the further optimisation and fine-tuning of the tenant mix which gears towards more offerings in F&B and offerings for children, a more sustainable retail operating model.

b. Trade and other receivables

The decrease is mainly due to the settlement of intercompany balances of S\$28,278,000 upon the disposal of BLP in April 2014.

c. Cash and cash equivalents

(S\$'000)	30 Jun 2014	31 Dec 2013
Total cash and cash equivalents	124,825	108,244
Less: Restricted cash*	(3,546)	(3,630)
Cash and cash equivalents per consolidated statement of cash flows	121,279	104,614

* Restricted cash represents cash deposited in the designated accounts maintained with the banks, pursuant to the terms of the underlying loan agreements, for paying the interest as and when it becomes due.

d. Assets and liabilities held for sale

Assets and liabilities held for sale as at 31 December 2013 related to the group entities that hold BLP which were disposed in April 2014.

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3 Statements of Financial Position (continued)

Footnotes (continued):

e. Deferred tax liabilities

The deferred tax liabilities in respect of the change in fair value of investment properties are accounted for at the prevailing PRC corporate income tax rate of 25%. This is based on the change in the carrying value of investment properties against their tax base, including the change in fair value and depreciation charge made in accordance with the PRC tax rules during the period.

	As at 1 Jan 2014	Recognised in Statement of Profit or Loss*	Recognised in equity	Foreign currency translation differences	As at 30 Jun 2014
(S\$'000)					
Group					
Investment properties	393,055	(58,878)	-	(13,289)	320,888
Convertible bonds	546	-	-	-	546
	393,601	(58,878)	-	(13,289)	321,434
Trust					
Convertible bonds	546	-	-	-	546

* The amount recognised in profit or loss for the period excludes BLP's deferred tax expense of S\$260,000 which was being accounted for as part of the gain on sale of subsidiaries.

f. Debt security

Refer to Section 6 for details.

g. Trade and other payables

The movement from 1 January 2014 to 30 June 2014 is attributable to the construction costs payable pertaining to The Place.

h. Consolidated Statement of Movements in Unitholders' Funds is presented in Section 10.

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4 **Aggregate Amount of Borrowings and Debt Security**

(S\$'000)	30 Jun 2014		31 Dec 2013	
	Group	Trust	Group	Trust
Unsecured borrowing				
Convertible bond – repayable within one year	85,276	85,276	79,971	79,971
Less: Unamortised transaction costs	(90)	(90)	(501)	(501)
Net balance of unsecured borrowing	85,186	85,186	79,470	79,470
Secured borrowings				
Loans				
- Amount repayable within one year ^a	477,339	-	91,789	-
- Amount repayable after one year	235,805	-	621,391	-
Total secured borrowings	713,144	-	713,180	-
Less: Unamortised transaction costs	(2,538)	-	(4,168)	-
Net balance	710,606	-	709,012	-
Secured borrowing of BLP	-	-	35,408	-
Less: Unamortised transaction costs	-	-	(928)	-
Net balance	-	-	34,480	-
Net balance of secured borrowings	710,606	-	743,492	-
Total Borrowings	795,792	85,186	822,962	79,470

- a. The existing loan for Huai Hai Mall has been successfully renewed on its expiry date of 11 July 2014 for five years until July 2019 with the current lender China Citic Bank International Limited and Citic Bank International (China) Limited, Shanghai Branch in the existing onshore and offshore structure. An additional liquidity of RMB56.0 million and US\$17.6 million (S\$33.2 million¹ collectively) has been made available. The cost related to this loan renewal was S\$4.1 million.

