

Forterra Trust

(a business trust registered in the Republic of Singapore)
(managed by Forterra Real Estate Pte. Ltd.)

Wholly-owned subsidiaries of Nan Fung International Holdings Ltd ("Nan Fung") conditionally contract to acquire:

- (i) 100% of the equity of each of Forterra Real Estate Pte. Ltd. ("FRE", and in its capacity as trustee-manager of Forterra Trust, the "Trustee-Manager") and Treasury Holdings (Shanghai) Property Management Co., Ltd ("THPM" or the "Property Manager"); and**
- (ii) 29.98% of the units in issue of Forterra Trust (the "units")¹**

Introduction

Mr Richard Barrett, a director of Forterra Real Estate Pte. Ltd., beneficial owner of Oriental Management Services Limited ("OMS" - FRE and THPM are its wholly-owned subsidiaries), and substantial unit holder in Forterra Trust ("Forterra" or the "Trust") with a deemed interest in 27,389,770 units and a direct interest in 17,801,720 units, equivalent in total to 17.81% of the units in issue as at the date of this announcement, has informed the board of FRE (the "Board" or "Directors") that:

1. agreements conditional upon certain events (see "Conditions Precedent to Settlement" below) have been entered into by the relevant parties with subsidiaries of Nan Fung (the "Sale Transaction") as outlined below in the section "The Sale Transaction"; and
2. conditional agreement has been reached with the joint liquidators of Treasury Holdings (the "Liquidators") and the National Asset Management Agency of Ireland ("NAMA") relating to the original sale of FRE and THPM to OMS in August 2012 (refer to most recent announcement dated 14 November 2012), and to settle legal proceedings in Ireland regarding the original acquisition of 24,929,095 units by Treasury Asian Investments Ltd ("TAIL") in 2010 (refer to most recent announcement dated 13 February 2013) (the "Settlement").

Unit holders should note that the Sale Transaction and the Settlement are inter-conditional and remain conditional upon certain closing conditions as further summarized below. There can be no certainty that the Sale Transaction and/or the Settlement will complete. FRE will continue to update unit holders through further announcements as may be appropriate upon receipt of further information regarding the Sale Transaction and the Settlement from the parties involved.

Background regarding Nan Fung Group

Nan Fung and its affiliates (the "Nan Fung Group") form one of the largest privately-owned property developers in Hong Kong. Major business activities of the group are real estate development and investment, construction, property management and financial investment. Other than Hong Kong,

¹ Based on 253,794,717 units in issue as at the date of this announcement and that the unit options assigned to New Precise by Richard Barrett and Rory Williams under the UPA are not exercised.

Nan Fung Group also has investments in the People's Republic of China, Singapore, Malaysia, South Korea, Japan and New Zealand.

Nan Fung is a major real estate developer and investor in Mainland China and Hong Kong and the Board understands that Nan Fung considers Forterra Trust to be a real estate investment vehicle through which it can gain further exposure to the China commercial real estate sector.

The Sale Transaction

The principal conditional agreements which have been entered into in connection with the Sale Transaction are:

1) *SHARE PURCHASE AGREEMENT FOR 100% OF ISSUED EQUITY OF OMS:*

A share purchase agreement (the "SPA") for the sale of 100% of the issued equity of OMS for a total consideration of Euro 17,466,813. As the Trustee-Manager and the Property Manager are wholly-owned subsidiaries of OMS, this would result in the beneficial ownership of the Trustee-Manager and the Property Manager transferring to Lucky Token Investments Ltd ("Lucky Token"), a wholly-owned subsidiary of Nan Fung. Following the completion of the Sale Transaction, Mr Richard Barrett shall cease to have any beneficial ownership of OMS, FRE and THPM.

2) *UNIT PURCHASE AGREEMENT FOR 26.90% OF UNITS IN FORTERRA:*

A unit purchase agreement ("UPA") for the sale by various unit holders (the "Unit Sellers"), as set out below, of a total of 68,268,322 units, equivalent to 26.90% of the units in issue as at the date of this announcement to New Precise Holdings Ltd ("New Precise"), a wholly-owned subsidiary of Nan Fung at an agreed price of S\$2.98 per unit for a total consideration of approximately S\$203,439,600.

