

Forterra Trust

Q3 2014 Financial Results

31 October 2014

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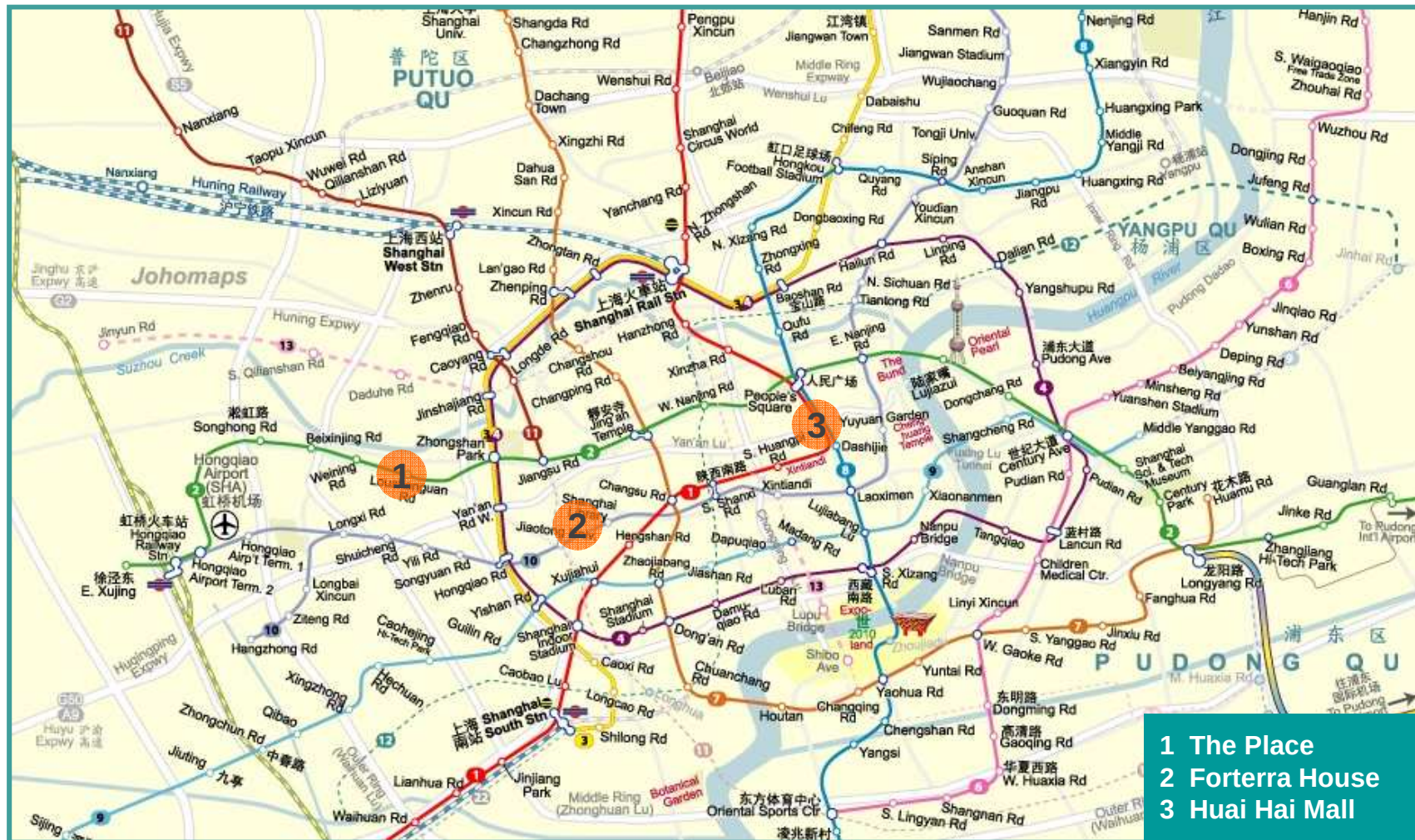
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The Shanghai Portfolio

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%	88.9% 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 September 2014.

