

CIRCULAR DATED 20 NOVEMBER 2014

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Perennial China Retail Trust Management Pte. Ltd. as the trustee-manager of Perennial China Retail Trust. 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 in Perennial China Retail Trust, 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.



CHINA RETAIL TRUST

(a business trust constituted on 22 February 2011 under the laws of the Republic of Singapore)
(Registration No.: 2011002)

Managed by

PERENNIAL CHINA RETAIL TRUST MANAGEMENT PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201024622Z)

As Trustee-Manager of Perennial China Retail Trust

CIRCULAR TO UNITHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL GENERAL OFFER

BY



(PERENNIAL REAL ESTATE HOLDINGS LIMITED)

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200210338M)

for all the issued units in Perennial China Retail Trust other than those already owned, controlled or agreed to be acquired by Perennial Real Estate Holdings Limited, its related corporations and their respective nominees

*Independent Financial Adviser to the Independent Directors of
Perennial China Retail Trust Management Pte. Ltd.*

Deloitte.

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200200144N)

ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER (AS DEFINED HEREIN) AT 5.30 P.M. (SINGAPORE TIME) ON 22 DECEMBER 2014 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

GENERAL

"3Q2014 Distribution"	:	The cash distribution of 0.95 cents per Unit for the three (3)-month period ended 30 September 2014 declared by PCRT to Unitholders, the details of which are set out in PCRT's announcement dated 4 November 2014
"3Q2014 Distribution Books Closure Date"	:	Has the meaning ascribed to it in Section 2.3 of the Circular
"9M2014 Results"	:	Unaudited financial statements of the PCRT Group for the nine (9)-month period ended 30 September 2014, as set out in Appendix V to this Circular
"Beijing Target Assets"	:	Has the meaning ascribed to it in Note (4) of paragraph 5.2(a) of Appendix II to this Circular
"Business Trusts Act"	:	The Business Trusts Act (Chapter 31A of Singapore)
"Circular"	:	This circular issued by the Trustee-Manager to Unitholders in relation to the Offer enclosing, <i>inter alia</i> , the letter from the IFA to the Independent Directors
"Closing Date"	:	5.30 p.m. (Singapore time) on 22 December 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for lodgement of acceptances for the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act (Chapter 50 of Singapore)
"Concert Parties"	:	Parties acting or presumed to be acting in concert with the Offeror in connection with the Offer
"Deferred Acquisitions"	:	The Deferred Beijing Acquisition and the Deferred PREPL Acquisition
"Deferred Beijing Acquisition"	:	Has the meaning ascribed to it in Note (4) of paragraph 5.2(a) of Appendix II to this Circular
"Deferred PREPL Acquisition"	:	Has the meaning ascribed to it in Note (3) of paragraph 5.2(a) of Appendix II to this Circular
"Directors"	:	The directors of the Trustee-Manager as at the Latest Practicable Date
"Encumbrances"	:	Any liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever
"FAA"	:	Form of Acceptance and Authorisation, which forms part of the Offer Document
"FY"	:	Financial year ended or ending, as the case may be, 31 December, save that the financial year ended 31 December 2011 shall refer to the period from 22 February 2011 to 31 December 2011

“GFA”	:	Gross floor area
“IFA Letter”	:	The letter dated 20 November 2014 from the IFA to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular
“Interested Person”	:	As defined in the Note on Rule 23.12 of the Code: (a) a director or chief executive officer of the Trustee-Manager or substantial unitholder of PCRT; (b) the immediate family of a director or chief executive officer of the Trustee-Manager or substantial unitholder (being an individual) of PCRT; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director or chief executive officer of the Trustee-Manager or substantial unitholder (being an individual) of PCRT and his immediate family is a beneficiary; (d) any company in which a director or chief executive officer of the Trustee-Manager or substantial unitholder (being an individual) of PCRT together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial unitholder of PCRT (being a company); or (f) any company in which a substantial unitholder of PCRT (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Irrevocable Undertaking”	:	Has the meaning ascribed to it in Section 4 of the Circular
“Latest Practicable Date”	:	10 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 in securities
“NAV”	:	Net asset value
“NTA”	:	Net tangible assets
“Offer”	:	The voluntary general offer for all the issued units of PCRT other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees
“Offer Announcement”	:	Has the meaning ascribed to it in Section 1.2 of this Circular
“Offer Announcement Date”	:	27 October 2014, being the date of the Offer Announcement
“Offer Unconditional Announcement”	:	The announcement dated 14 November 2014 released by the Joint Financial Advisers, for and on behalf of the Offeror, in relation to the Offer being declared unconditional

