

Forterra Trust

Q2 2014 Financial Results

5 August 2014



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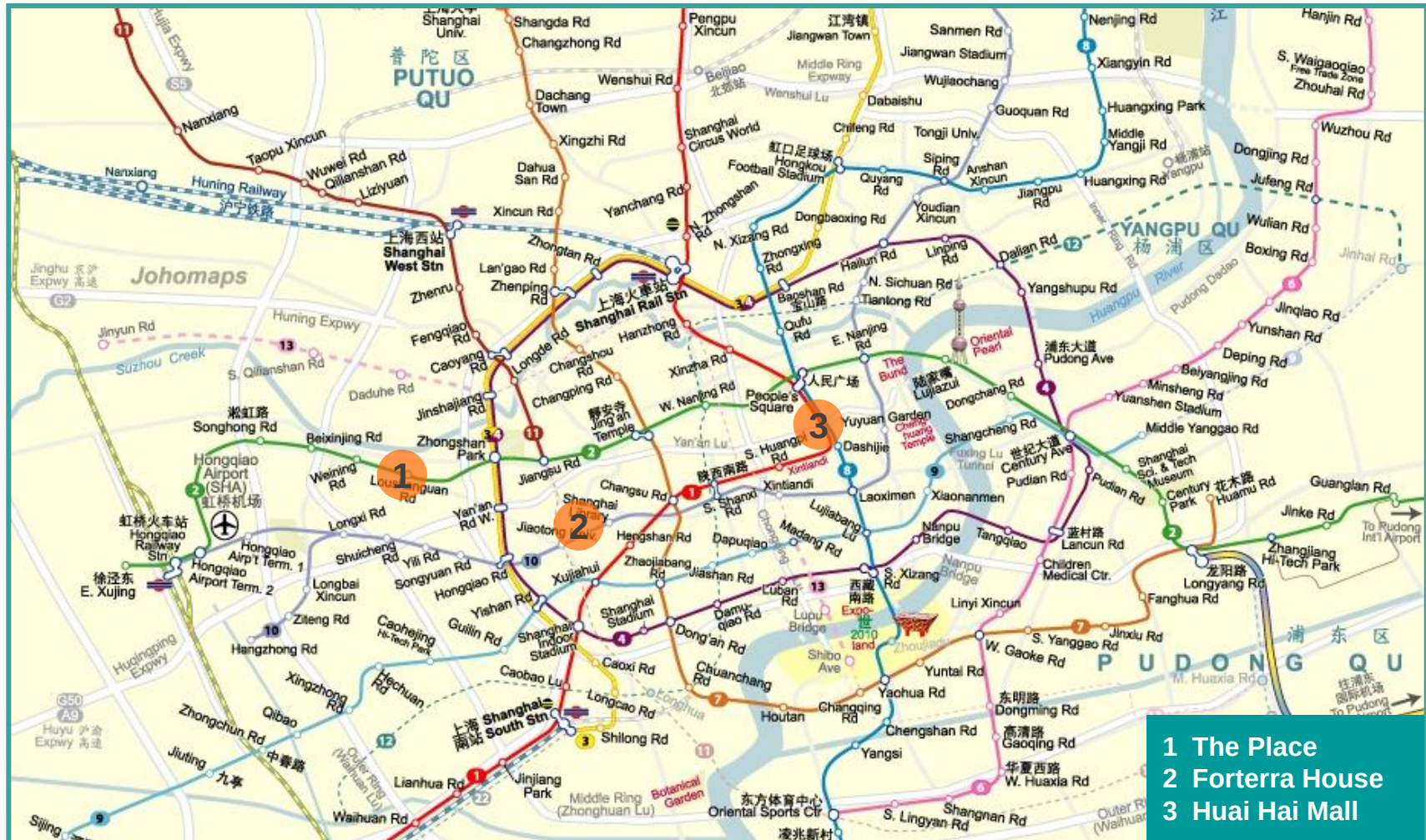
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The Shanghai Portfolio

All Forterra's assets in Shanghai are centrally located and easily accessible via metro



A High Quality Property Portfolio

Property	Stabilised Assets		Transitional Assets		Development Assets	
	 Forterra House	 The Place (Existing)	 Huai Hai Mall	 Central Park Mall (Phase I)	 The Place (Extension)	 Central Park Mall (Phase II-IV)
Location	Historic French Concession Shanghai	Hongqiao Shanghai	Huai Hai Road Shanghai	Laoshan CBD Qingdao	Hongqiao Shanghai	Laoshan CBD Qingdao
Type	Office / Retail	Office / Retail	Retail	Retail	Office / Retail	Retail
Total GFA (sqm)	19,643	188,675 (est.)	11,024 ¹	66,160 (est.)	88,312 (est.)	250,774 (est.)
Valuation ²	RMB658 million	RMB5,687 million	RMB816 million ³	RMB520 million	RMB2,020 million	RMB1,007 million
No. of Car Parks	74	732 (est.)	n.a.	500 (est.)	416 (est.)	2,327 (est.)
Committed Occupancy ⁴	96.6%	89.9% ⁵	n.a.	65.7%	n.a.	n.a.
Major Tenants ⁴	■ SPX Corporation ■ SAIC Motor Group ■ Forterra Trust ■ Bank of Beijing ■ Aixtron AG	■ Honeywell China ■ Ingersoll-Rand ■ ITT Investment ■ Nidec Shanghai ■ Casio Shanghai ■ Palmer & Turner Consultants	n.a.	■ Lotte Mart	n.a.	n.a.