¹ US\$1=S\$1.2484 and S\$1=RMB4.968 as at 30 June 2014

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5 Collaterals of Secured Borrowings

(in million)	Loan outstanding		Total (a)+(b) S\$ equivalent
	(a) US\$	(b) RMB	
Loans secured by mortgage of properties^a			
The Place Existing	284	391	433
Forterra House	48	46	69
The Place Extension	-	515	104
Huai Hai Mall	42	45	61
Central Park Mall	-	230	46
Total loan balance	374	1,227	713
Unamortised transaction costs			(2)
Net loan balance			711

- a. As collateral for the secured borrowings, the bank loans are secured by legal mortgages over each specific property (collectively, the “Mortgaged Properties”), excluding the 3 development sites of Central Park Mall, and pledge of the equity interest of each of the property companies of The Place and Forterra House. The equity interest in the property company of Huai Hai Mall is also required to be pledged using the best efforts with the applicable authority. As at 30 June 2014, the application in conjunction with the banks for the equity interest pledge of the property company of Huai Hai Mall is under process.

6 Convertible Bonds

Forum convertible bond

On 14 March 2011, Forterra issued a convertible bond (“Forum CB”) with a principal amount of S\$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 S\$10.0 million each to three different transferees while retaining the principal balance of S\$29.7 million.

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6 Convertible Bonds (continued)

Forum convertible bond (continued)

The Forum CB is convertible by the bondholders into Units at a conversion price of S\$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 has 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 S\$2.10 and the issue value of S\$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.

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.

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.

The convertible debt security which remained outstanding as at 30 June 2014 is set out as follows:

	Aggregate principal amount and accreted interest outstanding*	Convertible bond reserve (in equity)	Finance costs	Conversion price
	S\$'000	S\$'000	S\$'000	S\$
Forum CB	85,186	2,641	7,097	2.10

* net of unamortised transaction costs.

7 Actual Gearing Ratio Compared to Gearing Cap

With outstanding borrowings attributable to the Trust of S\$775 million (31 December 2013: S\$801 million), the gearing ratio was 35.8% as at 30 June 2014 (31 December 2013: 32.6%), compared to the maximum gearing cap of 45% as stipulated in the Trust Deed.

8 Actual Development Ratio Compared to Development Cap

Actual development ratio was 20.9% as at 30 June 2014 (31 December 2013: 18.2%), compared to the development cap of 30% as stipulated in the Trust Deed.

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9 Consolidated Statement of Cash Flows

(S\$'000)	2 nd Qtr 2014	2 nd Qtr 2013	YTD Jun 2014	YTD Jun 2013
Operating activities				
Profit/(Loss) after tax	(171,442)	26,055	(182,050)	9,310
Gain from disposal of subsidiaries	(20,316)	(17,964)	(20,316)	(17,964)
Equity-settled unit-based expenses	-	130	-	262
Depreciation	38	80	97	171
Net finance costs	11,630	14,870	23,640	29,642
Changes in fair value of financial derivatives	-	(243)	(85)	(571)
Changes in fair value of investment properties	246,812	(41,316)	246,812	(41,316)
Unrealised foreign exchange (gain)/loss	(3,816)	10,355	(4,293)	18,111
Income tax expense	(59,996)	12,327	(58,123)	15,148
Operating profit before change in working capital	2,910	4,294	5,682	12,793
Changes in working capital:				
- trade and other receivables	1,271	(9,219)	1,417	(10,414)
- trade and other payables	(2,520)	(14,661)	(3,799)	(15,845)
Cash generated from/(used in) operations	1,661	(19,586)	3,300	(13,466)
Income taxes paid	(279)	(728)	(910)	(1,297)
Net cash generated from/(used in) operating activities	1,382	(20,314)	2,390	(14,763)
Investing activities				
Divestment of subsidiaries, net of cash disposed of	48,625	174,518	48,625	174,518
Transaction cost paid for divestment of subsidiaries	(476)	(6,610)	(476)	(6,610)
Development costs paid on investment properties	(14,131)	(12,511)	(35,327)	(23,138)
Sale/(Purchase) of plant and equipment	-	37	-	37
Interest received	293	44	368	97
Net cash generated from/(used in) investing activities	34,311	155,478	13,190	144,904
Financing activities				
Proceeds from bank borrowings, net of transaction costs	13,635	13,909	16,513	37,561
Repayment of bank borrowings	(133)	(3,589)	(1,629)	(4,539)
Unit options exercised	61	-	61	-
Interest paid	(7,101)	(9,199)	(17,208)	(21,220)
(Increase)/Decrease in restricted cash	249	11,253	84	6,933
Net cash generated from/(used in) financing activities	6,711	12,374	(2,179)	18,735
Net increase/(decrease) in cash and cash equivalents	42,404	147,538	13,401	148,876
Cash and cash equivalents at the beginning of the period	78,685	37,979	104,614	36,054
Effect of exchange rate fluctuations on cash held	(720)	1,195	(1,432)	1,713
(Increase)/Decrease in cash classified under assets held for sale*	910	(3,295)	4,696	(3,226)
Cash and cash equivalents as at period end	121,279	183,417	121,279	183,417