“Offer Document”	:	The offer document dated 10 November 2014 issued by the Joint Financial Advisers, for and on behalf of the Offeror, in respect of the Offer and any other document(s) which may be issued by or on behalf of the Offeror to amend, revise, supplement or update such offer document from time to time
“Offer Document Latest Practicable Date”	:	5 November 2014, being the latest practicable date prior to the printing of the Offer Document
“Offer Price”	:	Has the meaning ascribed to it in Section 2.2 of this Circular
“Offer Units”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“Offeror Securities”	:	(a) Any PREHL Shares, (b) securities which carry substantially the same rights as any PREHL Shares, and (c) convertible securities, warrants, options and derivatives in respect of any PREHL Shares or such securities in (b)
“Overseas Unitholders”	:	Unitholders whose addresses are outside Singapore as shown on the Depository Register
“PCRT Securities”	:	(a) Any Units, (b) securities which carry voting rights in PCRT, and (c) convertible securities, warrants, options or derivatives in respect of the Units or securities in (b)
“PRC”	:	Has the meaning ascribed to it in Paragraph 3 of Appendix II to this Circular
“Pre-Conditional Offer Announcement”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“Pre-Conditional Offer Announcement Date”	:	14 March 2014, being the date of the Pre-Conditional Offer Announcement
“PREHL Acquisition”	:	The acquisition by the Offeror of certain assets and entities from PREH and other vendors
“PREHL Circular”	:	The circular dated 18 September 2014 issued by PREHL (formerly known as St. James Holdings Limited) to its shareholders in relation to, <i>inter alia</i> , the PREHL Acquisition
“PREHL Initial Acquisition”	:	The completion of the PREHL Acquisition (other than the Deferred Acquisitions)
“PREHL Shares”	:	Ordinary shares in the capital of the Offeror
“Properties”	:	The properties as set out in Appendix IV to this Circular
“Rule 22.6 Period”	:	Has the meaning ascribed to it in Section 3.1(b) of this Circular
“S\$” and “cents”	:	Singapore dollars and cents respectively
“SRS”	:	Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Units pursuant to the SRS

“Trust Deed”	:	The trust deed dated 22 February 2011 executed by the Trustee-Manager constituting PCRT (as amended by supplemental deeds dated 18 May 2011 and 13 February 2012)
“Undertaking Parties”	:	Has the meaning ascribed to it in Section 4 of this Circular
“Unitholders”	:	Holders of Units
“Units”	:	Units in PCRT
“Valuation Reports”	:	Has the meaning ascribed to it in Paragraph 10 of Appendix II of this Circular
“VWAP”	:	Volume weighted average price
“%” or “per cent”	:	Per centum or percentage

COMPANIES/ORGANISATIONS/PERSONS

“CDP”	:	The Central Depository (Pte) Limited
“IFA”	:	Deloitte & Touche Corporate Finance Pte Ltd
“Independent Directors”	:	The Directors who are considered to be independent for the purposes of making the recommendation to Unitholders in relation to the Offer, namely, Mr Pok Soy Yoong, Mr Wong Tui San and Mr Ooi Eng Peng
“Joint Financial Advisers”	:	DBS Bank Ltd., Standard Chartered Bank and United Overseas Bank Limited
“Offeree” or “PCRT”	:	Perennial China Retail Trust
“Offeror” or “PREHL”	:	Perennial Real Estate Holdings Limited (formerly known as St. James Holdings Limited)
“Offeror Group”	:	The Offeror and its subsidiaries
“PCRT Group”	:	PCRT and its subsidiaries
“PREH”	:	Perennial Real Estate Holdings Pte. Ltd.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SIC”	:	Securities Industry Council of Singapore
“Sponsor”	:	Perennial Real Estate Holdings Limited, as the sponsor of PCRT
“Trustee-Manager”	:	Perennial China Retail Trust Management Pte. Ltd., as trustee-manager of PCRT
“Valuer”	:	Colliers International (Hong Kong) Ltd

All references to **“PCRT”** are to it acting through the Trustee-Manager.

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

The term **“depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in 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.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one 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 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 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 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, the issued and paid-up Units of PCRT as at the Latest Practicable Date was approximately S\$721,594,000 (rounded up to the nearest thousand) comprising 1,145,654,397 issued Units.

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 or, as the case may be, the Offeror’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 and investors should not place undue reliance on such forward-looking statements, and neither the Trustee-Manager, the Offeror nor the IFA assumes any obligation to update publicly or revise any forward-looking statement.

SUMMARY TIMETABLE

Date of despatch of the Offer Document	:	10 November 2014
Date of despatch of Circular	:	20 November 2014
Closing Date ⁽¹⁾	:	5.30 p.m. (Singapore time) on 22 December 2014, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for lodgement of acceptances for the Offer.
Date of settlement of consideration for valid acceptances of the Offer ⁽²⁾	:	In respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is 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 the Offer becomes or is declared to be unconditional in accordance with its terms, but before the Offer closes, within 10 days of the date of such receipt.