<u>Unit Sellers</u>	<u>No. of Units</u>	<u>Beneficial Owners</u>
Richard Barrett (FRE Director)	17,801,720	Richard Barrett
R Barrett & Co Ltd	1,629,773	Richard Barrett
The R. Barrett And Company Ltd		
Directors' Pension Scheme	830,902	Richard Barrett
Rory Williams (FRE Director)	1,010,000	Rory Williams
Lanaree Ltd	12,000,000	John Ronan
John Ronan	5,505,888	John Ronan
Harrowgate Developments Ltd	6,000,000	John Ronan
Treasury Asian Investments Ltd	23,490,039	Richard Barrett/John Ronan (50% each)
Total No. of Units	68,268,322	

The Board also understands that immediately following the completion of the Sale Transaction, Mr Richard Barrett and Mr Rory Williams, both currently non-Independent non-Executive Directors of the Board, will be required to resign, and Lucky Token intends to make two new appointments to the Board in due course. An announcement will be made as appropriate on such occasion and Forterra will continue to ensure that the composition of the Board is always in accordance with the Business Trusts Act, requiring amongst other things a majority independent board.

Under the UPA, each of Mr Richard Barrett and Mr Rory Williams has also agreed to assign to New Precise 2,675,000 and 375,000 existing unit options, respectively, which are currently held by them under the Forterra Unit Option Scheme (the "UOS") at an agreed price per unit option of S\$2.98 less the relevant exercise price of the relevant unit option of S\$0.34816 (the "Unit Option Assignment"). In conjunction with the above, the Unit Option Scheme Committee (comprising four independent Directors of the Board, and who are not parties to the Sale Transaction or the Settlement) has also approved (contingent upon the completion of the Sale Transaction) the said assignment, the extension of the exercise periods of the unit options which are the subject of the said assignment (i.e. to 30 June 2015), and the extension of the exercise periods of all other unit options under the UOS currently in issue by a year.

As a result of the above, on completion of the UPA, the Unit Sellers will have disposed of 100% of their respective interests in Forterra, except for TAIL which will retain 1,439,056 units (the "Residual Units"), representing 0.57% of the units in issue as at the date of this announcement, which falls below the 5.0% substantial unit holder threshold. TAIL has further confirmed that it will be disposing of the Residual Units on the open market within 6 months of the completion of the UPA.

3) **PUT/CALL OPTION AGREEMENT FOR 3.08% OF UNITS IN FORTERRA:**

A put and call option agreement (the "Put/Call Option Agreement") has been granted by Mr John Ronan in favour of New Precise over 7,815,057 units (the "Option Units") equivalent to 3.08% of the units in issue as at the date of this announcement. The exercise price is S\$2.98 per unit for a total consideration of approximately S\$23,288,870. Should the Put/Call Option Agreement be exercised, the completion of the purchase of the Option Units will occur no earlier than 2 January 2014 and no later than 31 January 2014. During the term of the Put/Call Option Agreement, New Precise shall control all voting rights in respect of the Option Units.

On completion of the SPA, the UPA and the Put/Call Option Agreement (assuming this is exercised), Nan Fung will become the single largest unitholder in Forterra Trust, and will have beneficial ownership of 29.98%¹ of the units in issue, via New Precise, as well as 100% beneficial ownership and control of OMS, the Trustee-Manager and Property Manager via Lucky Token.

Conditions Precedent to Settlement

The SPA, the UPA, the Put/Call Option Agreement, the Unit Option Assignment and the Settlement Agreements (as described below) are subject to the following principal conditions being satisfied:

- (a) a perfected order of the High Court of Ireland in a form reasonably satisfactory to New Precise given pursuant to Section 231 of the Companies Act, 1963 of Ireland approving or sanctioning the compromise by the Liquidators of Treasury Holdings of all claims of Treasury Holdings against, inter alia, Mr Richard Barrett, Mr John Ronan and certain companies associated with them relating to the transfer of 5,345,819 shares in China Real Estate Opportunities plc ("CREO") by certain subsidiaries of Treasury Holdings and subsequent sale by Treasury Holdings of TAIL to Mr Richard Barrett and Mr John Ronan, each such transfer taking place on 22 March 2010

¹ Based on 253,794,717 units in issue as at the date of this announcement and that the unit options assigned to New Precise by Richard Barrett and Rory Williams under the UPA are not exercised.

(together the "TAIL Transaction") and an order striking out the related proceedings initiated in the High Court of Ireland by NAMA and National Asset Loan Management Limited ("NALM")(High Court Reference 2012/4092P) against Mr Richard Barrett and Mr John Ronan (the "TAIL Proceedings"); and

- (b) a perfected order of the High Court of Ireland in a form reasonably satisfactory to Lucky Token given pursuant to Section 231 of the Companies Act, 1963 of Ireland approving or sanctioning the compromise by the Liquidators of any potential claims of Treasury Holdings against, inter alia, OMS, Mr Richard Barrett, FRE, THCL and THPM relating to the sale on 24 August 2012 by THCL to OMS of FRE and THPM (the "Manco Transaction").