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



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Progress for The Place

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

TP1 Retail Podium

- ✓ Internal refurbishment and external landscape work were completed with tenants gradually moving in to the premises for tenants fit-out work.

TP2 The Promenade

- ✓ Internal refurbishment work was accomplished and is ready for handover to tenants for fit-out.
- ✓ External landscape work is well underway.

Leasing & Fit-out Status¹

- ✓ Approx 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.
- ✓ Retail pre-commitment remained satisfactory at approx 90% for TP1 and 87% for TP2, of which written confirmation of interest, including leases under detailed negotiation was approx 85% (TP1) and 87% (TP2) respectively with the balance represented by work in progress.

1. As at 30 September 2014.

Will Open in December 2014

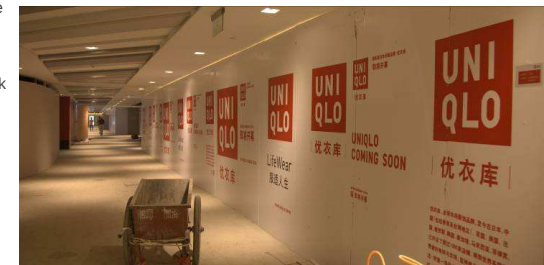


Installation of THE PLACE logo on façade completed



External landscape work of TP1 accomplished

Tenants fit-out work ongoing (ZARA & UNIQLO)



Progress for The Place (Cont'd)

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

TP2 Link Bridge

- ✓ External curtain wall enclosure was substantially completed.
- ✓ Interior fit-out installation is progressing as planned.

TP3 Retail Podium & Office Tower

- ✓ Development work is ongoing with MEP work and internal fit-out substantially completed.
- ✓ Fire certificate was obtained on 9 Oct 2014.

Retail Leasing Status¹

- ✓ Retail pre-commitment reached at approx 61%, of which written confirmation of interest, including leases under detailed negotiation was approx 30% with the balance represented by work in progress.

Expect to Open in Mid-year 2015



Facade installation completed	Retail podium with internal fit-out substantially completed
Curtain wall enclosure substantially completed	TP3 office unit



1. As at 30 September 2014.

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



Supermarket



Food & Beverage



Lifestyle



Kids & Entertainment



Marketing Campaign for The Place

- 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 to over 150 guests including potential tenants.



Asset Upgrade and Enhancement Programme for The Place Two Existing Office Towers

- 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.

Office Tower A&B
under TP Phase 1



Photo taken from lady's restroom



Photo taken from lift lobby

Office Tower C
under TP Phase 3



Photo taken from lady's restroom



Photo taken from lift lobby



Redemption of Forum Convertible Bond

- 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 approx 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.