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 independent valuation analysis was undertaken by DTZ Debenham Tie Leung as at 30 June 2014.

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

4. Committed occupancy rate and major tenants as at 30 June 2014.

5. Includes the office component of The Place Existing only.

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Successful Refinancing of Huai Hai Mall Loan

- The loan for Huai Hai Mall, due to expire on 11 July 2014 and despite a challenging liquidity environment, was successfully refinanced for another five years (expiring in July 2019) with the current lender China Citic Bank International Limited and Citic Bank International (China) Limited, Shanghai Branch.
- The successful and increased refinancing amount further strengthens the Trust's cashflow and contributes to its operational flexibility.

	Matured Loan	Existing Loan
Onshore (RMB Denominated)	50,000,000	106,000,000
Offshore (USD Denominated)	42,000,000	59,600,000
Loan Maturity	3-year due in July 2014	5-year due in July 2019
Average Interest Rate¹	4.35%	5.50%

1. Based on published LIBOR and PBOC interest rates as at 11 July 2014.



- All leases expired as planned with the last tenant moving out from the premise by the end of March 2014.
- The premise is ready for pre-development in support of the repositioning plan which management is currently reviewing.

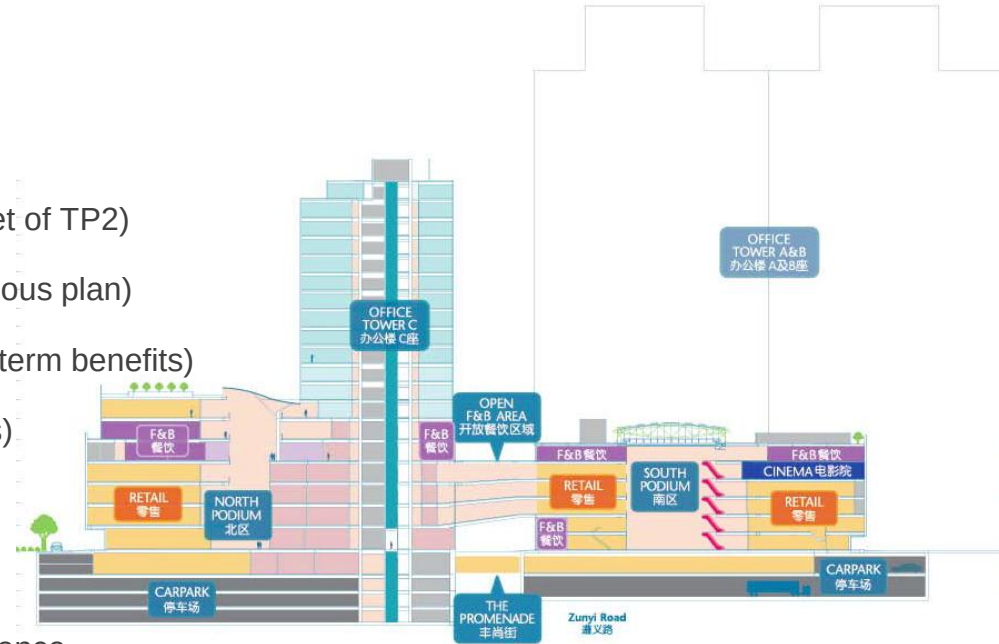
Opening of The Place

■ Opening Timelines

- ✓ TP1: December 2014 (re-align to that of the food street of TP2)
- ✓ TP2 – food street: December 2014 (same as the previous plan)
- ✓ TP2 – link bridge: Mid year 2015 (reschedule for long term benefits)
- ✓ TP3: Mid year 2015 (reschedule for long term benefits)

■ Swift Reaction to Changing Market

- ✓ Consumers expect a more enhanced shopping experience
- ✓ Food street of TP2 being one of the key and unique selling points
- ✓ Fine tuning tenant mix (further optimising offerings in F&B and offerings for children)
- ✓ Facilities upgrade to further enrich shopping experience
- ✓ Capitalize seasonal shopping patterns of consumers
- ✓ Maximize the marketing effect at the initial launch
- ✓ Beneficial to the Trust in the longer run



Progress for The Place

■ The Place Phase 1 & Phase 2 (The Promenade)

- ✓ Realignment of TP1 opening timeline with the food street of TP2 to open in December 2014.
- ✓ External landscape work of TP1 was completed in June 2014.
- ✓ Modification work resulting from the fine-tuning of tenant mix and shopping experience upgrade is ongoing.
- ✓ Refurbishment work of The Promenade (food street of TP2) reached the final stage with lessor work underway before handing over to tenants for fit out.
- ✓ As at 30 June 2014, The Place retail pre-commitment remained satisfactory at approximately 80% for TP1 and 86%¹ for TP2, of which written confirmation of interest, including leases under detailed negotiation was approximately 62% (TP1) and 57%¹ (TP2) respectively with the balance represented by work in progress.

1. Certain lettable area was reclassified from TP3 to TP2 resulting in a change in pre-commitment in percentage terms compared to end Q1 2014. This reclassification has no impact to the overall leasing of TP.

