

**FORTERRA TRUST
RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014**

Forterra Trust (“Forterra” and / or the “Trust”) is a Singapore listed Business Trust constituted pursuant to a trust deed dated 19 May 2010 (as supplemented by a supplemental trust deed dated 26 February 2013) (the “Trust Deed”). Forterra commenced trading on the Main Board of Singapore Stock Exchange (“SGX”) on 21 June 2010. Established to acquire, develop and manage commercial real estate in China, Forterra Real Estate Pte. Ltd., in its capacity as Trustee Manager of Forterra Trust (the “Board” and / or “Trustee-Manager”) is pleased to announce Forterra’s results for the 3-month period ended 30 September 2014.

Executive Summary

During the third quarter of 2014, the pace of China’s economic growth remained at a moderate rate. Despite the increasing competition in the market, the Trust continues to implement proactive leasing and asset management strategies that delivered stable results for the office portfolio during the quarter.

With regards to The Place, the refurbishment and development work continues to advance as scheduled. For TP1 retail podium, both internal refurbishment and external landscape work were completed with tenants gradually moving in to the premises for tenants fit-out work. For the food street of TP2, internal refurbishment work was accomplished during the quarter and is ready for handover to tenants for fit-out while the external landscape work is well underway. By the end of September 2014, approximately 45% of the aggregate areas of the TP1 retail podium and the food street of TP2 were handed over to tenants with field work commenced. TP1 retail podium and the food street of TP2 will open in December of 2014.



*Installation of THE PLACE logo
on facade completed*



*Tenants fit-out work ongoing
(ZARA, Massimo Dutti & UNIQLO)*

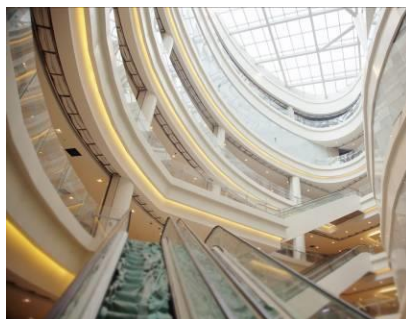
On 21 October 2014, a welcome cocktail reception was hosted for the tenants of The Place to thank them for their continuing cooperation and support, which are important elements for the successful opening and sustainable development of The Place. At the event, the Trust showcased the unique and comprehensive features of its flagship project, The Place, to over 150 guests including potential tenants.



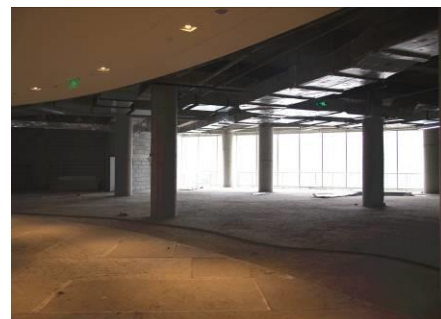
Development work of TP3 is ongoing with the mechanical, electrical & plumbing (“MEP”) work and internal fit-out for both retail podium and office tower substantially completed during the quarter. The fire certificate was obtained on 9 October 2014. The opening of TP3 and the link bridge of TP2 is expected to be mid-year 2015. Management is committed and focused on the successful launch of The Place from December 2014 through mid-year 2015, and continues to prioritise its efforts and resources for delivering a timely and successful opening of The Place.



Retail podium of TP3 upon completion of fire service inspection



Retail atrium of TP 3



Construction site of TP3 retail area



Curtain wall of TP2 link bridge under installation



Construction site of TP3 office area

For the existing two office towers of TP1, because they were built over 13 years ago in 2001, management has adopted an asset upgrade and enhancement plan. This plan has to be undertaken to meet the needs of tenants for a more modern office environment, address additional regulatory requirements, as well as to deliver long term benefits to and provide sustainable development for the properties. The plan is expected to commence in 2015 in phases to minimise disruption to existing operations of the office tenants as well as the opening of the retail podium.

