

FORTERRA TRUST
2014 THIRD 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 September 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 repositioning	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 3rd quarter (the “3rd Qtr”) ended 30 September 2014 are compared to the actual results of the 3rd Qtr 2013, and the actual results for the 9-month period ended 30 September 2014 (“YTD September 2014”) are compared to the actual results of YTD September 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 3rd Qtr 2014 and YTD September 2014 against that of the 3rd Qtr 2013 and YTD September 2013. The Trustee-Manager believes that the RMB comparison provides a more meaningful review of the performance of the Trust’s assets in the PRC 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)	3rd Qtr 2014	3rd Qtr 2013	YTD Sep 2014	YTD Sep 2013
Gross rental income	12,885	18,208	41,328	61,813
Other income	6	77	29	297
Gross revenue^a	12,891	18,285	41,357	62,110
Business and property related taxes	(2,220)	(2,228)	(6,764)	(7,643)
Property management fees ^b	(501)	(517)	(1,574)	(2,213)
Other property operating expenses ^c	(4,901)	(3,976)	(10,934)	(11,730)
Total property operating expenses	(7,622)	(6,721)	(19,272)	(21,586)
Net property income^a	5,269	11,564	22,085	40,524
Other gains ^d	20	4,202	20,336	22,166
Trustee-Manager's fees ^b	(3,308)	(3,648)	(10,138)	(12,378)
Administrative expenses ^e	(1,733)	(2,466)	(6,134)	(10,335)
Other expenses	-	(147)	-	(147)
Net finance costs ^f	(11,962)	(14,079)	(35,602)	(43,721)
Net foreign exchange gain/(loss) ^g	(6,472)	955	(2,179)	(17,156)
Change in fair values of financial derivatives	232	248	317	818
Change in fair values of investment properties ^h	-	-	(246,812)	41,316
Profit/(Loss) before tax	(17,954)	(3,371)	(258,127)	21,087
Income tax - Current tax expenses	(570)	(241)	(1,065)	(1,515)
- Deferred tax benefits/(expenses)	(1,364)	(1,521)	57,254	(15,395)
Profit/(Loss) after tax	(19,888)	(5,133)	(201,938)	4,177
Total profit/(loss) attributable to:				
Unitholders of the Trust	(19,650)	(2,344)	(168,291)	4,900
Non-controlling interests	(238)	(2,789)	(33,647)	(723)
Profit/(Loss) after tax	(19,888)	(5,133)	(201,938)	4,177
Earnings per unit attributable to unitholders of the Trust				
Basic (cents)	(7.7)	(0.9)	(66.3)	1.9
Diluted (cents)	(7.7)	(0.9)	(66.3)	1.9

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. Other gains for YTD September 2014 mainly represent the gain of S\$20 million from the sale of the Trust’s 100% equity interest in Dream Land Properties Limited, a Jersey incorporated company which owns the Beijing Logistics Park (“BLP”) property. The sale was completed in April 2014.
- e. An analysis of administrative expenses is presented in Section 18.
- f. The decrease in net finance costs for YTD September 2014, as compared to that of YTD September 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 loss in the 3rd Qtr 2014 is mainly due to the foreign currency loss (unrealised) arising from the revaluation of the US dollar denominated loans as a result of the depreciation of the Singapore dollar against the US dollar (from US\$1= S\$1.2484 as at 30 June 2014 to US\$1= S\$1.2723 as at 30 September 2014), compared to the net foreign exchange gain (unrealised) in the 3rd Qtr 2013 as a result of the appreciation of the Singapore dollar against the US dollar (from US\$1=S\$1.2626 as at 30 June 2013 to US\$1= S\$1.2563 as at 30 September 2013).

