

CIRCULAR DATED 8 DECEMBER 2014

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF CIMB BANK BERHAD, SINGAPORE BRANCH. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Units (as defined herein), you should immediately hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.



FORTERRA TRUST

(formerly known as TREASURY CHINA TRUST)

(Constituted in the Republic of Singapore)

pursuant to a trust deed dated 19 May 2010 and a supplemental trust deed dated 26 February 2013)

MANAGED BY

FORTERRA REAL ESTATE PTE. LTD.

(formerly known as TREASURY HOLDINGS REAL ESTATE PTE. LTD.)

CIRCULAR TO UNITHOLDERS

in relation to the

MANDATORY CONDITIONAL CASH OFFER

by

CREDIT SUISSE (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197702363D

for and on behalf of

NEW PRECISE HOLDINGS LIMITED

(Incorporated in the British Virgin Islands)

Company Registration No. 1767134

for (a) all issued Units, other than those already owned, controlled or agreed to be acquired by the Offeror (as defined herein); and (b) all new units unconditionally issued or to be issued pursuant to the valid exercise, prior to the Closing Date (as defined herein), of any Unit Options (as defined herein)

Independent Financial Adviser to the Independent Directors (as defined herein)



CIMB BANK BERHAD (13491-P)

SINGAPORE BRANCH

(Incorporated in Malaysia)

UNITHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY 5.30 P.M. (SINGAPORE TIME) ON 5 JANUARY 2015 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

"2Q 2014 Statement of Prospects"	:	Shall have the meaning ascribed to it in paragraph 8.6(b) of Appendix II to this Circular
"3Q 2014 Results Announcement"	:	Shall have the meaning ascribed to it in paragraph 8.1 of Appendix II to this Circular
"AR 2013 Statement of Prospects"	:	Shall have the meaning ascribed to it in paragraph 8.6(a) of Appendix II to this Circular
"Assets"	:	Shall have the meaning ascribed to it in paragraph 8.7 of Appendix II to this Circular
"Board"	:	The board of Directors
"Business Trusts Act"	:	The Business Trusts Act (Chapter 31A of Singapore)
"CDP"	:	The Central Depository (Pte) Limited
"CIMB"	:	CIMB Bank Berhad, Singapore Branch, the appointed independent financial adviser to the Independent Directors in relation to the Offer
"Circular"	:	This circular to Unitholders dated 8 December 2014 in relation to the Offer
"Closing Date"	:	5.30 p.m. on 5 January 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgment of acceptances of the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act (Chapter 50 of Singapore)
"Credit Suisse"	:	Credit Suisse (Singapore) Limited
"Despatch Date"	:	20 November 2014, being the date of the Offer Document and the date of the despatch of the Offer Document
"Directors"	:	The directors of the Trustee-Manager as at the Latest Practicable Date
"Distribution"	:	Shall have the meaning ascribed to it in section 2.3 of this Circular
"DTZ"	:	DTZ Debenham Tie Leung International Properties Advisers (Shanghai) Co., Ltd.

“Encumbrances”	:	Shall have the meaning ascribed to it in section 2.3 of this Circular
“Equities”	:	Shall have the meaning ascribed to it in paragraph 8.7 of Appendix II to this Circular
“Excluded Directors”	:	Shall have the meaning ascribed to it in section 7.2 of this Circular
“Excluded Documents”	:	(a) The IFA Letter as set out in Appendix I to this Circular; (b) the report from KPMG in relation to the Statements of Prospects as set out in Appendix VI to this Circular; (c) the letter from CIMB in relation to the Statements of Prospects as set out in Appendix VII to this Circular; and (d) the extracts of the valuation report as set out in Appendix VIII to this Circular
“FAA”	:	Form of Acceptance and Authorisation, applicable to depositors, which forms part of the Offer Document
“FAT”	:	Form of Acceptance and Transfer, applicable to Unitholders whose Units are held in scrip form, which forms part of the Offer Document
“Final Offer Price”	:	Shall have the meaning ascribed to it in section 2.1 of this Circular
“Forterra”	:	Forterra Trust (formerly known as Treasury China Trust)
“Forterra Securities”	:	(a) Units; or (b) convertible securities, warrants, options or derivatives in respect of the Units
“FY”	:	Financial year ended or ending, as the case may be, on 31 December
“Greater China”	:	Shall have the meaning ascribed to it in paragraph 2 of Appendix II to this Circular
“Group”	:	Forterra and its subsidiaries
“IFA Letter”	:	The letter dated 8 December 2014 from CIMB to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular
“Independent Directors”	:	The Directors who are considered independent for the purposes of the Offer as at the Latest Practicable Date, namely Mr. John Lim Kok Min, Mr. Paul Cheng Kwok Kin, Mr. John Lee Ting Kong, Dr. Tan Khee Giap and Mr. Yoon Wai Nam
“KPMG”	:	KPMG LLP

"Latest Practicable Date"	:	27 November 2014, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The listing manual of the SGX-ST, as amended up to the Latest Practicable Date
"Market Day"	:	A day on which the SGX-ST is open for trading of securities
"Nan Fung"	:	Nan Fung International Holdings Limited
"Offer"	:	The mandatory conditional cash offer made by Credit Suisse, for and on behalf of the Offeror, for all the Offer Units on the terms and subject to the conditions set out in the Offer Document (as revised by the Revised Offer Notification), the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"Offer Announcement"	:	The announcement relating to the Offer released by Credit Suisse, for and on behalf of the Offeror, on the Offer Announcement Date
"Offer Announcement Date"	:	4 November 2014, being the date of the Offer Announcement
"Offer Document"	:	The offer document dated 20 November 2014 and any other document which may be issued by Credit Suisse, for and on behalf of the Offeror, to amend, revise, supplement or update the offer document from time to time
"Offer Document Despatch Announcement"	:	The announcement dated 20 November 2014 by Credit Suisse, for and on behalf of the Offeror, in relation to the despatch of the Offer Document
"Offer Document LPD"	:	17 November 2014, being the latest practicable date prior to the printing of the Offer Document
"Offer Units"	:	Shall have the meaning ascribed to it in section 2.2 of this Circular
"Offeror"	:	New Precise Holdings Limited
"Offeror Securities"	:	(a) Offeror Shares; (b) securities which carry substantially the same rights as any Offeror Shares; and (c) convertible securities, warrants, options and derivatives in respect of any Offeror Shares or such securities in (b)
"Offeror Shares"	:	Ordinary shares in the capital of the Offeror
"Original Offer Price"	:	S\$1.85 in cash for each Offer Unit

“Overseas Unitholders”	:	Unitholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP
“Properties”	:	The investment properties of the Group
“Register”	:	The register of holders of the Units, as maintained by the Registrar
“Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Revised Offer Announcement”	:	Shall have the meaning ascribed to it in section 1.3 of this Circular
“Revised Offer Notification”	:	Shall have the meaning ascribed to it in section 1.3 of this Circular
“RMB”	:	Renminbi, being the lawful currency of the People’s Republic of China
“SFA”	:	The Securities and Futures Act (Chapter 289 of Singapore)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SIC”	:	Securities Industry Council of Singapore
“Statements of Prospects”	:	Shall have the meaning ascribed to it in paragraph 8.6(b) of Appendix II to this Circular
“Trust Deed”	:	The deed of trust constituting Forterra dated 19 May 2010 executed by the Trustee-Manager and supplemented by a first supplemental deed dated 26 February 2013
“Trustee-Manager”	:	Forterra Real Estate Pte. Ltd. (formerly known as Treasury Holdings Real Estate Pte. Ltd.), as trustee manager of Forterra
“Unit Options”	:	Unit options granted under the Forterra Unit Option Scheme
“Unitholders”	:	Persons who are registered as holders of Units in the Register and depositors who have Units entered against their names in the Depository Register
“Units”	:	Units in Forterra
“\$” or “S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%”	:	Per centum or percentage

Unless otherwise defined, the term “**acting in concert**” shall have the meaning ascribed to it in the Code.

The terms “**depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Section 5 and Section 6 of the Companies Act. The expression “**associated company**” in relation to the Group, shall mean a corporation in which the Group holds, directly or indirectly, at least 20% but not more than 50% of its issued shares.

References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Unitholders.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one (1) gender shall include the other gender. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Business Trusts Act, the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Business Trusts Act, the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures may have been adjusted to ensure that totals reflect an arithmetic aggregation of the figures that precede them, as the case may be.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Trust Deed are set out in this Circular within quotes and/or in italics, and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Trust Deed respectively.

In this Circular, any reference to the total number of issued Units is a reference to 257,019,717 issued Units as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Trustee-Manager’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Unitholders should not place undue reliance on such forward-looking statements, and neither the Trustee-Manager nor CIMB assumes any obligation to update publicly or revise any forward-looking statement.

SUMMARY TIMETABLE

Date of despatch of Offer Document	:	20 November 2014
Date of despatch of Revised Offer Notification	:	26 November 2014
Date of despatch of Circular	:	8 December 2014
Closing Date	:	5.30 p.m. on 5 January 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for lodgment of acceptances of the Offer
Date of settlement of consideration for valid acceptances of the Offer ⁽¹⁾	:	In respect of acceptances of the Offer which are complete and valid in all respects and are received on or before 24 November 2014 (being the date on which the Offer was declared to be unconditional in accordance with its terms), within 10 days of that date In respect of acceptances of the Offer which are complete and valid in all respects and are received after 24 November 2014 (being the date on which the Offer was declared to be unconditional in accordance with its terms), but before the Offer closes, within 10 days of the date of such receipt

Note:

- (1) Please refer to paragraph 4.2 of the Revised Offer Notification and paragraph 2.1 of appendix 1 to the Offer Document for further details.

FORTERRA REAL ESTATE PTE. LTD.

(as trustee-manager of Forterra Trust)

LETTER TO UNITHOLDERS FROM THE BOARD

Board of Directors of the Trustee-Manager:

Mr. Eric Chung Chun Kwong (Chairman, Non-Executive & Non-Independent Director)
Mr. John Lim Kok Min (Lead Independent Director)
Mr. Paul Cheng Kwok Kin (Independent Non-Executive Director)
Mr. John Lee Ting Kong (Independent Non-Executive Director)
Dr. Tan Khee Giap (Independent Non-Executive Director)
Mr. Yoon Wai Nam (Independent Non-Executive Director)
Mr. Vincent Cheung Sai Sing (Non-Executive & Non-Independent Director)
Mr. Nelson Tang Chun Wai (Non-Executive & Non-Independent Director)

Registered Office:

65 Chulia Street
#43-08 OCBC Centre
Singapore 049513

8 December 2014

To: Unitholders

Dear Sir/Madam

MANDATORY CONDITIONAL CASH OFFER BY CREDIT SUISSE FOR AND ON BEHALF OF THE OFFEROR

1. BACKGROUND

1.1 Offer Announcement

On the Offer Announcement Date, Credit Suisse, for and on behalf of the Offeror, announced, *inter alia*, that the Offeror intends to make a mandatory conditional cash offer to acquire all the Offer Units (as defined in section 2.2 of this Circular).

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document

Unitholders should have by now received a copy of the Offer Document, as announced by Credit Suisse to have been despatched on 20 November 2014, setting out, *inter alia*, the terms and conditions of the Offer.

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.3 Revised Offer

On 24 November 2014, Credit Suisse, for and on behalf of the Offeror, announced, *inter alia*, (a) the revision of the Original Offer Price to the Final Offer Price and (b) the Offer being declared unconditional in all respects (the "**Revised Offer Announcement**").

On 26 November 2014, Credit Suisse, for and on behalf of the Offeror, announced that a written notification (the “**Revised Offer Notification**”) setting out, *inter alia*, details relating to the revision of the Original Offer Price has been despatched to the Unitholders.

Copies of the Revised Offer Announcement and the Revised Offer Notification are available on the website of the SGX-ST at www.sgx.com.

The principal terms and conditions of the Offer are set out in the Revised Offer Notification, section 2 of the letter to Unitholders in the Offer Document and appendix 1 to the Offer Document. **Unitholders are urged to read the terms and conditions of the Offer set out in the Offer Document and the Revised Offer Notification carefully.**

1.4 Purpose of the Circular

The purpose of this Circular is to provide Unitholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of CIMB to the Independent Directors in respect of the Offer.

Unitholders should read the Offer Document, the Revised Offer Notification, this Circular and the IFA Letter set out in Appendix I to this Circular carefully and consider the recommendation of the Independent Directors and the advice of CIMB to the Independent Directors before deciding whether or not to accept the Offer.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

Based on the information set out in the Offer Document, Credit Suisse has, for and on behalf of the Offeror, made the Offer in accordance with Section 139 of the SFA and Rule 14 of the Code, to acquire all the Offer Units on the terms and subject to the conditions set out in the Offer Document, the FAA and FAT on the basis reproduced below.

2.1 Final Offer Price

Section 2.2 of the Revised Offer Notification states that the consideration for each Unit is as follows:

For each Offer Unit: S\$2.25 in cash (the “**Final Offer Price**”).

The Final Offer Price shall be available to all holders of Offer Units, including those who have tendered Offer Units in acceptance of the Offer.

Section 2.3 of the Revised Offer Notification states that the Offeror will not further revise the Final Offer Price. In accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently increase the Final Offer Price in any way.

2.2 Offer Units

Section 2.2 of the letter to Unitholders in the Offer Document states that the Offer is extended to:

- (a) all issued Units, other than those already owned, controlled or agreed to be acquired by the Offeror; and

- (b) all new units unconditionally issued or to be issued pursuant to the valid exercise, prior to the Closing Date, of any Unit Options,

(collectively, the “**Offer Units**”).

2.3 No Encumbrances

Section 2.3 of the letter to Unitholders in the Offer Document states that the Offer Units will be acquired (a) fully paid; (b) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing (“**Encumbrances**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) (“**Distribution**”) declared, paid or made by Forterra on or after the Offer Announcement Date.

2.4 Adjustments for Distribution

Section 2.4 of the Revised Offer Notification states that if any Distribution is declared, paid or made by Forterra on or after the date of the Revised Offer Announcement and the Offeror is not entitled to receive and retain such Distribution in full in respect of any Offer Unit tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Final Offer Price payable in respect of such Offer Unit by the amount of such Distribution.

2.5 No Options Offer

Section 4 of the letter to Unitholders in the Offer Document states that as at the Offer Document LPD, based on the latest information available to the Offeror, Forterra has granted 2,510,000 outstanding Unit Options exercisable in respect of an aggregate of 2,510,000 new units. Under the rules of the Forterra Unit Option Scheme, the Unit Options are personal to the holders thereof and are not freely transferable, except with the prior approval of the Unit Option Scheme Committee of Forterra. Accordingly, in view of this restriction, the Offeror will not make an offer to acquire the Unit Options. For the avoidance of doubt, the Offer will be extended to all new units unconditionally issued or to be issued pursuant to the valid exercise of any Unit Options prior to the Closing Date.

2.6 Warranty

Section 3 of the letter to Unitholders in the Offer Document states that a Unitholder who tenders his Offer Units in acceptance of the Offer will be deemed to warrant that he sells such Offer Units as or on behalf of the beneficial owner(s) thereof, (a) fully paid; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distribution (if any) declared, paid or made by Forterra on or after the Offer Announcement Date.

2.7 Offer Declared Unconditional

Section 4 of the Revised Offer Notification states that as the Offeror has acquired more than 50 per cent. of the maximum potential total units in Forterra and the Offer is not subject to any other conditions, the Offer has become unconditional in all respects on 24 November 2014.

Appropriate payment to Unitholders who have validly accepted the Offer on or before the date of the Revised Offer Announcement will be made within 10 days of the Revised Offer Announcement. Unitholders who have earlier accepted the Offer will receive the Final Offer Price per Offer Unit.

2.8 Duration of the Offer

As set out in section 5 of the Revised Offer Notification, pursuant to Rule 22.6 of the Code, after an offer has become or is declared unconditional as to acceptances, the offer must remain open for acceptance for not less than 14 days after the date on which the offer would otherwise have closed.

Accordingly, the Closing Date of the Offer has been extended from 5.30 p.m. (Singapore time) on 18 December 2014 to 5.30 p.m. (Singapore time) on 5 January 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.9 Details of the Offer

The Offer is made in accordance with the principal terms and conditions as set out in the Offer Document, as revised by the Revised Offer Notification. Further details on, *inter alia*, (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer are set out in appendix 1 to the Offer Document.

2.10 Procedures for Acceptance

Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer. In addition, paragraph 7.1 of the Revised Offer Announcement states that Unitholders can continue to use the FAA (for depositors) and FAT (for scripholders) to accept the Offer on its revised terms as set out in the Revised Offer Announcement. No revised or new relevant acceptance form would be sent to Unitholders.

3. INFORMATION ON THE OFFEROR AND NAN FUNG

The information on the Offeror and Nan Fung is set out in section 7 of the letter to Unitholders in the Offer Document and reproduced in italics below:

“7.1 The Offeror. *The Offeror is a company incorporated in the British Virgin Islands on 28 March 2013, and its principal activity is investment holding. As at the Latest Practicable Date, it has an issued and paid-up share capital of US\$1,000.00 and is an indirect wholly-owned subsidiary of Nan Fung. The directors of the Offeror are Mr. Eric Chung Chun Kwong, Mr. Vincent Cheung Sai Sing and Mr. Benson Chu Wai Ming. Mr. Nelson Tang Chun Wai is an alternate director to Mr. Vincent Cheung Sai Sing.*

7.2 Nan Fung. *Nan Fung is a company incorporated in the British Virgin Islands. Nan Fung and its subsidiaries (collectively, “NF Group”) is one of the largest privately-owned property developers in Hong Kong, with over 47 years of experience in real estate development in Hong Kong and over 20 years in China. Major business activities of the NF Group are, without limitation, real estate development and investment, hotel and hospitality, construction, property management and financial investment. In China, Nan Fung currently has participated in a number of projects in various regions, including without limitation, Shanghai, Guangzhou, Wuxi, Dalian,*

Tianjin and Sanya. Other than Hong Kong and China, Nan Fung also has investments in, without limitation, Singapore, Malaysia, South Korea, the United Kingdom, the United States and New Zealand. NF Group is also the second largest shareholder of a Hong Kong listed company, Sino-Ocean Land Holdings Limited (HKEX stock code: 3377).

As at the Latest Practicable Date, the directors of Nan Fung are Ms. Vivien Chen Wai Wai, Mr. Frank Seto Kai Shui, Mr. Leung Kam Chung, Mr. Eric Chung Chun Kwong, Mr. Vincent Cheung Sai Sing, Mr. Donald Choi Wun Hing and Mr. Cheung Pui Kuen.

Appendix 3A and Appendix 3B to this Offer Document sets out additional information on the Offeror and Nan Fung, respectively.”

4. IRREVOCABLE UNDERTAKINGS

Section 13.3 of the letter to Unitholders in the Offer Document states that none of the Offeror or persons acting or deemed to be acting in concert with the Offeror has received any irrevocable undertaking from any party to accept the Offer as at the Offer Document LPD.

5. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTIONS IN RELATION TO FORTERRA

5.1 Rationale for the Offer and the Offeror’s Intentions in relation to Forterra

The rationale for the Offer and the Offeror’s intentions in relation to Forterra are set out in sections 9 and 10 of the letter to Unitholders in the Offer Document and reproduced in italics below:

“9. RATIONALE FOR THE OFFER

The Offeror is making the Offer in compliance with the requirements of the Code, as the Offeror together with any other Relevant Persons hold an aggregate of 79,133,379 Units (including the units issued pursuant to the Option Exercise), representing approximately 30.79% of the Resultant Issued Units.

10. OFFEROR’S INTENTIONS IN RELATION TO FORTERRA

10.1 Offeror’s Future Plans for Forterra. *It is the current intention of the Offeror that Forterra continues with its existing activities and there are presently no plans to (a) introduce any major changes to the business or operations of Forterra, (b) re-deploy any of the fixed assets of Forterra or (c) discontinue the employment of any of the existing employees of Forterra and/or of its subsidiaries, other than in the ordinary course of business. The Offeror however reserves the right and discretion, subsequent to the Offer, to conduct a review of Forterra’s management and operations and to evaluate any options or opportunities in relation to Forterra which may present themselves which the Offeror regards to be in the best interests of Forterra.”*

5.2 Listing Status and Compulsory Acquisition

The Offeror's intentions in relation to the listing status and compulsory acquisition of Forterra are set out in sections 10.2 to 10.4 of the letter to Unitholders in the Offer Document and reproduced in italics below:

"10.2. Listing Status of Forterra. *Under Rule 723 of the Listing Manual, Forterra must ensure that at least 10 per cent. of the total number of Units is at all times held by the public (the "Unitholding Requirement"). Under Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the Units, the SGX-ST may suspend the trading of the Units on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the issued Units are held by at least 500 Unitholders who are members of the public. In addition, under Rule 724 of the Listing Manual, if the Unitholding Requirement is not complied with, Forterra must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Units on the SGX-ST. Rule 725 of the Listing Manual states that the SGX-ST may allow Forterra a period of three months, or such longer period as the SGX-ST may agree, for the proportion of the Units held by members of the public to be raised to at least 10 per cent., failing which Forterra may be de-listed from the SGX-ST.*

The Offeror does not have any present intention to actively pursue the delisting of Forterra from the Mainboard of the SGX-ST. However, in the event that the Unitholding Requirement is not satisfied at the Closing Date, and the SGX-ST suspends trading in the Units, the Offeror does not currently intend to support any action or take any steps to maintain the listing status of Forterra on the SGX-ST. The Offeror reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.

10.3 Compulsory Acquisition Rights. *Pursuant to Section 40A(1) of the Business Trusts Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Units during the offer period otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent of the total number of Units in issue as at the Closing Date (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Offer Units held by Unitholders who have not accepted the Offer ("Dissenting Unitholders").*

In such event, the Offeror's present intention is to exercise its right to compulsorily acquire all the Offer Units not acquired under the Offer and proceed to delist Forterra from the SGX-ST. The Offeror however reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.

10.4 Dissenting Unitholders' Rights. *In addition, Dissenting Unitholders have the right under and subject to Section 40A(4) of the Business Trusts Act to require the Offeror to acquire their Units at the Offer Price in the event that the Offeror or its nominees acquire, pursuant to the Offer, such number of Units which, together with the Units held by the Offeror, its related corporations and/or their respective nominees, comprise 90 per cent. or more of the total number of Units in issue. Dissenting Unitholders who wish to exercise such rights are advised to seek their own independent legal advice."*

6. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Forterra Securities as at the Latest Practicable Date are set out in Appendix II to this Circular.

7. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

7.1 Appointment of Independent Financial Adviser

CIMB has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer.

7.2 Independent Directors

Mr. John Lim Kok Min, Mr. Paul Cheng Kwok Kin, Mr. John Lee Ting Kong, Dr. Tan Khee Giap and Mr. Yoon Wai Nam are considered independent for the purposes of the Offer and are required to make a recommendation to Unitholders in respect of the Offer. As each of Mr. Eric Chung Chun Kwong, Mr. Vincent Cheung Sai Sing and Mr. Nelson Tang Chun Wai (the “**Excluded Directors**”) is acting in concert with the Offeror in connection with the Offer, he will face conflicts of interest in relation to the Offer that would render it inappropriate for him to join the Independent Directors in making a recommendation to Unitholders in connection with the Offer. The SIC had ruled on 3 November 2014 that the Excluded Directors are exempted from the requirement to make a recommendation on the Offer.

All the Directors (including, for the avoidance of doubt, the Excluded Directors) are jointly and severally responsible for the accuracy of facts stated and completeness of the information given by the Trustee-Manager to Unitholders on the Offer, including information contained in announcements and documents issued by or on behalf of Forterra in connection with the Offer.

7.3 CIMB's Advice to the Independent Directors in relation to the Offer

The advice of CIMB to the Independent Directors on the Offer is set out in the IFA Letter annexed as Appendix I to this Circular.

The advice of CIMB to the Independent Directors in respect of the Offer has been extracted from the IFA Letter and is reproduced in italics below:

“10. CIMB'S ADVICE ON THE OFFER

After carefully considering all available information and based on our assessment of the financial terms of the Revised Offer, we are of opinion that on balance, the financial terms of the offer are not fair but reasonable.

Accordingly, in light of our analysis above, we advise the Independent Directors to recommend Unitholders who are not prepared to accept the uncertainties facing the future prospects of Forterra and/or who wish to take this opportunity to realise their investments in Forterra, to accept the offer or to sell their Units in the open market if they can obtain a price higher than the Final Offer Price (after deducting all related expenses).

We wish to highlight to Unitholders who elect to retain their unitholding in Forterra that:

- (i) It is likely that the market price of the Units as at the Latest Practicable Date is highly influenced by the Revised Offer and may not be maintained at such levels after the close of the Revised Offer;*
- (ii) The average daily trading volume of the Units has declined from a 3-year average daily trading volume of 116,030 units to about 63,421 Units over the more recent 1-month period prior to the Offer Announcement Date;*
- (iii) The average daily trading volume of the Units from the Offer Announcement Date to the Latest Practicable Date is approximately 2,467,833 Units, which is higher than the average daily trading volume of the Units over the last 1 year leading up to the Offer Announcement Date. It is likely that the higher average daily trading volume since the Offer Announcement Date may be due to the Revised Offer and may not be maintained at the same level after the close of the Revised Offer; and*
- (iv) The other considerations highlighted in this letter, including those under Section 8.11 “Other Relevant Considerations” with respect to the High Gearing Ratio and the Development Risks.*

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise that any individual Unitholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Unitholders should note that the opinion and advice of CIMB should not be relied upon by any Unitholder as the sole basis for deciding whether or not to accept the Revised Offer.”

Unitholders should read and consider carefully the full text of the IFA Letter.

7.4 Recommendation of the Independent Directors

The Independent Directors, having considered carefully the terms of the Offer and the advice given by CIMB to the Independent Directors in the IFA Letter, concur with CIMB’s opinion of the financial terms of the Offer and its recommendation therein. **Accordingly, the Independent Directors recommend that Unitholders (a) who are not prepared to accept the uncertainties facing the future prospects of Forterra and/or (b) who wish to take this opportunity to realise their investments in Forterra, to accept the offer or to sell their Units in the open market if they can obtain a price higher than the Final Offer Price (after deducting all related expenses).**

In addition, the Independent Directors would draw the attention of the Unitholders to the following factors:

- (a) as at the Latest Practicable Date, the Offeror owns or controls approximately 72.65% of the total number of issued Units, and has statutory control of Forterra, which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of Forterra and is in a position to pass all ordinary resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Unitholders; and

- (b) trading in the Units may be suspended if the unitholding spread requirement of the SGX-ST is not met. In the event that the unitholding requirement is not met at the Closing Date, the Offeror has indicated that its current intention is not to support any action or take any steps to maintain the listing status of Forterra on the SGX-ST. The Offeror however reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.

In making the above recommendation, the Independent Directors have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax positions and/or particular needs and constraints of any individual Unitholder. As different Unitholders would have different investment profiles and objectives, the Independent Directors recommend that any individual Unitholder who may require specific advice in relation to his Units should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

Unitholders should read and consider carefully the recommendation of the Independent Directors and the advice of CIMB to the Independent Directors in respect of the Offer in their entirety before deciding whether to accept or reject the Offer. Unitholders are also urged to read the Offer Document carefully.

8. OVERSEAS UNITHOLDERS

Overseas Unitholders should refer to section 14 of the letter to Unitholders in the Offer Document which is reproduced in italics below:

“14. OVERSEAS UNITHOLDERS

14.1 Overseas Unitholders. *This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Unitholders in any such jurisdiction. The availability of the Offer to Unitholders whose mailing addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP (“Overseas Unitholders”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Unitholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is made to all Unitholders including those to whom this Offer Document and the Relevant Acceptance Forms and/or any related documents have not been, or will not be, sent.*

14.2 Overseas Jurisdiction. *It is the responsibility of an Overseas Unitholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents, or (ii) accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Unitholder shall be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including Credit Suisse and CDP) shall be fully indemnified and held harmless by such Overseas Unitholder for any such taxes, imposts, duties or requisite payments that may be required to be paid. In accepting the Offer, the Overseas Unitholder represents and warrants to the*

Offeror, Credit Suisse and CDP that he is in full observance of the laws of the relevant jurisdiction and in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

If any Unitholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Unitholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

14.3 Copies of the Offer Document. *Unitholders may (subject to compliance with applicable laws) obtain copies of this Offer Document, the Relevant Acceptance Forms and any related documents, during normal business hours up to the Closing Date from the Registrar (if he is a scripholder) from Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or from CDP (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.*

Alternatively, Overseas Unitholders may (subject to compliance with applicable laws) write to the Registrar (if he is a scripholder) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or to CDP (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Offer Document, the Relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the Closing Date.

14.4 Notice. *The Offeror and Credit Suisse each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Unitholders and Overseas Unitholders by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Unitholder or Overseas Unitholder to receive or see such announcement or advertisement."*

This Circular and any related documents may not be sent to certain Overseas Unitholders due to the potential restrictions on sending such documents to overseas jurisdictions. Any affected Overseas Unitholder may, nonetheless, obtain copies of this Circular during normal business hours and up to the Closing Date, from the office of the Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Alternatively, any Overseas Unitholder may write to the Registrar at the aforementioned address to request for this Circular and any related documents to be sent to an address in Singapore by ordinary post at his own risk (the last date for despatch in respect of such request shall be a date falling five (5) Market Days prior to the Closing Date).

In requesting for this Circular and any related documents, each of the Overseas Unitholders represents and warrants to Forterra that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

9. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders who wish to accept the Offer must do so not later than 5.30 p.m. on 5 January 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror. Unitholders should refer to appendix 2 to the Offer Document, the FAA and the FAT for the procedures for acceptance of the Offer.

Unitholders who do not wish to accept the Offer need not take further action in respect of the Offer Document (including the FAA or the FAT) and the Revised Offer Notification which have been sent to them.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular (other than those relating to the Offeror, parties acting in concert or deemed to be acting in concert with the Offeror, the Offer and the Excluded Documents) are fair and accurate and that there are no other material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

The recommendation of the Independent Directors to Unitholders set out in section 7.4 of this Circular is the sole responsibility of the Independent Directors.

In respect of the Excluded Documents, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to Forterra are, to the best of their knowledge and belief, fair and accurate in all material respects.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement, the Offer Document, the Offer Document Despatch Announcement, the Revised Offer Announcement, the Revised Offer Notification, and the Excluded Documents), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

The Directors jointly and severally accept full responsibility accordingly.

Yours faithfully
For and on behalf of the Board

Mr. John Lim Kok Min
Lead Independent Director

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LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS

CIMB BANK BERHAD (13491-P)
SINGAPORE BRANCH
(Incorporated in Malaysia)

50 Raffles Place #09-01
 Singapore Land Tower
 Singapore 048623

8 December 2014

To: **The Independent Directors**
Forterra Real Estate Pte. Ltd.
 65 Chulia Street
 #43-08 OCBC Centre
 Singapore 049513

Dear Sirs,

MANDATORY CONDITIONAL CASH OFFER FOR ALL THE ISSUED UNITS IN FORTERRA TRUST ("FORTERRA") OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY NEW PRECISE HOLDINGS LIMITED

1. INTRODUCTION

On 4 November 2014 ("**Offer Announcement Date**"), Credit Suisse, for and on behalf of the Offeror, announced, *inter alia*, that the Offeror intends to make a mandatory conditional cash offer to acquire all the Offer Units, at a price of S\$1.85 per Offer Unit ("**First Offer**").

On 24 November 2014 ("**Revised Offer Announcement Date**"), Credit Suisse, for and on behalf of the Offeror, announced that the Offeror acquired an additional 53,889,162 Units by way of a number of married trades ("**Market Purchase**") on the SGX-ST at S\$2.25 per Unit. As a result of the Market Purchase, the total number of Units owned by the Offeror comprises 51.76% of the total number of issued Units and 51.26% of the maximum potential total units in Forterra. In accordance with Rule 14.3 of the Code, the offer price has been revised ("**Revised Offer**") to S\$2.25 in cash ("**Final Offer Price**") for each Offer Unit ("**Revised Offer Announcement**"). As the Offeror had acquired more than 50% of the maximum potential total units in Forterra and the Offer is not subject to any other conditions, Credit Suisse announced, for and on behalf of the Offeror, that the Offer has become unconditional in all respects on 24 November 2014.

In connection with the Revised Offer, CIMB Bank Berhad, Singapore Branch ("**CIMB**") has been appointed as the independent financial adviser to advise the directors of Forterra Real Estate Pte. Ltd., the trustee-manager of Forterra ("**FREPL**" or "**Trustee-Manager**") who are considered independent for the purpose of making the recommendation to the Unitholders (the "**Independent Directors**").

This letter sets out, *inter alia*, our evaluation of the financial terms of the Offer and our advice thereon. It forms part of the circular to Unitholders dated 8 December 2014 issued by Forterra

setting out, *inter alia*, details of the Offer and the recommendations of the Independent Directors in respect thereof (the “**Circular**”).

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular, the written notification issued by Credit Suisse for and on behalf of the Offeror in respect of the Revised Offer (“**Revised Offer Notification**”) and the offer document issued by Credit Suisse for and on behalf of the Offeror dated 20 November 2014 (the “**Offer Document**”) shall have the same meanings herein. Any differences between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

To ensure that the advice we wish to put forth by means of this letter is comprehensive and yet remains concise, details contained in the Circular and Offer Document, where necessary or relevant in supporting or elaborating our advice, are not wholly reproduced, but instead, made reference to or summarised throughout the sections of this letter.

We recommend that the Independent Directors advise the Unitholders to read these contextual references and summaries with due care.

2. TERMS OF REFERENCE

We have been appointed to advise on the financial terms of the Revised Offer and whether Unitholders should accept or reject the Revised Offer, pursuant to Rules 7.1 and 24.1(b) of the Singapore Code on Take-overs and Mergers (the “**Code**”). We have confined our evaluation to the financial terms of the Revised Offer and our terms of reference do not require us to evaluate or comment on the commercial risks and/or commercial merits of the Revised Offer or the future prospects of Forterra and its subsidiaries (the “**Group**”) or any of its associated or joint venture companies and we have not made such evaluation or comment. However, we may draw upon the views of the directors of FREPL (the “**Directors**”) and/or the management of the Trustee-Manager and/or Forterra (the “**Management**”) or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. We have not been requested, and we do not express any opinion on the relative merits of the Revised Offer as compared to any other alternative transaction. We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Offer Units.

We have held discussions with the Directors and the Management and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors, the Management, the Trustee-Manager’s and Forterra’s other professional advisers. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information. However, we have made such enquiries and exercised our judgement as we deem necessary on such information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed by them or the Trustee-Manager in the Circular are fair and accurate in all material respects. The Directors have confirmed to us, that to the best of their knowledge and belief,

all material information relating to the Group, its associated or joint venture companies and the Offer have been disclosed to us, that such information is fair and accurate in all material respects and that there are no other material facts and circumstances the omission of which would make any statement in the Circular inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real property) of the Group or of any of its associated or joint venture companies. We have however, been furnished the reports, letters and/or valuation certifications ("**Valuation Reports**") from the valuer appointed by the Trustee-Manager or Forterra in connection with the Revised Offer (the "**Independent Valuer**") (extracts of which are set out in Appendix VIII of the Circular) on which we have placed sole reliance in the evaluation or appraisal of the assets concerned. We have not made any independent verification of the contents of these Valuation Reports.

Our analysis and opinion is based upon market, economic, industry, monetary and other conditions prevailing as at 27 November 2014 (the "**Latest Practicable Date**"), as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Accordingly, we do not express any opinion or view on the future prospects, financial performance and/or financial position of the Group. Unitholders should take note of any announcement and/or documents relevant to their consideration of the Revised Offer which may be released or published by or on behalf of the Trustee-Manager, Forterra and/or the Offeror after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or particular needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, any Unitholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Trustee-Manager and Forterra have been separately advised in relation to the preparation of the Circular (other than this letter). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of the Circular (other than this letter).

3. THE OFFER

As set out in Section 2 of the Circular, *inter alia*, the key terms and conditions of the Offer are as follows:

3.1 Revision of Offer Price. As stated in Section 2.2 of the Revised Offer Notification, the Revised Offer is made on the following basis:

For each Offer Unit: S\$2.25 in cash, being the Final Offer Price.

The Final Offer Price shall be available to all holders of Offer Units, including those who have tendered Offer Units in acceptance of the First Offer.

As stated in Section 2.3 of the Revised Offer Notification, the Offeror will not further revise the Final Offer Price. In accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently increase the Final Offer Price in any way.

3.2 Offer Units. As stated in Section 2.2 of the letter to Unitholders in the Offer Document, the Revised Offer is also extended to:

- (i) all issued Units, other than those already owned, controlled or agreed to be acquired by the Offeror; and
- (ii) all new units unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Offer, of any Unit Options,

(collectively, the “**Offer Units**”)

3.3 No Encumbrances

As stated in Section 2.3 of the letter to Unitholders in the Offer Document, the Offer Units will be acquired (i) fully paid; (ii) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing (“**Encumbrances**”); and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) (“**Distribution**”) declared, paid or made by Forterra on or after the Offer Announcement Date.

3.4 Adjustments for Distribution

As stated in Section 2.4 of the Revised Offer Notification, if any Distribution is declared, paid or made by Forterra on or after the Revised Offer Announcement and the Offeror is not entitled to receive and retain such Distribution in full in respect of any Offer Unit tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Final Offer Price payable in respect of such Offer Unit by the amount of such Distribution.

3.5 Revised Offer Declared Unconditional

As stated in Section 4 of the Revised Offer Notification, as the Offeror has acquired more than 50 per cent. of the maximum potential total units in Forterra on the date of the Revised Offer Announcement and the Revised Offer is not subject to any other conditions, the Revised Offer has become unconditional in all respects on 24 November 2014.

Unitholders who have earlier accepted the First Offer will receive the Final Offer Price per Offer Unit.

3.6 Warranty

As stated in Section 3 of the letter to Unitholders in the Offer Document, a Unitholder who tenders his Offer Units in acceptance of the Revised Offer will be deemed to warrant that he sells such Offer Units as or on behalf of the beneficial owner(s) thereof, (i) fully paid; (ii) free from all Encumbrances; and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and

retain all Distribution (if any) declared, paid or made by Forterra on or after the Offer Announcement Date.

4. NO OPTIONS OFFER

As stated in Section 4 of the letter to Unitholders in the Offer Document, the Offeror will not make an offer to acquire the Unit Options. For the avoidance of doubt, the Revised Offer will be extended to all new units unconditionally issued or to be issued pursuant to the valid exercise of any Unit Options prior to the Closing Date.

5. OTHER TERMS

According to the Revised Offer Announcement, all other terms of the Revised Offer set out in the Offer Document remain unchanged.

6. RATIONALE FOR THE OFFER

The text stating the rationale for the First Offer has been extracted from paragraph 9 of the Offer Document and is set out in italics below. Unitholders are advised to read the extract below carefully.

“The Offeror is making the Offer in compliance with the requirements of the Code, as the Offeror together with any other Relevant Persons hold an aggregate of 79,133,379 Units (including the units issued pursuant to the Option Exercise), representing approximately 30.79% of the Resultant Issued Units.”

7. INFORMATION ON THE OFFEROR AND NAN FUNG

Please refer to Section 3 of the Circular for information on the Offeror and Nan Fung.

8. FINANCIAL EVALUATION OF THE TERMS OF THE REVISED OFFER

Methodology

In assessing the financial terms of the Revised Offer, we have considered the following:

- (i) Historical financial performance and position of the Group;
- (ii) Historical cash flows of the Group;
- (iii) Historical trading performance of the Units;
- (iv) Net asset value and revalued net asset value of the Group;
- (v) Historical trailing NAV of the Group relative to the Final Offer Price and historical market price of the Units;

- (vi) The benchmarking comparison of the Final Offer Price with public information available on the traded prices of Forterra's listed comparable companies in Singapore ("**Singapore Comparables**") and Hong Kong ("**Hong Kong Comparables**") (collectively, the "**Comparable Companies**");
- (vii) Valuation multiples of selected acquisitions of listed property-related companies in Singapore ("**Comparable Precedent Transactions**") and substantial trades involving more than 10% of the Units;
- (viii) Premium/discount paid in other transactions by listed companies on the SGX-ST involving a delisting or privatisation;
- (ix) Premium/discount paid in other recent successful non-privatisation transactions in Singapore;
- (x) Dividend/distribution track record of Forterra and selected alternative investments; and
- (xi) Other relevant considerations which have a bearing on our assessment.

General bases and assumptions

We wish to highlight that unless specified otherwise, we have relied on the following general bases in our analysis:

- (i) As at the Latest Practicable Date, the issued capital of Forterra comprises 257,019,717 Units; and
- (ii) The underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGXNET and/or other public filings as at the Latest Practicable Date. CIMB makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

Valuation Ratios

We have applied the following valuation multiples in our analysis:

Valuation Multiples	General Description
P/NAV	"P/NAV" or "price-to-NAV" multiple illustrates the market price of a company's shares relative to its historical book NAV (as defined herein) per share as recorded in its financial statements. The net asset value of a company ("NAV") is defined as its total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests. The NAV figure provides an estimate of the value of a company assuming the sale of all its assets at its book value, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders/unitholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies. Where the value of a company's key assets are adjusted to their current market values, the NAV figure derived is referred to as its "Revalued NAV" or "RNAV".

Valuation Multiples	General Description
	“EV” or “enterprise value” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents.
EV/EBITDA	“EBITDA” stands for earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of associates’ or joint ventures’ income and excluding exceptional items, as deemed applicable. The EV/EBITDA multiple illustrates the market value of a company’s business relative to its pre-tax operating cashflow performance, without regard to the company’s capital structure.
P/E	“P/E” or “price-to-earnings” multiple illustrates the market price of a company’s shares relative to its earnings per share. The P/E multiple is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.

8.1 Historical Financial Performance and Position of the Group

A summary of the financial results of the Group between FY2011 to FY2013 and for the nine months ended 30 September 2014 (“9M2014”) is set out below.

(S\$' 000)	FY2011 (Audited)	FY2012 (Audited)	FY2013 (Audited)	9M2014 (Unaudited)
Financial Results				
Revenue	93,244	99,119	77,283	41,357
Profit/(loss) attributable to Unitholders	136,061	42,417	(49,252)	(168,291)
Financial Position				
Total Assets	2,759,721	2,816,574	2,678,125	2,377,961
Cash and bank balances	45,598	50,213	112,940	104,797
Total Borrowings	911,012	925,101	822,962	825,079
Net assets (including non-controlling interests)	1,301,800	1,256,471	1,323,038	1,096,300
NAV	1,170,488	1,126,851	1,189,008	997,316
Net Debt to Equity ⁽¹⁾ (%)	66.5	69.6	53.7	65.7
Return on Equity ⁽²⁾ (“ROE”) (%)	12.8	3.7	(4.3)	(20.5)

Source: Forterra’s annual reports and unaudited financial statements for 9M2014

Notes:

- (1) Calculated based on total borrowings less cash and bank balances, divided by net assets (including non-controlling interests) for the financial year/period.

- (2) Calculated based on the profit attributable to Unitholders and the average NAV for the period. For 9M2014, ROE is calculated based on the annualised 9M2014 profit attributable to Unitholders.

The Group's revenue increased by approximately 6.3% from S\$93.2 million in FY2011 to S\$99.1 million in FY2012. The Group's revenue decreased by approximately 22.0% from S\$99.1 million in FY2012 to S\$77.3 million in FY2013, mainly due to the sale of CLEL (as defined in Section 8.3.1 of this letter).

Profit attributable to Unitholders decreased by approximately 68.8% from approximately S\$136.1 million in FY2011 to approximately S\$42.4 million in FY2012 mainly due to the decrease in gain arising from changes in the fair value of investment properties recorded in FY2012, partially offset by the net foreign exchange gain recorded in FY2012.

Loss attributable to Unitholders was approximately S\$49.3 million in FY2013, which was mainly attributable to (i) the decrease in net property income; (ii) net foreign exchange loss; and (iii) the decrease in fair value of investment properties, partially offset by the gain from the sale of CLEL.

Loss attributable to Unitholders was approximately S\$168.3 million in 9M2014, mainly attributable to (i) the decrease in net property income; and (ii) the decrease in fair value of investment properties, partially offset by the gain from the sale of DLPL (as defined in Section 8.3.1 of this letter).