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

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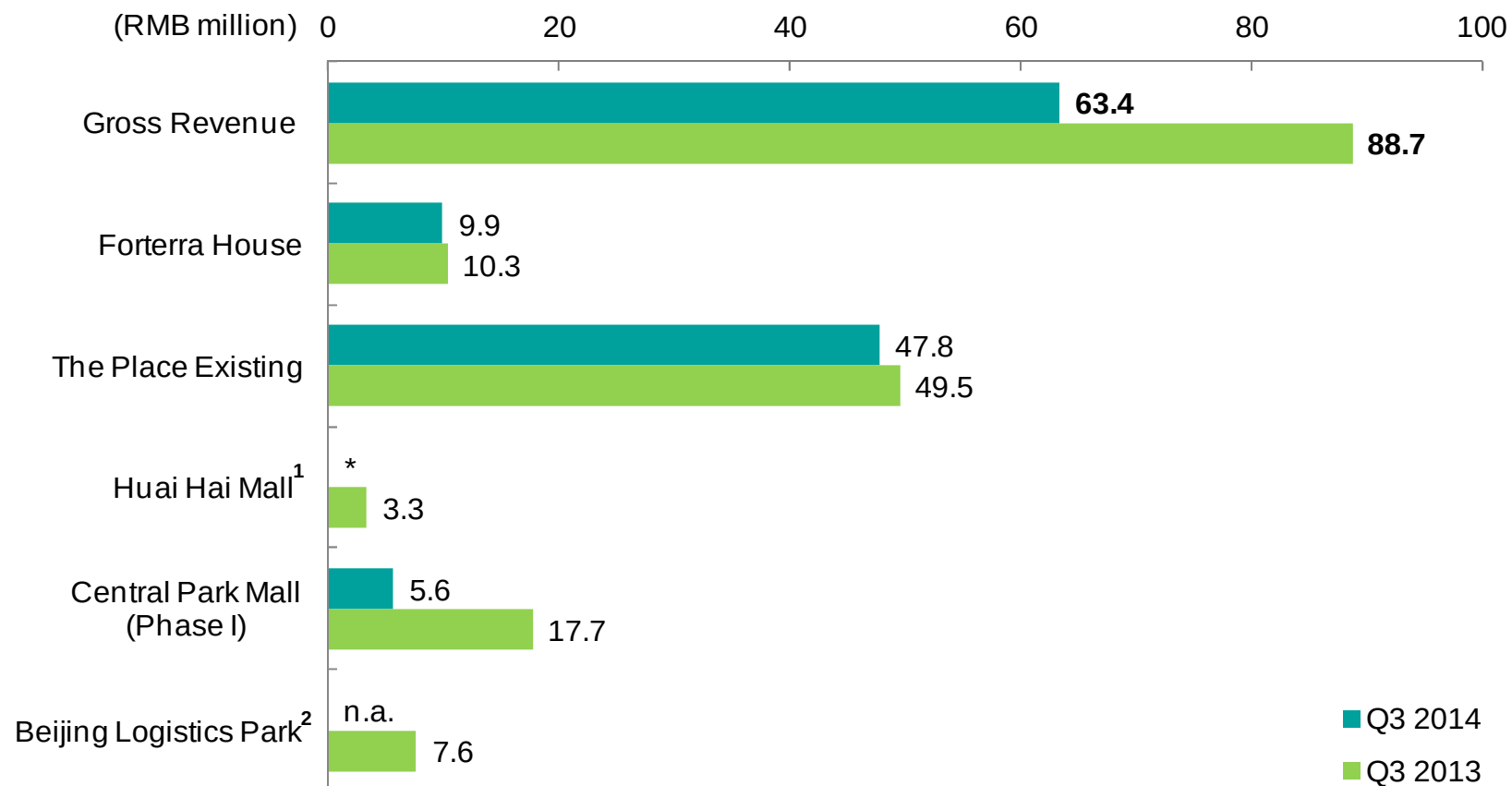
NPI & EPU Analysis

(S\$'000)	3rd Qtr 2014	2nd Qtr 2014	3rd Qtr 2013
Gross Revenue	12,891	13,427	18,285
Total Property Operating Expenses	(7,622)	(5,115)	(6,721)
Net Property Income	5,269	8,312	11,564
Total Profit / (Loss) After Tax Attributable to Trust Unitholders	(19,650)	(138,246)	(2,344)
Diluted Earnings / Unit (EPU) (cents)	(7.7)	(54.4)	(0.9)

(RMB'000)	3rd Qtr 2014	2nd Qtr 2014	3rd Qtr 2013
Gross Revenue	63,394	66,489	88,740
Business and Property Related Tax	(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 (NPI)	25,957	41,079	56,209

- ❖ Revenue declined YoY mainly due to
 - ✓ the termination of rent guarantee for Central Park Mall in August 2013;
 - ✓ the sale of BLP in April 2014; and
 - ✓ nil occupancy of Huai Hai Mall due to repositioning programme.

Gross Revenue – Q3 2014 vs Q3 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.