In relation to financing, the Forum convertible bond with the principal amount of S\$59.7 million yielding at 16.75% per annum, which were issued in 2011, were redeemed and repaid upon the maturity on 17 September 2014, for an aggregate principal and accrued interest amount of S\$88.4 million. The Trust drew against a US\$75.0 million (equivalent to approximately S\$94 million¹) unsecured six-month loan facility from an affiliate of Nan Fung International Holdings Limited, the largest unitholder of the Trust, at an interest rate of 10.00% per annum.

The search for a replacement CEO is ongoing. The management of the daily operations of the Trust's business and investments continues and remains focused under the management and guidance of the Executive Committee (the "ExCo") during the interim period.

Highlights as at 30 September 2014

Financial

- As an owner of commercial real estate in China, Forterra's revenues are in RMB and in this context Gross Revenue of RMB63.4 million and Net Property Income of RMB26.0 million was recorded during the period and is detailed in the following table:

NPI Analysis (RMB'000)	3rd Qtr 2014	2nd Qtr 2014	3rd Qtr 2013
Gross Revenue	63,394	66,489	88,740
Business and property related taxes	(10,918)	(11,008)	(10,762)
Property management fees	(2,465)	(2,474)	(2,477)
Other property operating expenses	(24,054)	(11,928)	(19,292)
Total Property Operating Expenses	(37,437)	(25,410)	(32,531)
Net Property Income	25,957	41,079	56,209

NPI Analysis (S'000)	3rd Qtr 2014	2nd Qtr 2014	3rd Qtr 2013
Gross Revenue	12,891	13,427	18,285
Business and property related taxes	(2,220)	(2,223)	(2,228)
Property management fees	(501)	(499)	(517)
Other property operating expenses	(4,901)	(2,393)	(3,976)
Total Property Operating Expenses	(7,622)	(5,115)	(6,721)
Net Property Income	5,269	8,312	11,564

¹ Based on the US\$ to S\$ exchange rate on 4 September 2014, the loan facility execution date.

- Gross revenue of RMB63.4 million or S\$12.9 million was recorded for the 3 months ended 30 September 2014. The reduction in revenue as compared to Q3 2013 was mainly due to termination of rent guarantee for Central Park Mall in August 2013, the sale of BLP in April 2014 and lower occupancy of Huai Hai Mall due to repositioning programme.
- Basic Net Asset Value (“NAV”) of S\$3.93 per unit as at 30 September 2014 (S\$4.68 per unit as at 31 December 2013). The lower NAV was primarily attributable to the change in the fair value of investment properties as at 30 June 2014.

Trust Deed Covenants

- | | |
|---|-----------------------------------|
| • Maximum debt to assets ratio of 45% | - Actual 36.1% (31/12/13 – 32.6%) |
| • Maximum development assets to total assets of 30% | - Actual 20.9% (31/12/13 – 18.2%) |
| • Minimum payout of Distributable Income of 50% | - N.A. (31/12/13 – N.A.) |

Operational

- Committed occupancy for Forterra House and TP1 office towers as at 30 September 2014 remained satisfactory at 96.6% and 88.9% respectively.
- For TP1 retail podium, both internal refurbishment and external landscape work were completed with tenants gradually moving in to the premises for tenants fit-out work. Modification work resulting from fine-tuning of tenant mix and shopping experience upgrade is ongoing.
- For the food street of TP2, the internal refurbishment work was accomplished during the quarter and is ready for handover to tenants for fit-out while the external landscape work is well underway.
- For the link bridge of TP2, the external curtain wall enclosure was substantially completed while the interior fit-out installation is progressing as planned.
- The development work of TP3 is ongoing with the mechanical, electrical & plumbing (“MEP”) work and internal fit-out for both retail podium and office tower substantially completed during the quarter. The fire certificate was obtained on 9 October 2014. Management continues to work on defect verification, system testing and tuning, external landscape as well as the enhancement work resulting from the fine-tuning of tenant mix and shopping experience upgrade.
- As at 30 September 2014, The Place retail pre-commitment remained satisfactory at approximately 90% for TP1, 87% for TP2 and 61% for TP3, of which written confirmation of interest, including leases under detailed negotiation was approximately 85% (TP1), 87% (TP2) and 30% (TP3) respectively with the balance represented by work in progress.