The Group's NAV has decreased by approximately 14.8% between FY2011 and 9M2014, and its cash and bank balances is S\$104.8 million as at 30 September 2014.

8.2 Historical Cash Flows of the Group

(S\$' 000)	FY2011 (Audited)	FY2012 (Audited)	FY2013 (Audited)	9M2014 (Unaudited)
Cash flows				
Net cash generated from operating activities	36,200	49,597	849	5,774
Net cash generated from/(used in) investing activities	(183,661)	(52,589)	93,414	(15,683)
Net cash generated from/(used in) financing activities	87,461	9,398	(28,059)	(163)

Net cash generated from operating activities increased from approximately S\$36.2 million in FY2011 to approximately S\$49.6 million in FY2012. However net cash generated from operating activities decreased by approximately S\$48.8 million from approximately S\$49.6 million in FY2012 to approximately S\$0.8 million in FY2013. Net cash generated from operating activities was approximately S\$5.8 million in 9M2014.

Interest paid by the Group increased from approximately S\$28.9 million in FY2011 to approximately S\$42.6 million in FY2012. In FY2013, interest paid by the Group decreased by approximately S\$0.5 million to approximately S\$42.1 million. Interest paid by the Group was approximately S\$27.0 million in 9M2014.

We noted that the interest paid by the Group was higher than the net cash generated from operating activities in FY2013 and 9M2014, respectively.

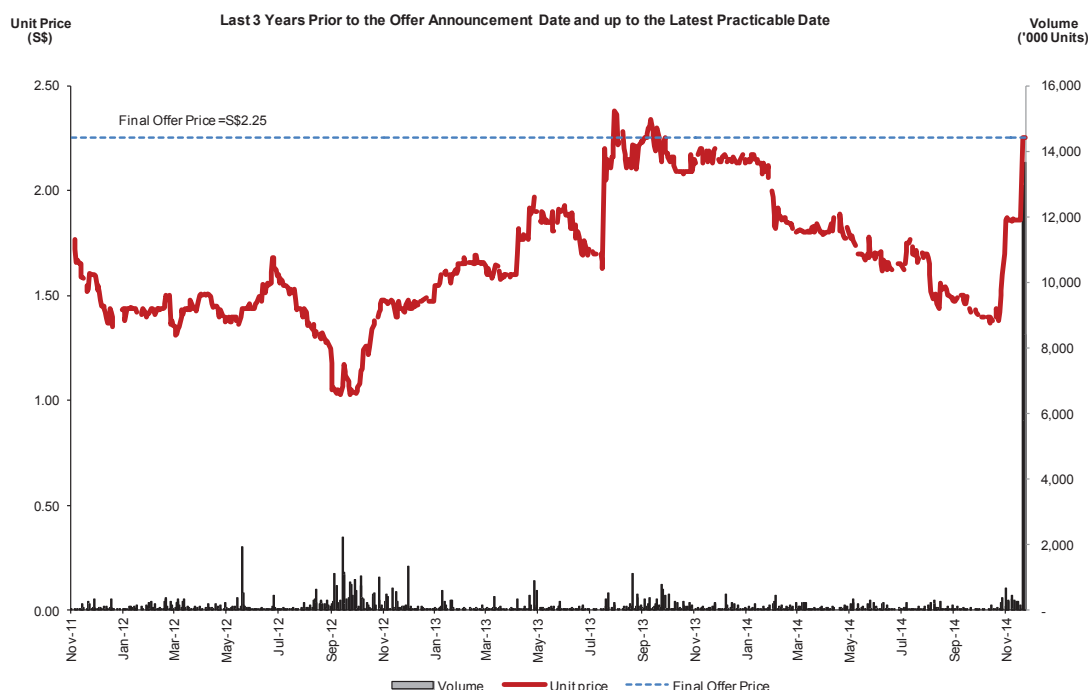
8.3 Historical Trading Performance of the Units

We have compared the Final Offer Price to the historical price performance of the Units and considered the historical trading volume of the Units.

8.3.1 Market Price Performance and Trading Activity of the Units

In evaluating the Final Offer Price, it would be relevant to examine the price performance and trading volume of the Units over a reasonable period, during which the market price of the Units may ordinarily reflect investors' valuation of the Units/Forterra, based on publicly available information.

We set out below the daily closing prices and trading volumes of the Units for the period between 4 November 2011 (being the 3-year period prior to the Offer Announcement Date) and the Latest Practicable Date and highlight some key events up to the Latest Practicable Date.



Source: Bloomberg L.P. and Forterra's announcements released on SGXNET

Key events up to the Latest Practicable Date:

- (A) **27 February 2012:** Treasury Holdings Real Estate Pte. Ltd. ("THRE") (currently known as FREPL) acting in its capacity as trustee-manager of Treasury China Trust ("TCT") (currently known as Forterra) issued an announcement relating to the clarification of issue involving Treasury Holdings, the sponsor of TCT, and the National Asset Management Agency of Ireland ("NAMA").
- (B) **28 February 2012:** THRE released the Group's FY2011 results.

- (C) **13 March 2012:** THRE released an announcement relating to the leasing progress of one of the Group's properties.
- (D) **23 March 2012:** THRE released an update on court case involving Treasury Holdings and NAMA.
- (E) **26 April 2012:** THRE released an announcement concerning a dispute between (a) NAMA and National Asset Loan Management Limited; and (b) Mr Richard Barrett, Mr John Ronan and Treasury Holdings. Treasury Holdings was then beneficially owned and controlled by Mr Richard Barrett and Mr John Ronan.
- (F) **30 April 2012:** THRE released the Group's 1Q2012 results.
- (G) **24 July 2012:** THRE released the Group's 2Q2012 results.
- (H) **1 August 2012:** THRE released an update announcement stating that the High Court of Ireland had ruled that the decisions taken by NAMA to seek repayment of certain loans from and to appoint receivers to companies in the Treasury Holdings group may proceed and that receivers appointed to these companies (which do not include Treasury Holdings itself nor THRE) will continue their duties. Separately, Treasury Holdings had informed THRE that a petition had been presented for the winding up of Treasury Holdings to the High Court of Ireland in Dublin by KBC Bank.
- (I) **10 October 2012:** THRE announced that Treasury Holdings, the former indirect owner of THRE, had advised that the High Court of Ireland had appointed two individuals of Grant Thornton as joint liquidators to Treasury Holdings and sixteen of its subsidiaries.
- (J) **29 October 2012:** THRE released the Group's 3Q2012 results.
- (K) **21 December 2012:** THRE released an announcement on the Group's operational update.
- (L) **25 February 2013:** FREPL (formerly known as THRE) announced the launch of Forterra as its new corporate name and brand identity.
- (M) **27 February 2013:** FREPL released the Group's FY2012 results.
- (N) **10 April 2013:** FREPL announced that CREO (Shanghai Central Plaza) Limited ("**CREO**"), a wholly-owned subsidiary of Forterra, had entered into a conditional share purchase agreement for the sale of CREO's interest in all the issued shares in the share capital of Central Land Estate Limited ("**CLEL**"), which owns the property commonly known as "Central Plaza (中區廣場)" ("**Central Plaza**"), for approximately S\$333.5 million. The Group estimated the gain for such sale to be approximately S\$21.5 million as at the date of the announcement.
- (O) **2 May 2013:** FREPL released the Group's 1Q2013 results.
- (P) **23 May 2013:** FREPL announced the completion of the sale of CLEL.
- (Q) **22 July 2013:** Nan Fung Group (as defined in Section 8.7 of this letter) conditionally contracted to acquire (a) 100% of the equity of each of FREPL and Treasury Holdings (Shanghai) Property Management Co., Ltd ("**THPM**"), the property manager, for an aggregate consideration of Euro 17.5 million; (b) a significant number of units in Forterra at an agreed price of S\$2.98 per Unit for a total consideration of approximately S\$203.4 million; and (c) certain number of unit options for a total consideration of approximately S\$23.3 million (collectively "**Sale Transaction**"). On the same date, it was announced that conditional agreement had been reached with the joint liquidators of Treasury Holdings and NAMA relating to the original sale of FREPL and THPM to Oriental Management Services Limited ("**OMS**") in August 2012, and to settle legal proceedings in Ireland regarding the original acquisition of 24,929,095 units by Treasury Asian Investments Ltd in 2010 (collectively, the "**Settlement**"). The Sale Transaction and the Settlement are inter-conditional.
- (R) **5 August 2013:** FREPL released the Group's 2Q2013 results.
- (S) **29 August 2013:** Nan Fung Group completed the Sale Transaction.
- (T) **30 September 2013:** FREPL announced that Forum Asian Realty Income III, L.P had informed the Trustee-Manager that it had elected not to exercise its right to redeem the S\$59.7 million senior convertible bonds

due in September 2014.

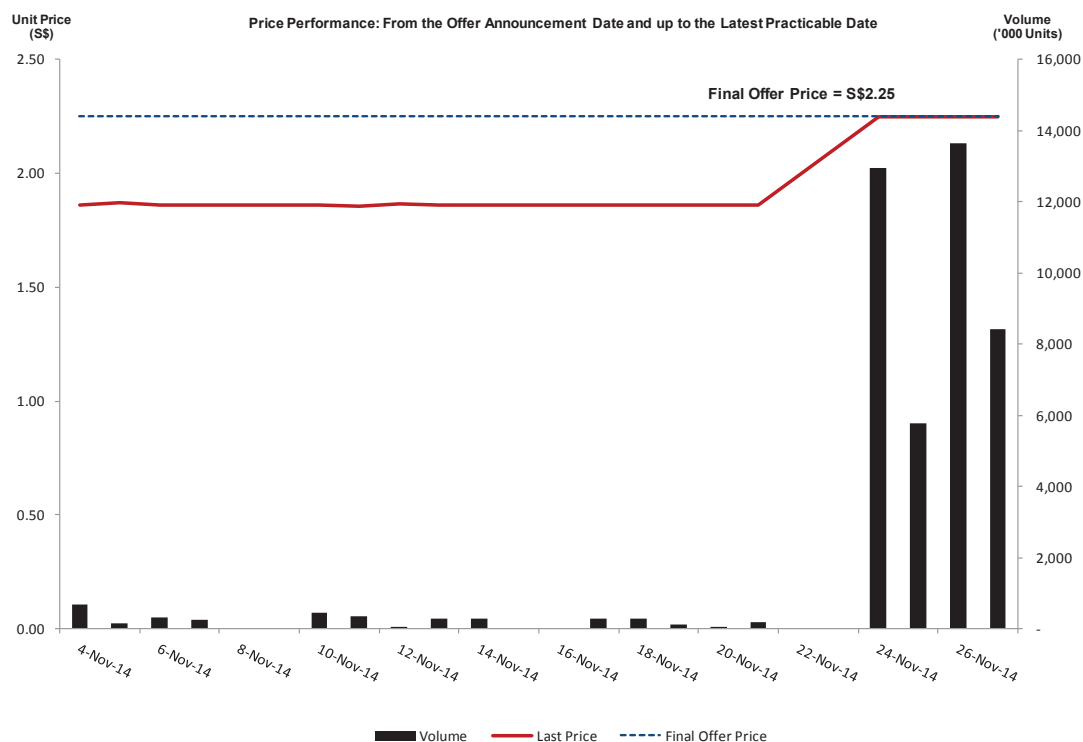
- (U) **29 October 2013:** FREPL released the Group's 3Q2013 results.
- (V) **23 December 2013:** FREPL released an announcement on the Group's operational update.
- (W) **28 February 2014:** FREPL released the Group's FY2013 results.
- (X) **6 April 2014:** FREPL announced that Forterra's wholly-owned subsidiary China Real Estate Opportunities Limited ("**CREOL**") had entered into a share purchase agreement to sell CREOL's interest in Dream Land Properties Limited ("**DLPL**"), which through a project company, Beijing Dream Land Industrial Development Co., Ltd, wholly owned the property known as "Beijing Logistics Park" ("**DLPL Sale**"). The share sale transaction was approximately S\$22.2 million and the DLPL Sale was estimated to result in a gain of approximately S\$13.2 million as at the date of the announcement.
- (Y) **17 April 2014:** FREPL announced the completion of the sale of DLPL.
- (Z) **5 May 2014:** FREPL released the Group's 1Q2014 results.
- (AA) **5 August 2014:** FREPL released the Group's 2Q2014 results.
- (BB) **31 October 2014:** FREPL released the Group's 3Q2014 results.
- (CC) **4 November 2014:** Credit Suisse announced for and on behalf of the Offeror, that the Offeror had exercised 3,050,000 Unit Options in respect of 3,050,000 Units. As a result and in accordance of the Code, the Offeror is required to make a mandatory conditional cash offer for all the Offer Units.
- (DD) **13 November 2014:** FREPL announced that a loan agreement ("**CMBCN Loan**") had been entered into with Chinese Mercantile Bank, Shenzhen Hi-tech Park Branch ("**CMBCN**"), a wholly-owned subsidiary of Industrial and Commercial Bank of China (Asia) Limited, to refinance the existing onshore loan for The Place Existing that was previously provided by Industrial Commercial Bank of China Hongqiao Sub-branch in 2010.
- (EE) **18 November 2014:** FREPL announced that a supplementary loan agreement had been entered into with Industrial Commercial Bank of China, Shanghai Hongqiao Sub-branch ("**ICBC HQ**"), to extend the existing onshore loan for The Place Extension.

FREPL also announced that an inter-creditor agreement was entered into with ICBC HQ, CMBCN and Industry and Commercial Bank of China (Asia) Limited (collectively, the "**Covantees**") pursuant to which it was agreed that prior written consent of the Covantees shall be obtained if Nan Fung, a holding company of the Trustee-Manager:

 - (a) ceases to be the controlling shareholder of the Trustee-Manager; or
 - (b) ceases to be the largest unitholder of Forterra.

In the event of breach of any of the above obligations, the Covantees, at its option, shall have the right (but not the obligation) to call an event of default under its respective loan and accelerate the repayment of the said loan. If an event of default is called, the relevant loan will be required to be repaid in full.
- (FF) **24 November 2014:** Credit Suisse announced for and on behalf of the Offeror, the Revised Offer.

We set out below the daily closing prices and trading volumes of the Units for the period from the Offer Announcement Date up to the Latest Practicable Date.



Source: Bloomberg L.P.

We set out below (i) the premia implied by the Final Offer Price to the historical volume weighted average price ("VWAP") of the Units; and (ii) the historical average daily trading volume of the Units for the various periods between 4 November 2011 (being the 3-year period prior to the Offer Announcement Date) and up to the Latest Practicable Date.

	VWAP ⁽¹⁾ (S\$)	Premium/(discount) of Final Offer Price to VWAP (%)	Highest price (S\$)	Lowest price (S\$)
Periods prior to the Offer Announcement Date				
Last 3 years	1.582	42.23	2.450	1.000
Last 2 years	1.840	22.28	2.450	1.330
Last 1 year	1.799	25.07	2.200	1.330
Last 6 months	1.609	39.84	1.840	1.330
Last 3 months	1.503	49.70	1.700	1.330

	VWAP ⁽¹⁾ (S\$)	Premium/(discount) of Final Offer Price to VWAP (%)	Highest price (S\$)	Lowest price (S\$)
Last 1 month	1.489	51.11	1.700	1.330
Closing price on last traded Market Day prior to the Offer Announcement Date	1.700	32.35	1.700	1.630
Period after the Offer Announcement Date				
Between Offer Announcement Date and the Latest Practicable Date (dates inclusive)	2.216	1.53	2.270	1.855
Closing price on the Latest Practicable Date	2.250	-	2.250	2.250

Source: Bloomberg L.P. and CIMB analysis

Note:

- (1) The historical VWAPs are rounded to the nearest three (3) decimal places for the purpose of calculating the corresponding premium.

We note the following:

- (i) During the 3-year period leading up to the Offer Announcement Date, trading in the Units occurred on approximately 93.8% of all market days;
- (ii) For the 3-year period leading up to the Offer Announcement Date, the Units traded within a range of S\$1.000 to S\$2.450. For the 1-year period leading up to the Offer Announcement Date, the Units traded within a smaller range of S\$1.33 to S\$2.20;
- (iii) The Final Offer Price represents a premium of approximately 25.07%, 39.84%, 49.70% and 51.11% over the 1-year VWAP, 6-month VWAP, 3-month VWAP and 1-month VWAP, respectively;
- (iv) The Final Offer Price represents a premium of approximately 32.35% over the closing price of the Units of S\$1.700 on 3 November 2014, the last traded market day prior to the Offer Announcement Date;
- (v) Between the Offer Announcement Date to the Latest Practicable Date, the Units traded within a range of S\$1.855 to S\$2.270, and the Final Offer Price is slightly below the highest end of the range; and
- (vi) As at the Latest Practicable Date, the Final Offer Price is the same as the closing price of the Units.

Unitholders should also note that the past trading performance of the Units should not, in any way, be relied upon as an indication of its future trading performance, and the price performance of the Units may have been due to market factors and other individual factors which may not be easily isolated and identified with certainty.

8.3.2 Benchmarking Liquidity of the Units

	Average daily trading volume ⁽¹⁾	Average daily trading volume as a percentage of free float ⁽²⁾ (%)
Periods prior to the Offer Announcement Date		
Last 3 years	116,030	0.24
Last 2 years	92,802	0.19
Last 1 year	72,222	0.15
Last 6 months	66,598	0.14
Last 3 months	59,640	0.12
Last 1 month	63,421	0.13
Closing price on last traded Market Day prior to the Offer Announcement Date	103,000	0.21
Period after the Offer Announcement Date		
Between Offer Announcement Date and the Latest Practicable Date (dates inclusive)	2,467,833	5.11
Closing price on the Latest Practicable Date	8,411,000	17.42

Notes:

- (1) The average daily trading volume of the Units is computed based on the total trading volume of Units (excluding off-market transactions) for all Market Days for the relevant periods immediately prior to the Offer Announcement Date divided by the number of Market Days during the respective periods.
- (2) Free float is approximately 48,286,125 Units as provided by the Management as at the Latest Practicable Date.

The average daily trading volume has generally declined in recent years from a 3-year average daily trading volume of 116,030 Units, representing approximately 0.24% of Forterra's free float, to a volume of about 63,421 Units over the more recent 1-month period prior to the Offer Announcement Date, representing approximately 0.13% of Forterra's free float;

We have benchmarked the liquidity of the Units to the liquidity of the ten largest companies by market capitalisation on the Straits Times Index ("**Top 10 SGX-ST Companies**") for the 1-year period preceding the Offer Announcement Date.

The average daily trading volume of shares⁽¹⁾ traded for the Top 10 SGX-ST Companies in the 1-year period prior to the Offer Announcement Date ranged from 0.07% to 0.33% of their respective free float⁽²⁾, with average and median volumes of 0.18% and 0.18% of the free float respectively. The average daily trading volume of Units traded during the 1-year period prior to the Offer Announcement Date was 0.15% of free float, which is within the range but below the average and median of the equivalent measures of liquidity for the Top 10 SGX-ST Companies.

Notes:

- (1) Exclude off-market transactions.
- (2) Source: Bloomberg L.P. and respective companies' SGXNET filings.

8.3.3 Relative Share Price Performance

To gauge the price performance of the Units relative to the general price performance of the stock market, we set out below the market price movement of the Units against the FTSE Straits Times Index ("FSSTI"), and the FTSE Straits Times Real Estate Investment Trust Index ("FSTREI") for the period between 4 November 2011 (being 3-year period prior to the Offer Announcement Date) and the Latest Practicable Date.



Source: Bloomberg L.P.

Notes:

- (1) The FSSTI is a market capitalisation-weighted index based on the stocks of 30 representative companies listed on the Main Board of the SGX-ST.
- (2) The FSTREI is a market capitalisation-weighted index measuring the performance of real estate investment trusts of FTSE Straits Times All-Share Index.

We note that during the 3-year period leading up to the Offer Announcement Date, the Units had mostly underperformed the FSSTI and FSTREI except for the period from August 2013 to January 2014. From February 2014 to 21 November 2014, the Units continued to underperform FSSTI and FSTREI but showed significant increase after the Offer Announcement Date.

The movement in the closing prices of the Units, the FSSTI and FSTREI from the last market day prior to the Offer Announcement Date on 3 November 2014 and to the Latest Practicable Date is as follows:

	Last transacted price/index value prior to the Offer Announcement Date	Last transacted price/index value as at the Latest Practicable Date	Percentage Change (%)
Forterra (S\$)	1.700	2.250	32.4
FSSTI	3290.84	3340.96	1.5
FSTREI	765.47	774.58	1.2

From the last market day prior to the Offer Announcement Date to the Latest Practicable Date, the market price of the Units has increased by approximately 32.4% with a total trading volume of approximately 44,421,000⁽¹⁾ Units for the period. Over the same period, the FSSTI and FSTREI increased by 1.5% and 1.2% respectively.

Based on the above, we conclude that it is likely that the market price of the Units as at the Latest Practicable Date is highly influenced by the Revised Offer and may not be maintained at such levels after the close of the Revised Offer.

Note:

(1) Exclude off-market transactions.

8.4 NAV and RNAV of the Group

Considering that Forterra is a business trust with a significant property portfolio, we have adopted an NAV-based valuation approach to analyse the Final Offer Price. Property-related companies are often valued using an NAV-based approach as their asset backings are perceived as providing support for the value of their equity, while the reported annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project completion, redevelopment of properties and periodic revaluation of properties.

Based on Forterra's latest unaudited consolidated financial statements as at 30 September 2014, the Group's investment properties and property, plant and equipment have an aggregate book value of approximately S\$2,239.1 million and represents approximately 94.2% of the Group's total assets of approximately S\$2,378.0 million, details of which are as follows:

	As at 30 September 2014 Book value (S\$ million)
Investment properties	2,237.9
Property, plant and equipment	1.2
Total book value	2,239.1

8.4.1 NAV⁽¹⁾ of the Group

Based on Forterra's unaudited consolidated financial statements for 3Q2014, the NAV of the Group as at 30 September 2014 was approximately S\$997.3 million or S\$3.88 per Unit, based on the issued capital of Forterra as at the Latest Practicable Date.

We note that the Final Offer Price represents a discount of approximately 42.0% to the NAV per Unit of S\$3.88 as at 30 September 2014.

Note:

(1) Based on Unitholders' funds.