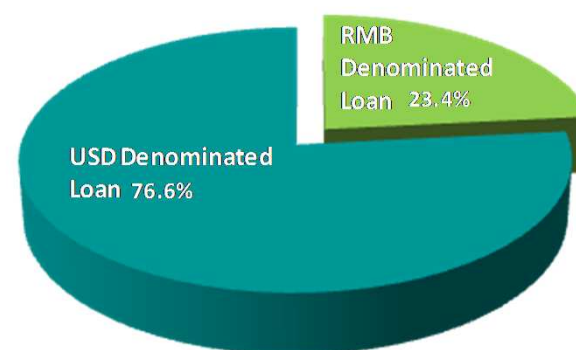
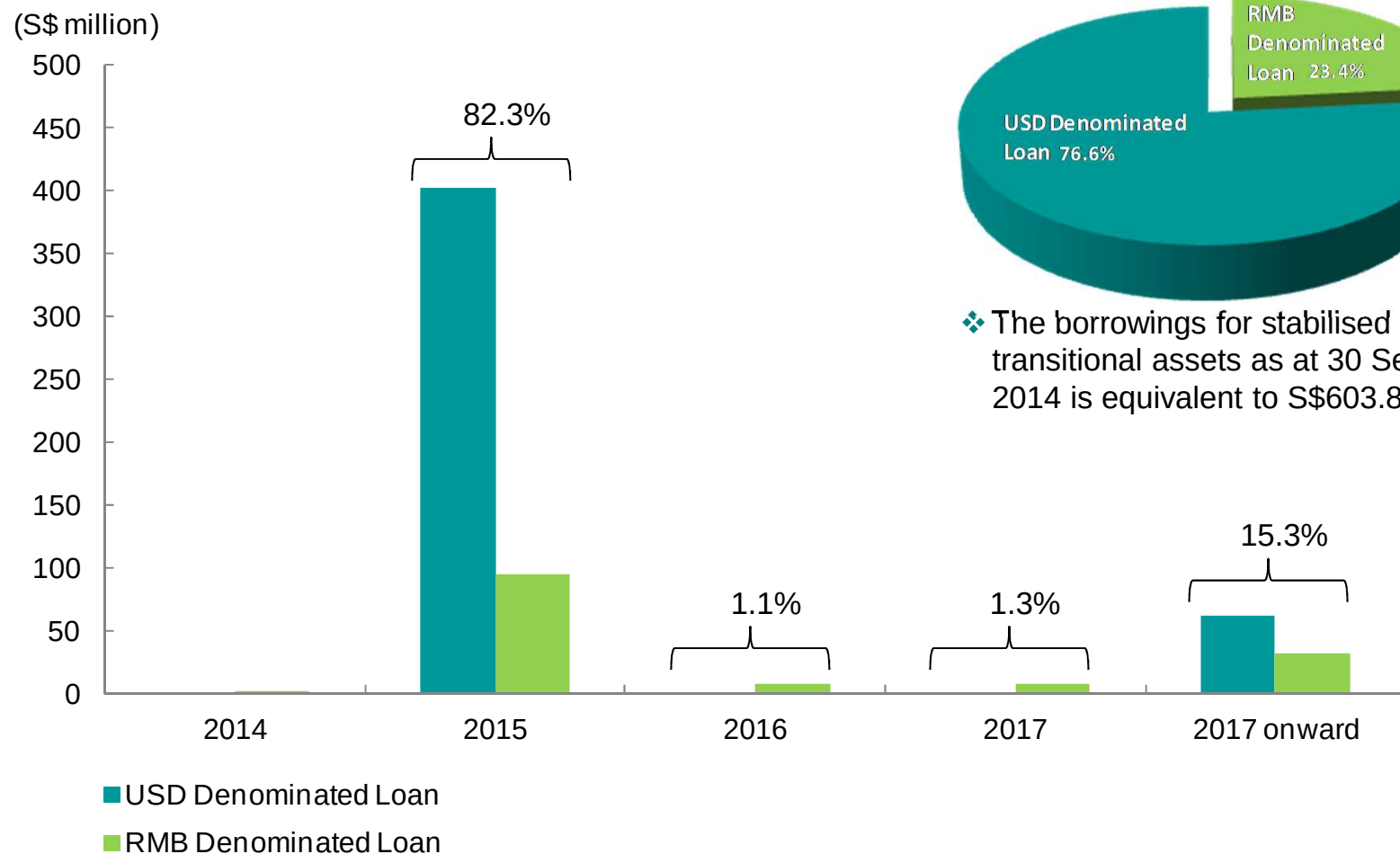
Consolidated Balance Sheet