- Despite the challenging market environment observed in Shanghai Puxi, during the quarter, 26 leases were successfully negotiated in the TP1 office portfolio consisting of both new lettings and renewals, producing a 3.7% aggregated per square metre rental uplift over the expiring leases. A selection of leasing activities for this quarter is detailed in the following table:

The Place (Phase 1)	✓ Ingersoll Rand	5,873 sqm (Renewal)
	✓ CH2M Hill Constructors	1,764 sqm (New)
	✓ C&Y Pharmaceutical	1,034 sqm (New)
	✓ Volvo Penta	997 sqm (Renewal)
	✓ ADANI	727 sqm (Renewal)
	✓ United Water	587 sqm (Renewal & Expansion)
	✓ Daikin Hydraulics	587 sqm (New)
	✓ ZhanZhu investment	587 sqm (New)

- With respect to the remainder of Forterra's portfolio:
 - ✓ Huai Hai Mall – Management is currently exploring and reviewing the pre-development plan of the repositioning of the premise with external agents and consultants as well as the local district officials.
 - ✓ Central Park Mall – The committed occupancy for the existing mall at the Phase 1 premise remained flat at 65.7% as at 30 September 2014 (66.3% as at 30 September 2013) while the pre-development work is ongoing with respect to the balance of the development sites.

Capital Markets Activity

There was no capital markets activity during the quarter.

Significant Events Since Period End

There was no significant event to report since the end of the quarter.

Market Conditions²

China's GDP growth moderated further to 7.3% year-on-year ("YoY") in Q3 2014, the lowest since Q1 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. Notably, the home purchase restrictions were relaxed in a number of different cities in order to mitigate further down-side risk of the property market in China.

CPI Inflation averaged 2.0% YoY in Q3 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 12.0% YoY in the first nine months of 2014, retreating 0.9ppts 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 Q3 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 Q3 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 muted 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 Q3 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 adopt 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 Q3 2014.

² Source: CEIC, China National Bureau of Statistics; Jones Lang LaSalle; Savills and in-house research.

Financial – Profit & Loss

(S\$'000)	3 rd Qtr 2014	3 rd Qtr 2013	YTD 2014	YTD 2013
Gross rental income	12,885	18,208	41,328	61,813
Other income	6	77	29	297
Gross revenue	12,891	18,285	41,357	62,110
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)	(19,272)	(21,586)
Net property income	5,269	11,564	22,085	40,524
Other gains	20	4,202	20,336	22,166
Trustee-Manager's fees	(3,308)	(3,648)	(10,138)	(12,378)
Administrative expenses	(1,733)	(2,466)	(6,134)	(10,335)
Other expenses	-	(147)		(147)
Net finance costs	(11,962)	(14,079)	(35,602)	(43,721)
Net foreign exchange gain/(loss)	(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	-	-	(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

Financial – Balance Sheet

Forterra net asset value ("NAV") as at 30 September 2014 was S\$3.93 per unit, a decrease of S\$0.75 per unit to the NAV per unit of S\$4.68 as at 31 December 2013. The lower NAV was primarily attributable to the change in the fair value of investment properties as at 30 June 2014.

As at 30 September 2014, the Trust had total cash holdings equivalent to S\$104.8 million, of which 38.0% was held onshore in China in RMB.

Forterra's direct property loan portfolio as at 30 September 2014 is outlined below.