Certain other conditions must also be satisfied, including: FRE remaining in place as trustee-manager of the Trust; there being no events arising which would likely prevent FRE from remaining in place as trustee-manager of the Trust; New Precise being entitled to exercise more than 25% of the votes exercisable by Unit holders at meetings of the Trust following completion (on a fully diluted basis); there being no insolvency in respect of any of the selling parties to the transaction documents; Nan Fung not being required to make a mandatory offer for the remaining units; delivery of documents ancillary to the court orders such as deeds of release concerning certain security interests over the securities being sold; Option Units being placed in escrow on terms satisfactory to New Precise; and other customary closing conditions for transactions of this nature.

Forum Bonds

The Board also advises that further to the announcement dated 7 August 2012 advising that in accordance with Rule 704 (31) that under the terms of the Amended and Restated Bond Purchase Agreement dated 14 March 2011 governing the issuance of Senior Convertible Bonds (the "Bonds") to Forum Asian Realty Income III, L.P. ("Forum"), the consummation of the sale of FRE to Lucky Token will constitute a "Change of Control" under that agreement and will give the holder of each Bond the right, at the holder's option, to require FRE to redeem the Bond in whole but not in part. The Board currently estimates the aggregate redemption price for the Bonds to be S\$79.0 million. The Board confirms that it is in discussions with Forum regarding whether it intends to exercise this redemption right but in any event FRE has sufficient cash resources to meet a full bond redemption.

The Settlement Agreements

Mr Richard Barrett further advises the Board that settlement agreements (the "Settlement Agreements") have been entered into with the Liquidators, NAMA and NALM regarding the TAIL Transaction and the Manco Transaction.

With respect to the Manco Transaction, settlement has been reached with the Liquidators on the basis that the original sale price of FRE and THPM has been agreed to be valued at €13.3 million. With respect to the TAIL Transaction, settlement has been reached with the Liquidators on the basis that the original acquisition by TAIL in March 2010 will not be challenged by the Liquidators subject to the Liquidators receiving an agreed portion of the proceeds of sale of the units sold by TAIL.

Unless extended by agreement by the parties, the SPA, the UPA, the Put/Call Option Agreement and the Settlement Agreements will lapse if they do not become unconditional on or before 31 August 2013 (or in the event that the applications for the court orders have been made but the orders not granted, by 31 October 2013). FRE will continue to update unit holders through further

announcements as may be appropriate upon receipt of further information regarding the above matters from the parties involved.

Forterra Chairman, Mr Graham Sugden, expressed his satisfaction at the progress made in resolving the outstanding matters facing the Trust, "The past 18 months has been difficult for the Trust, due predominantly to matters external to the Trust that have been well documented. This outcome, potentially bringing onto the unit register of Forterra one of the most respected and astute real estate groups in Asia, adds business and real estate acumen of a very high standard to complement the existing management team, and the Board looks forward to a close and successful long term relationship with Nan Fung.

It is clearly understood that the agreements to date are conditional in nature and we will monitor with keen interest the ongoing process. However, in any event, it is also very pleasing for the Board to be advised that positive progress has been made with NAMA and the liquidators in parallel with the conditional agreements with Nan Fung. I would also like to take this opportunity to recognise the efforts of Richard Barrett in the substantial progress made to resolve these outstanding matters and to make certain compromises.

For Forterra, the immediate strategy remains, as advised, to provide consistent recurrent income from lease rental revenue to underwrite stable unit holder distributions no later than 2015; to significantly reduce the "development asset discount" inherent in Forterra's unit price; and to provide certainty in regard to the ongoing cash flow liquidity of the Trust. The completion of The HQ development in a timely manner remains pivotal to this strategy. The additional strength that Nan Fung will bring to the management companies and the Trust following the anticipated settlement of these transactions augers well for Forterra's longer term vision as a leading owner, manager and developer of commercial real estate in China with the principal objective of delivering comprehensive value to unit holders."

By ORDER OF THE BOARD

Forterra Real Estate Pte. Ltd.

(as trustee-manager of Forterra Trust)

(Company registration no: 201003233M)

Richard David, Director

22 July 2013

IMPORTANT NOTICE

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Trustee Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Trustee Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Forterra Trust or the Trustee Manager is not necessarily indicative of the future performance of either of them.