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9 Consolidated Statement of Cash Flows (Continued)

* The cash and cash equivalents of the group entities which hold BLP and Central Plaza were classified as assets held for sale.

10 Consolidated Statement of Movements in Unitholders' Funds

(S\$'000)	2 nd Qtr 2014			2 nd Qtr 2013		
	Unitholders of the Trust	Non- controlling interests	Total	Unitholders of the Trust	Non- controlling interests	Total
Balance at beginning of period	1,128,055	130,137	1,258,192	1,141,446	132,012	1,273,458
Profit/(Loss) after tax	(138,246)	(33,196)	(171,442)	24,185	1,870	26,055
Foreign currency translation differences relating to translation of the financial statements of foreign operations ^a	(2,917)	(196)	(3,113)	47,880	3,591	51,471
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations ^a	(4,730)	-	(4,730)	6,410	-	6,410
Reclassification adjustment of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	(7,829)	-	(7,829)	(773)	-	(773)
Total comprehensive income/(expense)	(153,722)	(33,392)	(187,114)	77,702	5,461	83,163
Contribution by and distribution to owners						
Equity-settled unit-based transaction	61	-	61	130	-	130
Transactions with owners in their capacity as owners	61	-	61	130	-	130
Balance as at period end	974,394	96,745	1,071,139	1,219,278	137,473	1,356,751

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10 Consolidated Statement of Movements in Unitholders' Funds (Continued)

(S\$'000)	YTD Jun 2014			YTD Jun 2013		
	Unitholders of the Trust	Non- controlling interests	Total	Unitholders of the Trust	Non- controlling interests	Total
Balance at beginning of period	1,189,008	134,030	1,323,038	1,126,851	129,620	1,256,471
Profit/(Loss) after tax	(148,641)	(33,409)	(182,050)	7,244	2,066	9,310
Foreign currency translation differences relating to translation of the financial statements of foreign operations ^b	(51,285)	(3,876)	(55,161)	69,578	5,787	75,365
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations ^b	(6,920)	-	(6,920)	16,116	-	16,116
Reclassification adjustment of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	(7,829)	-	(7,829)	(773)	-	(773)
Total comprehensive income/(expense)	(214,675)	(37,285)	(251,960)	92,165	7,853	100,018
Contribution by and distribution to owners						
Equity-settled unit-based transaction	61	-	61	262	-	262
Transactions with owners in their capacity as owners	61	-	61	262	-	262
Balance as at period end	974,394	96,745	1,071,139	1,219,278	137,473	1,356,751

- a. The foreign currency translation loss in the 2nd Qtr of 2014 is mainly due to the foreign exchange loss (unrealised) arising from the translation of RMB financial statements of the PRC operating subsidiaries into S\$ (from S\$1=RMB4.935 as at 31 March 2014 to S\$1=RMB4.968 as at 30 June 2014), compared to the foreign exchange gain (unrealised) in the 2nd Qtr of 2013 (from S\$1=RMB5.004 as at 31 March 2013 to S\$1=RMB4.863 as at 30 June 2013).
- b. The foreign currency translation loss in YTD June 2014 is mainly due to the foreign exchange loss (unrealised) arising from the translation of RMB financial statements of the PRC operating subsidiaries into S\$ (from S\$1=RMB4.787 as at 31 December 2013 to S\$1=RMB4.968 as at 30 June 2014), compared to the foreign exchange gain (unrealised) in YTD June 2013 (from S\$1=RMB5.096 as at 31 December 2012 to S\$1=RMB4.863 as at 30 June 2013)