(S\$ million, except otherwise stated)

	As at 30 Sep 2014	As at 31 Dec 2013
Investment Properties	2,238	2,438
Trade and Other Receivables	34	55
Cash & Cash Equivalents	105	108
Other Assets	1	1
Assets Classified as Held for Sale	-	76
Total Assets	2,378	2,678
Interest-bearing Borrowings	825	709
Convertible Bonds	-	79
Derivative Financial Liabilities	-	*
Deferred Tax Liabilities	332	394
Trade and Other Payables	125	103
Liabilities Classified as Held for Sale	-	70
Total Liabilities	1,282	1,355
Net Assets	1,096	1,323
Units in Issue	253,969,717	253,794,717
Basic NAV per Unit (S\$)	3.93	4.68
Diluted NAV per unit (S\$)	3.90	4.46

* Represents figure less than one million.

Loan Expiry Profile



❖ The borrowings for stabilised and transitional assets as at 30 September 2014 is equivalent to S\$603.8 million.

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Leasing Update of Q3 2014

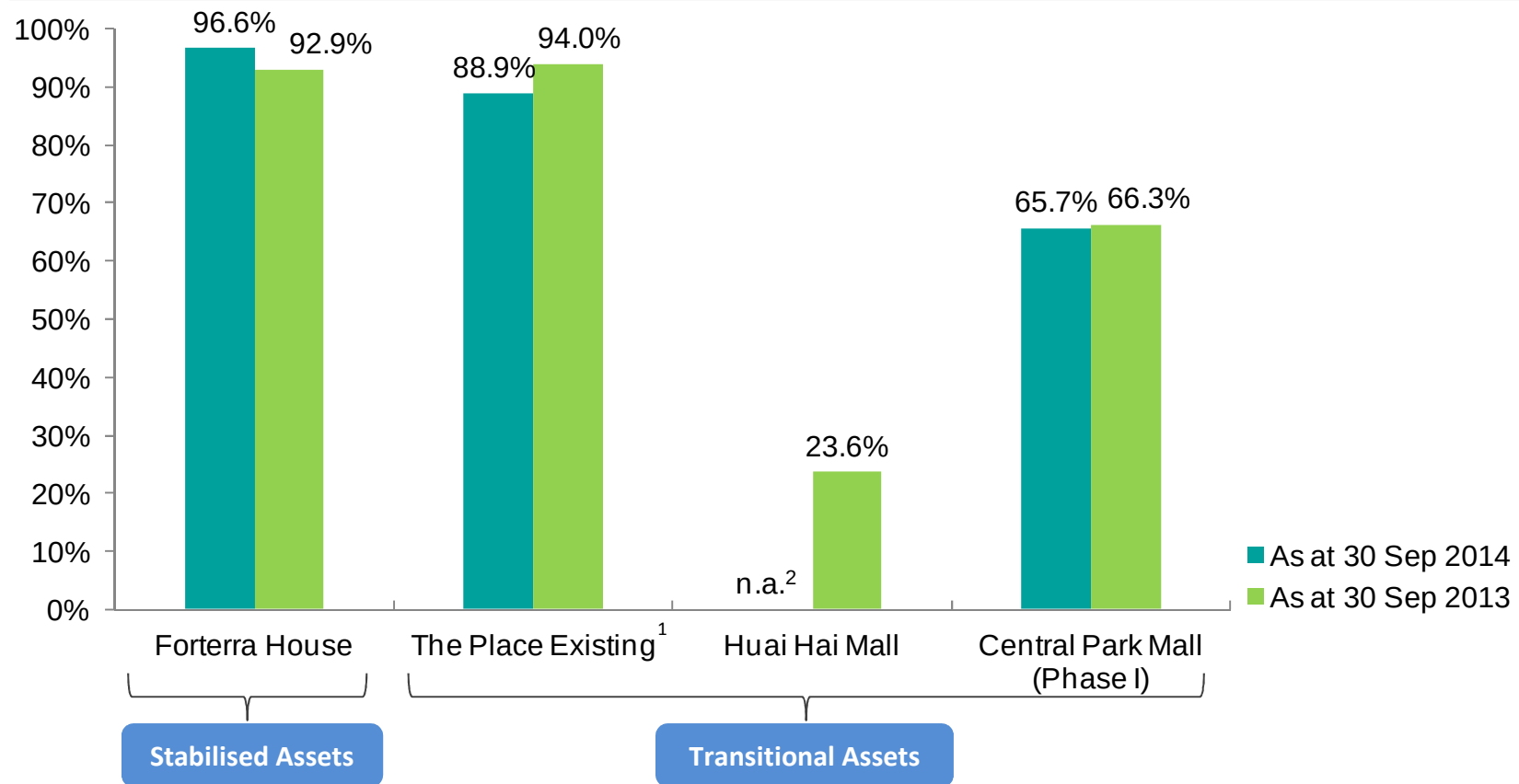
- Despite the challenging market environment observed in Puxi, during the quarter, 26 leases were successfully negotiated in TP1 office portfolio consisting of both new lettings and renewals, producing a 3.7% aggregated per square metre rental uplift over the expiring leases.