Net foreign exchange loss in YTD September 2014 is mainly due to the foreign currency loss (unrealised) arising from the revaluation of the US dollar denominated loans as a result of the depreciation of the Singapore dollar against the US dollar (from US\$1= S\$1.2642 as at 31 December 2013 to US\$1= S\$1.2723 as at 30 September 2014), compared to the net foreign exchange loss (unrealised) in YTD September 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\$1.2563 as at 30 September 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)	3 rd Qtr 2014	3 rd Qtr 2013	YTD Sep 2014	YTD Sep 2013
Profit/(Loss) after tax	(19,888)	(5,133)	(201,938)	4,177
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	36,030	(407)	(19,131)	74,958
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations ^a	8,473	(2,202)	1,553	13,914
Reclassification adjustment of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	-	(7,829)	(773)
Total other comprehensive income/(expense) for the period, net of tax	44,503	(2,609)	(25,407)	88,099
Total comprehensive income/(expense)	24,615	(7,742)	(227,345)	92,276
Attributable to:				
Unitholders of the Trust	22,376	(4,700)	(192,299)	87,465
Non-controlling interests	2,239	(3,042)	(35,046)	4,811
Total comprehensive income/(expense)	24,615	(7,742)	(227,345)	92,276

- a. The foreign currency translation gain in the 3rd Qtr 2014 is mainly due to the foreign exchange gain (unrealised) arising from the translation of RMB financial statements of the PRC operating subsidiaries into S\$ (from S\$1=RMB4.968 as at 30 June 2014 to S\$1=RMB4.825 as at 30 September 2014), compared to the foreign exchange loss (unrealised) in the 3rd Qtr of 2013 (from S\$1=RMB4.863 as at 30 June 2013 to S\$1=RMB4.872 as at 30 September 2013).

The foreign currency translation loss in YTD September 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=RMB4.825 as at 30 September 2014), compared to the foreign exchange gain (unrealised) in YTD September 2013 (from S\$1=RMB5.096 as at 31 December 2012 to S\$1=RMB4.872 as at 30 September 2013).

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3 **Statements of Financial Position**

(S\$'000 except otherwise stated)	Group		Trust	
	As at 30 Sep 2014	As at 31 Dec 2013	As at 30 Sep 2014	As at 31 Dec 2013
Non-current assets				
Investment properties ^a	2,237,872	2,438,479	-	-
Property, plant and equipment	1,201	979	-	-
Subsidiaries	-	-	976,874	976,874
Total non-current assets	2,239,073	2,439,458	976,874	976,874
Current assets				
Trade and other receivables ^b	33,859	54,913	92,677	96,763
Derivative financial assets ^c	232	-	232	-
Cash and cash equivalents ^d	104,797	108,244	9,729	2,743
Assets classified as held for sale ^e	-	75,510	-	-
Total current assets	138,888	238,667	102,638	99,506
Total assets	2,377,961	2,678,125	1,079,512	1,076,380
Non-current liabilities				
Interest-bearing borrowings	149,734	617,223	-	-
Deferred tax liabilities ^f	331,636	393,601	-	546
Total non-current liabilities	481,370	1,010,824	-	546
Current liabilities				
Interest-bearing borrowings	675,345	91,789	-	-
Debt security ^g	-	79,470	-	79,470
Derivative financial liabilities	-	85	-	-
Current tax liabilities	314	415	-	-
Trade and other payables ^h	124,632	102,262	198,252	94,114
Liabilities classified as held for sale ^e	-	70,242	-	-
Total current liabilities	800,291	344,263	198,252	173,584
Total liabilities	1,281,661	1,355,087	198,252	174,130
Net assets	1,096,300	1,323,038	881,260	902,250
Represented by:				
Unitholders' funds ⁱ	997,316	1,189,008	881,260	902,250
Non-controlling interests	98,984	134,030	-	-
	1,096,300	1,323,038	881,260	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\$)	3.93	4.68	N.A	N.A
Diluted (in S\$)	3.90	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 Sep 2014
Total property value as at 1 January	2,438,479
Capitalised development costs*	67,324
Decrease in fair value	(246,812)
Foreign currency translation differences	(21,119)
Total property value as at 30 September	2,237,872

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

ii) Carrying value

	30 Sep 2014		31 Dec 2013	
	RMB'000	S\$'000	RMB'000	S\$'000
The Place	7,796,730	1,615,903	8,134,000	1,699,185
Central Park Mall	1,527,000	316,477	2,003,000	418,425
Huai Hai Mall	816,000	169,119	816,000	170,462
Forterra House	658,000	136,373	720,000	150,407
	10,797,730	2,237,872	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 as at 30 September 2014 represent the valuation amounts of the investment properties as at 30 June 2014 plus any costs incurred during the 3rd Qtr 2014.