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11 Details of Changes in Unit Value in Issue and Total Number of Issued Units

(S\$'000)	2nd Qtr 2014	2nd Qtr 2013	YTD Jun 2014	YTD Jun 2013
Balance at beginning of the period	982,473	981,911	982,473	981,911
- Unit options exercised	562	-	562	-
Total unit value in issue	983,035	981,911	983,035	981,911

(Number of units, unless otherwise specified)	2nd Qtr 2014 Units	2nd Qtr 2013 Units	YTD Jun 2014 Units	YTD Jun 2013 Units
Balance at beginning of the period	253,794,717	253,619,717	253,794,717	253,619,717
- Unit options exercised	175,000	-	175,000	-
Total number of issued units	253,969,717	253,619,717	253,969,717	253,619,717

12 Earnings per Unit (“EPU”)

(Number of units, unless otherwise specified)	2nd Qtr 2014	2nd Qtr 2013	YTD Jun 2014	YTD Jun 2013
Earnings per unit based on weighted average units in issue				
Weighted average number of issued units	253,952,409	253,619,717	253,873,999	253,619,717
Basic earnings per unit	(54.4cents)	9.5cents	(58.6cents)	2.9cents
Earnings per unit on a diluted basis*				
Weighted average number of issued units, diluted	253,952,409	256,402,590	253,873,999	256,363,577
Earnings per unit on a diluted basis	(54.4cents)	9.4cents	(58.6cents)	2.8cents

* As the Group incurred a net loss for the period, the adjustments to the loss attributable to unitholders of the Trust, the potential units to be issued under the Forterra Unit Option Scheme and the convertible debt security have not been taken into consideration in arriving at the diluted earnings per unit for the period ended 30 June 2014.

13 Net Asset Value (“NAV”) per Unit (Basic and Diluted)

(Number of units, unless otherwise specified)	30 Jun 2014	31 Dec 2013
NAV per unit based on total number of issued units		
Number of issued units	253,969,717	253,794,717
Basic NAV per unit	S\$3.84	S\$4.68
NAV per unit on a diluted basis		
Number of issued units, diluted	284,840,712	284,970,062
Diluted NAV per unit	S\$3.72	S\$4.46

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14 **Amount Available for Distribution**

(S\$'000)	YTD Jun 2014	YTD Jun 2013
Reconciliation from net result to distribution to Unitholders		
Amount from operations before distribution at the beginning of the period	(32,928)	(16,117)
Net profit/(loss) attributable to Unitholders of the Trust	(148,641)	7,244
Distribution adjustments (Note A)	137,608	(18,199)
Amount from operations unavailable for distribution to Unitholders at the end of the period	(43,961)	(27,072)
Realised gains available for distribution to Unitholders at the beginning of the period (Note B)	37,888	5,802
Add: Gain on sale of subsidiaries	20,316	17,964
Realised valuation gain/(loss) on sale of subsidiaries	(3,636)	14,122
Realised gains available for distribution to Unitholders at the end of the period	54,568	37,888

Note A:

(S\$'000)	YTD Jun 2014	YTD Jun 2013
Adjustment items:		
- Depreciation of property, plant and equipment*	94	159
- Deferred tax (benefits)/expenses*	(47,832)	13,237
- Amortisation of transaction costs for bank loans and convertible debt securities	1,806	3,446
- Difference between the convertible debt interests at the effective interest rates and at the nominal interest rates	5,306	4,611
- Unrealised foreign exchange (gain)/loss	(4,293)	18,111
- Changes in fair value of investment properties*	202,928	(39,491)
- Changes in fair value of financial derivatives	(85)	(570)
- Gain on sale of subsidiaries	(20,316)	(17,964)
- Unit option expense	-	262
Distribution adjustments	137,608	(18,199)

* Adjusted for non-controlling interests' share

Note B:

Realised gains available for distribution as at 1 January 2014 represent the Group's accumulated gains from the disposals of its interest in Tangdao Bay development site, RREEF China Commercial Trust (which took place before the constitution of the Trust) and Central Plaza in 2013, less the already distributed amount of S\$21.0 million.