Expect to Open in December 2014

Retail pre-commitment reached at 79.4% (TP1) & 86.1% (TP2)



Retail atrium
of TP1 after
refurbishment



External landscape
work of TP1
accomplished



Retail mock-up unit
ready for leasing
inspection

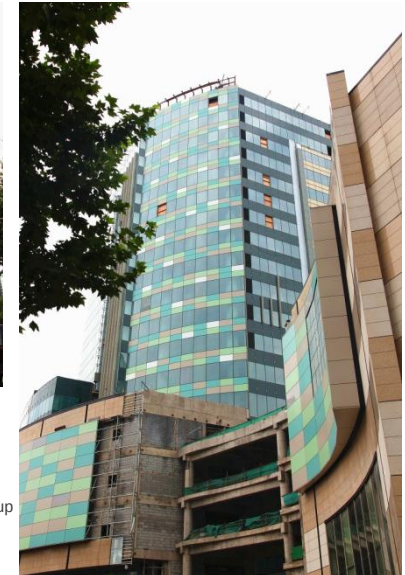
Progress for The Place (Cont'd)

■ The Place Phase 2 (Link Bridge) & Phase 3

- ✓ Link bridge of TP2 was topped out during the second quarter marking the last structure topping out for the overall project.
- ✓ Facade installation for both the retail podium and office tower were completed by Q2 2014.
- ✓ Permanent power supply was built up during the quarter.
- ✓ On-site office mock-up unit is ready for leasing inspection.
- ✓ Internal fit-out and MEP work are advancing together with the enhancement work resulting from fine-tuning of tenant mix and shopping experience upgrade.
- ✓ As at 30 June 2014, TP3 retail pre-commitment was at approximately 37%, of which written confirmation of interest, including leases under detailed negotiation was approximately 17% with the balance represented by work in progress.

Expect to Open in Mid-year 2015

Retail pre-commitment reached at approx 36.7% (TP3)



Facade installation completed	Curtain wall installation completed
Link bridge of TP2 substantially completed	Office mock-up unit ready for leasing inspection



Secured Large Network of Retailers Towards the Opening of The Place

- **The Place** is a mid-upper level large scale one-stop shopping mall, with tenant mix containing international fast fashion and a variety of popular restaurants & bars with out-door environment, together with kids and lifestyle related trade including household specialty stores, supermarket, kids pre-education, spa and beauty.

Fast Fashion



Lifestyle



Food & Beverage



Supermarket



Entertainment



Successful Divestment of Beijing Logistics Park



Aerial View of Beijing Logistics Park

- On 16 April 2014, Forterra completed the sale of Beijing Logistics Park (the “Project”) to a company affiliated with Global Logistic Properties Limited.
- With the successful sale of the Project, Forterra achieved
 - ✓ realised value of the sale of the property (RMB424.0 million), in excess of the latest valuation by RMB86.0 million or 25.4%; and
 - ✓ a gain of approximately of S\$20.2 million from the transaction which again demonstrated the Trust’s capability to deliver enhanced return to the unitholders of the Trust.

Portfolio Valuation

- As at 30 June 2014, the real estate portfolio reflected a total value of RMB10.7 bn and RMB10.0 bn after accounting for the Trust's 55% interest in Central Park Mall. The latter outcome represented a 7.0% decrease in RMB terms compared to the value as of 31 December 2013.

Investment Properties	As at 30 June 2014 (RMB million) ⁽¹⁾	As at 31 December 2013 (RMB million) ⁽¹⁾	Variance %	As at 30 June 2013 (RMB million) ⁽²⁾
<i>Stabilised Assets</i>				
Forterra House, <i>Shanghai</i>	658	720	-8.6%	727
<i>Transitional Assets</i>				
The Place Existing, <i>Shanghai</i>	5,687	6,077	-6.4%	6,191
Huai Hai Mall, <i>Shanghai</i>	816	816	-	816
Central Park Mall (Phase I), <i>Qingdao</i>	520	624	-16.7%	669
Total Transitional Assets	7,023	7,517	-6.6%	7,676
<i>Development Asset</i>				
The Place Extension, <i>Shanghai</i>	2,020	2,057	-1.8%	1,910
<i>Land-Bank Asset</i>				
Central Park Mall (Phase II-IV), <i>Qingdao</i>	1,007	1,379	-27.0%	1,366
Total Portfolio Valuation	10,708	11,673	-8.3%	11,679
Total Portfolio reflecting 55% ownership of Central Park Mall	10,021	10,772	-7.0%	10,763

Note:

(1) The independent valuation analysis was undertaken by DTZ Debenham Tie Leung.

(2) The independent valuation analysis was undertaken by CB Richard Ellis.

Conferred “The 9th Outstanding China Enterprise Awards”

- In June 2014, Forterra was conferred “The 9th Capital Outstanding China Enterprise Award” by Capital Magazine in Hong Kong.
- This remarks the fourth consecutive year that Forterra has been recognised with this prestigious award.
- The awards honour model China enterprises and business leaders who have achieved excellent performance for the previous year and contributed positively to the local Chinese communities they operate in.