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 Sep 2014		% of Approved Budget
	RMB	S\$	RMB	S\$	RMB	S\$	
The Place Extension	946	196	808	167	700	145	74.0%

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. Derivative financial assets

Derivative financial assets as at period end represent floating to fixed interest rate swaps with notional amount of US\$180 million. Its fair value was S\$232,000 as at 30 September 2014.

d. Cash and cash equivalents

(S\$'000)	30 Sep 2014	31 Dec 2013
Total cash and cash equivalents	104,797	108,244
Less: Restricted cash*	(6,147)	(3,630)
Cash and cash equivalents per consolidated statement of cash flows	98,650	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.

e. 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 of in April 2014.

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3 Statements of Financial Position (continued)

Footnotes (continued):

f. 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	Recognised in		Foreign	As at
(S\$'000)	1 Jan	Statement of	Recognised	currency	30 Sep
	2014	Profit or Loss	in equity	translation	2014
				differences	
Group					
Investment properties*	393,055	(57,514)	-	(3,905)	331,636
Convertible bonds**	546	-	(546)	-	-
	393,601	(57,514)	(546)	(3,905)	331,636
Trust					
Convertible bonds	546	-	(546)	-	-

* The deferred tax benefits in profit or loss amounting to S\$57,254,000 comprise the reversal of deferred tax liabilities of S\$57,514,000 in relation to the change in fair values of investment properties in the period, net off with the recognition of BLP's deferred tax liability of S\$260,000 in the period which had been recorded in liabilities held for sale and subsequently disposed upon its sale.

** The amount of deferred tax liabilities related to convertible bonds was recognised in profit or loss upon the repayment and redemption of Forum CB in September 2014.

g. Debt security

Refer to Section 6 for details.

h. Trade and other payables

The movement from 1 January 2014 to 30 September 2014 relates to the construction costs payable pertaining to The Place.

i. 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 Sep 2014		31 Dec 2013	
	Group	Trust	Group	Trust
Unsecured borrowing				
Unsecured Loan – repayable within one year ^a	95,420	-	-	-
Convertible bond – repayable within one year	-	-	79,971	79,971
Less: Unamortised transaction costs	-	-	(501)	(501)
Net balance of unsecured borrowing	95,420	-	79,470	79,470
Secured borrowings				
Loans				
- Amount repayable within one year	579,925	-	91,789	-
- Amount repayable after one year	156,153	-	621,391	-
Total secured borrowings	736,078	-	713,180	-
Less: Unamortised transaction costs	(6,419)	-	(4,168)	-
Net balance	729,659	-	709,012	-
Secured borrowing of BLP	-	-	35,408	-
Less: Unamortised transaction costs	-	-	(928)	-
Net balance	-	-	34,480	-
Net balance of secured borrowings	729,659	-	743,492	-
Total Borrowings	825,079	-	822,962	79,470

- a. The Group drew down a US\$75.0 million unsecured six-month loan facility (the “Unsecured Loan”) entered between China Real Estate Opportunities Limited, a wholly-owned subsidiary of the Trust, and Kentfull International Limited, an affiliate of Nan Fung International Holdings Limited, the controlling unitholder of the Trust. The Unsecured Loan bears interest at the rate of 10.00% per annum and is guaranteed by the Trust.

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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	268	385	421
Forterra House	48	46	70
The Place Extension	-	638	132
Huai Hai Mall	48	51	72
Central Park Mall	-	200	41
Unsecured Loan	75	-	95
Total loan balance			831
Unamortised transaction costs			(6)
Net loan balance			825

- 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 September 2014, the application in conjunction with the banks for the equity interest pledge of the property company of Huai Hai Mall is under process.
- b. To minimize the Group’s exposure to adverse interest rate movements on its US\$ denominated floating rate loans, the Group has entered into interest rate swaps with notional amount of US\$180 million, effective from August 2014 to August 2017. The fair value of the derivative financial instruments amounted to S\$232,000 as at 30 September 2014. Please also refer to Footnote c of Section 3.

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 bore 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), were redeemed and repaid in accordance with the terms and conditions of the Forum CB upon its maturity on 17 September 2014.