8.4.2 RNAV of the Group

In connection with the Revised Offer, the Trustee-Manager has commissioned independent valuations to determine the market value of all the properties in which the Group has interests (the "**Revalued Properties**"). A summary of the valuation figures for the Revalued Properties, and Forterra's effective share of the net revaluation surplus/deficit is set out below.

Properties	Forterra's effective interest (%)	Valuation ⁽¹⁾ (S\$ million)	Share of revaluation surplus/(deficit) ⁽²⁾ (S\$ million)
The Place	100.0	1,616.0	0.04
Central Park Mall	55.0	316.5	-
Huai Hai Mall	100.0	169.1	-
Forterra House	100.0	136.4	-
Total revaluation surplus			0.04

Source: Forterra's annual reports and Valuation Reports on the Revalued Properties

Notes:

- (1) The valuations are translated from their respective valuations in foreign currencies to S\$, where applicable, based on rates of exchange as at 30 September 2014 provided by the Trustee-Manager.
- (2) The revaluation surplus/deficit for each of the Revalued Properties is arrived at after taking into consideration the book value and any deferred tax liabilities arising from the valuation change of each of the Revalued Properties as at 30 September 2014 and its valuation by the Independent Valuer as at 30 September 2014.

The valuation of the Group's Revalued Properties as set out above is based on the Valuation Reports from the Independent Valuer. Further information on the Revalued Properties including their basis of valuation is set out in their respective Valuation Reports, extracts of which are set out in Appendix VIII of the Circular.

We have placed sole reliance on such information provided to us by the Management and do not assume any responsibility in relation to the bases of such valuations or if the contents thereof have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code. In relying on financial analyses and estimates provided to us by the Management, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and

judgements by the Management. We express no view as to such analyses or estimates or the assumptions on which they were based. We have not independently verified such information, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information.

Save for the Revalued Properties and derivative financial assets⁽¹⁾, the other assets of the Group have not been revalued for the purpose of determining the RNAV of the Group, as they relate mainly to (i) cash and cash equivalents; and (ii) trade and other receivables.

Note:

- (1) Derivative financial assets represent floating to fixed interest rate swaps with notional amount of US\$180 million, which are valued as at 31 October 2014.

Based on the above, the following adjustments were made to determine the RNAV of the Group for the purpose of our evaluation.

(\$ million, unless otherwise indicated)	
The Group's NAV as at 30 September 2014	997.32
Add: Net revaluation surplus/(deficit) arising from Revalued Properties	0.04
Less: Decrease in fair value of derivative financial assets	(1.58)
RNAV as at 30 September 2014	995.78
RNAV per Unit (\$)	3.87
Discount to RNAV as implied by Final Offer Price	41.9%

Source: Bloomberg L.P., Management estimates, Forterra's filings and CIMB analysis

As stated in Section 8.7 of Appendix II of the Circular, the potential tax liabilities that may be incurred by the Group on the hypothetical disposal of the investment properties, via a sale of the Assets, is approximately S\$736,906,000, while the potential tax liabilities that may be incurred on the hypothetical disposal, via an offshore sale of the Equities, is approximately S\$93,448,000. Should the Assets or Equities be disposed, the Assets' related book deferred tax liabilities of S\$315,153,000 would be reversed. For the avoidance of doubt, the foregoing potential tax liabilities do not take into account the tax liabilities or tax position of any individual Unitholder. The aforesaid tax liabilities will not crystallise if Forterra does not dispose of its Assets or Equities. As at the Latest Practicable Date, Forterra has no plans to dispose of its Assets or Equities, and as such, the aforesaid tax liabilities are not likely to crystallise.

The computation of the RNAV above does not take into account the potential tax liabilities as the Directors have confirmed to us that the Group does not have current plans for an imminent material disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business as at the Latest Practicable Date.

In addition, we wish to highlight that the RNAV per Unit shown above includes the estimated revaluation surpluses/deficits on uncompleted development properties. Unitholders should be aware that the Group has not fully earned or realised the gains on such properties as at the

Latest Practicable Date. There is no assurance that the actual gains (if any) eventually recorded by the Group on such properties will be the same as that derived from the appraisals by the Independent Valuer.

The Directors have confirmed to us that to the best of their knowledge and belief:

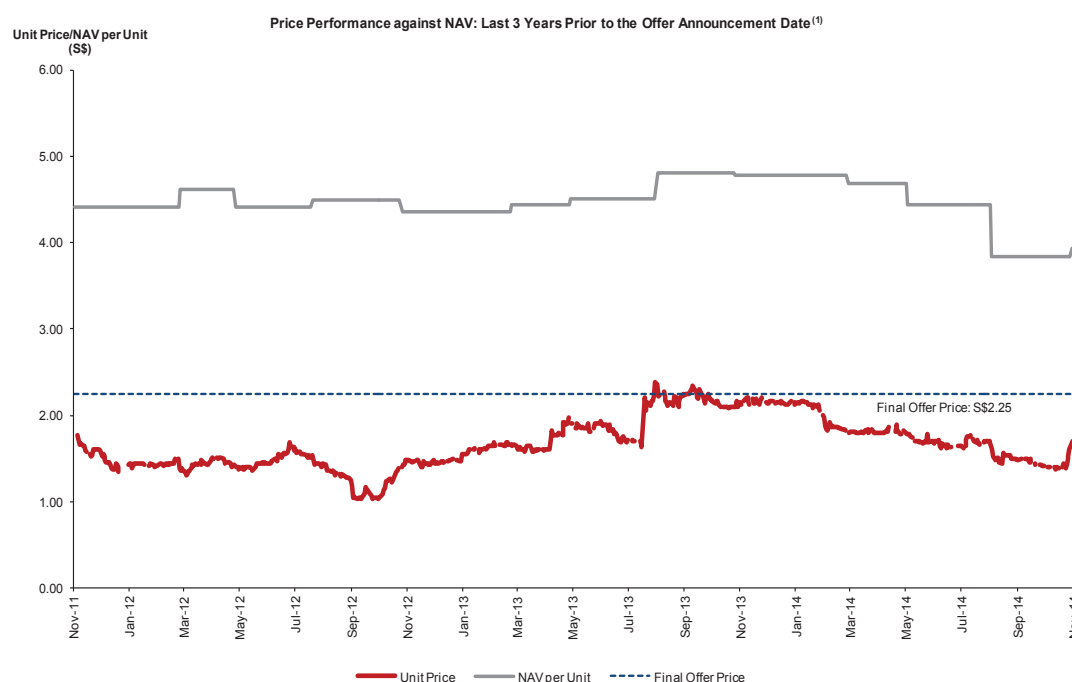
- (i) Save for the Revalued Properties, there are no material differences between the realisable value of the Group's other assets and their respective book values as at 30 September 2014 which would have a material impact on the NAV of the Group;
- (ii) There have been no material acquisitions and disposals of assets by the Group between 30 September 2014 and the Latest Practicable Date; and
- (iii) Save as disclosed in Forterra's consolidated financial statements for FY2013 and 3Q2014, there are no other contingent liabilities which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date.

We also note from the Offer Document that the Offeror intends for Forterra to continue its existing business activities and there are at present no plans to (i) introduce any major changes to the business or operations of Forterra; (ii) re-deploy any of the fixed assets of Forterra; or (iii) discontinue the employment of any of the existing employees of Forterra and/or its subsidiaries, other than in the ordinary course of business. However, the Offeror reserves the right and discretion, subsequent to the Revised Offer, to conduct a review of Forterra's management and operations and to evaluate any options or opportunities in relation to Forterra which may present themselves which the Offeror regards to be in the best interests of Forterra.

Based on the above, we note that the Final Offer Price is at a discount of approximately 41.9% to the RNAV per Unit of S\$3.87 as at 30 September 2014.

8.5 Historical Trailing NAV of the Group Relative to the Final Offer Price and Historical Market Price of the Units

We have compared the historical market price of the Units and the Final Offer Price against the trailing NAV per Unit of the Group as announced in its quarterly results over the 3-year period prior to the Offer Announcement Date as follows:



Source: Bloomberg L.P. and Forterra's results announcements

Note:

- (1) The NAV per Unit for the relevant period is based on the corresponding quarterly NAV per Unit of the Group as reported by Forterra.

We set out below the average, highest and lowest daily discount of the market price of Units over the corresponding announced NAV per Unit for the various periods during the 3-year period prior to the Offer Announcement Date.

	Average (discount) %	High (discount) %	Low (discount) %
Last 3 years	(62.9)	(77.1)	(47.1)
Last 2 years	(60.0)	(67.8)	(47.1)
Last 1 year	(60.0)	(64.3)	(54.0)

	Average (discount) %	High (discount) %	Low (discount) %
Last 6 months	(61.7)	(64.3)	(56.7)
Last 3 months	(61.5)	(64.3)	(56.7)
Last 1 month	(62.4)	(64.3)	(56.7)
Implied by Final Offer Price⁽¹⁾	(42.0)		

Note:

- (1) The discount implied by the Final Offer Price is based on the latest announced NAV per Unit as at 30 September 2014.

We note that over the 3-year period prior to the Offer Announcement Date, the Units have traded at a discount of between 47.1% and 77.1% to the trailing NAV per Unit and the discount implied by the Final Offer Price to the NAV per unit as at 30 September 2014 of approximately 42.0% is below the lowest end of the range.

8.6 Benchmarking the Final Offer Price against Comparable Companies

Considering that Forterra is a business trust with a significant property portfolio, we consider NAV-based valuation methods such as P/NAV and P/RNAV as being more pertinent measures for assessing the Final Offer Price relative to the earnings-based valuation methods such as P/E and EV/EBITDA. The annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

We have compared the valuation multiples of Forterra implied by the Final Offer Price with those of selected companies and entities (including real estate investment trusts (“REIT”) and business trusts) listed in Singapore and Hong Kong which we consider are broadly comparable to Forterra.

A brief description of the Comparable Companies is set out below:

Comparable Companies	Business description	Market capitalisation as at the Latest Practicable Date (S\$ million)
<u>Singapore Comparables</u>		
CapitaRetail China Trust ("CRCT")	CRCT is a shopping mall real estate investment trust. CRCT was established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate used primarily for retail purposes and located in China.	1,320.8
Perennial China Retail Trust ("PCRT")	PCRT acquires, owns and develops land or uncompleted developments in mainland China. PCRT also owns and invests in real estate and listed securities for retail or predominantly-retail purposes.	630.1

Comparable Companies	Business description	Market capitalisation as at the Latest Practicable Date (S\$ million)
<u>Hong Kong Comparables</u>		
Hui Xian Real Estate Investment Trust (" Hui Xian REIT ")	Hui Xian REIT is a real estate investment trust. Hui Xian REIT's sole real estate investment interest at the time of its listing is its investment interest in the Oriental Plaza in Beijing.	3,927.1
Yuexiu Real Estate Investment Trust (" Yuexiu REIT ")	Yuexiu REIT invests in a diverse portfolio of income producing properties which are used primarily for office, retail, and other commercial purposes in China.	1,847.3
Spring Real Estate Investment Trust (" Spring REIT ")	Spring REIT is a real estate investment trust formed primarily to own and invest in high quality income-producing real estate in Asia.	696.7

Source: Bloomberg L.P., SGXNET and respective company's financial statements

We wish to highlight that the Comparable Companies above are not exhaustive and they differ from Forterra in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. In particular, there are differences between a business trust and a REIT. For example, there is a limit on the investment a REIT can undertake in development properties, and differences in terms of the amount of leverage a REIT is allowed. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

The valuation multiples of Forterra (as implied by the Final Offer Price) and the Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date.

Comparable Companies	P/RNAV ⁽¹⁾ (x)	P/NAV ⁽²⁾ (x)	EV/EBITDA ⁽³⁾⁽⁴⁾ (x)	P/E ⁽³⁾ (x)	Gearing ⁽⁵⁾ (%)
<u>Singapore Comparables</u>					
CRCT	0.62	1.07	8.94	9.64	30.9
PCRT	0.70	0.73	11.02	9.49	29.4
Median	0.66	0.90	9.98	9.57	30.1
Mean	0.66	0.90	9.98	9.57	30.1
<u>Hong Kong Comparables</u>					
Hui Xian REIT	n.a	0.65	8.85	13.75	9.2
Yuexiu REIT	n.a	0.69	14.25	15.98	31.6
Spring REIT	n.a	0.62	12.10	11.13	33.5
Median		0.65	12.10	13.75	31.6
Mean		0.65	11.73	13.62	24.8

Comparable Companies	P/RNAV ⁽¹⁾ (x)	P/NAV ⁽²⁾ (x)	EV/EBITDA ⁽³⁾⁽⁴⁾ (x)	P/E ⁽³⁾ (x)	Gearing ⁽⁵⁾ (%)
<u>Overall</u>					
Median	0.66	0.69	11.02	11.13	30.9
Mean	0.66	0.75	11.03	12.00	26.9
Forterra, implied by the Final Offer Price		0.58	n.m ⁽⁶⁾	n.m ⁽⁶⁾	34.7
Forterra, implied by the Final Offer Price based on RNAV	0.58				

Source: Bloomberg L.P., respective company's financial statements and CIMB analysis

Notes:

- (1) The P/RNAV multiples of the Comparable Companies except PCRT are calculated based on their respective average estimated RNAV in publicly available analysts/broker reports. Please note that the methods of estimating RNAV differ across analysts and Comparable Companies (for example, while some RNAV estimates are discounted for time, others may not be). The P/RNAV multiple of PCRT is based on the adjusted NAV stated in PCRT's offeree circular. The P/RNAV multiple of Forterra implied in the Final Offer Price is based on the RNAV of the Group as set out in Section 8.4.2 of this letter.
- (2) The P/NAV multiples of the Comparable Companies are calculated based on their respective NAV values as set out in their latest available financial statements as at the Latest Practicable Date.
- (3) Based on earnings and EBITDA over the last twelve months. Earnings and EBITDA figures exclude exceptional items. Earnings and EBITDA of property related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.
- (4) The EV of the respective Comparable Companies were based on (i) their market capitalisation as at the Latest Practicable Date; (ii) their preferred equity, minority interests; and (iii) net debts (if any) as set out in their respective latest available financial statements.
- (5) Gearing ratio has been computed based on total borrowings divided by total assets.
- (6) The Group's earnings and EBITDA over the last twelve months were negative.

The valuation multiples of the Comparable Companies above do not incorporate the premium typically required to acquire control as they reflect the trades of non-controlling stakes.

We note that the P/RNAV and P/NAV multiples of Forterra implied by the Final Offer Price is below the range of the multiples of the Comparable Companies.

8.7

Revised Offer against (i) Comparable Precedent Transactions and (ii) Substantial Trades Involving the Units

Comparable Precedent Transactions

Announcement date	Target	Transaction summary	Implied market capitalisation (\$ million)	Premium of offer price to VWAP prior to announcement ⁽¹⁾			
				Last transacted price (%)	1-month (%)	3-month (%)	P/NAV (x)
24-Feb-14	Singapore Land Limited	Cash offer of S\$9.40 for remaining 19.6% interest	3,877	11.2	16.9	13.9	0.67 ⁽²⁾
14-Mar-14	PCRT	S\$0.70 to be satisfied by 0.52423 Perennial Real Estate Holdings Limited's shares	802	27.3	34.0	33.0	0.89 ⁽³⁾
14-Apr-14	Capitamall Asia Limited	Revised cash offer of S\$2.35 for remaining 29.6% interest	9,160	30.2	34.4	32.8	0.88 ⁽⁴⁾
Median				27.3	34.0	32.8	0.88
Mean				22.9	28.4	26.6	0.81

Substantial trades involving more than 10% of the Units

Announcement date	Description	Unit price paid (\$)	Premium of offer price to VWAP prior to announcement ⁽¹⁾			
			Last transacted price (%)	1-month (%)	3-month (%)	P/NAV (x)
23-April-13	PAG Holdings Limited ("PAG Holdings") via its ownership in certain funds acquired 25,807,835 ("PAG Acquisition"), equivalent to approximately 10.2% of the Units then	2.03	14.0	21.3	24.1	n.a
22-Jul-13	Nan Fung and its affiliates (collectively "Nan Fung Group") via New Precise Holdings Ltd ("New Precise") acquired (i) 68,268,322 Units, equivalent to approximately 26.9% of the Units then at an agreed price of S\$2.98 per Unit; and (ii) put and call options over a further 7,815,057 units, equivalent to approximately 3.08% of the Units then ⁽⁶⁾	2.98	82.8	72.7	59.6	n.a
24-Nov-14	A total of 46,839,162 Units was sold by PAG Holdings to the Offeror ("PAG Disposal")	2.25	21.0 ⁽⁷⁾	25.6 ⁽⁷⁾	30.8 ⁽⁷⁾	0.58
4-Nov-14	Forterra (implied by the Final Offer Price of S\$2.25)		32.4	51.1	49.7	0.58

Source: Relevant offer documents, offeree circulars, respective company's announcements and CIMB analysis

Notes:

- (1) The premia calculated in relation to the respective target companies' closing price 1 day prior to the respective announcement dates and the VWAP of the 1-month and 3-month periods prior to the respective announcement dates.
- (2) Based on offer price of S\$9.40 per share, and unaudited adjusted NAV per share of S\$14.04 as disclosed in the IFA opinion letter.
- (3) As at the Latest Practicable Date, the offer for PCRT has turned unconditional. The P/RNAV multiple of PCRT is based on the adjusted NAV stated in PCRT's offeree circular.
- (4) Based on the P/RNAV and P/NAV figures as highlighted in the IFA opinion letter.
- (5) P/NAV has been computed based on the last reported NAV per Unit prior to the announcement date of the respective transactions.
- (6) On 22 July 2013, a unit purchase agreement ("**UPA**") was entered between various unitholders and New Precise, of which a total of 68,268,322 Units would be sold to New Precise at an agreed price of S\$2.98 per Unit ("**2013 Acquisition**") on the completion of such transaction. The computation of the premia of offer price to VWAP prior to the announcement, P/RNAV and P/NAV was based on the price of S\$2.98 per Unit. A put and call option agreement had also been granted by certain unitholders in favour of New Precise over 7,815,057 units equivalent to approximately 3.08% of the Units in issue then. The exercise price is S\$2.98 per Unit. In conjunction with the UPA, a share purchase agreement had been entered, which would result in the sale of OMS, the parent company of the Trustee-Manager and the property manager, to Lucky Token Investments Ltd, a wholly-owned subsidiary of Nan Fung.
- (7) The premia have been computed based on the last traded day, 21 November 2014, prior to the Market Purchase.

We wish to highlight that the Comparable Precedent Transactions differ from the Revised Offer and Forterra in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Hence, the comparison of the Revised Offer with the Comparable Precedent Transactions set out above is for illustrative purposes only.

Based on the above, we note that:

- (i) The market price premia implied by the Final Offer Price is above the corresponding mean and median premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Comparable Precedent Transactions;
- (ii) The P/NAV of Forterra implied by the Final Offer Price is lower than the corresponding mean and median multiples of the Comparable Precedent Transactions;
- (iii) The market price premia implied by the Final Offer Price is above the premia over the last transacted price, 1-month VWAP and 3-month VWAP implied by the PAG Acquisition;
- (iv) The P/NAV of Forterra implied by the Final Offer Price is above the P/NAV multiple of Forterra implied by the PAG Acquisition;
- (v) The market price premia implied by the Final Offer Price is below the premia over the last transacted price, 1-month VWAP and 3-month VWAP implied by the 2013 Acquisition;
- (vi) The P/NAV of Forterra implied by the Final Offer Price is lower than the P/NAV multiple implied by the 2013 Acquisition;

- (vii) The market price premia implied by the Final Offer Price is above the premia over the last transacted price, 1-month VWAP and 3-month VWAP implied by the PAG Disposal; and
- (viii) The P/NAV of Forterra implied by the Final Offer Price is equal to the P/NAV multiple implied by the PAG Disposal.

We note that the 2013 Acquisition was one of the components of the Sale Transaction in 2013, of which Nan Fung Group entered into various agreements, including the agreement to acquire 100% of the equity of each of the Trustee-Manager and THPM, the property manager.

8.8 Premia Paid in Precedent Takeovers

We note that the Offeror does not have any present intention to actively pursue the delisting of Forterra from the Mainboard of the SGX-ST. However, in the event that:

- (i) the Unitholding Requirement is not satisfied at the close of the Revised Offer, and the SGX-ST suspends trading in the Units, the Offeror does not currently intend to support any action or take any steps to maintain the listing status of Forterra on the SGX-ST; or
- (ii) the Offeror becomes entitled to exercise its right under Section 40A(1) of the Business Trusts Act, Chapter 31A of Singapore, the Offeror's present intention is to exercise its right to compulsorily acquire all the Offer Units not acquired under the Revised Offer and proceed to delist Forterra from the SGX-ST,

the Offeror however reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.

For the purpose of providing an illustrative guide as to whether the financial terms of the Revised Offer are attractive relative to other takeovers, we have compared the financial terms of the Revised Offer with those in successful delistings and privatisations of companies listed on the SGX-ST in the last 3 years ("**Precedent Takeovers**").

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies. Further, the target companies involved in the Precedent Takeover set out in the analysis below are not directly comparable with Forterra in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Revised Offer with the Precedent Takeovers set out below is for illustrative purposes only. Conclusion drawn from the comparisons made may not reflect any perceived market valuation of Forterra.

A summary of the relevant financial terms of the Precedent Takeovers is set out below.