Major Transactions in Q3 2014

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

Committed Portfolio Occupancy

- For the third 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.

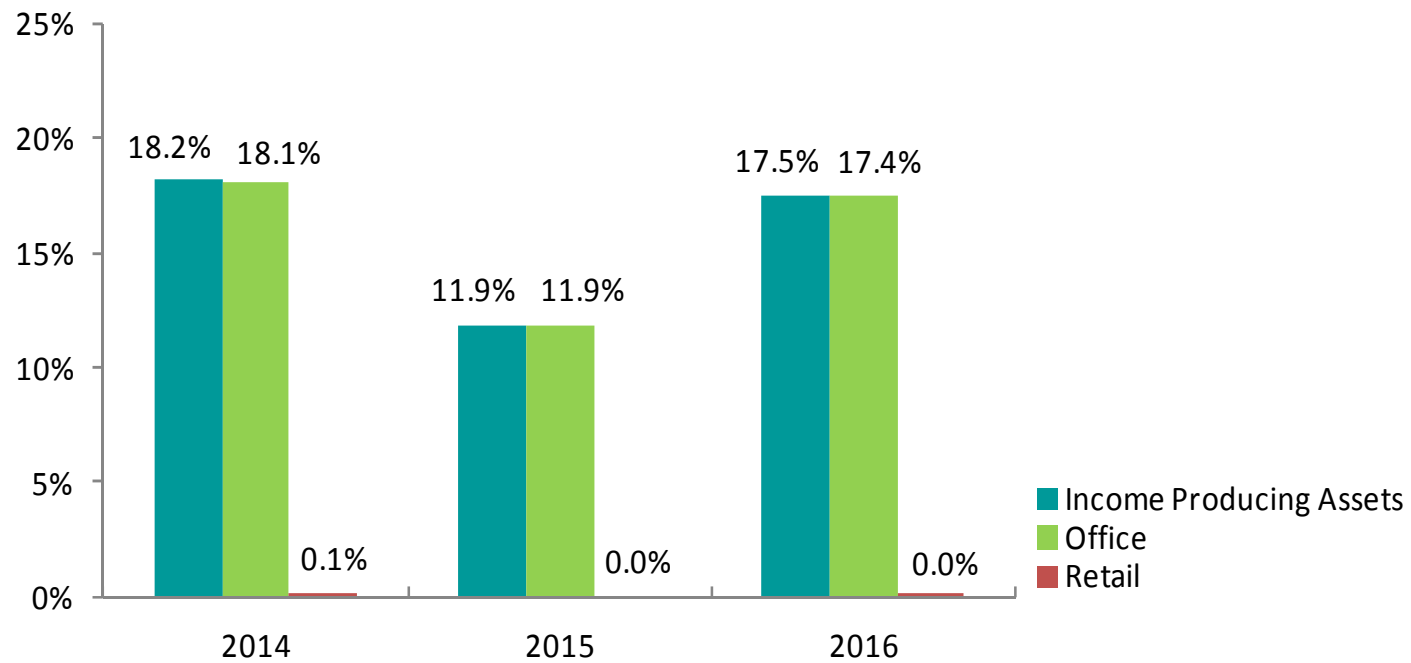


1. Includes the office component of The Place Existing only.

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)