7 Actual Gearing Ratio Compared to Gearing Cap

With outstanding borrowings attributable to the Trust of S\$806million (31 December 2013: S\$801 million), the gearing ratio was 36.1% as at 30 September 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 September 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)	3 rd Qtr 2014	3 rd Qtr 2013	YTD Sep 2014	YTD Sep 2013
Operating activities				
Profit/(Loss) after tax	(19,888)	(5,133)	(201,938)	4,177
Other gains	(20)	(4,202)	(20,336)	(22,166)
Other expenses	-	147	-	147
Equity-settled unit-based expenses	-	101	-	363
Depreciation	20	79	117	250
Net finance costs	11,962	14,079	35,602	43,721
Changes in fair value of financial derivatives	(232)	(248)	(317)	(818)
Changes in fair value of investment properties	-	-	246,812	(41,316)
Unrealised foreign exchange (gain)/loss	6,472	(955)	2,179	17,156
Income tax expense	1,934	1,762	(56,189)	16,910
Operating profit/(loss) before change in working capital	248	5,630	5,930	18,424
Changes in working capital:				
- trade and other receivables	(9,253)	9,867	(7,836)	(547)
- trade and other payables	12,959	(4,920)	9,160	(20,766)
Cash generated from/(used in) operations	3,954	10,577	7,254	(2,889)
Income taxes paid	(570)	(218)	(1,480)	(1,515)
Net cash generated from/(used in) operating activities	3,384	10,359	5,774	(4,404)
Investing activities				
Divestment of subsidiaries, net of cash disposed of	184	-	48,809	174,518
Transaction cost paid for divestment of subsidiaries	(1,604)	(2,313)	(2,080)	(8,923)
Settlement of Central Park Mall acquisition cost	-	(11,449)	-	(11,449)
Development costs paid on investment properties	(27,362)	(21,112)	(62,690)	(44,250)
Purchase of plant and equipment	(348)	(52)	(348)	(15)
Interest received	258	142	626	239
Net cash generated from/(used in) investing activities	(28,872)	(34,784)	(15,683)	110,120
Financing activities				
Proceeds from borrowings, net of transaction costs	127,995	9,250	144,508	46,811
Repayment of borrowings and convertible bonds	(113,623)	(36,417)	(115,252)	(40,956)
Unit options exercised	-	61	61	61
Interest paid	(9,755)	(9,520)	(26,963)	(30,740)
(Increase)/Decrease in restricted cash	(2,601)	(172)	(2,517)	6,761
Net cash generated from/(used in) financing activities	2,016	(36,798)	(163)	(18,063)
Net increase/(decrease) in cash and cash equivalents	(23,472)	(61,223)	(10,072)	87,653
Cash and cash equivalents at the beginning of the period	121,279	183,417	104,614	36,054
Effect of exchange rate fluctuations on cash held	843	1,016	(588)	2,729
Decrease in cash classified under assets held for sale*	-	3,583	4,696	357
Cash and cash equivalents as at period end	98,650	126,793	98,650	126,793

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9 Consolidated Statement of Cash Flows (Continued)

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

10 Consolidated Statement of Movements in Unitholders' Funds

(S\$'000)	3 rd Qtr 2014			3 rd Qtr 2013		
	Unitholders of the Trust	Non- controlling interests	Total	Unitholders of the Trust	Non- controlling interests	Total
Balance at beginning of period	974,394	96,745	1,071,139	1,219,278	137,473	1,356,751
Profit/(Loss) after tax	(19,650)	(238)	(19,888)	(2,344)	(2,789)	(5,133)
Foreign currency translation differences relating to translation of the financial statements of foreign operations ^a	33,553	2,477	36,030	(154)	(253)	(407)
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations ^a	8,473	-	8,473	(2,202)	-	(2,202)
Total comprehensive income/(expense)	22,376	2,239	24,615	(4,700)	(3,042)	(7,742)
Contribution by and distribution to owners						
Equity-settled unit-based transaction	-	-	-	162	-	162
Redemption of convertible bond	546	-	546	-	-	-
Transactions with owners in their capacity as owners	546	-	546	162	-	162
Balance as at period end	997,316	98,984	1,096,300	1,214,740	134,431	1,349,171