Ms. Huang Heqing, Vice President, received the award on behalf of Forterra

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NPI & EPU Analysis

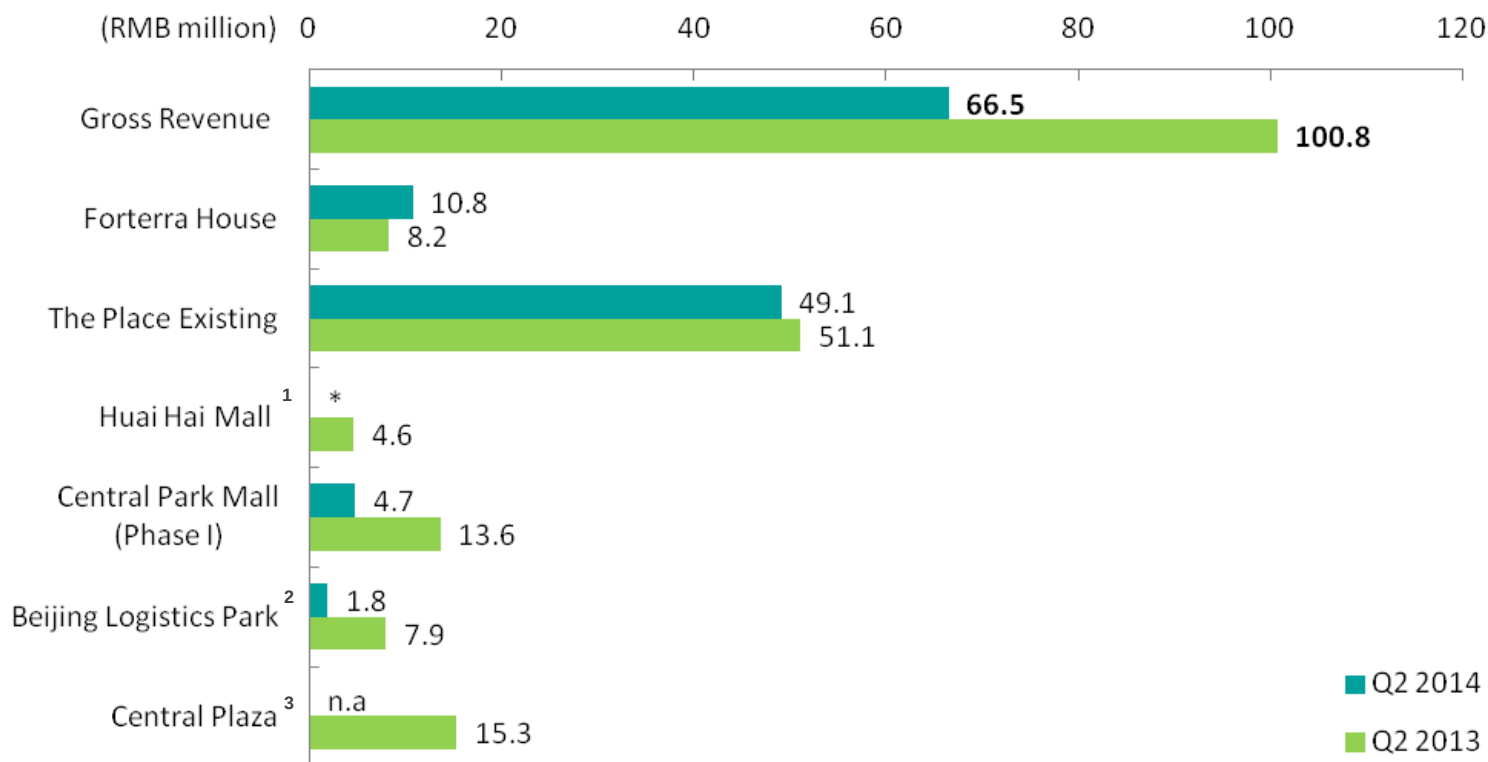
(S\$'000)	2nd Qtr 2014	2nd Qtr 2013	YTD 2014	YTD 2013
Gross Revenue	13,427	20,505	28,466	43,825
Total Property Operating Expenses	(5,115)	(7,035)	(11,650)	(14,865)
Net Property Income	8,312	13,470	16,816	28,960
Total Profit / (Loss) After Tax Attributable to Trust Unitholders	(138,246)	24,185	(148,641)	7,244
Diluted Earnings / Unit (EPU) (cents)	(54.4)	9.4	(58.6)	2.8

- ❖ Revenue declined YoY due to
 - ✓ the sale of Central Plaza and BLP in May 2013 and April 2014 respectively;
 - ✓ nil occupancy of the retail podium at The Place; and
 - ✓ the termination of rent guarantee for Central Park Mall in August 2013.

(RMB'000)	2nd Qtr 2014	2nd Qtr 2013	YTD 2014	YTD 2013
Gross Revenue	66,489	100,828	138,872	218,640
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)	(56,863)	(74,103)
Net Property Income (NPI)	41,079	66,282	82,009	144,537

- ❖ The net loss for the quarter is almost entirely attributable to the loss arising from the “Change in fair values of investment properties”.

Gross Revenue – Q2 2014 vs Q2 2013



* Represents figure less than one million.