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15 Performance Review

(S\$'000)	2 nd Qtr 2014	2 nd Qtr 2013	Change (%)	YTD Jun 2014	YTD Jun 2013	Change (%)
Gross rental income	13,427	20,475		28,443	43,605	
Other income	-	30		23	220	
Gross Revenue	13,427	20,505	(33.1)	28,466	43,825	(34.4)
Business and property related taxes	(2,223)	(2,389)		(4,544)	(5,415)	
Property management fees	(499)	(826)		(1,073)	(1,696)	
Other property operating expenses	(2,393)	(3,820)		(6,033)	(7,754)	
Total property operating expenses	(5,115)	(7,035)	(27.3)	(11,650)	(14,865)	(21.6)
Net property income	8,312	13,470	(36.1)	16,816	28,960	(40.9)
Gain on sale of subsidiaries	20,316	17,964		20,316	17,964	
Trustee-Manager's fees	(3,301)	(4,573)		(6,830)	(8,730)	
Administrative expenses	(2,101)	(4,602)		(4,304)	(7,097)	
Finance income	293	44		368	97	
Finance costs	(8,245)	(10,329)		(16,896)	(21,682)	
Net profit/(loss) before changes in fair values of investment properties and financial derivatives, and net foreign exchange differences	15,274	11,974		9,470	9,512	
Administrative expenses						
- depreciation charges	(38)	(80)		(97)	(171)	
- unit option cost	-	(130)		-	(262)	
Allowance for impairment loss on doubtful debts	-	-		-	(339)	
Net foreign exchange gain/(loss)	3,816	(10,355)		4,293	(18,111)	
Changes in fair values of financial derivatives	-	242		85	570	
Changes in fair values of investment properties	(246,812)	41,316		(246,812)	41,316	
Finance costs						
- convertible bonds amortised using effective interest rate	(2,756)	(2,375)		(5,306)	(4,611)	
- amortisation of transaction costs	(922)	(2,210)		(1,806)	(3,446)	
Profit/(Loss) before tax	(231,438)	38,382		(240,173)	24,458	
Income tax - Current tax expenses	(279)	(804)		(495)	(1,274)	
- Deferred tax benefits/(expenses)	60,275	(11,523)		58,618	(13,874)	
Total profit/(loss) after tax	(171,442)	26,055		(182,050)	9,310	
Total profit/(loss) attributable to:						
Unitholders of the Trust	(138,246)	24,185		(148,641)	7,244	
Non-controlling interests	(33,196)	1,870		(33,409)	2,066	
Total profit/(loss) after tax	(171,442)	26,055		(182,050)	9,310	

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16 Net Property Income Statement

(RMB'000)	2nd Qtr 2014	2nd Qtr 2013	Change (%)	YTD Jun 2014	YTD Jun 2013	Change (%)
The Place Existing	49,143	51,090		96,901	107,152	
Central Plaza	-	15,295		-	42,804	
Forterra House	10,801	8,243		20,654	15,198	
Central Park Mall	4,666	13,574		9,477	27,457	
Huai Hai Mall	55	4,610		1,998	9,336	
BLP	1,823	7,878		9,730	15,596	
Other income	1	138		112	1,097	
Gross revenue^a	66,489	100,828	(34.1)	138,872	218,640	(36.5)
Business and property related tax	(11,008)	(11,707)		(22,179)	(26,994)	
Property management fees	(2,474)	(4,060)		(5,237)	(8,455)	
Other property operating expenses	(11,928)	(18,779)		(29,447)	(38,654)	
Total property operating expenses	(25,410)	(34,546)	(26.4)	(56,863)	(74,103)	(23.3)
Net property income	41,079	66,282	(38.0)	82,009	144,537	(43.3)

- a. The decrease in gross revenue between YTD June 2014 and YTD June 2013 is attributable to:
- i) the divestment of Central Plaza and BLP in May 2013 and April 2014 respectively;
 - ii) the termination of rent guarantee for Central Park Mall in August 2013;
 - iii) the lower occupancy rate of The Place Existing office due to the expiry of the leases; and
 - iv) the repositioning of Huai Hai Mall.