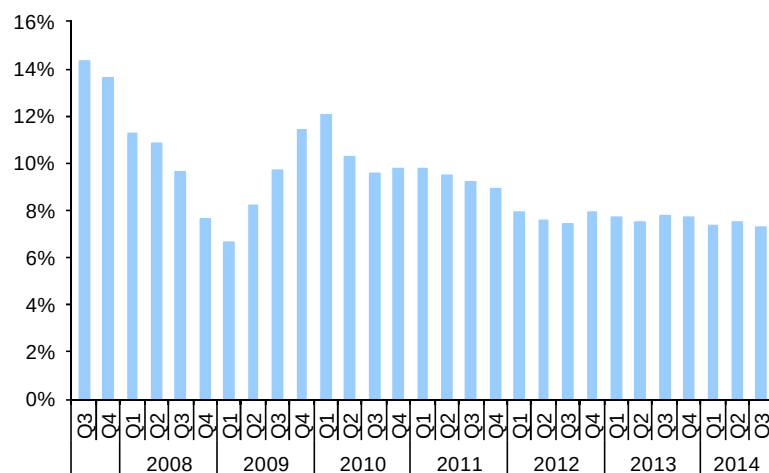
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Macro Economics

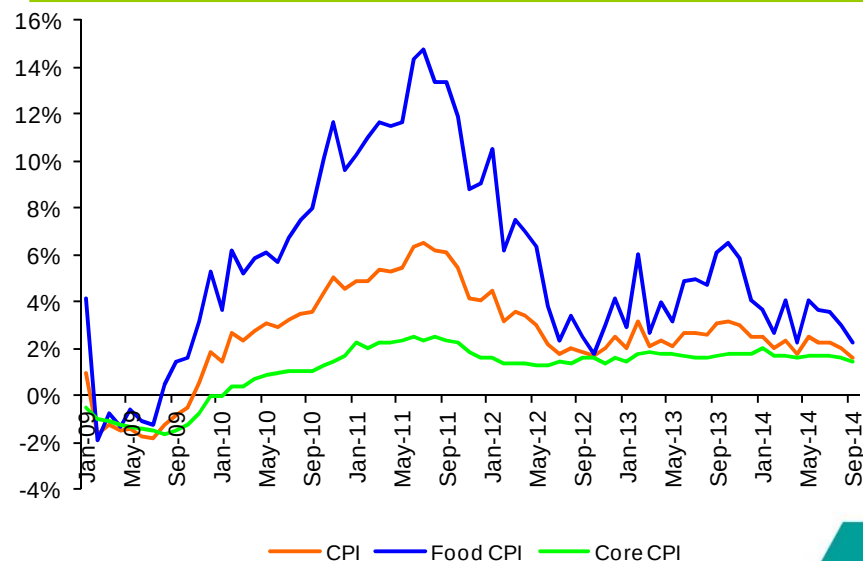
- China's GDP growth moderated further to 7.3% year-on-year ("YoY") in Q3 2014, the lowest since Q1 2009, which was mainly attributable to the decline in property investment.
- "Targeted easing measures" continue to be put in place to stabilise growth and to support agriculture, micro-firms, public housing and other new growth engines such as internet services and health care.
- CPI Inflation averaged 2.0% YoY in 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.