1. Huai Hai Mall is currently vacant for predevelopment in support of the repositioning plan.

2. The sale of Beijing Logistics Park was completed in April 2014.

3. The sale of Central Plaza was completed in May 2013.

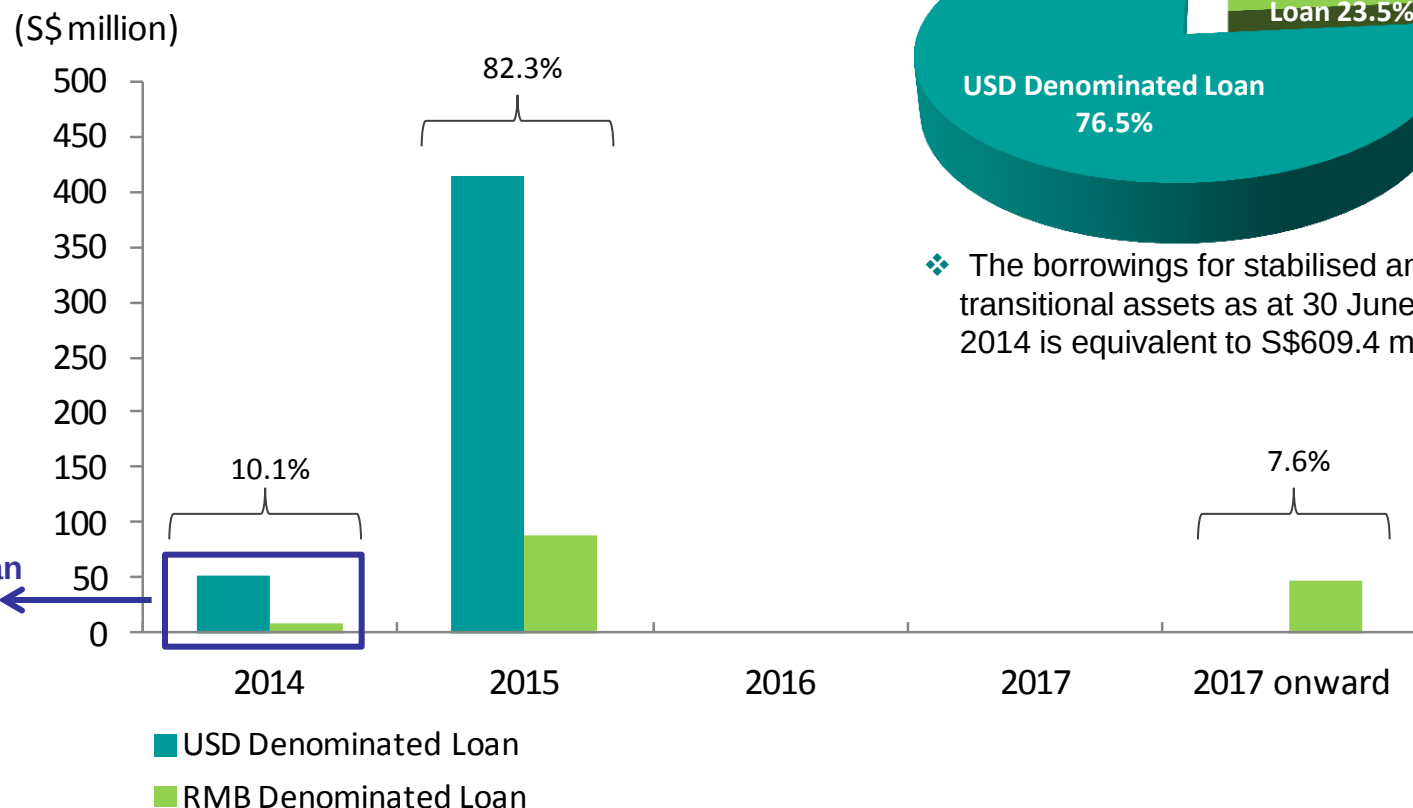
Consolidated Balance Sheet

(S\$ million, except otherwise stated)

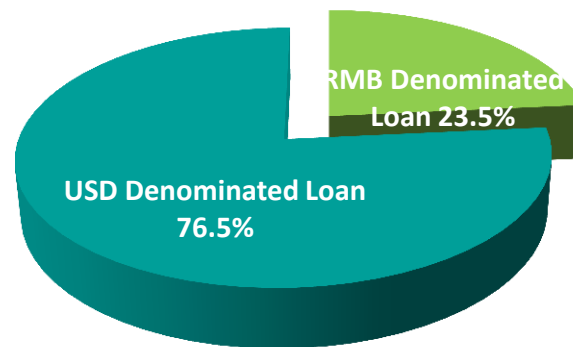
	As at 30 June 2014	As at 31 Dec 2013
Investment Properties	2,155	2,438
Trade and Other Receivables	25	55
Cash & Cash Equivalents	125	108
Other Assets	1	1
Assets Held for Sale	-	76
Total Assets	2,306	2,678
Bank Loans	711	709
Convertible Bonds	85	79
Derivative Financial Liabilities	-	*
Deferred Tax Liabilities	321	394
Trade and Other Payables	118	103
Liabilities Held for Sale	-	70
Total Liabilities	1,235	1,355
Net Assets	1,071	1,323
Units in Issue	253,969,717	253,794,717
Basic NAV per Unit (S\$)	3.84	4.68
Diluted NAV per unit (S\$)	3.72	4.46

* Represents figure less than one million.

Loan Expiry Profile



Represents matured loan of Huai Hai Mall which was successfully refinanced for another five years (expiring in July 2019).



❖ The borrowings for stabilised and transitional assets as at 30 June 2014 is equivalent to S\$609.4 million.