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

(S\$'000)	YTD Sep 2014			YTD Sep 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	(168,291)	(33,647)	(201,938)	4,900	(723)	4,177
Foreign currency translation differences relating to translation of the financial statements of foreign operations ^b	(17,732)	(1,399)	(19,131)	69,424	5,534	74,958
Foreign currency translation differences relating to monetary items forming part of net investment in foreign operations ^b	1,553	-	1,553	13,914	-	13,914
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)	(192,299)	(35,046)	(227,345)	87,465	4,811	92,276
Contribution by and distribution to owners						
Equity-settled unit-based transaction	61	-	61	424	-	424
Redemption of convertible bond	546	-	546	-	-	-
Transactions with owners in their capacity as owners	607	-	607	424	-	424
Balance as at period end	997,316	98,984	1,096,300	1,214,740	134,431	1,349,171

- The foreign currency translation gain in the 3rd Qtr 2014 is mainly due to the foreign exchange gain (unrealised) arising from the translation of RMB financial statements of the PRC operating subsidiaries into S\$ (from S\$1=RMB4.968 as at 30 June 2014 to S\$1=RMB4.825 as at 30 September 2014), compared to the foreign exchange loss (unrealised) in the 3rd Qtr 2013 (from S\$1=RMB4.863 as at 30 June 2013 to S\$1=RMB4.872 as at 30 September 2013).
- The foreign currency translation loss in YTD September 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=RMB4.825 as at 30 September 2014), compared to the foreign exchange gain (unrealised) in YTD September 2013 (from S\$1=RMB5.096 as at 31 December 2012 to S\$1=RMB4.872 as at 30 September 2013).

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

(S\$'000)	3rd Qtr 2014	3rd Qtr 2013	YTD Sep 2014	YTD Sep 2013
Balance at beginning of the period	983,035	981,911	982,473	981,911
- Unit options exercised	-	562	562	562
Total unit value in issue	983,035	982,473	983,035	982,473

(Number of units, unless otherwise specified)	3rd Qtr 2014 Units	3rd Qtr 2013 Units	YTD Sep 2014 Units	YTD Sep 2013 Units
Balance at beginning of the period	253,969,717	253,619,717	253,794,717	253,619,717
- Unit options exercised	-	175,000	175,000	175,000
Total number of issued units	253,969,717	253,794,717	253,969,717	253,794,717

12 Earnings per Unit ("EPU")

(Number of units, unless otherwise specified)	3rd Qtr 2014	3rd Qtr 2013	YTD Sep 2014	YTD Sep 2013
Earnings per unit based on weighted average units in issue				
Weighted average number of issued units	253,969,717	253,775,695	253,906,255	253,672,281
Basic earnings per unit	(7.7 cents)	(0.9 cents)	(66.3 cents)	1.9 cents
Earnings per unit on a diluted basis*				
Weighted average number of issued units, diluted	253,969,717	253,775,695	253,906,255	256,324,319
Earnings per unit on a diluted basis	(7.7 cents)	(0.9 cents)	(66.3 cents)	1.9 cents

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

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

(Number of units, unless otherwise specified)	30 Sep 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\$3.93	S\$4.68
NAV per unit on a diluted basis		
Number of issued units, diluted	256,273,214	284,970,062
Diluted NAV per unit	S\$3.90	S\$4.46

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14 **Amount Available for Distribution**

(S\$'000)	30 Sep 2014	30 Sep 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	(168,291)	4,900
Distribution adjustments (Note A)	117,413	(14,506)
Amount from operations unavailable for distribution to Unitholders at the end of the period	(83,806)	(25,723)
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	20,336	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	54,588	37,888

Note A:

(S\$'000)	YTD Sep 2014	YTD Sep 2013
Adjustment items:		
- Depreciation of property, plant and equipment*	113	232
- Deferred tax (benefits)/expenses*	(46,586)	14,661
- Amortisation of transaction costs for bank loans and convertible debt securities	2,777	4,385
- Difference between the convertible debt interests at the effective interest rates and at the nominal interest rates	(23,345)	6,954
- Unrealised foreign exchange (gain)/loss	2,179	17,156
- Changes in fair value of investment properties*	202,928	(39,475)
- Changes in fair value of financial derivatives	(317)	(818)
- Gain on sale of subsidiaries	(20,336)	(17,964)
- Unit option expense	-	363
Distribution adjustments	117,413	(14,506)