Company	Announcement date	Last transacted price (%)	Premium/(discount) to pre-announcement share price ⁽¹⁾	
			1-month (%)	3-month (%)
Delistings				
Hup Soon Global Corporation Limited ⁽²⁾	08-Feb-13	0.0	(3.0)	1.0
Pan Pacific Hotels Group Limited	10-May-13	9.0	8.2	6.1
Armstrong Industrial Corporation Limited ⁽³⁾	05-Jul-13	11.1	14.0	17.0
Pertama Holdings Limited ⁽⁴⁾	08-Jul-13	25.0	33.4	20.7
Superior Multi-Packaging Limited ⁽⁵⁾	06-Sep-13	0.0	0.5	10.8
Internet Technology Group Limited ⁽⁶⁾	25-Sep-13	35.3	9.0	5.7
Consciencefood Holding Limited	28-Sep-13	23.5	23.3	18.0
Devotion Energy Group Limited	07-Oct-13	23.4	24.2	25.0
Medi-Flex Limited	11-Oct-13	15.4	21.0	27.1
WBL Corporation Limited	19-Nov-13	27.5	26.2	24.3
Malacca Trust Limited	23-Dec-13	15.4	15.4	15.4
Chemoil Energy Limited	25-Feb-14	29.0	31.1	32.5
Asia Power Corporation Limited	24-Mar-14	0.0	1.2	1.4
High		35.3	33.4	32.5
Low		0.0	(3.0)	1.0
Median		15.4	15.4	17.0
Mean		16.5	15.7	15.8
Privatisations				
China Healthcare Limited	05-Mar-12	16.7	19.4	23.4
Meiban Group Ltd	15-Mar-12	42.9	41.8	37.0
Adampak Limited	02-Apr-12	21.7	33.8	38.2
Juken Technology Limited ⁽⁷⁾	16-May-12	28.6	26.8	24.1
Brothers (Holdings) Limited	30-May-12	44.4	43.6	39.0
Hersing Corporation Ltd	08-Aug-12	21.1	21.3	18.5
Asia Pacific Breweries Limited ⁽⁸⁾	18-Aug-12	52.8	53.6	55.2
Sakari Resources Limited	27-Aug-12	27.5	33.8	38.7
Luye Pharma Group Ltd. ⁽⁹⁾	28-Aug-12	16.1	20.4	20.4
Kian Ann Engineering Ltd ⁽¹⁰⁾	15-Oct-12	46.7	60.0	67.9
Harry's Holding Ltd.	10-Nov-12	53.3	57.1	72.2
China Farm Equipment Limited	03-Dec-12	7.7	2.8	4.2
SC Global Developments Ltd	05-Dec-12	49.4	57.2	58.0
Kinergy Ltd	14-Dec-12	38.9	37.4	35.1
Rokko Holdings Ltd.	17-Dec-12	57.1	54.9	50.7

Company	Announcement date	Last transacted price (%)	Premium/(discount) to pre-announcement share price ⁽¹⁾	
			1-month (%)	3-month (%)
PCA Technology Limited	01-Feb-13	11.1	1.4	13.5
Tsit Wing International Holdings Limited	11-Jun-13	36.7	36.7	36.2
Guthrie GTS Limited	21-Jun-13	21.4	21.9	19.7
Food Junction Holdings Limited	24-Jun-13	40.1	37.8	37.1
Viz Brand Limited ⁽¹⁴⁾	05-Jul-13	15.0	17.9	17.4
Berger International Limited	21-Aug-13	78.6	67.8	86.6
Superbowl Holdings Limited	07-Oct-13	15.4	34.9	41.0
People's Food Holdings Limited	19-Oct-13	2.6	4.2	10.0
Kreuz Holdings Limited	05-Nov-13	4.6	6.9	6.4
Singapore Land Limited	24-Feb-14	11.2	16.9	13.9
Capitamall Asia Limited ⁽¹²⁾	14-Apr-14	30.2	34.4	32.8
ASJ Holdings Limited	07-May-14	18.2	43.7	55.4
Goodpack Limited ⁽¹³⁾	27-May-14	23.2	30.8	31.3
High		78.6	67.8	86.6
Low		2.6	1.4	4.2
Median		25.4	34.1	35.7
Mean		29.8	32.8	35.1
High		78.6	67.8	86.6
Low		0.0	(3.0)	1.0
Median		23.2	26.2	24.3
Mean		25.6	27.4	29.0
Forterra (implied by the Final Offer Price)	4-Nov-14	32.4	51.1	49.7

Source: Respective company's offer documents and circulars and Bloomberg L.P.

Notes:

- (1) The premium/discount calculated in relation to the closing price of the respective companies 1 day prior to the respective announcement dates and the VWAP of the 1-month and 3-month periods prior to the respective announcement dates.
- (2) On 26 July 2012, Spei Holdings Private Limited announced a mandatory unconditional cash offer for Hup Soon Global Corporation Limited at S\$0.10 per share and subsequently on 8 February 2013, a delisting exit offer was announced. The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to the mandatory unconditional cash offer announcement on 26 July 2012.
- (3) On 20 June 2013, Armstrong Industrial Corporation Limited ("**Armstrong**") announced that it had received a non-binding indicative proposal from a consortium involving the major shareholder of Armstrong that may result in the delisting of Armstrong. On 5 July 2013, a delisting exit offer was made by AGP Asia Holding Pte. Ltd. for Armstrong. The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to the holding announcement on 20 June 2013.
- (4) On 27 January 2012, trading of the issued ordinary shares in the capital of Pertama Holdings Limited ("**Pertama**") on the SGX-ST was suspended pursuant to the SGX-ST's directive under Rule 724(2) of the Listing Manual as less

than 10% of the shares were held in public hands. On 31 May 2013, Harvey Norman Singapore Pte Ltd ("**HNS**") received a notification from the SGX-ST stating that the SGX-ST is directing the delisting of Pertama pursuant to Rule 1305 of the Listing Manual. On 8 July 2013, a delisting exit offer was made by HNS for Pertama. The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to the date of suspension of Pertama's shares on 27 January 2012.

- (5) On 5 July 2013, trading of the issued ordinary shares in the capital of Superior Multi-Packaging Limited ("**SMPL**") on the SGX-ST were suspended as the number of shares held in public hands had fallen below 10%. On 6 September 2013, a delisting exit offer was made for SMPL. The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to the date of suspension of SMPL's shares on 5 July 2013.
- (6) On 25 September 2013, Internet Technology Group Limited ("**Internet Technology**") and WLH Holdings Pte. Ltd. ("**WLH**") jointly announced that WLH had presented to the directors of Internet Technology a formal proposal to seek the voluntary delisting of Internet Technology from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. On 21 November 2013, WLH announced a revision in the exit offer price from S\$0.127 to S\$0.138 for each offer share. The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to the joint announcement on 25 September 2013.
- (7) On 14 September 2011, Juken Technology Limited ("**Juken**") and Frencken Group Limited ("**Frencken**") jointly announced that they had entered into an indicative term sheet relating to the proposed acquisition by Frencken of all issued and paid up ordinary shares (excluding treasury shares) in the capital of Juken by way of scheme of arrangement. Frencken announced a pre-conditional voluntary conditional offer on 16 May 2012 and a voluntary conditional offer on 23 August 2012 for Juken ("**Juken Offer**"). The market price premia in the table above were computed based on prices prior to the joint announcement by Juken and Frencken on 14 September 2011 and the cash consideration offered under the Juken Offer.
- (8) On 16 July 2012, Overseas-Chinese Banking Corporation Limited ("**OCBC**") and Great Eastern Holdings Limited ("**GEH**") jointly announced that they had been approached with an offer to purchase, inter alia, their combined stakes in Asia-Pacific Breweries Limited ("**APB**") and they were having discussions on this. Heineken International B.V. announced a pre-conditional mandatory cash offer on 18 August 2012 and a mandatory unconditional cash offer on 15 November 2012 for APB. The market price premia in the table above were computed based on prices prior to the joint announcement by OCBC and GEH on 16 July 2012.
- (9) On 28 August 2012, a voluntary unconditional cash offer was made by Luye Pharmaceutical Investment Co., Ltd. for Luye Pharma Group Ltd. ("**Luye Pharma**") ("**Luye Offer**"). The market price premia in the table above, as extracted from the relevant circular, were computed based on prices prior to 30 July 2012, being the last full Market Day on which the shares in Luye Pharma were traded on the SGX-ST prior to the date of announcement of the Luye Offer.
- (10) On 17 August 2012, Kian Ann Engineering Ltd ("**Kian Ann**") announced that it had been approached by a party in relation to a possible transaction involving the shares of Kian Ann. On 15 October 2012, Kian Ann and Invicta Asian Holdings Pte. Ltd. ("**Invicta**") jointly announced the proposed acquisition by Invicta of all the issued and paid-up ordinary shares in the capital of Kian Ann by way of a scheme of arrangement in accordance with Section 210 of the Act. The market price premia in the table above were computed based on prices prior to the holding announcement on 17 August 2012.
- (11) On 5 July 2013, a mandatory unconditional cash offer was made by Pluto Rising Pte. Ltd. for Viz Brand Limited at S\$0.78 for each share. On 1 August 2013, the offer price was revised to S\$0.815 per share. The market price premia in the table above, as extracted from the relevant circular, were computed based on the revised offer price and market prices prior to the first announcement on 5 July 2013.
- (12) The market price premia in the table above were computed based on the revised offer price for the shares in CapitaMall Asia Limited.
- (13) The market price premia in the table above were computed based on prices prior to the holding announcement when Goodpack Limited first announced that it had been approached on a possible offer for its shares.

We note that the market price premia implied by the Final Offer Price is within the range of premia and is higher than the mean and median premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Precedent Takeovers.

8.9 Premia paid in Recent Non-Privatisation Transactions

For the purpose of providing an illustrative guide as to whether the financial terms of the Revised Offer are attractive relative to those of selected recent non-privatisation transactions, we have compared the financial terms of the Revised Offer with those in recent successful non-privatisation transactions in the last 3 years ("**Non-Privatisation Transactions**").

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in the Non-Privatisation Transactions set out in the analysis below are not directly comparable with Forterra in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Revised Offer with the Non-Privatisation Transactions set out below is for illustrative purposes only. Conclusion drawn from the comparisons made may not reflect any perceived market valuation of Forterra.

Company	Announcement date	Last transacted price (%)	Premium/(discount) to pre-announcement share price	
			1-month (%)	3-month (%)
YHM Group Limited ⁽¹⁾	20-Dec-12	(82.0)	(75.3)	(74.3)
China Minzhong Food Corporation Limited	02-Sep-13	10.3	5.5	6.9
Hotel Properties Limited	14-Apr-14	29.4	33.8	35.1
High⁽²⁾		29.4	33.8	35.1
Low⁽²⁾		10.3	5.5	6.9
Median⁽²⁾		19.9	19.7	21.0
Mean⁽²⁾		19.9	19.7	21.0
Forterra (implied by the Final Offer Price)	4-Nov-14	32.4	51.1	49.7

Notes:

- (1) The market price discount was computed based on prices prior to the pre-conditional offer announcement for YHM Group Limited on 25 October 2012.
- (2) We have excluded YHM Group Limited as an outlier.

The market price premia implied by the Final Offer Price is above the range of premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Non-Privatisation Transactions.

8.10 Dividend/Distribution Analysis

For the purpose of assessing the Revised Offer, we have considered the historical distribution record of the Units for the last 3 financial years prior to the Latest Practicable Date and compared them with the returns which a Unitholder may potentially obtain by re-investing the proceeds from the Revised Offer in other selected alternative equity investments.

8.10.1 Historical Distributions Declared by Forterra

The distributions declared by Forterra in respect of the last three financial years prior to the Latest Practicable Date is set out below:

	FY2011	FY2012	FY2013
Distribution per Unit (S\$)	0.05	n.a	n.a
Unit price ⁽¹⁾ (S\$)	1.97	-	-
Net distribution yield ⁽²⁾ (%)	2.54	-	-

Source: Bloomberg L.P., the Company's annual reports and CIMB analysis

Notes:

- (1) Closing price of the Units as at the last cum-distribution date.
- (2) Computed as total distribution per Unit divided by Unit price.

We note that the distribution per Unit declared in FY2011 was S\$0.05. Since then, Forterra had not delivered any distribution to its Unitholders. We further note:

- (i) in Forterra's FY2012 annual report that it was stated that in accordance with the Forterra's Trust Deed, distributions made after June 2013 must reflect a minimum of 50% of distributable income; and
- (ii) in Forterra's FY2013 annual report that it was stated that the Board maintains its commitment to commence distribution no later than FY2015.

8.10.2 Investment in Selected Alternative Investments

Unitholders who accept the Revised Offer may re-invest the proceeds from the Revised Offer in selected alternative equity investments including the equity of the Comparable Companies and/or a broad market index instrument such as the STI Exchange Traded Fund ("**STI ETF**").

For illustrative purposes, the dividend/distribution yields of these selected alternative investments based on their ordinary dividends/distributions (in the case of real estate investment trust or business trust) declared in respect of their respective last financial year, prior to the Latest Practicable Date, are as follows:

Comparable Companies	Net dividend/distribution yield (%) ⁽¹⁾
Listed on SGX-ST	
CRCT	5.7
PCRT	6.9
Listed on Hong Kong Stock Exchange	
Hui Xian REIT	7.0
Yuexiu REIT	6.9
Spring REIT ⁽²⁾	2.3
Median	6.9⁽³⁾
Mean	6.6⁽³⁾
STI ETF	2.6

Source: Bloomberg L.P., annual reports or financial statements of the Comparable Companies and CIMB analysis

Notes:

- (1) Net dividend/distribution yield of each selected alternative investment is computed as the net ordinary dividend/distribution per share/unit divided by the closing market price on the Latest Practicable Date (or where there was no trading on such date, the last available closing market price prior thereto).
- (2) Spring REIT's units were listed on 5 December 2013. Distribution per unit received by Spring Reit's unitholders for its last financial year is inclusive of a special distribution per unit declared for the same year.
- (3) The distribution yield of Spring REIT has been excluded from the computation of the mean and median.

We wish to highlight that the above dividend/distribution analysis serves only as an illustrative guide and is not an indication of any of the dividend/distribution policy of the Comparable Companies or the STI ETF. Furthermore, an investment in the equity of the Comparable Companies or the STI ETF also presents different risk-return profiles compared to an investment in the Units. Moreover, there is no assurance that any of the above selected alternative investments will continue to pay dividends/distributions in the future or maintain the level of dividends/distributions paid in past periods.

Further, the above analysis suggests that a Unitholder who receives the proceeds from the Final Offer Price may potentially experience an increase in investment income if he re-invests the proceeds from the Final Offer Price in the units of some of the Comparable Companies that have paid out distributions for their respective last financial year. This is on the assumption that the Comparable Companies that have paid out distributions for their respective last financial year maintain their respective net distribution per unit at the same level as that set out above.

8.11 Other Relevant Considerations

8.11.1 Rationale for the Revised Offer

As set out in Section 6 of this Letter, the Offeror is making the First Offer in compliance with the requirements of the Code, as the Offeror together with any other Relevant Persons hold an aggregate of 79,133,379 Units (including the units issued pursuant to the Option Exercise), representing approximately 30.79% of the Resultant Issued Units on 4 November 2014.

8.11.2 Offeror's Future Plans for Forterra

As set out in Section 5.1 of the Circular, the Offeror's intentions in relation to Forterra are as follows:

"It is the current intention of the Offeror that Forterra continues with its existing activities and there are presently no plans to (a) introduce any major changes to the business or operations of Forterra, (b) re-deploy any of the fixed assets of Forterra or (c) discontinue the employment of any of the existing employees of Forterra and/or of its subsidiaries, other than in the ordinary course of business. The Offeror however reserves the right and discretion, subsequent to the Offer, to conduct a review of Forterra's management and operations and to evaluate any options or opportunities in relation to Forterra which may present themselves which the Offeror regards to be in the best interests of Forterra."

8.11.3 High Gearing Ratio

As at 30 September 2014, the gearing ratio of Forterra is 34.7%⁽¹⁾. We note that this gearing ratio is higher than the range of gearing ratios of between 9.2% to 33.5% of the Comparable Companies. In addition, the interest paid by the Group was higher than the net cash generated from operating activities in FY2013 and 9M2014, respectively.

Note:

- (1) For the purpose of our computation, gearing ratio has been computed based on Forterra's total borrowings of approximately S\$825.1 million divided by Forterra's total assets of approximately S\$2,378.0 million.

8.11.4 Development Risks

We note that the main asset of Forterra, being The Place, which represents approximately 77.1%⁽¹⁾⁽²⁾ of the value of Forterra's investment properties, is still in a transitional stage and undergoing development works and is expected to progressively reopen or open between December 2014 to mid-year of 2015. In addition, with respect to Huai Hai Mall, the management of Forterra is currently exploring and reviewing the pre-development plan of the repositioning of the premise.

Notes:

- (1) Only takes into account the value of the Group's effective interest in each property.
(2) Based on the Valuation Reports.

We set out below an overview of certain risks impacting the properties under development relating to construction, financing and asset valuations.

Construction Risks

Forterra may be adversely affected by delays in the construction and completion of its properties under development and/or refurbishments.

Property developments may face delays or incur cost overruns due to a number of factors, such as shortages of, or price increases with respect to, construction materials (which may prove defective), equipment, technical skills and labour, adverse weather conditions, third party performance risks, environmental risks, changes in market conditions, changes in government or regulatory policies, delays in obtaining the requisite approvals, permits, licences or certifications from the relevant authorities and other unforeseeable problems and circumstances. If the Group is not adequately compensated by insurance proceeds (if any) and/or contractual indemnities (if any), or if it experiences a delay in receiving revenue, the business, financial condition and the results of operations of the Group may be adversely affected.

In addition, the completion of the development projects in the People's Republic of China are subject to obtaining certain permits from various government agencies. In the event the relevant permits are not received, this may adversely affect the business, financial condition and the results of operations of the Group.

Financing Risks

There is no assurance that the Group would be able to secure additional funding or draw down its loan for its development works. Factors that could affect the Group's ability to procure financing include the Group's financial position, results of operation or cash flow, any impairment of financial systems in the event of a downturn in financial markets and market disruption risks, which could adversely affect the liquidity, interest rates and availability of bank credit available to the Group.

Asset Valuation Risks

The Group's investment properties are stated at initial cost on acquisition, and at fair value thereafter, with any change therein recognised in profit or loss. Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers.

In the event that there is a significant decrease in the fair value of the Group's investment properties, the financial position and financial performance of the Group will be adversely affected.

8.11.5 The Offeror Already Has Statutory Control of Forterra

As at the Latest Practicable Date, the Offeror owns or controls approximately 72.65% of the total number of issued Units and 71.94% of the maximum potential total units in Forterra, and has statutory control of Forterra, which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of Forterra and is in a position to pass all ordinary resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Unitholders.

8.11.6 No Alternative Offer

As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Units. Further, the Directors have also confirmed that as at the Latest Practicable Date, Forterra has not received any offer from any other party.

8.11.7 No Irrevocable Undertakings

The following is extracted from paragraph 13.3 of the Offer Document and reproduced in *italics* below.

"None of the Offeror or persons acting or deemed to be acting in concert with the Offeror has received any irrevocable undertaking from any party to accept the Offer as at the Latest Practicable Date."

9. SUMMARY OF ANALYSIS

In arriving at our advice to the Independent Directors on the Revised Offer, we have considered, *inter alia*, the following factors which should be read in the context of the full text of this letter:

- (i) The Group's recent historical financial performance;
- (ii) During the 3-year period leading up to the Offer Announcement Date, trading in the Units occurred on approximately 93.8% of all market days;
- (iii) For the 3-year period leading up to the Offer Announcement Date, the Units traded within a range of S\$1.000 to S\$2.450. For the 1-year period leading up to the Offer Announcement Date, the Units traded within a smaller range of S\$1.33 to S\$2.20;
- (iv) The Final Offer Price represents a premium of approximately 25.07%, 39.84%, 49.70% and 51.11% over the 1-year VWAP, 6-month VWAP, 3-month VWAP and 1-month VWAP, respectively;
- (v) The Final Offer Price represents a premium of approximately 32.35% over the closing price of the Units of S\$1.700 on 3 November 2014, the last traded market day prior to the Offer Announcement Date;
- (vi) Between the Offer Announcement Date to the Latest Practicable Date, the Units traded between a range of S\$1.855 to S\$2.270, and the Final Offer Price is slightly below the highest end of the range;
- (vii) As at the Latest Practicable Date, the Final Offer Price is the same as the closing price of the Units;
- (viii) The average daily trading volume has generally declined in recent years from a 3-year average daily trading volume of 116,030 units, representing approximately 0.24% of Forterra's free float, to a volume of about 63,421 Units over the more recent 1-month period prior to the Offer Announcement Date, representing approximately 0.13% of Forterra's free float;

- (ix) During the 3-year period leading up to the Offer Announcement Date, the Units had mostly underperformed the FSSTI and FSTREI except for the period from August 2013 to January 2014. From February 2014 to the 21 November 2014, the Units continued to underperform FSSTI and FSTREI but showed significant increase after the Offer Announcement Date;
- (x) The Final Offer Price is at a discount of approximately 41.9% to the RNAV per Unit of S\$3.87 as at 30 September 2014;
- (xi) Over the 3-year period prior to the Offer Announcement Date, the Units have traded at a discount of between 47.1% and 77.1% to the trailing NAV per Unit and the discount implied by the Final Offer Price to the NAV per unit as at 30 September 2014 of approximately 42.0% is below the lowest end of the range;
- (xii) The P/RNAV and P/NAV multiples of Forterra implied by the Final Offer Price is below the range of the multiples of the Comparable Companies;
- (xiii) The market price premia implied by the Final Offer Price is above the corresponding mean and median premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Comparable Precedent Transactions;
- (xiv) The P/NAV of Forterra implied by the Final Offer Price is lower than the corresponding mean and median multiples of the Comparable Precedent Transactions;
- (xv) The market price premia implied by the Final Offer Price is above the premia over the last transacted price, 1-month VWAP and 3-month VWAP implied by the PAG Acquisition;
- (xvi) The P/NAV of Forterra implied by the Final Offer Price is above the P/NAV multiple of Forterra implied by the PAG Acquisition;
- (xvii) The market price premia implied by the Final Offer Price is below the premia over the last transacted price, 1-month VWAP and 3-month VWAP implied by the 2013 Acquisition;
- (xviii) The P/NAV of Forterra implied by the Final Offer Price is lower than the P/NAV multiple implied by the 2013 Acquisition;
- (xix) The market price premia implied by the Final Offer Price is above the premia over the last transacted price, 1-month VWAP and 3-month VWAP implied by the PAG Disposal;
- (xx) The P/NAV of Forterra implied by the Final Offer Price is equal to the P/NAV multiple implied by the PAG Disposal;
- (xxi) The market price premia implied by the Final Offer Price is within the range of premia and higher than the mean and median premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Precedent Takeovers;
- (xxii) The market price premia implied by the Final Offer Price is above the range of premia of the last transacted price, 1-month VWAP and 3-month VWAP of the Non-Privatisation Transactions;

- (xxiii) The rationale for the Revised Offer;
- (xxiv) The Offeror does not intend to make major changes to the business or operations of Forterra;
- (xxv) As at the Latest Practicable Date, the Offeror already has statutory control of Forterra; and
- (xxvi) As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Units.

Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Final Offer Price is on balance, not fair but reasonable under current prevailing market, economic, industry, monetary and other relevant conditions.

10. CIMB'S ADVICE ON THE OFFER

After carefully considering all available information and based on our assessment of the financial terms of the Revised Offer, we are of opinion that on balance, the financial terms of the offer are not fair but reasonable.

Accordingly, in light of our analysis above, we advise the Independent Directors to recommend Unitholders who are not prepared to accept the uncertainties facing the future prospects of Forterra and/or who wish to take this opportunity to realise their investments in Forterra, to accept the offer or to sell their Units in the open market if they can obtain a price higher than the Final Offer Price (after deducting all related expenses).

We wish to highlight to Unitholders who elect to retain their unitholding in Forterra that:

- (i) It is likely that the market price of the Units as at the Latest Practicable Date is highly influenced by the Revised Offer and may not be maintained at such levels after the close of the Revised Offer;
- (ii) The average daily trading volume of the Units has declined from a 3-year average daily trading volume of 116,030 units to about 63,421 Units over the more recent 1-month period prior to the Offer Announcement Date;
- (iii) The average daily trading volume of the Units from the Offer Announcement Date to the Latest Practicable Date is approximately 2,467,833 Units, which is higher than the average daily trading volume of the Units over the last 1 year leading up to the Offer Announcement Date. It is likely that the higher average daily trading volume since the Offer Announcement Date may be due to the Revised Offer and may not be maintained at the same level after the close of the Revised Offer; and
- (iv) The other considerations highlighted in this letter, including those under Section 8.11 "Other Relevant Considerations" with respect to the High Gearing Ratio and the Development Risks.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise that any individual Unitholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Unitholders should note that the opinion and advice of CIMB should not be relied upon by any Unitholder as the sole basis for deciding whether or not to accept the Revised Offer.

Yours faithfully

For and on behalf of

CIMB BANK BERHAD, SINGAPORE BRANCH

MAH KAH LOON

HEAD

CORPORATE FINANCE

ERIC WONG

DIRECTOR

CORPORATE FINANCE

ADDITIONAL GENERAL INFORMATION

1. DIRECTORS OF THE TRUSTEE-MANAGER

The names, addresses and appointments of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Mr. Eric Chung Chun Kwong	c/o 23/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong	Chairman, Non-Executive & Non-Independent Director
Mr. John Lim Kok Min	c/o 65 Chulia Street, #43-08, OCBC Centre, Singapore 049513	Lead Independent Director
Mr. Paul Cheng Kwok Kin	c/o 65 Chulia Street, #43-08, OCBC Centre, Singapore 049513	Independent Non-Executive Director
Mr. John Lee Ting Kong	c/o 65 Chulia Street, #43-08, OCBC Centre, Singapore 049513	Independent Non-Executive Director
Dr. Tan Khee Giap	c/o 65 Chulia Street, #43-08, OCBC Centre, Singapore 049513	Independent Non-Executive Director
Mr. Yoon Wai Nam	c/o 65 Chulia Street, #43-08, OCBC Centre, Singapore 049513	Independent Non-Executive Director
Mr. Vincent Cheung Sai Sing	c/o 23/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong	Non-Executive & Non-Independent Director
Mr. Nelson Tang Chun Wai	c/o 23/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong	Non-Executive & Non-Independent Director

2. HISTORY AND PRINCIPAL ACTIVITIES

Forterra is a Singapore-domiciled business trust listed on the Mainboard of the SGX-ST. The principal activity of Forterra is to own, invest in and proactively manage income-producing real estate used primarily for office, retail, industrial/logistics purposes as well as hotels and serviced apartments located in the People's Republic of China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region (collectively, "**Greater China**"), and real estate-related assets in relation to the foregoing. Forterra may acquire, hold or develop land, under-performing assets or uncompleted developments to be used as commercial real estate located in Greater China, with the objective of providing proactive management solutions to deliver maximum value that results in either the holding of the properties upon completion or the disposal of the properties on a strategic basis.

3. UNITS

3.1 Issued Units

The total number of issued Units of Forterra as at the Latest Practicable Date is 257,019,717 Units.

3.2 Voting, Distribution and the Units

The rights of Unitholders in respect of voting, distribution and the Units are contained in the Trust Deed, which is available for inspection at Forterra's registered office at 65 Chulia Street #43-08 OCBC Centre Singapore 049513. The relevant provisions in the Trust Deed relating to the rights of Unitholders in respect of voting, distribution and the Units have been extracted and reproduced in Appendix IV to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Trust Deed and/or the Business Trusts Act.

3.3 Number of Units Issued since the End of the Last Financial Year

As at the Latest Practicable Date, an aggregate of 3,225,000 new Units have been issued since the end of FY2013, being the last financial year of Forterra, pursuant to the exercise of the following Unit Options:

- (a) on 10 April 2014, exercise of 175,000 Unit Options by an option holder at an exercise price of S\$0.34816 per Unit; and
- (b) on 4 November 2014, exercise of 3,050,000 Unit Options by an option holder at an exercise price of S\$0.34816 per Unit.

3.4 Options and Convertible Instruments

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, the Units save for an aggregate of 2,510,000 outstanding Unit Options.

4. DISCLOSURE OF INTERESTS

4.1 Interests of Forterra in Offeror Securities

Forterra does not have any direct or deemed interests in the Offeror Securities as at the Latest Practicable Date.

4.2 Dealings in Offeror Securities by Forterra

Forterra has not dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of the Directors in Offeror Securities

As at the Latest Practicable Date, none of the Directors has any direct or deemed interests in the Offeror Securities.

4.4 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of the Directors in Forterra Securities

As at the Latest Practicable Date, none of the Directors has any direct or deemed interests in Forterra Securities.

4.6 Dealings in Forterra Securities by the Directors

As at the Latest Practicable Date, none of the Directors has dealt for value in Forterra Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.7 Forterra Securities owned or controlled by CIMB

None of CIMB, its related corporations or any of the funds whose investments are managed by CIMB on a discretionary basis owns or controls any Forterra Securities as at the Latest Practicable Date.

4.8 Dealings in Forterra Securities by CIMB

None of CIMB, its related corporations or any of the funds whose investments are managed by CIMB on a discretionary basis has dealt for value in any Forterra Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5. OTHER DISCLOSURES

5.1 Directors' service contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with Forterra, the Trustee-Manager or any of Forterra's subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2 Arrangements affecting Directors

- (a) As at the Latest Practicable Date, it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Trustee-Manager, as compensation for loss of office or otherwise in connection with the Offer.

- (b) As at the Latest Practicable Date, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer.
- (c) As at the Latest Practicable Date, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save for information on Forterra that is publicly available and other than those entered into in the ordinary course of business, as at the Latest Practicable Date, neither Forterra nor its subsidiaries has entered into material contracts with persons who are interested persons (as defined in the Note on Rule 23.12 of the Code) during the period beginning three (3) years before the Offer Announcement Date.

7. MATERIAL LITIGATION

Save for information on Forterra that is publicly available, as at the Latest Practicable Date, none of Forterra and its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of Forterra or the Group, taken as a whole. Save for information on Forterra that is publicly available, the Directors are not aware of any litigation, claims or proceedings pending or threatened against Forterra or any of its subsidiaries or of any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of Forterra and its subsidiaries taken as a whole.

8. FINANCIAL INFORMATION

8.1 Consolidated Income Statements

The audited consolidated income statements for the last three (3) financial years (FY2011, FY2012 and FY2013) and the unaudited consolidated income statements for the nine (9)-month financial period ended 30 September 2014 are summarised below. The summary set out below should be read together with the annual reports, the audited consolidated financial statements for the relevant financial periods, Forterra's announcement on the financial statements for the third quarter ended 30 September 2014 ("**3Q 2014 Results Announcement**") and its accompanying notes. Copies of all of the above are available for inspection at the registered address of Forterra at 65 Chulia Street #43-08 OCBC Centre Singapore 049513 during normal business hours for the period during which the Offer remains open for acceptance.

	Audited FY2011 S\$'000	Audited FY2012 S\$'000	Audited FY2013 S\$'000	Unaudited YTD Sep 2014 S\$'000
Gross rental income	92,735	98,985	76,950	41,328
Other income	509	134	333	29
Gross Revenue	93,244	99,119	77,283	41,357
Business and property related taxes	(11,755)	(12,545)	(10,246)	(6,764)
Property management fees	(3,052)	(3,386)	(2,754)	(1,574)
Other property operating expenses	(20,365)	(24,357)	(15,411)	(10,934)
Total property operating expenses	(35,172)	(40,288)	(28,411)	(19,272)
Net Property Income	58,072	58,831	48,872	22,085
Other gains	–	–	22,166	20,336
Trustee-Manager's fees	(15,028)	(16,316)	(16,129)	(10,138)
Administrative expenses	(9,177)	(11,708)	(12,212)	(6,134)
Other expenses	–	–	(663)	–
Net finance costs	(43,681)	(54,382)	(56,898)	(35,602)
Net foreign exchange gain/(loss)	(4,674)	30,666	(19,511)	(2,179)
Change in fair values of financial derivatives	360	(1,084)	1,103	317
Change in fair values of investment properties	312,461	70,381	(13,641)	(246,812)
Profit/(Loss) before tax	298,333	76,388	(46,913)	(258,127)
Income tax				
– Current tax expenses	(2,066)	(2,110)	(2,115)	(1,065)
– Deferred tax benefits/(expenses)	(86,911)	(27,611)	(3,483)	57,254
Profit/(Loss) after tax	209,356	46,667	(52,511)	(201,938)
Total profit/(loss) attributable to:				
Unitholders of Forterra	136,061	42,417	(49,252)	(168,291)
Non-controlling interests	73,295	4,250	(3,259)	(33,647)
Profit/(Loss) after tax	209,356	46,667	(52,511)	(201,938)
Earnings per unit attributable to unitholders of Forterra				
Basic (cents)	53.4	16.7	(19.4)	(66.3)
Diluted (cents)	50.1	16.6	(19.4)	(66.3)
Distribution per unit to unitholders of Forterra (cents)	5.0	–	–	–

8.2 Consolidated Balance Sheet

The audited consolidated balance sheet as at 31 December 2013 and the unaudited consolidated balance sheet as at 30 September 2014 are summarised below. The summary set out below should be read together with the annual report for FY2013, the audited consolidated financial statements for FY2013, the 3Q 2014 Results Announcement and its accompanying notes. Copies of all of the above are available for inspection at the registered address of Forterra at 65 Chulia Street #43-08 OCBC Centre Singapore 049513 during normal business hours for the period during which the Offer remains open for acceptance.

Consolidated Statements of Financial Position

	Unaudited as at 30 Sep 2014 S\$'000	Audited as at 31 Dec 2013 S\$'000
Non-current assets		
Investment properties	2,237,872	2,438,479
Property, plant and equipment	1,201	979
Total non-current assets	2,239,073	2,439,458
Current assets		
Trade and other receivables	33,859	54,913
Cash and cash equivalents	104,797	108,244
Derivative financial assets	232	–
Assets classified as held for sale	–	75,510
Total current assets	138,888	238,667
Total assets	2,377,961	2,678,125
Non-current liabilities		
Interest-bearing borrowings	149,734	617,223
Deferred tax liabilities	331,636	393,601
Total non-current liabilities	481,370	1,010,824
Current liabilities		
Interest-bearing borrowings	675,345	91,789
Debt security	–	79,470
Derivative financial liabilities	–	85
Current tax liabilities	314	415
Trade and other payables	124,632	102,262
Liabilities classified as held for sale	–	70,242
Total current liabilities	800,291	344,263
Total liabilities	1,281,661	1,355,087
Net assets	1,096,300	1,323,038
Represented by:		
Unitholders funds	997,316	1,189,008
Non-controlling interests	98,984	134,030
	1,096,300	1,323,038
Number of units issued	253,969,717	253,794,717
NAV attributable to unitholder per unit		
Basic (in S\$)	3.93	4.68
Diluted (in S\$)	3.90	4.46

8.3 Significant Accounting Policies

A summary of the significant accounting policies of the Group is set out in the notes to the audited consolidated financial statements for FY2013. Copies of the above are available for inspection at the registered address of Forterra at 65 Chulia Street #43-08 OCBC Centre Singapore 049513 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed in the notes to the audited consolidated financial statements for FY2013 and the unaudited consolidated financial statements for the third quarter ended 30 September 2014:

- (a) there were no significant accounting policies or any matter from the notes of the financial statements of Forterra which are of any major relevance for the interpretation of the financial statements of Forterra; and
- (b) as at the Latest Practicable Date, there is no change in the accounting policy of Forterra which will cause the figures disclosed in this Circular not to be comparable to a material extent.

8.4 Material changes in financial position

Save as disclosed in publicly available information on the Group (including but not limited to the 30 June 2014 revaluation of Forterra's properties, the disposal of Beijing Logistics Park and the unaudited consolidated financial statements for the third quarter ended 30 September 2014 and its accompanying notes annexed as Appendix III to this Circular), as at the Latest Practicable Date, there has been no known material change in the financial position of Forterra since 31 December 2013, being the date of Forterra's last published audited financial statements.

8.5 Material change in information

Save as disclosed in this Circular and save for the information relating to Forterra and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of Forterra during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

8.6 Statements of Prospects

- (a) The following statement set out in italics below (the "**AR 2013 Statement of Prospects**") has been extracted from Forterra's Annual Report 2013, as released by Forterra on 8 April 2014:

"Looking forward, with the completion of The Place, the majority of the Trust portfolio (81.7% of the portfolio) will become income-generating with recurrent rental income. This will lead to significant improvements in the cashflow and financial position of the Trust, and lay a strong foundation for its future development."

- (b) The following statement set out in italics below (the "**2Q 2014 Statement of Prospects**" and collectively with the AR 2013 Statement of Prospects, the "**Statements of Prospects**") has been extracted from the Executive Summary for Forterra's announcement on the financial statements for the second quarter ended 30 June 2014 released on 5 August 2014:

"The Place's rental revenue contribution, upon its opening and stabilisation, is expected to significantly improve the cash flow and financial position of the Trust, and lay a solid foundation for the Trust's financial operations and future development. Nonetheless, a lot has changed in the China as well as Shanghai's retail and office market conditions since 28 February 2012, when the Trust first announced its expected development plans for The Place (please see "Market Conditions" below for more information). In addition, in view of these market conditions and challenges, management has adopted

a more prudent and realistic approach in its overall development and operational assumptions for The Place. As a result, on a stabilised basis, The Place is expected to realise an annualised gross revenue in excess of RMB500 million.”

Unitholders should note that the Directors have set out in Appendix V to this Circular, the bases and assumptions for the Statements of Prospects. KPMG has issued a report and CIMB has issued a letter in relation to the Statements of Prospects, which are set out in Appendices VI and VII to this Circular respectively. Unitholders are urged to read Appendices V, VI and VII to this Circular carefully.

8.7 Valuation of the Properties

DTZ has conducted an independent valuation of certain investment properties, investment properties under development and investment properties for development of the Group (the “**Assets**”) and the Group’s shareholding interests in associated companies that are incorporated for the purpose of investment in properties (“**Equities**”). The extracts of the valuation report are set out in Appendix VIII to this Circular. Under Rule 26.3 of the Code, Forterra is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the Assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of valuation. Based on information provided to Forterra by DTZ, the potential tax liabilities that may be incurred by the Group on the hypothetical disposal of the investment properties, via a sale of the Assets, is approximately S\$736,906,000¹, while the potential tax liabilities that may be incurred on the hypothetical disposal, via an offshore sale of the Equities, is approximately S\$93,448,000¹. Should the Assets or Equities be disposed, the Assets’ related book deferred tax liabilities of S\$315,153,000 would be reversed. For the avoidance of doubt, the foregoing potential tax liabilities do not take into account the tax liabilities or tax position of any individual Unitholder. The aforesaid tax liabilities will not crystallise if Forterra does not dispose of its Assets or Equities. As at the Latest Practicable Date, Forterra has no plans to dispose of its Assets or Equities, and as such, the aforesaid tax liabilities are not likely to crystallise.

9. GENERAL

- 9.1** All expenses and costs incurred by Forterra in relation to the Offer will be borne by Forterra.
- 9.2** CIMB has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in section 7.3 of this Circular, the IFA Letter set out in Appendix I to this Circular, the letter in relation to the review of the Statements of Prospects set out in Appendix VII to this Circular and all references thereto, in the form and context in which they appear in this Circular.
- 9.3** KPMG has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, the report in relation to the review of the Statements of Prospects set out in Appendix VI to this Circular and all references thereto, in the form and context in which they appear in this Circular.
- 9.4** DTZ has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular and the valuation report set out in Appendix VIII to this Circular and all references thereto, in the form and context in which they appear in this Circular.

¹ Based on the exchange rate of S\$1 to RMB4.825 as at 30 September 2014.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered address of Forterra at 65 Chulia Street #43-08 OCBC Centre Singapore 049513 during normal business hours for the period during which the Offer remain open for acceptance:

- (a) the trust deed of Forterra;
- (b) the annual reports of Forterra for FY2011, FY2012 and FY2013;
- (c) the unaudited consolidated financial statements for the third quarter ended 30 September 2014 and its accompanying notes;
- (d) the IFA Letter as set out in Appendix I to this Circular;
- (e) the Statements of Prospects, the report from KPMG and letter from CIMB respectively in relation to the Statements of Prospects, as set out in Appendices V, VI and VII to this Circular respectively;
- (f) the valuation report from DTZ in respect of the Properties including without limitation those set out in Appendix VIII to this Circular; and
- (g) the letters of consent referred to in paragraphs 9.2, 9.3 and 9.4 to this Appendix II above.

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**



**FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS**

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FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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.

FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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 ^c	(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.

FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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.

FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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).

FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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

FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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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2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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
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* 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.

FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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 1 Jan 2014	Recognised in Statement of Profit or Loss	Recognised in equity	Foreign currency translation differences	As at 30 Sep 2014
(S\$'000)					
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.

FORTERRA TRUST
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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.

FORTERRA 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.

FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

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.

FORTERRA TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS

9 Consolidated Statement of Cash Flows

(S\$'000)	3rd Qtr 2014	3rd 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

- 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 2013 (from S\$1=RMB4.863 as at 30 June 2013 to S\$1=RMB4.872 as at 30 September 2013).
- b. 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)	3 rd Qtr 2014	3 rd 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)	3 rd Qtr 2014 Units	3 rd 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)	3 rd Qtr 2014	3 rd 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)	3 rd Qtr 2014	3 rd 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)	3 rd Qtr 2014	3 rd 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 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.

EXTRACT OF RELEVANT PROVISIONS IN THE TRUST DEED

1. RIGHTS OF UNITHOLDERS IN RESPECT OF THE UNITS, DISTRIBUTIONS AND VOTING

The rights of Unitholders in respect of the Units, distributions and voting as extracted from the Trust Deed are set out in paragraphs 1.1, 1.2 and 1.3 below.

1.1 Rights in respect of the Units

The relevant provisions in clauses 3 and 6 of the Trust Deed, which set out the Unitholders' rights in respect of the Units, are set out below:

3. *Provisions as to Units, Holders and Statements of Holdings*

3.4 *Sub-division and Consolidation of Units*

3.4.1 *The Trustee-Manager may, at any time and on giving prior written notice (such notice period shall be determined by the Trustee-Manager in its absolute discretion) to each Holder or (as the case may be) to each Depositor by the Trustee-Manager delivering such notice in writing to such Holder or the Depository for onward delivery to the Depositors, determine that each Unit shall be subdivided into two or more Units or consolidated with one or more other Units and the Holders shall be bound accordingly.*

3.4.2 *The Register shall be altered accordingly to reflect the new number of Units held by each Holder as a result of such sub-division or consolidation and, where applicable, the Trustee-Manager shall cause the Depository to alter the Depository Register accordingly in respect of each relevant Depositor's Securities Account to reflect the new number of Units held by such Depositor as a result of such subdivision or consolidation.*

3.6 *Rights attached to Units*

The rights attached to the Units issued upon special conditions shall be clearly defined in this Deed. Without prejudice to any special right previously conferred on the Holders of any existing Units or Class of Units but subject to the Relevant Laws, Regulations and Guidelines and this Deed, any Units may be issued by the Trustee-Manager and any such Units may be issued with such preferred, deferred, subordinated or other special rights or such restrictions, whether in regard to distributions, voting or otherwise as the Trustee-Manager may determine.

3.7 *Variation of Rights*

3.7.1 *If at any time different Classes of Units are issued, the rights attached to any Class (unless otherwise provided by the terms of issue of the Units of that Class) may, subject to the provisions of the Relevant Laws, Regulations and Guidelines, whether or not the Trust is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution of the Holders in respect of Units of that Class, and to every such Extraordinary Resolution the provisions of this Deed relating to meetings of Holders shall apply mutatis mutandis PROVIDED THAT the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued Units of the Class and that any Holder in respect of Units of that Class present in person or by proxy or by attorney may demand a poll.*

- 3.7.2** *The rights conferred upon the Holders of the Units of any Class issued with preferred, deferred, subordinated or other rights shall not, unless otherwise expressly provided by the terms of issue of the Units of that Class or by this Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further Units ranking equally therewith.*

3.8 Units to be Held Free from Equities

A Holder entered in the Register as the registered holder of Units or (as the case may be) a Depositor whose name is entered in the Depository Register in respect of Units registered to him, shall be the only person entitled to be recognised by the Trustee-Manager as having any right, title or interest in or to the Units registered in his name and the Trustee-Manager may recognise such Holder as absolute owner thereof and shall not be bound by any notice to the contrary and shall also not be bound to take notice of or to see to the execution of any trust, express, implied or constructive, save as herein expressly provided or save as required by any court of competent jurisdiction to recognise any trust or equity or other interest affecting the title to any Units. Save as provided in this Deed, no notice of any trust, express, implied or constructive, shall be entered on the Register or the Depository Register.