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Leasing Update of Q2 2014

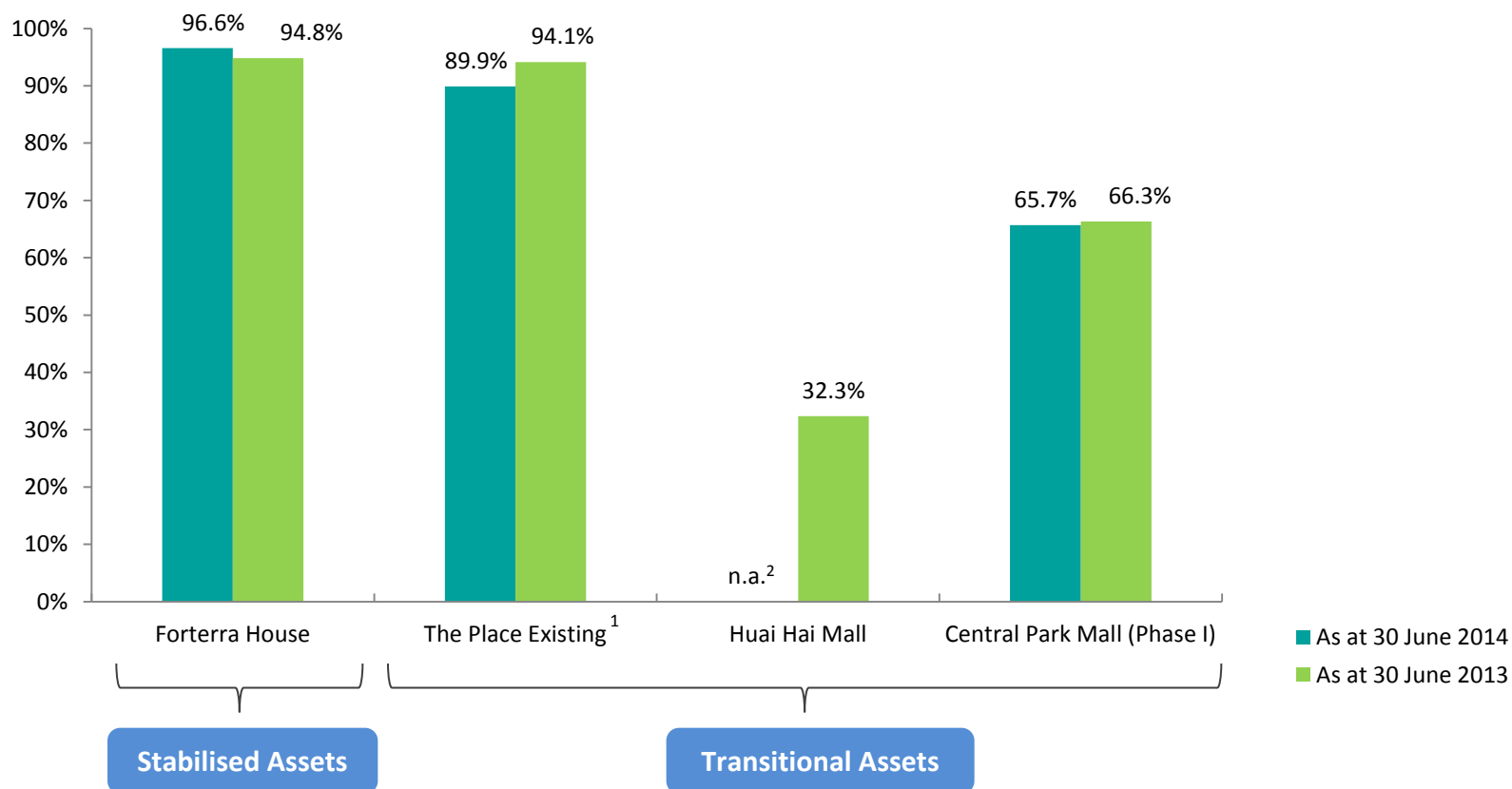
- Despite the challenging market environment observed in Puxi, during the quarter, 12 leases were successfully negotiated in the Forterra House and TP1 office portfolio consisting of both new lettings and renewals, producing an aggregated per square metre rental which remained flat over the expiring leases.

Major Transactions in Q2 2014

	Tenants	Lease Type	Gross Area (sqm)
The Place (Phase 1)	Hitachi Household Appliances	Renewal	1,652
	Person Management Consulting	Renewal	586
	Crimson Asia Capital	Renewal	415
	Nichias Trading	Renewal	312
Forterra House	Aixtron China	Renewal	755
	Ethereal IMC Consulting	New	267

Committed Portfolio Occupancy

- For the second quarter of 2014, the committed occupancy of the property portfolio remained steady and satisfactory with detailed committed occupancy of individual property set out as below.