* 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)	3 rd Qtr 2014	3 rd Qtr 2013	Change (%)	YTD Sep 2014	YTD Sep 2013	Change (%)
Gross rental income	12,885	18,208		41,328	61,813	
Other income	6	77		29	297	
Gross Revenue	12,891	18,285	(29.5)	41,357	62,110	(33.4)
Business and property related taxes	(2,220)	(2,228)		(6,764)	(7,643)	
Property management fees	(501)	(517)		(1,574)	(2,213)	
Other property operating expenses	(4,901)	(3,976)		(10,934)	(11,730)	
Total property operating expenses	(7,622)	(6,721)	13.4	(19,272)	(21,586)	(10.7)
Net property income	5,269	11,564	(54.4)	22,085	40,524	(45.5)
Other gains	20	4,202		20,336	22,166	
Trustee-Manager's fees	(3,308)	(3,648)		(10,138)	(12,378)	
Administrative expenses	(1,713)	(2,286)		(6,017)	(9,722)	
Other expenses	-	(147)		-	(147)	
Finance income	258	142		626	239	
Finance costs	(8,982)	(10,939)		(25,878)	(32,621)	
Net profit/(loss) before changes in fair values of investment properties and financial derivatives, and net foreign exchange differences	(8,456)	(1,112)		1,014	8,061	
Administrative expenses						
- depreciation charges	(20)	(79)		(117)	(250)	
- unit option cost	-	(101)		-	(363)	
Net foreign exchange gain/(loss)	(6,472)	955		(2,179)	(17,156)	
Changes in fair values of financial derivatives	232	248		317	818	
Changes in fair values of investment properties		-		(246,812)	41,316	
Finance costs						
- convertible bonds amortised using effective interest rate	(2,267)	(2,343)		(7,573)	(6,954)	
- amortisation of transaction costs	(971)	(939)		(2,777)	(4,385)	
Profit/(Loss) before tax	(17,954)	(3,371)		(258,127)	21,087	
Income tax - Current tax expenses	(570)	(241)		(1,065)	(1,515)	
- Deferred tax benefits/(expenses)	(1,364)	(1,521)		57,254	(15,395)	
Total profit/(loss) after tax	(19,888)	(5,133)		(201,938)	4,177	
Total profit/(loss) attributable to:						
Unitholders of the Trust	(19,650)	(2,344)		(168,291)	4,900	
Non-controlling interests	(238)	(2,789)		(33,647)	(723)	
Total profit/(loss) after tax	(19,888)	(5,133)		(201,938)	4,177	

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16 Net Property Income Statement

(RMB'000)	3rd Qtr 2014	3rd Qtr 2013	Change (%)	YTD Sep 2014	YTD Sep 2013	Change (%)
The Place Existing	47,806	49,496		144,707	156,648	
Central Plaza	-	-		-	42,804	
Forterra House	9,905	10,277		30,559	25,475	
Central Park Mall	5,600	17,676		15,077	45,133	
Huai Hai Mall	53	3,345		2,051	12,681	
BLP	-	7,576		9,730	23,172	
Other income	30	370		142	1,467	
Gross revenue^a	63,394	88,740	(28.6)	202,266	307,380	(34.2)
Business and property related tax	(10,918)	(10,762)		(33,097)	(37,756)	
Property management fees	(2,465)	(2,477)		(7,702)	(10,932)	
Other property operating expenses	(24,054)	(19,292)		(53,501)	(57,946)	
Total property operating expenses	(37,437)	(32,531)	15.1	(94,300)	(106,634)	(11.6)
Net property income	25,957	56,209	(53.8)	107,966	200,746	(46.2)

- a. The decrease in gross revenue between YTD September 2014 and YTD September 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)	3rd Qtr 2014	3rd Qtr 2013	Change (%)	YTD Sep 2014	YTD Sep 2013	Change (%)
Utility expenses ^a	(6,996)	(7,715)		(17,581)	(21,959)	
Cleaning expenses ^b	(1,473)	(1,319)		(3,880)	(3,682)	
Property management services ^b	(5,177)	(4,209)		(13,864)	(14,647)	
Repair & maintenance ^c	(4,356)	(1,696)		(7,725)	(6,658)	
Leasing expenses ^d	(4,020)	(2,484)		(8,319)	(7,832)	
Other expenses	(2,032)	(1,869)		(2,132)	(3,168)	
Total other property operating expenses	(24,054)	(19,292)	24.7	(53,501)	(57,946)	(7.7)

- a. The decrease in utility expenses during the period is mainly due to the divestment of Central Plaza and BLP in May 2013 and April 2014, respectively.