Quarterly GDP Growth – YoY Change



Source: CEIC, National Bureau of Statistics

Monthly CPI – YoY Change

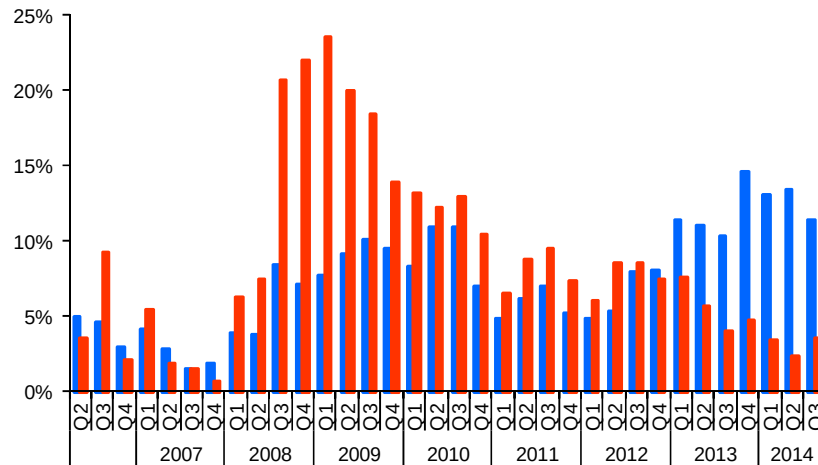


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Shanghai Office Market

- 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%.

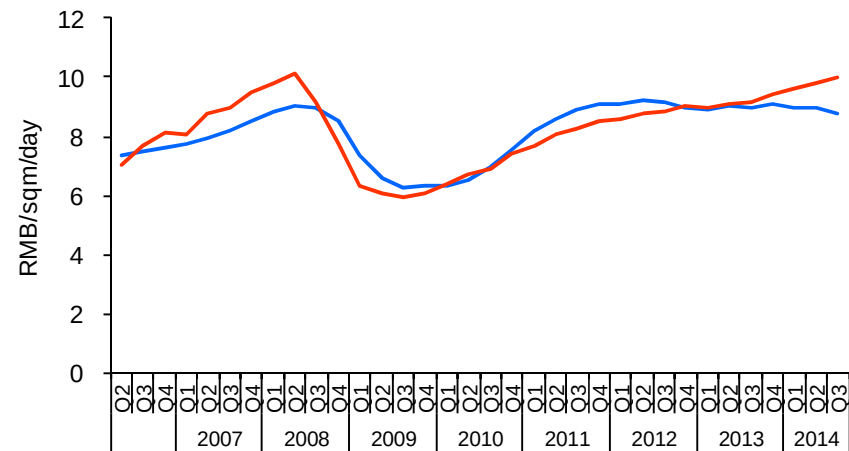
Grade A Office Vacancy – Puxi vs Pudong



Source: Jones Lang LaSalle

■ Puxi ■ Pudong

Grade A Office Rents – Puxi vs Pudong

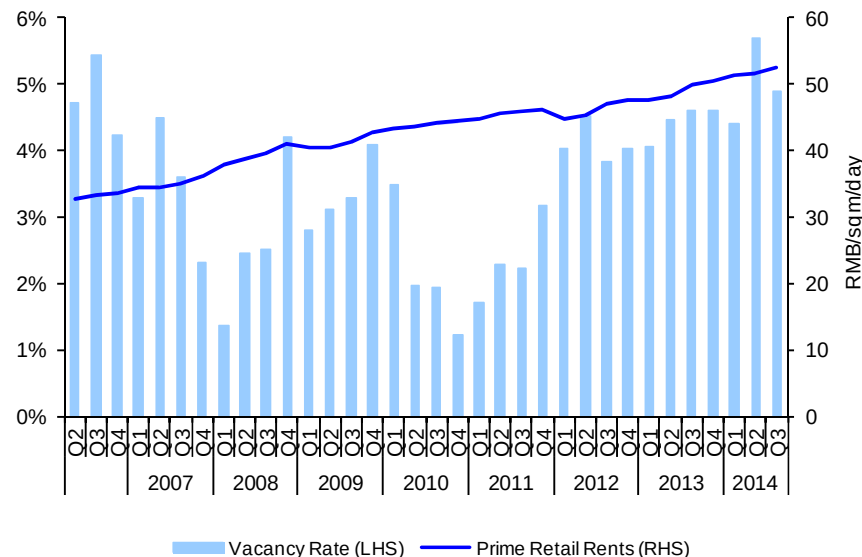


— Puxi — Pudong

Shanghai Retail Market

- 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.

Prime Retail Rents Index and Vacancy



Source: Jones Lang LaSalle

Thank you!