6. Issue of Units, Preference Units and Instruments Convertible into Units

6.1 Issue of Units

- 6.1.1** *Subject to the provisions of this Deed and any Relevant Laws, Regulations and Guidelines, the Trustee-Manager shall have the exclusive right to effect for the account of the Trust the issue of Units (whether on an initial issue of Units, a Rights Issue, an issue of new Units otherwise than by way of a Rights Issue, any issue pursuant to a reinvestment of distribution arrangement or any issue of Units pursuant to a conversion of any securities).*
- 6.1.2** *The Trustee-Manager shall not be bound to accept an application for Units so as to give rise to a holding of fewer than 1,000 Units (or such other number of Units as may be determined by the Trustee-Manager). No fractions of a Unit shall be issued (whether on an initial issue of Units, a Rights Issue, an issue of new Units otherwise than by way of a Rights Issue, any issue pursuant to a reinvestment of distribution arrangement or any issue of Units pursuant to a conversion of any securities) and if any fractions of a Unit arises, the Trustee-Manager shall in respect of each Holder's entitlement to Units truncate (but not round off) to the nearest whole Unit and any balance arising from such truncation shall be retained as part of the Trust Property.*
- 6.1.3** *Issues of Units shall only be made on a Business Day in Singapore or, where applicable, in such other relevant jurisdiction where the Trust and/or the Units are Listed, unless and to the extent that the Trustee-Manager otherwise prescribes.*
- 6.1.4** *The Trustee-Manager may by deed supplemental hereto issue further Classes of Units under such terms and conditions as may be contained therein.*
- 6.1.5** *The Units in the Trust may be Listed on the SGX-ST pursuant to Clause 8 and, if so Listed and deposited with the Depository, shall be traded on the SGX-ST and settled through the Depository. Units already in issue may be transferred or otherwise dealt with through the Securities Accounts into which Units are credited in accordance with Clause 4.7.*

6.1.6 *If the Trust is Listed on the SGX-ST or any other Recognised Stock Exchange, then the Trustee-Manager shall not thereafter issue any further Units in numbers exceeding the limit, if any, prescribed at the time in the Listing Rules or the listing rules of the relevant Recognised Stock Exchange and any Relevant Laws, Regulations and Guidelines, except where such Units are issued in such circumstances as permitted by the Listing Rules or the listing rules of the relevant Recognised Stock Exchange and any Relevant Laws, Regulations and Guidelines or otherwise as required or permitted by the SGX-ST, the relevant Recognised Stock Exchange or any relevant authorities.*

6.2 Issue Price of Units Prior to the Listing Date

6.2.1 *Prior to the Listing Date, the Trustee-Manager may, subject to Clause 6.1 and any Relevant Laws, Regulations and Guidelines, issue Units at any time to any person at any issue price per Unit ("**Issue Price**") and on such terms and conditions as the Trustee-Manager may determine in its absolute discretion.*

6.2.2 *The issue of Units in connection with the Introduction shall be at an Issue Price to be determined by the Trustee-Manager on or before the Listing Date for such Units, PROVIDED THAT the Trustee-Manager may delegate the right to make such determination to any issue manager, financial adviser or placement agent engaged in connection with the Introduction. The actual Issue Price shall be determined by the Trustee-Manager and/or such issue manager, financial adviser or placement agent through such method of price determination as may be decided upon and agreed by the relevant persons.*

6.2.3 *The Trustee-Manager may issue Units at the Issue Price determined in accordance with Clause 6.2.2 to the vendor of any Authorised Investments to be purchased by the Trust in conjunction with the Introduction, or to any person nominated by such vendor, in full or partial satisfaction of the consideration or any deferred purchase consideration payable by the Trust for such Authorised Investments.*

6.3 Issue Price of Units when the Trust is Listed

6.3.1 *Subject to Clauses 6.1 and 6.3.2 and any Relevant Laws, Regulations and Guidelines, for so long as the Trust is Listed, the Trustee-Manager may issue Units on any Business Day in Singapore or, where applicable, in such other relevant jurisdiction where the Trust and/or the Units are Listed, at an Issue Price equal to the Market Price, without the prior approval of the Holders in a meeting of Holders. For this purpose "**Market Price**" shall mean:*

- (i) the volume weighted average price for a Unit (if applicable, of the same Class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which the Trust is Listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days in Singapore or the relevant jurisdiction where the Recognised Stock Exchange is located (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day in Singapore or the relevant jurisdiction where the Recognised Stock Exchange is located; or*

- (ii) *if the Trustee-Manager believes that the calculation in Clause 6.3.1 (i) does not provide a fair reflection of the market price of a Unit, an amount as determined by the Trustee-Manager (after consultation with a Stockbroker approved by the Trustee-Manager), as being the fair market price of a Unit.*

6.3.2 *For so long as the Trust is Listed on the SGX-ST, the Trustee-Manager may issue Units at an Issue Price other than calculated in accordance with Clause 6.3.1 without the prior approval of the Holders in a meeting of Holders provided that, in determining the Issue Price and the premium or discount, if any, to the Issue Price (including, but not limited to, the Issue Price for a Rights Issue on a pro-rata basis to all existing Holders, the Issue Price of a Unit issued other than by way of a Rights Issue offered on a pro-rata basis to all existing Holders, the Issue Price for any reinvestment of distribution arrangement, the Issue Price for any Units which are issued as full or partial consideration for the acquisition of an Authorised Investment by the Trust and the Issue Price for a conversion of instruments which may be convertible into Units), the Trustee-Manager complies with the Listing Rules and any other Relevant Laws, Regulations and Guidelines in determining the Issue Price. If the Issue Price determined by the Trustee-Manager is at a discount to the Market Price, the discount shall not exceed such percentage as may, from time to time, be permitted under the Listing Rules and any other Relevant Laws, Regulations and Guidelines.*

6.4 Units Issued on Unpaid or Partly Paid Basis

No Units shall be issued on an unpaid or partly paid basis, unless such issue is approved by an Extraordinary Resolution of a meeting of Holders duly convened and held in accordance with the provisions of Schedule 1.

6.5 Units Issued to Persons Resident Outside Singapore

6.5.1 *If a Unit is to be issued to a person resident outside Singapore, the Trustee-Manager shall be entitled to charge for its own account an additional amount to the Issue Price thereof which is equal to the excess of the expenses actually incurred by the Trustee-Manager over the amount of expenses which would have been incurred if such person had been resident in Singapore.*

6.5.2 *In relation to any Rights Issue, the Trustee-Manager shall ensure that the offer of Units under any Rights Issue which the Trustee-Manager may conduct within three years from the Listing Date shall be extended to Holders whose addresses, as registered with the Depository or, as the case may be, the Trustee-Manager or its agent appointed to maintain the Register, are in Singapore or any of the Eligible Jurisdictions, to the extent allowed under then prevailing laws and regulations in the relevant jurisdiction. Subject to the foregoing, the Trustee-Manager may in its absolute discretion elect not to extend an offer of Units under the Rights Issue to those Holders whose addresses are outside Singapore. In such event, the rights or entitlements to the Units of such Holders will be offered for sale by the Trustee-Manager as the nominee and authorised agent of each such relevant Holder in such manner and at such price as the Trustee-Manager may determine. Where necessary, the Trustee-Manager shall have the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant Holders whose rights or*

entitlements have been thus sold, PROVIDED THAT where such proceeds payable to the relevant Holders are less than S\$10.00, the Trustee-Manager shall be entitled to retain such proceeds as part of the Trust Property.

6.6 Non-payment of Issue Price

Subject to the Relevant Laws, Regulations and Guidelines and unless otherwise provided in the relevant agreement, application form or other document relating to the issuance of the Units, where (a) payment of the Issue Price payable in respect of any Unit agreed to be issued by the Trustee-Manager has not been received before the seventh Business Day in Singapore or, where applicable, in such other relevant jurisdiction where the Trust and/or the Units are Listed, after the date on which the Unit was agreed to be issued (or such other date as the Trustee-Manager may agree) or (b) the Issue Price paid in respect of any Unit is returned to the Holder, (in respect of sub-paragraph (a)) the agreement to issue such Unit and (in respect of sub-paragraph (b)) such Units may, in the absolute discretion of the Trustee-Manager, at that time or any time thereafter be cancelled by the Trustee-Manager by giving notice to that effect to the applicant and such Unit shall thereupon be deemed never to have been issued or agreed to be issued (as the case may be) and the applicant therefor shall have no right or claim in respect thereof against the Trustee-Manager, PROVIDED THAT:

- 6.6.1** *no previous valuations of the Trust shall be re-opened or invalidated as a result of the cancellation of such Units; and*
- 6.6.2** *the Trustee-Manager shall be entitled to charge the applicant (and retain for its own account) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the application for such Units from such applicant.*

6.7 Updating of Securities Account

For so long as the Trust is Listed on the SGX-ST, the Trustee-Manager shall cause the Depository to effect the book entry of Units issued to a Depositor into such Depositor's Securities Account no later than the tenth Business Day in Singapore after the date on which those Units are agreed to be issued by the Trustee-Manager.

6.8 Suspension of Issue

The Trustee-Manager may, subject to the Listing Rules or the listing rules of any other relevant Recognised Stock Exchange, suspend the issue of Units during any of the following events:

- 6.8.1** *when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;*
- 6.8.2** *the existence of any state of affairs which, in the opinion of the Trustee-Manager, might seriously prejudice the interests of the Holders as a whole or of the Trust Property;*
- 6.8.3** *when, for any reason, the prices of Trust Assets cannot be promptly and accurately ascertained;*

- 6.8.4** *when remittance of money which will or may be involved in the realisation of Trust Assets or in the payment for Trust Assets cannot, in the opinion of the Trustee-Manager, be carried out at normal rates of exchange;*
- 6.8.5** *in relation to any general meeting of the Holders, the period of 48 hours before such general meeting or any adjournment thereof;*
- 6.8.6** *where the issuance of Units is suspended pursuant to any order or direction issued by the MAS or other relevant regulatory authorities; or*
- 6.8.7** *when the business operations of the Trustee-Manager in relation to the Trust are substantially interrupted or closed as a result of, or arising from, nationalisation, expropriation, currency restrictions, pestilence, widespread communicable and infectious diseases, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.*

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Trustee-Manager and shall terminate on the day following the first Business Day in Singapore or the relevant jurisdiction where the Recognised Stock Exchange is located, on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under this Clause 6.8 exists upon the declaration in writing thereof by the Trustee-Manager. In the event of any suspension while the Trust is Listed, the Trustee-Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

6.9 Issue of Instruments Convertible into Units

The Trustee-Manager may issue instruments which may be convertible into Units (including but not limited to any options, securities, warrants, debentures or other instruments that might or would require Units to be issued) for consideration or for no consideration and on such terms of offer and issue as the Trustee-Manager may determine, subject to Clause 6.1 and any Relevant Laws, Regulations and Guidelines relating to the offer of issue of instruments which may be convertible into Units.

6.10 Issue of Preference Units

- 6.10.1** *Preference Units may be issued subject to Clause 6.1 and any Relevant Laws, Regulations and Guidelines, as well as any limitation as may be prescribed by the SGX-ST or any Recognised Stock Exchange upon which Units may be listed.*
- 6.10.2** *Preference Holders shall have the same rights as ordinary Holders as regards receiving of notices, reports and balance sheets and attending meetings of Holders, and Preference Holders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Trust or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the distribution on the preference Units is more than six months in arrear.*
- 6.10.3** *The Trustee-Manager has the power to issue further preference capital ranking equally with, or in priority to, preference Units already issued.*

1.2 Rights in respect of distributions

The relevant provisions in clause 11 of the Trust Deed, which set out the Unitholders' rights in respect of distributions, are set out below:

11. Distributions

11.1 Distributions to Holders

Subject to this Clause 11 and to the Relevant Laws, Regulations and Guidelines, the Trustee-Manager shall make distributions to Holders at half-yearly intervals or at such other intervals as the Trustee-Manager shall decide in its absolute discretion.

11.2 Determination of Distributable Amount and Reserves

The Trustee-Manager (acting after consultation with the Auditors) may from time to time at its absolute discretion:

- (i) set aside out of the profits of the Trust and to carry to reserve such sums and make such provisions as it thinks fit;*
- (ii) determine the amount available for distribution; and*
- (iii) capitalise any sum for the time being standing in the reserves or otherwise available for distribution.*

11.3 Frequency of Distribution of Income

The Trustee-Manager will endeavour to ensure that for each Financial Year there is at least one distribution and the last distribution covers the period up to the last day of the Financial Year. For each Distribution Period the Trustee-Manager will calculate and distribute each Holder's Distribution Entitlement in accordance with the provisions of this Clause 11.

11.4 Distribution Entitlement

11.4.1 "Distributable Amount" for a Distribution Period is to be determined in accordance with the following formula:

$$DA = E + C$$

Where:

"DA" is the Distributable Amount;

"E" is any amount of Net Tax-Exempt Income which the Trustee-Manager has determined is to be distributed after any reserve determined pursuant to Clause 11.2; and

"C" is any additional amount (including capital), which may be a negative amount, which the Trustee-Manager has determined is to be distributed after any reserve determined pursuant to Clause 11.2 or if thought fit by the Trustee-Manager, to be transferred to or from an undistributed income reserve account.

11.4.2 *Each Holder's Distribution Entitlement is to be determined in accordance with the following formula:*

$$DE = DA \times \frac{UH}{UI}$$

where:

"DE" is the Distribution Entitlement;

"DA" is the Distributable Amount;

"UH" is the number of Units held by the Holder at the close of business on the Record Date for the relevant Distribution Period adjusted to the extent he is entitled to participate in the Distributable Amount; and

"UI" is the number of Units in issue in the Trust at the close of business on the Record Date for the relevant Distribution Period adjusted to the extent the Holder is entitled to participate in the Distributable Amount.

11.5 Distribution of Entitlement

- (i) Upon declaration by the Trustee-Manager of a distribution, each Holder shall be entitled to receive and the Trustee-Manager shall pay, the Holder's Distribution Entitlement on or before the Distribution Date for the Distribution Period.*
- (ii) The persons who are Holders on the Record Date for a Distribution Period are entitled to their respective Distribution Entitlements for that Distribution Period.*
- (iii) The Trustee-Manager may deduct from each Holder's Distribution Entitlement all amounts which:*
 - (i) are necessary to avoid distributing a fraction of a cent;*
 - (ii) the Trustee-Manager determines not to be practical to distribute on a Distribution Date;*
 - (iii) equal any amount of Tax which has been paid or which the Trustee-Manager determines is or may be payable by the Trustee-Manager in respect of the portion of the income of the Trust attributable to such Holder, or the amount of the distribution otherwise distributable to such Holder;*
 - (iv) are required to be deducted by law, the Tax Ruling or this Deed; or*
 - (v) are payable by the Holder to the Trustee-Manager.*
- (iv) The Trustee-Manager may in its absolute discretion determine how any sum so retained is to be applied and/or paid.*

11.6 Holder Notification

Each Holder must as and when required by the Trustee-Manager, provide such information as to his place of residence for taxation purposes as the Trustee-Manager may from time to time determine.

11.7 Categories and Sources of Income

11.7.1 *For any category or source of income the Trustee-Manager may keep separate accounts and allocate the income from any category or source to any Holder.*

11.7.2 *The Trustee-Manager may cause the distribution of any amount recorded in an account or record kept pursuant to Clause 11.7.1 before the distribution of any other amount.*

11.8 Distribution Policy

The Trustee-Manager acknowledges that, subject to Clause 11.1, the Trust's distribution policy on and after the Listing Date is to distribute such amount of its income as is prudent with regard to the Trust's revenue budget and operations.

11.9 Distribution Reinvestment Arrangements

Subject to and in accordance with Relevant Laws, Regulations and Guidelines, the Trustee-Manager may advise Holders from time to time in writing that Holders may, on terms specified in the notice, participate in an arrangement under which Holders may request that all or a proportion of specified distributions due to them be applied to the issue of further Units subject to Clause 6.1 and PROVIDED THAT the Issue Price for any such Units to be issued shall be the Issue Price determined in accordance with Clause 6.3 if the Trust is Listed and Clause 6.2 if the Trust is Unlisted. The Units so issued shall be deemed to be purchased by such Holders. The Trustee-Manager shall be entitled to amend the terms of any such distribution reinvestment arrangements from time to time by notice in writing to Holders.

11.10 Capitalisation of Undistributed Distributable Amount

Prior to the Listing Date, the Trustee-Manager, with the agreement of all Holders, may elect not to distribute in accordance with Clause 11.3 and in lieu of such distribution capitalise the undistributed Distributable Amount.

11.11 Distribution of Capital and Unrealised Gains

The Trustee-Manager may at its discretion cause the distribution of an amount which represents:

- (i) part of the capital of the Trust and which the Trustee-Manager reasonably determines to be in excess of the financial needs of the Trust; or*
- (ii) part or all of the unrealised gains due to the increase in the capital value of the Real Estate held by the Trust arising from asset enhancement.*

1.3 Rights in respect of voting

The relevant provisions of schedule 1 to the Trust Deed are set out below:

Schedule 1

Meeting of Holders

1. General Meetings

1.1 Annual general meetings

An Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting and, for so long as the Trust is Listed on the SGX-ST and/or any other Recognised Stock Exchange, within such period as may be prescribed by the Listing Rules and/or the listing rules of such other Recognised Stock Exchange) and place as may be determined by the Trustee-Manager. All other general meetings shall be called Extraordinary General Meetings.

1.2 Extraordinary general meetings

The Trustee-Manager may whenever it thinks fit, and shall on requisition in accordance with the Relevant Laws, Regulations and Guidelines, proceed with proper expedition to convene an Extraordinary General Meeting.

1.3 Requisition and calling of general meetings

Requisition of general meetings and calling of general meetings shall be in accordance with the Business Trusts Act and any other Relevant Laws, Regulations and Guidelines.

2. Notice of General Meeting

2.1 *Subject to the Business Trusts Act and for so long as the Trust is Listed, the Listing Rules as well, notice of every general meeting shall be given to the Holders in the manner provided in this Deed. The period of notice shall be determined in accordance with the Business Trusts Act and for so long as the Trust is Listed, the Listing Rules as well, PROVIDED THAT the period of notice prescribed under the Business Trusts Act and the Listing Rules (as the case may be) shall not be inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given. Where there is an inconsistency between the Business Trusts Act and the Listing Rules on the period of notice required, the period of notice required for the purposes of this Deed shall be the longer of the periods of notice prescribed by the Business Trusts Act and the Listing Rules.*

2.2 *The notice shall specify the place, day and hour of meeting and the terms of the resolutions to be proposed. The accidental omission to give notice to or the non-receipt of notice by any of the Holders shall not invalidate the proceedings at any meeting.*

2.3 *Notwithstanding the preceding sub-Paragraphs of this Paragraph 2 but subject to the Relevant Laws, Regulations and Guidelines, any notice or other document required to be served upon or sent to all the Holders for the time being shall be deemed to have been duly served or sent if published in any one leading English-language daily*

newspaper in Singapore. Any notice or document so served or sent shall be deemed to have been so served or sent on the date of such publication and, if the publication in the two newspapers does not appear on the same day, on the date of the later publication.

3. Proceedings at meetings

3.1 Chairman of meetings

The chairman or deputy chairman of the Board or if the chairman or deputy chairman is not present or there is no chairman or deputy chairman present, a person nominated in writing by the Trustee-Manager shall preside as chairman ("**Chairman**") at a general meeting. If the chairman or deputy chairman is not present within fifteen minutes after the time appointed for holding the general meeting, or in the case where there is no chairman or deputy chairman present and there is no person nominated in writing by the Trustee-Manager or such nominated person is not present, the Holders present shall choose one of their number to be Chairman.

3.2 Holders' rights at meetings

Every Holder shall, notwithstanding any provision to the contrary in this Deed, have a right to attend any general meeting of the Holders and to speak and vote on any resolution before the meeting in accordance with paragraphs 3.4 and 3.5 of this Schedule 1.

3.3 Quorum

No business other than the appointment of a Chairman shall be transacted at any general meeting unless the quorum is present at the commencement of business. The quorum shall be not less than two Holders present in person or by proxy of one-tenth in value of all the Units for the time being in issue, PROVIDED THAT (i) a proxy representing more than one Holder shall only count as one Holder for the purpose of determining the quorum; and (ii) where a Holder is represented by more than one proxy such proxies shall count as only one Holder for the purpose of determining the quorum.

3.4 Adjournment of meetings

3.3.1 If within half an hour from the time appointed for a meeting (or such longer interval as the Chairman may think fit to allow) a quorum is not present, the general meeting, if convened on the requisition of Holders, shall be dissolved. In any other case it shall stand adjourned to such day and time being not less than 15 days thereafter and to such place as shall be determined for the purpose by the Chairman.

3.3.2 Notice of the adjourned meeting shall be given in the same manner as for an original meeting. Such notice shall state that the Holders present at the adjourned meeting whatever their number and the value of the Units held by them will form a quorum thereat. At any such adjourned meeting the Holders present in person or by proxy thereat shall be a quorum.