17 Other Property Operating Expenses

(RMB'000)	2nd Qtr 2014	2nd Qtr 2013	Change (%)	YTD Jun 2014	YTD Jun 2013	Change (%)
Utility expenses ^a	(3,887)	(5,915)		(10,585)	(14,244)	
Cleaning expenses	(1,014)	(1,136)		(2,407)	(2,363)	
Property management services ^a	(4,152)	(4,980)		(8,687)	(10,438)	
Repair & maintenance ^a	(219)	(3,549)		(3,369)	(4,962)	
Leasing expenses ^b	(2,636)	(2,200)		(4,299)	(5,348)	
Other expenses	(20)	(999)		(100)	(1,299)	
Total other property operating expenses	(11,928)	(18,779)	(36.5)	(29,447)	(38,654)	(23.8)

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17 Other Property Operating Expenses (Continued)

- a. The decrease in utility and property management services expenses between YTD June 2014 and YTD June 2013 is mainly due to the divestment of Central Plaza and BLP in May 2013 and April 2014 respectively.
- b. Leasing expenses represent expenditure related to leasing activities which mainly include commission, marketing and legal expenses. Leasing expenses in YTD June 2014 was lower compared to that of YTD June 2013, mainly due to less number of lease renewal for Forterra House during the period.

18 Administrative Expenses

(S\$'000)	2 nd Qtr 2014	2 nd Qtr 2013	Change (%)	YTD Jun 2014	YTD Jun 2013	Change (%)
Bank service charges	(15)	(167)		(44)	(193)	
Property management service expenses ^a	(906)	(229)		(2,162)	(1,163)	
Professional fees ^b	(779)	(3,304)		(1,041)	(4,274)	
Public relations	(163)	(269)		(299)	(486)	
Depreciation & amortisation charges	(38)	(80)		(97)	(171)	
Unit option cost	-	(130)		-	(262)	
Others	(238)	(633)		(758)	(1,320)	
Total administrative expenses	(2,139)	(4,812)	(55.5)	(4,401)	(7,869)	(44.1)

- a. Property management service expenses represent the actual costs incurred by the Property Manager for the provision of general management services and property management services. The expenses are reimbursed, at cost with no mark-up, to the Property Manager, a wholly owned subsidiary of a company that is beneficially owned by the controlling unitholder of Forterra.

The increase in Property management service expenses is mainly due to the commencement of cost reimbursement of site personnel for the provision of property management services with effect from January 2014 pursuant to an Initial Property Management Agreement between the Property Manager and the owner of each of the properties dated 21 May 2010.

- b. Professional fees mainly comprise expenses for legal, valuation and audit services. The decrease in YTD June 2014 as compared with YTD June 2013 is mainly due to less corporate activities in relation to business and legal consultancy for the Group.

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19 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by our auditors.

20 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

21 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been complied with

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2013, except for the adoption of new and revised Financial Reporting Standards (including its consequential amendments) applicable for the financial period beginning on 1 January 2014 as follows:

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.

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. 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* clarify 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.

There is no material financial impact on the results and financial position from the adoption of these amendments.

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

Please refer to Section 21 above.