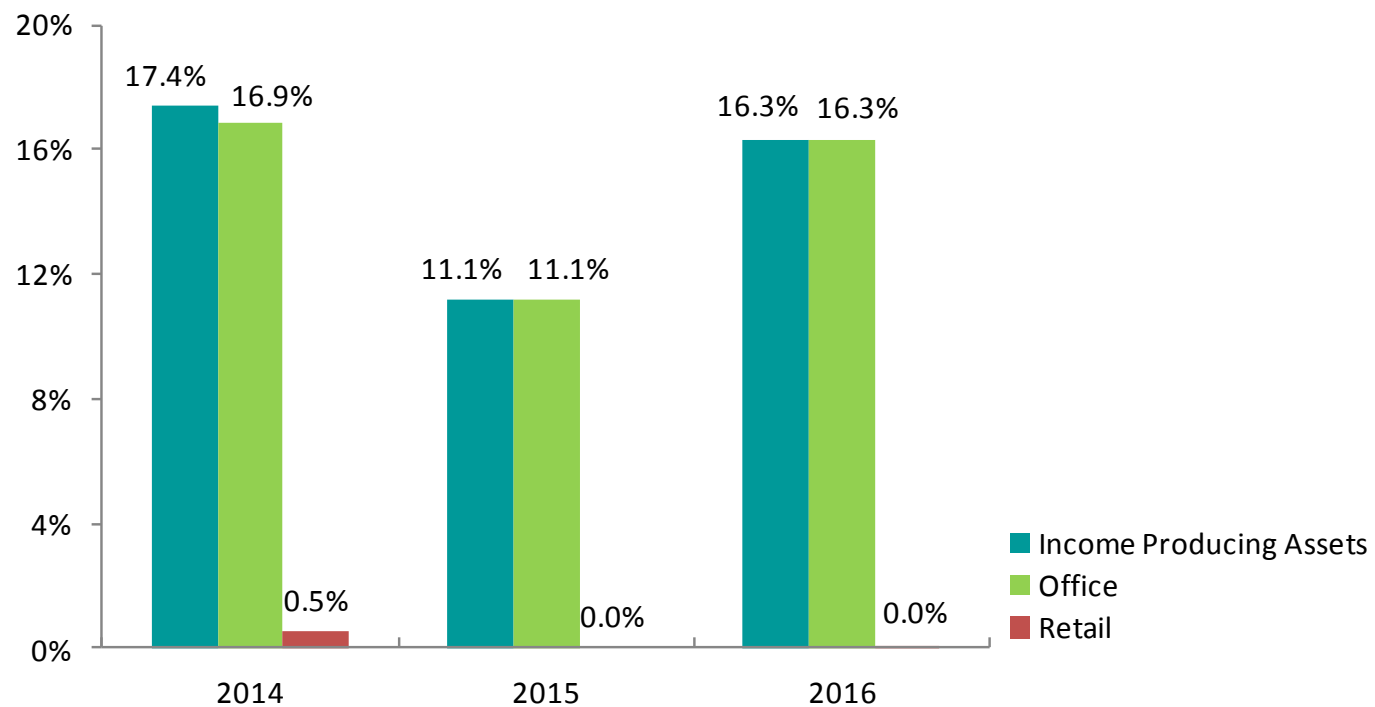


1. Includes the office component of The Place Existing only.

2. Huai Hai Mall is currently vacant for predevelopment in support of the repositioning plan.

Lease Expiry Profile

Leasing Expiring Portfolio in 2014 - 2016 (as % of Gross Lettable Area)

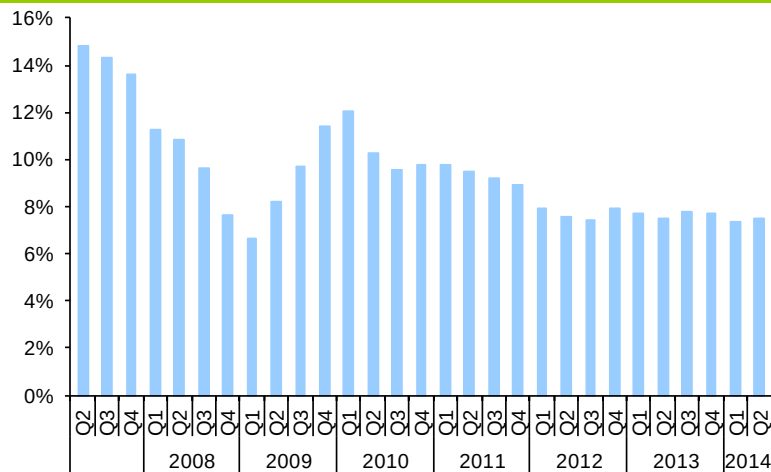


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Macro Economics

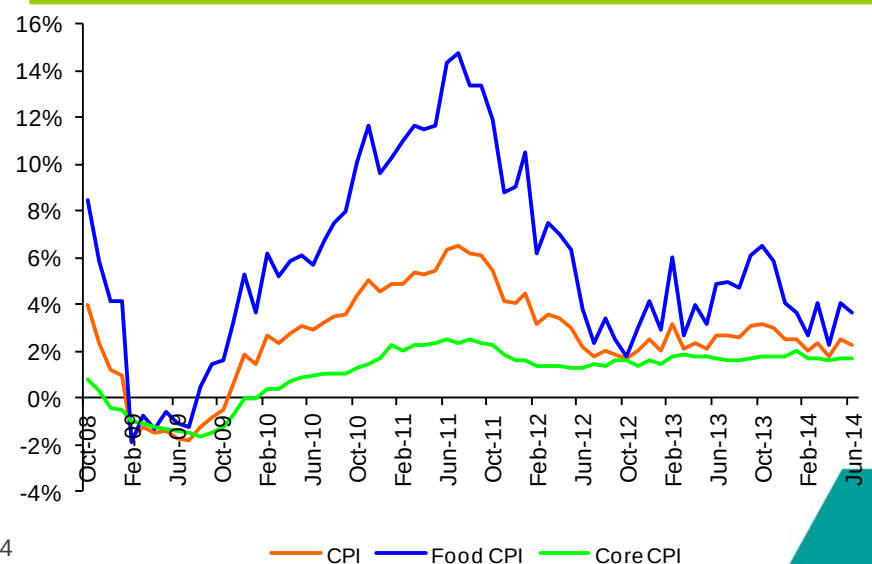
- China's GDP growth stabilised at 7.5% year-on-year ("YoY") in Q2 2014 compared to 7.4% YoY in Q1 2014 as the "mini-stimulus" package including railway investments, affordable housing investments as well as favorable tax treatment for small businesses launched during the quarter kicked in.
- Chinese Premier recently reiterated that the government will continue to make anticipatory and moderate adjustments when necessary to maintain the steady operation of the economy and ensure major economic indicators are kept within reasonable ranges.
- 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.