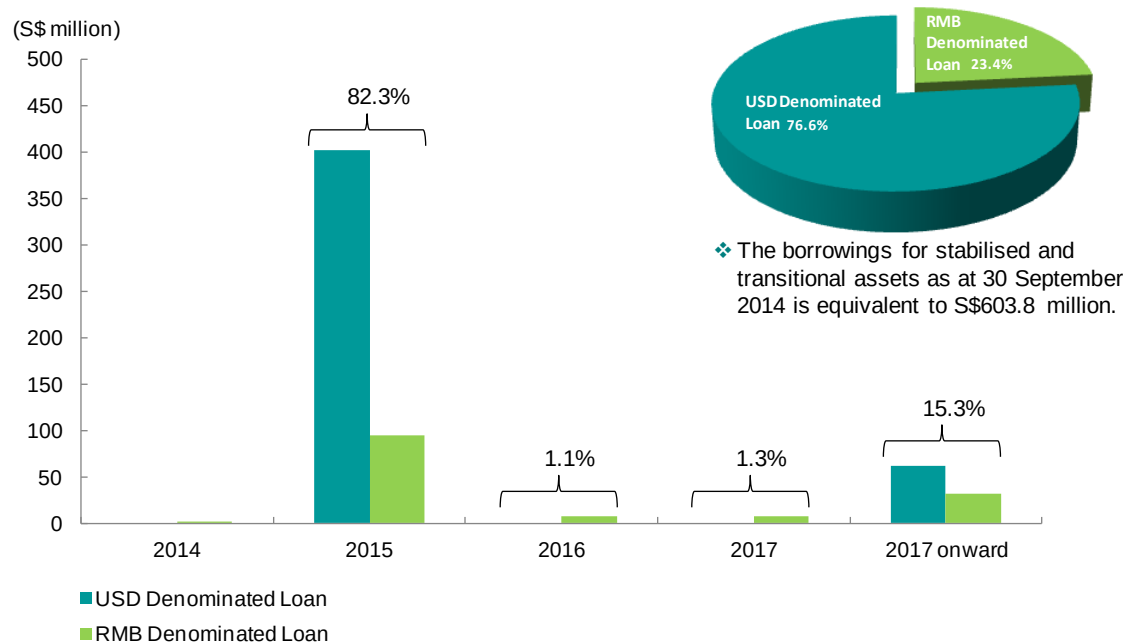
Assets	USD m	RMB m	Total RMB m Equivalent ¹	Gearing % ²
<i>Completed Office/Retail Properties</i>				
The Place Existing - ICBC	267.8	384.9	2,028.7	35.6%
Forterra House - Citic International	47.8	46.0	339.4	51.6%
Central Park Mall - Evergrowing Bank	-	200.0	200.0	38.5%
Huai Hai Mall - Citic International	48.0	50.6	345.3	42.3%
Total Stabilised Portfolio	363.6	681.5	2,913.4	37.9%
<i>Development Property</i>				
The Place Extension - ICBC	-	638.2	638.2	30.5%
Total Development Asset	-	638.2	638.2	30.5%
TOTAL	363.6	1,319.7	3,551.6	36.3%

Notes:

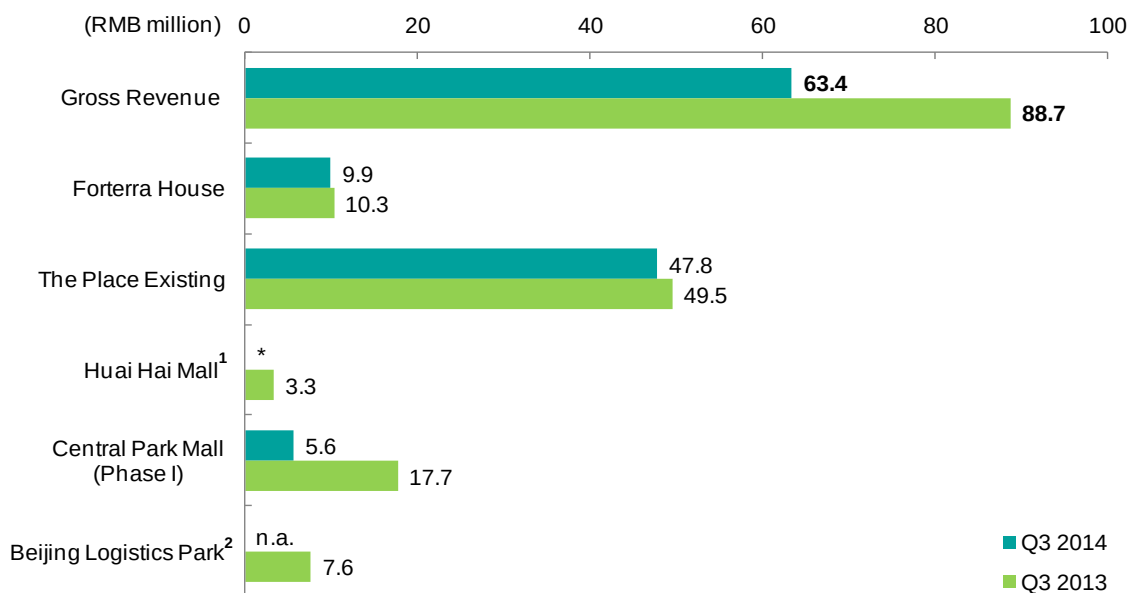
1. USD1 = RMB6.13868 (as at 30 September 2014)

2. Total RMB equivalent loan as at 30/09/14 as a % of total property value as per 30/06/14 valuation plus any development costs for the quarter.

Loan Expiry Profile



Gross Revenue

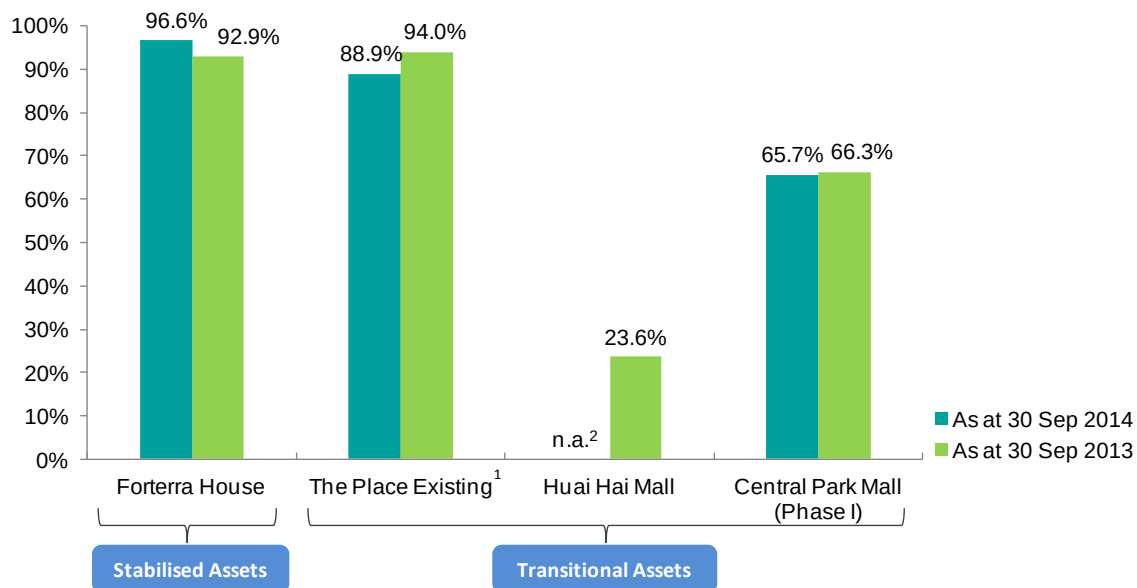


* Represents figure less than one million.

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.

Portfolio Committed Occupancy



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.

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 and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by the Trustee-Manager, or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors will have no right to request that the Trustee-Manager redeem or purchase the Units while the Units are listed on the SGX-ST. It is intended that holders of the Units may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Forterra Trust is not necessarily indicative of the future performance of Forterra Trust.