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23 Commentary on the competitive conditions of industry in which the Trust and its investees operate and any known factors or events that may affect the Trust and its investees in the next reporting period and the next 12 months

China's GDP growth stabilised at 7.5% year-on-year ("YoY") in Q2 2014 compared to 7.4% YoY in Q1 2014 as the "mini-stimulus" package including railway investments, affordable housing investments as well as favorable tax treatment for small businesses launched during the quarter kicked in. (Source: CEIC, National Bureau of Statistics)

CPI inflation averaged 2.3% YoY in Q2 2014, still well below the government's 2014 annual target of 3.5%. Subdued inflation would leave more room for the monetary policy to maintain a relatively supportive stance. (Source: CEIC, National Bureau of Statistics)

The market performance of Puxi (location of all Forterra's office assets) and Pudong Grade A office market in Shanghai continued to diverge during the second quarter. In Puxi, most MNCs companies, except for retailers, were inactive in the leasing market and preferred to renew their existing space. Meanwhile, new supplies in the Puxi area also led to more competition, resulting in landlords taking a more accommodating approach in the negotiation of lease terms. Due to the quiet leasing demand, vacancy rate in Puxi stayed high at 13.4% with rent up slightly by 0.4% quarter-on-quarter ("QoQ") to RMB9.0/sqm/day. In Pudong, average rents continued to increase, up by 2.5% QoQ to RMB9.8/sqm/day, with vacancy rate falling further to 2.4%, being its lowest since Q4 2007. The strong office demand in Pudong is mainly from domestic financial institutions combined with limited available space. (Source: Jones Lang LaSalle)

Shanghai's retail property market remained at a stable level in prime market and has showed signs of softening in emerging / secondary market in Q2 2014. Foreign retailers focused their interest in prime retail locations for expansion in Shanghai and are cautious in opening new stores in emerging / secondary market. Fast fashion retailers stayed on their expansion plan in Shanghai and their bargaining power with landlord increased amid more competition. F&B retailers, in general, are relatively active in expanding both in prime and secondary market compared to other retailers but they have recently taken a more conservative approach to open large floor space stores or fine dining restaurants. Average ground floor rent in prime locations rose 0.8% QoQ to RMB51.7/sqm/day but vacancy edged up to 5.7% by the end of Q2 2014 as several anchor tenants vacated their space. For emerging / secondary market, the take-up of retail space is slowing down with the average ground floor rent remaining flat and vacancy rate rising. (Source: Savills, Jones Lang LaSalle)

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24	Distribution
24.1	Current financial period: Any distributions declared for the current financial period? No.
24.2	Corresponding period of the preceding financial period: Any distributions declared for the corresponding period of the immediate preceding financial period? No.
24.3	Date payable: Not applicable.
24.4	Book closure date: Not applicable.
24.5	If no distribution has been declared/recommended, a statement to that effect: The board has determined that it is prudent, with regard to the Trust's revenue budget, operations and strategy, to devote all resources of the Trust to the completion of The Place and that accordingly there will not be a distribution declared for the six months ended 30 June 2014.

25 If the Trust has obtained a general mandate from unitholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Trust has not obtained a general mandate from unitholders for Interested Person Transactions.

26 Disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

Not applicable.

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27 Confirmation Pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Trustee-Manager of Forterra Trust (the “Trustee-Manager”) which may render the financial results of the Group and the Trust (comprising the statements of financial position as at 30 June 2014 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of movements in Unitholders’ funds for the three months ended 30 June 2014, together with their accompanying notes), to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Forterra Real Estate Pte. Ltd.

(as Trustee-Manager of Forterra Trust)

(Company registration no. 201003233M)

Eric CHUNG Chun Kwong

Non-Executive Director and Chairman of the Board

5 August 2014

IMPORTANT NOTICE

The value of units (“Units”) in Forterra Trust (“Forterra”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, Forterra, the Trustee-Manager, or any of its affiliates. The past performance of Forterra is not indicative of the future performance of Forterra.

Certain statements in this announcement constitute “forward-looking statements”. Such forward-looking statements and financial information are based on numerous assumptions regarding Forterra’s present and future business, and its strategies and the environment in which Forterra will operate in the future. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Forterra, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information.

These forward-looking statements and financial information speak only as at the date of this announcement. Forterra expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in Forterra’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.