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17 Other Property Operating Expenses (Continued)

- b. The increase in cleaning expenses and property management services in 3rd Qtr 2014 as compared to those in 3rd Qtr 2013 is mainly due to the planned ramp up of resources in preparation for the opening of The Place towards end of 2014 for The Place Existing and mid 2015 for The Place Extension.
- c. The increase in repair and maintenance in 3rd Qtr 2014 as compared to those in 3rd Qtr 2013 is mainly attributable to the facility enhancement works made to the office units during the period upon the expiry of the respective leases.
- d. Leasing expenses represent expenditure related to leasing activities which mainly include commission, marketing and legal expenses. Increase in leasing expenses is attributable to the increased leasing activities for The Place.

18 Administrative Expenses

(S\$'000)	3 rd Qtr 2014	3 rd Qtr 2013	Change (%)	YTD Sep 2014	YTD Sep 2013	Change (%)
Bank service charges	(5)	(26)		(49)	(219)	
Property management service expenses ^a	(935)	(519)		(3,097)	(1,682)	
Professional fees ^b	(626)	(503)		(1,667)	(4,777)	
Public relations	(63)	(103)		(362)	(589)	
Depreciation & amortisation charges	(20)	(79)		(117)	(250)	
Unit option cost	-	(101)		-	(363)	
Others	(84)	(1,135)		(842)	(2,455)	
Total administrative expenses	(1,733)	(2,466)	(29.7)	(6,134)	(10,335)	(40.6)

- 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 September 2014 as compared with YTD September 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 moderated further to 7.3% year-on-year ("YoY") in 3rd Qtr 2014, the lowest since 1st Qtr 2009, which was mainly attributable to the decline in property investment. In the near-term, the property sector and its related investment slowdown remain to be the downside risk of the economy. "Targeted easing measures" continue to be put in place to stabilise growth and to support agriculture, micro-firms, public housing and other new growth engines such as internet services and health care.

CPI Inflation averaged 2.0% YoY in 3rd Qtr 2014 as a result of relatively weak domestic demand, far lower than the government full-year inflation control target of 3.5%. With benign CPI inflation, monetary policy will probably be driven less by price concerns and more by financial risk considerations. Retail sales grew by 12.1% YoY in the first eight months of 2014, retreating 0.7 percentage points from the rate seen in the same period of 2013.

The divergence of performance between Puxi (location of all Forterra's office assets) and Pudong Grade A office market in Shanghai demonstrated slight variance during 3rd Qtr 2014. In Puxi, landlords focused on retaining existing high-profile tenants with more willingness to offer discounted rates during leasing renewal. Puxi Grade A rents edged down by 0.9% quarter-on-quarter ("QoQ") to RMB8.8/sqm/day. In Pudong, with increasing demand received from new types of financial service firms, such as internet finance companies, rents maintained their upward trajectory with 1.7% QoQ uplift to RMB10.0/sqm/day. As a result of an influx of supply into Pudong market during 3rd Qtr 2014, vacancy rate ascended to 3.6% from last quarter's 2.4% while vacancy rate in Puxi declined by 2ppts QoQ to 11.4%. Moreover, as it approaches the end of year 2014, most companies will be reviewing/preparing their budget for 2015 thus expecting the office leasing market to be quite static in the coming few months.

Shanghai's retail property market performance was relatively steady with F&B and affordable luxury brands being the more active market players in 3rd Qtr 2014. Landlords of established shopping malls as well as new entrants are continuing to allocate more space to F&B operators for more sustained occupancy levels and footfall amid increasing competition. Although fast fashion brands are still maintaining their expansion plans in Shanghai, they have taken a more conservative approach in the selection of store locations with slow-down in opening speed and adoption to pure turnover rent during leasing negotiations. Average ground floor rent in prime location edged up by 1.4% QoQ to RMB52.4/sqm/day with vacancy down to 4.9% in 3rd Qtr 2014.

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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/recommendeded, a statement to that effect:

Not applicable.

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 September 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 September 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

31 October 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.