3.3.3 The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time

to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

3.4 Voting

- 3.4.1** *At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded (i) by the Chairman; (ii) by five or more Holders present in person or by proxy and having the right to vote at the meeting; or (iii) by Holder(s) present in person or by proxy representing not less than 10.0% of the total voting rights of all the Holders having the right to vote at the meeting.*
- 3.4.2** *Unless a poll is so demanded a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.*
- 3.4.3** *If a poll is duly demanded it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. The Chairman may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*
- 3.4.4** *A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the Chairman directs. A demand for a poll may be withdrawn at any time.*
- 3.4.5** *The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.*

3.5 Votes of Holders

- 3.5.1** *Subject to the Business Trusts Act, each Unit shall confer the right to poll at any meeting to one vote, and one vote only.*
- 3.5.2** *On a show of hands every Holder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote.*
- 3.5.3** *On a poll every Holder who is present in person or by proxy shall have one vote for every Unit of which he is the Holder. On a poll votes may be given either personally or by proxy. A person entitled to more than one vote need not use all his votes or cast them the same way.*
- 3.5.4** *In the case of Joint Holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the vote of the other Joint Holders and for this purpose seniority shall be determined by the order in which the names stand in the Register, the first being the senior.*

- 3.5.5** *Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Holder on the ground (however formulated) of mental disorder, the Trustee-Manager may in its absolute discretion, upon or subject to production of such evidence of the appointment as the Trustee-Manager may require, permit such receiver or other person on behalf of such Holder to vote in person or by proxy at any meeting or to exercise any other right conferred by Holding of Units in relation to meetings.*
- 3.5.6** *No Holder shall, unless the Trustee-Manager otherwise determines, be entitled in respect of Units held by him to vote at a meeting either personally or by proxy or to exercise any other right conferred by Holding of Units in relation to meetings if any call or other sum presently payable by him to the Trust in respect of such Units remains unpaid.*
- 3.5.7** *For the purposes of determining the number of Units held in respect of Units registered in the name of the Depository and the number of votes which a particular Holder may cast in respect of such Units, the Trustee-Manager shall be entitled and bound to accept as accurate the number of Units credited into the Securities Account(s) of the relevant Depositor as shown in the records of the Depository as at a time not earlier than 48 hours prior to the time of the relevant meeting, supplied by the Depository to the Trustee-Manager, and to accept as the maximum number of votes which in aggregate that Depositor and his proxy(ies) (if any) are able to cast on a poll a number which is the number of Units credited into the Securities Account(s) of the relevant Depositor, as shown in the aforementioned records of the Depository, whether that number is greater or smaller than that specified by the Depositor or in the instrument of proxy. The Trustee-Manager shall not under any circumstances be responsible for, or liable to any person as a result of it, acting upon or relying on the aforementioned records of the Depository.*

4. Proxies

- 4.1** *An instrument of proxy may be in the usual common form or in any other form which the Trustee-Manager shall approve.*
- 4.2** *The instrument appointing a proxy shall be in writing, under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.*
- 4.3** *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct or if no such place is appointed then at the registered office of the Trustee-Manager not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. A person appointed to act as a proxy need not be a Holder.*

- 4.4** *The instrument appointing a proxy to vote at a meeting of the Holders shall be deemed to confer authority to demand or join in demanding a poll. A demand by a person as proxy for a Holder shall, for the purpose of Paragraph 3.4, be deemed to be the same as a demand by the Holder.*
- 4.5** *A Holder may appoint not more than two proxies to attend and vote at the same meeting, PROVIDED THAT if the Holder is a Depositor, the Trustee-Manager shall be entitled and bound:*
- (i) to reject any instrument of proxy lodged if the Depositor is not shown to have any Units entered against his name in the Depository Register as at 48 hours before the time of the relevant meeting as certified by the Depository to the Trust; and*
 - (ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of Units entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant meeting as certified by the Depository to the Trust, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- 4.6** *In any case where a form of proxy appoints more than one proxy, the proportion of the holding of Units concerned to be represented by each proxy shall be specified in the form of proxy.*
- 4.7** *A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the Units in respect of which the proxy is given PROVIDED THAT no intimation in writing of such death, insanity, revocation or transfer shall have been received at the place appointed for the deposit of proxies or if no such place is appointed at the registered office of the Trustee-Manager before the commencement of the meeting or adjourned meeting at which the proxy is used.*

5. Minutes of proceedings

- 5.1** *The Trustee-Manager shall exercise Due Care to ensure that it will comply with all provisions of Relevant Laws, Regulations and Guidelines in relation to records of proceedings of meetings.*
- 5.2** *Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee-Manager and any such minute as aforesaid if purporting to be signed by the Chairman of the meeting shall be evidence of the matters therein stated and until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed.*

6. Resolutions

- 6.1** *An Ordinary Resolution means a resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Holders or, to the extent permitted by law, a resolution in writing, as described in paragraph 6.3 below.*

- 6.2** *An Extraordinary Resolution means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Holders or, to the extent permitted by law, a resolution in writing, as described in paragraph 6.3 below.*
- 6.3** *A resolution in writing signed by or on behalf of all the Holders for the time being entitled to receive notice of any meeting of Holders shall be as valid and effectual as an Ordinary Resolution or an Extraordinary Resolution (as the case may be) passed at a meeting of those Holders duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by or on behalf of one or more of the Holders concerned.*
- 6.4** *An Extraordinary Resolution or an Ordinary Resolution, as the case may be, shall be binding on all Holders whether or not present at the relevant meeting and each of the Holders and the Trustee-Manager shall, subject to the provision relating to indemnity in this Deed, be bound to give effect thereto accordingly.*

7. Corporate representatives

- 7.1** *A corporation, being a Holder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of Holders and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.*

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STATEMENTS OF PROSPECTS

1. AR 2013 STATEMENT OF PROSPECTS

The AR 2013 Statement of Prospects was made in page 7 of Forterra's Annual Report 2013:

"Looking forward, with the completion of The Place, the majority of the Trust portfolio (81.7% of the portfolio) will become income-generating with recurrent rental income. This will lead to significant improvements in the cashflow and financial position of the Trust, and lay a strong foundation for its future development."

The AR 2013 Statement of Prospects was not made in connection with the Offer.

The Directors have not issued a profit forecast for the Group for FY2014 in connection with the Offer. Accordingly, the AR 2013 Statement of Prospects should not be regarded as a forecast of the Group for FY2014.

2. 2Q 2014 STATEMENT OF PROSPECTS

The 2Q 2014 Statement of Prospects was made in page 2 of the Executive Summary for Forterra's announcement on the financial statements for the second quarter ended 30 June 2014 released on 5 August 2014:

"The Place's rental revenue contribution, upon its opening and stabilisation, is expected to significantly improve the cash flow and financial position of the Trust, and lay a solid foundation for the Trust's financial operations and future development. Nonetheless, a lot has changed in the China as well as Shanghai's retail and office market conditions since 28 February 2012, when the Trust first announced its expected development plans for The Place (please see "Market Conditions" below for more information). In addition, in view of these market conditions and challenges, management has adopted a more prudent and realistic approach in its overall development and operational assumptions for The Place. As a result, on a stabilised basis, The Place is expected to realise an annualised gross revenue in excess of RMB500 million."

The 2Q 2014 Statement of Prospects was not made in connection with the Offer.

The Directors have not issued a profit forecast for the Group for FY2014 in connection with the Offer. Accordingly, the 2Q 2014 Statement of Prospects should not be regarded as a forecast of the Group for FY2014.

3. ASSUMPTIONS

The two Statements of Prospects above, for which the Directors are solely responsible, were arrived at on the bases consistent with the accounting policies normally adopted by the Group and were made on the following assumptions:

- (a) References to "significant improvements in the cashflow ... of the Trust" and "... significantly improve the cash flow ... of the Trust" as set out in the AR 2013 Statement of Prospects and the 2Q 2014 Statement of Prospects respectively refer to the significant improvements of cashflow of the Group for the 12 months immediately after the stabilization of the operation of The Place.

- (b) Reference to “significant improvements in the ... financial position of the Trust” and “... significantly improve the ... financial position of the Trust” as set out in the AR 2013 Statement of Prospects and the 2Q 2014 Statement of Prospects respectively refer to the significant improvements of cash and cash equivalent balance of the Group as at the end of the 12-month period immediately after the stabilization of the operation of The Place.
- (c) Reference to the “gross revenue in excess of RMB500 million” as set out in the 2Q 2014 Statement of Prospects refers to the gross revenue of all three (3) phases of The Place, upon the stabilization of the operation of The Place.
- (d) There will be no material changes in the existing political, regulatory, competitive environment or legal conditions affecting the activities of the Group, the industry and countries in which the Group operates.
- (e) There will be no material changes in the principal activities, management and organisation structure of the Group.
- (f) There will be no material changes in the accounting policies of the Group.
- (g) There will be no material changes to the prevailing occupancy and rental rates of the Group's investment properties in the People's Republic of China, and there will be no payment defaults and no premature termination of existing tenancy agreements.
- (h) There will be no material adverse changes to the fair values of the Group's investment properties.
- (i) There will be no material changes in the relationships the Group has with major clients and customers which may affect the Group's development activities.
- (j) There will be no material adverse changes in the costs of suppliers and sub-contractors, labour costs and other development related costs from those then prevailing. It is assumed that there will be no material adverse impact to the development projects arising from changes in the development cost structure and/or development schedules.
- (k) There will be no material changes to the tax legislation, bases or rates of taxation, provident fund contributions, government levies and interest rate. Taxes include business tax, property tax, withholding taxes, stamp duty, urban land use tax and local surcharges.
- (l) The Ministry of Finance and State Administration of Taxation of the People's Republic of China has announced the Value Added Tax reform, however, the legislation related to real estate businesses is yet to be promulgated, and the implementation timelines and the tax rates, etc. are yet to be determined, hence the Value Added Tax reform has not been taken into consideration in the projection preparation. Should the Value Added Tax reform for real estate businesses take effect during the projection period, it would adversely impact the gross revenue, cashflow, and cash and cash equivalent balance.
- (m) There will be no material impairment to the carrying values of the Group's assets including properties, plant and equipment.
- (n) There will be no material acquisitions or disposals of any assets by the Group.

- (o) There will be no exceptional circumstances that require material provision to be made by the Group in respect of any contingent liability or arbitration threatened or otherwise, abnormal bad debts or unexpected termination of contracts.
- (p) There will be no significant changes to the major foreign currency exchange rates that will adversely impact the Group.
- (q) The Place Phase 1 and the food street of The Place Phase 2 are scheduled to open in December 2014, and The Place Phase 3 and the link bridge of the food street of The Place Phase 2 are scheduled to open in mid-year 2015, consistent with the announcement made on the website of the SGX-ST at www.sgx.com on 5 August 2014.
- (r) The stabilization of the operation of The Place is expected to take place at the commencement of the financial period commencing from 1 January 2018 upon fulfilment of the following conditions:
 - (i) all three phases of The Place have been opened; and
 - (ii) after the opening of Phase 1 Retail Podium, 24 consecutive months after overall occupancy reaches and remains at 90% or above, which consists of:
 - (A) 18 consecutive months after overall occupancy reaches and remains at 90% or above; and
 - (B) if there is any turnover rent component, an additional six (6) consecutive months at which overall occupancy remains at 90% or above.
- (s) Gross revenue is a reference to the aggregate of gross rental income and other income earned from the Properties. Gross rental income comprises base rents, turnover rents, recoveries, car park income and management fees.
- (t) Rental rates and occupancy are projected based on committed leases, written confirmation of interest and leases under detailed negotiation, or management's estimation with reference to the recommendations of external consultants. Turnover rent, as a component, is projected based on the sales volume expected to be achieved by each trade benchmarked against the sales of either the same committed tenants or other tenants of similar trades and size in other retail developments in the vicinity.
- (u) Operating and general administrative expenses/costs are projected based on the Group's historical consumption or activity levels, adjusted for changes in (i) Properties' floor area under operation, (ii) occupancy, (iii) inflation or contractual adjustments, if applicable, and (iv) typical level of miscellaneous pre-opening and promotional activities for newly launched properties, if applicable.
- (v) Finance costs are projected based on the contractual rates for existing credit facilities, and the indicative terms from the potential lenders for facilities expiring during the projection period or any non-committed fundings, and adjusted for projected changes in lending base rates.

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REPORT FROM KPMG LLP IN RELATION TO THE STATEMENTS OF PROSPECTS



KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

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Forterra Real Estate Pte. Ltd.
(in its capacity as Trustee-Manager of
Forterra Trust)
65 Chulia Street
OCBC Centre #43-08
Singapore 049513

Attention: The Board of Directors

8 December 2014

Dear Sirs

Statements of Prospects of Forterra Trust (the "Trust") and its subsidiaries (collectively the "Group")

We have provided this report solely to Forterra Real Estate Pte. Ltd. (the "Trustee-Manager" of Forterra Trust) for inclusion in the circular to be issued in connection with the mandatory conditional cash offer by Credit Suisse (Singapore) Limited, for and on behalf of New Precise Holdings Limited ("Offeror") (an indirect wholly-owned subsidiary of Nan Fung International Holdings Limited), to acquire (a) all the issued units of the Trust other than those already owned, controlled or agreed to be acquired by the Offeror and (b) all new units unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the offer, of any unit options granted under the Forterra Unit Option Scheme.

On 8 April 2014, the Trustee-Manager despatched the Trust's annual report for the financial year ended 31 December 2013 to unitholders of the Trust, which contained the following statement on the prospects of the Group ("AR 2013 Statement of Prospects"):

"Looking forward, with the completion of The Place, the majority of the Trust portfolio (81.7% of the portfolio) will become income-generating with recurrent rental income. This will lead to significant improvements in the cashflow and financial position of the Trust, and lay a strong foundation for its future development."

On 5 August 2014, the Trustee-Manager announced the Group's unaudited consolidated interim financial statements for the six-month period ended 30 June 2014 which contained the following statement on the prospects of the Group ("2Q 2014 Statement of Prospects"):

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



"The Place's rental revenue contribution, upon its opening and stabilisation, is expected to significantly improve the cash flow and financial position of the Trust, and lay a solid foundation for the Trust's financial operations and future development. Nonetheless, a lot has changed in the China as well as Shanghai's retail and office market conditions since 28 February 2012, when the Trust first announced its expected development plans for The Place (please see "Market Conditions" below for more information). In addition, in view of these market conditions and challenges, management has adopted a more prudent and realistic approach in its overall development and operational assumptions for The Place. As a result, on a stabilised basis, The Place is expected to realise an annualised gross revenue in excess of RMB500 million."

We have examined the AR 2013 Statement of Prospects and 2Q 2014 Statement of Prospects (collectively "Statements of Prospects") in accordance with Singapore Standards on Assurance Engagements 3400: *The Examination Of Prospective Financial Information*. The Trustee-Manager is solely responsible for the Statements of Prospects including the assumptions set out in Appendix V of the circular to unitholders of the Trust ("Circular") on which they are based.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from those projected which form the bases of the Statements of Prospects, since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those projected for the purposes of the Statements of Prospects. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Statements of Prospects.

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that the assumptions set out in Appendix V of the Circular do not provide a reasonable basis for the Statements of Prospects. Further, in our opinion, the AR 2013 Statement of Prospects, so far as the calculations are concerned, is properly prepared on the basis of these assumptions and the 2Q 2014 Statement of Prospects, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of these assumptions.

Our work in connection with the Statements of Prospects has been undertaken solely for the purposes of reporting to the Trustee-Manager under the Singapore Code of Take-overs and Mergers issued by the Monetary Authority of Singapore, and is not intended to be used or relied on for any other purposes.

Yours faithfully

KPMG LLP
Public Accountants and
Chartered Accountants

**LETTER FROM CIMB
IN RELATION TO THE STATEMENTS OF PROSPECTS**

8 December 2014

The Board of Directors
Forterra Real Estate Pte. Ltd.
65 Chulia Street
#43-08 OCBC Centre
Singapore 049513

Dear Sirs

MANDATORY CONDITIONAL CASH OFFER BY CREDIT SUISSE (SINGAPORE) LIMITED FOR AND ON BEHALF OF NEW PRECISE HOLDINGS LIMITED ("NEW PRECISE")

This letter has been prepared for inclusion in the circular (the "**Circular**") dated 8 December 2014 issued by Forterra Trust ("**Forterra**") to its unitholders in relation to the mandatory conditional cash offer by Credit Suisse (Singapore) Limited for and on behalf of New Precise for all the issued units in Forterra other than those already owned, controlled or agreed to be acquired by New Precise.

The Circular contains the Statements of Prospects by Forterra which is reproduced in Appendix V to the Circular.

We have reviewed and held discussions with the directors ("**Directors**") and the management of Forterra Real Estate Pte. Ltd. ("**Trustee-Manager**") on the Statements of Prospects as well as the underlying bases and assumptions for the Statements of Prospects prepared by Forterra. We have also considered the letter by KPMG LLP dated 8 December 2014 and addressed to the board of Directors of the Trustee-Manager (a copy of which is reproduced in Appendix VI to the Circular) relating to their examination of the Statements of Prospects and the accounting policies, bases and assumptions upon which the Statements of Prospects was prepared.

Based on the above, we are of the opinion that the Statements of Prospects (for which the Directors of the Trustee-Manager are solely responsible) has been made by the Directors of the Trustee-Manager after due and careful enquiry.

For the purpose of rendering our opinion in this letter, we have relied upon and assumed the accuracy and completeness of all financial and other information provided to or discussed with us. Save as provided in this letter, we do not express any other opinion on the Statements of Prospects.

This letter is provided to the Directors of the Trustee-Manager solely for the purpose of complying with Rule 25 of The Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person (other than the Directors of the Trustee-Manager) in respect of, arising out of, or in connection with this letter.

Yours faithfully
For and on behalf of
CIMB BANK BERHAD, SINGAPORE BRANCH

MAH KAH LOON
HEAD
CORPORATE FINANCE

ERIC WONG
DIRECTOR
CORPORATE FINANCE

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EXTRACTS OF VALUATION REPORT



Valuation Summary

(1) Property	: Forterra House, situated at No. 1568 Huashan Road, Changning District, Shanghai, the People's Republic of China
Registered Owner	: Shanghai Vision Honest Real Estate Development Co., Ltd.
Brief Description	: The Property is currently a 12-storey office building with retails on the ground floor, erecting on 3-storey underground car park space.
Total Land Area	: 2,728 sq m
Land Use Term	: From 16 August 2004 and expiring on 15 August 2054
Gross Floor Area	: 18,708.87sq m
Valuation Date	: 30 September 2014
Market Value	: RMB658,000,000 (RENMINBI SIX HUNDRED AND FIFTY EIGHT MILLION ONLY)

for and on behalf of

DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd.

Nuo Xu

Nuo Xu

Member of the Royal Institute of Chartered Surveyors

Date : 27 November 2014

Valuation Summary

(2) Property	:	Level 1-3 & basement, Huaihai Mall, situated at No. 158, 188 Middle Huaihai Road, Huangpu District, Shanghai, the People's Republic of China
Registered Owner	:	Shanghai Haici Property Co., Ltd.
Brief Description	:	Huaihai Mall is currently a 5-storey commercial building erecting on a basement. The Property comprises three levels, Level 1-3, and the basement of Huaihai Mall.
Total Land Area	:	6,493 sq m
Land Use Term	:	From 24 June 2011 and expiring on 24 July 2042
Gross Floor Area	:	7,619.90sq m
Valuation Date	:	30 September 2014
Market Value	:	RMB816,000,000 (RENMINBI EIGHT HUNDRED AND SIXTEEN MILLION ONLY)

for and on behalf of

DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd.



Nuo Xu

Member of the Royal Institute of Chartered Surveyors

Date : 27 November 2014

Valuation Summary

(3) Property	: Phases I, II & III of The Place situated at No. 100 Zunyi Road, Changning District, Shanghai, the People's Republic of China
Registered Owner	: Shanghai Hua Tian Property Developments Limited
Brief Description	: The Property is a large mixed use complex comprising 3 phases of which Phases I & II are completed. Phase I includes two 25-storey office towers erected on 6-storey retail podium and 2-storey underground basement. The retail podium of Phase I was under renovation. Phase II consists of a pedestrian street with 2-storey shops, clubhouse and 260 underground car parking spaces of a residential compound. The pedestrian street of Phase II was under renovation. Phase III is currently under construction but will be developed into a 19-storey office tower erected on a 7-storey retail podium and 4-storey underground basement.
Total Land Area	: Phase I: 17,664 sq m Phase II: 36,576 sq m Phase III: 9,538 sq m
Land Use Term	: Phase I: From 8 March 1993 to 7 March 2043 Phase II: From 15 December 1995 to 14 December 2065 Phase III: From 28 March 2003 to 27 March 2053
Gross Floor Area	: 276,987.79 sq m

Phase I

Portion	Gross Floor Area (sq m)
Office – Tower A	44,451.29
Office – Tower B	41,679.01
Retail – Above ground	57,017.20
Retail – Basement	5,994.93
Car parking space (472 spaces)	16,629.41
Basement (exclusive of retail and car parking space)	4,382.94
Total:	170,154.78

Valuation Summary

Phase II

Portion

Proposed Gross Floor Area (sq m)

Clubhouse	1,178.42
Retail	6,768.00
Car parking space (260 spaces)	10,574.10
Total:	18,520.52

Phase III

Portion

Proposed Gross Floor Area (sq m)

Office	23,602.77
Retail – Above ground	30,866.12
Retail – Basement	8,309.00
Insulation layer	607.60
Basement (exclusive of retail and providing 416 car parking spaces)	24,927.00
Total:	88,312.49

Valuation Date : 30 September 2014

Market Value : **RMB7,797,000,000**
**(RENMINBI SEVEN THOUSAND SEVEN HUNDRED NINETY SEVEN
MILLION ONLY)**

for and on behalf of
DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd.

Nuo Xu

Nuo Xu
Member of the Royal Institute of Chartered Surveyors

Date : 27 November 2014

Valuation Summary

(4) Property : The completed retail development of Phase I, known as “Central Park Mall”, situated at No. 27 Xianxialing Road, and the vacant lands of Phase II, III & IV, situated at No. 207 East Hong Kong Road, Laoshan District, Qingdao, Shandong Province, the People’s Republic of China

Registered Owner : Qingdao Sanyang Real Estate Co., Ltd.

Brief Description : Completed in 2010, Phase I of the Property comprises 3-storey underground complexes with retail on B1 and B2 and car parking space on B3. Phase II, III & IV of the Property will also be developed into retail properties. At the time of our inspection, Phase I of the Property was completed and in operation, whilst Phase II, III & IV of the Property were vacant lands pending for development.

Total Land Area : 128,997 sq m

Phase	Land Area (sq m)
Phase I	28,678
Phase II, III & IV	<u>100,319</u>
Total:	<u>128,997</u>

Land Use Term : From 3 April 2008 and expiring on 2 April 2048

Gross Floor Area : 316,934.06 sq m (of which 224,463.19 sq m for retail portion)

Phase	Portion	GFA (sq m)
Phase I	Retail	43,463.19
	Storage room	1,714.98
	Car park	20,981.89
Sub-total:		<u>66,160.06</u>
Phase II	Retail	49,000.00
	Car park and Storage room	18,889.00
Sub-total:		<u>67,889.00</u>
Phase III	Retail	76,000.00
	Car park and Storage room	29,297.00
Sub-total:		<u>105,297.00</u>
Phase IV	Retail	56,000.00
	Car park and Storage room	21,588.00
Sub-total:		<u>77,588.00</u>
Total:		<u>316,934.06</u>

Valuation Date : 30 September 2014

Market Value : Phase I
RMB520,000,000
(RENMINBI FIVE HUNDRED TWENTY MILLION ONLY)

Valuation Summary

Phase II, III & IV

RMB1,007,000,000

(RENMINBI ONE THOUSAND SEVEN MILLION ONLY)

for and on behalf of

DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd.



Nuo Xu

Member of the Royal Institute of Chartered Surveyors

Date : 27 November 2014

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