Quarterly GDP Growth – YoY Change



Source: CEIC, National Bureau of Statistics

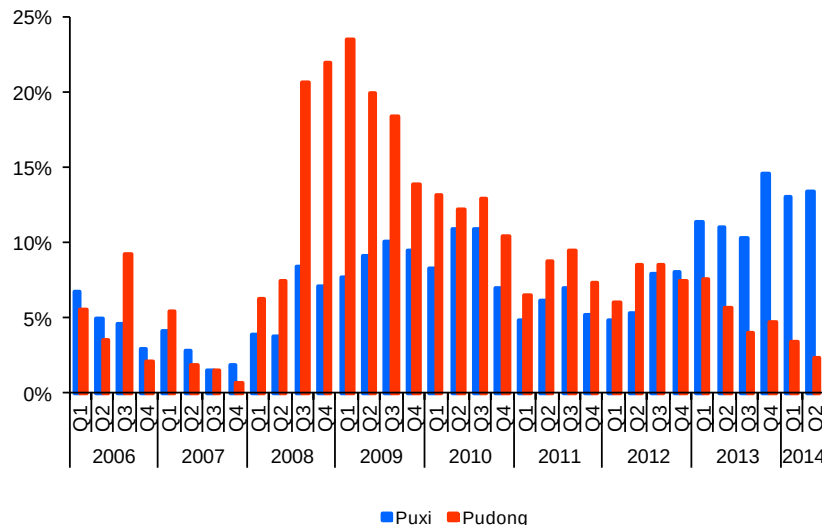
Monthly CPI – YoY Change



Shanghai Office Market

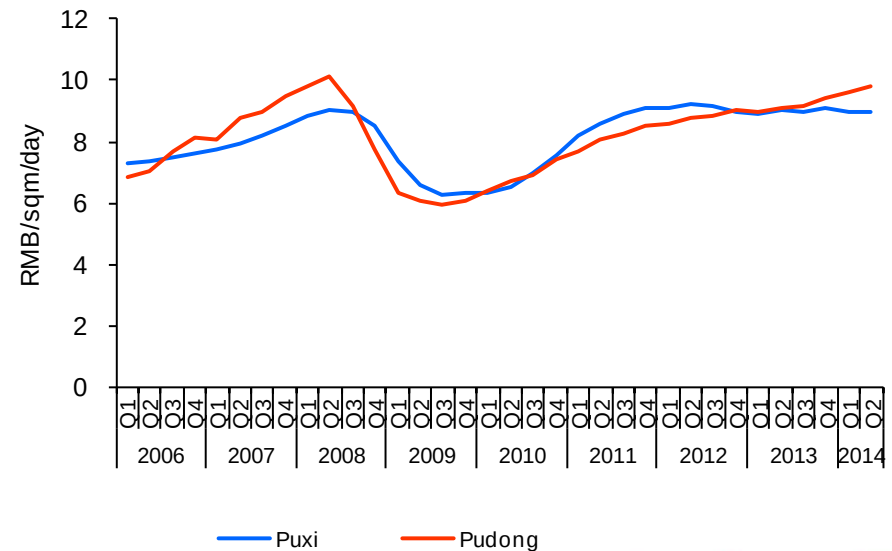
- The market performance of Puxi and Pudong Grade A office market in Shanghai continued to diverge during the second quarter.
- Due to the quiet leasing demand, vacancy rate in Puxi stayed high at 13.4% with rent up slightly by 0.4% quarter-on-quarter (“QoQ”) to RMB9.0/sqm/day. In Pudong, average rents 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 while available space is limited.

Grade A Office Vacancy – Puxi vs Pudong



Source: Jones Lang LaSalle

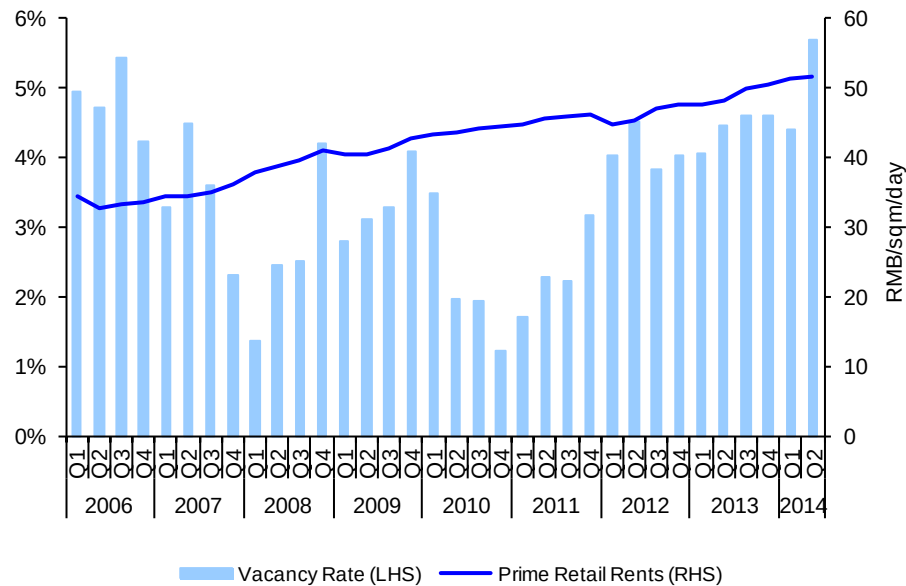
Grade A Office Rents – Puxi vs Pudong



Shanghai Retail Market

- Shanghai's retail property market performance 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.
- 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.

Prime Retail Rents Index and Vacancy



Thank you!