Notes:

- (1) Please refer to Paragraph 1 of Appendix A to the Offer Document for further details.
- (2) Please refer to Paragraph 2 of Appendix A to the Offer Document for further details.



CHINA RETAIL TRUST

(a business trust constituted on 22 February 2011 under the laws of the Republic of Singapore)
Managed by Perennial China Retail Trust Management Pte. Ltd.

LETTER TO UNITHOLDERS

Registered Office of the Trustee-Manager:

6 Temasek Boulevard
#25-04/05 Suntec Tower Four
Singapore 038986

Directors of the Trustee-Manager:

Mr Pok Soy Yoong (Chairman and Independent Non-Executive Director)
Mr Wong Tui San (Independent Non-Executive Director)
Mr Ooi Eng Peng (Independent Non-Executive Director)
Mr Kuok Khoon Hong (Non-Independent Non-Executive Director)
Mr Pua Seck Guan (Non-Executive Director)

20 November 2014

To: The Unitholders of Perennial China Retail Trust

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL GENERAL OFFER BY THE OFFEROR

1. INTRODUCTION

1.1 Pre-Conditional Offer Announcement

On the Pre-Conditional Offer Announcement Date, DBS Bank Ltd. and Standard Chartered Bank announced (the "**Pre-Conditional Offer Announcement**"), for and on behalf of the Offeror, that subject to the satisfaction of certain pre-conditions, the Offeror intended to make the Offer for all the issued Units of PCRT other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees (the "**Offer Units**", each an "**Offer Unit**").

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

1.2 Formal Offer Announcement

On the Offer Announcement Date, DBS Bank Ltd., Standard Chartered Bank and United Overseas Bank Limited announced (the "**Offer Announcement**"), for and on behalf of the Offeror, the satisfaction of the pre-conditions to the Offer and the Offeror's firm intention to make the Offer.

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

1.3 Offer Document

Unitholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms of the Offer and enclosing the appropriate form of acceptance. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document. **Unitholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.**

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

1.4 Offer Declared Unconditional

As stated in the Offer Unconditional Announcement, the Offeror has received valid acceptances (which have not been withdrawn) of the Offer in respect of such number of Offer Units which, when taken together with the Units owned, controlled, acquired or agreed to be acquired by the Offeror and its Concert Parties (whether before or during the Offer), results in the Offeror and its Concert Parties holding such number of Units carrying more than 50% of the voting rights attributable to the issued Units.

Accordingly, the Offer has become and is declared unconditional in all respects on 13 November 2014.

1.5 Purpose of Circular

The purpose of this Circular is to provide Unitholders with, *inter alia*:

- (a) relevant information pertaining to the Offer;
- (b) the advice of the IFA to the Independent Directors in respect of the Offer; and
- (c) the recommendation of the Independent Directors.

Unitholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.

2. THE OFFER

2.1 Terms of the Offer

Based on the information set out in the Offer Document, the Offeror has made the Offer to acquire all the Offer Units in accordance with the terms and subject to the conditions set out in the Offer Document and the FAA.

2.2 Offer Price

Section 2.2 of the Offer Document states that the consideration for each Offer Unit is S\$0.70 (the "**Offer Price**"), to be satisfied by the issuance of 0.52423 new PREHL Shares (based on an issue price of approximately S\$1.3353 for each PREHL Share).

If the Unitholder is entitled to a fractional amount of a PREHL Share, fractional entitlements will be disregarded and the entitlements will be rounded down to the nearest whole number of PREHL Shares.

As an illustration, the table below is extracted from Section 2.2 of the Offer Document and sets out the number of PREHL Shares which Unitholders would receive, depending on the number of Offer Units tendered in acceptance of the Offer:

No. of Offer Units tendered by a Unitholder	No. of PREHL Shares to be allotted and issued in consideration
1,000 Offer Units	524 PREHL Shares
2,000 Offer Units	1,048 PREHL Shares
5,000 Offer Units	2,621 PREHL Shares
100,000 Offer Units	52,423 PREHL Shares

2.3 Adjustment for Distributions

Section 2.3 of the Offer Document states that if any dividend, right, other distribution or return of capital is announced, declared, made or paid by PCRT on or after the Offer Announcement Date to a holder of any Offer Units who accepts or has accepted the Offer, the Offeror reserves the right to reduce the Offer Price payable to such accepting holder of any Offer Units by the amount of such dividend, right, other distribution or return of capital.

As stated in the Offeror's announcement dated 5 November 2014 in relation to the 3Q2014 Distribution, the Offeror has elected not to exercise its right to reduce the Offer Price in respect of the 3Q2014 Distribution and there will be no reduction to the Offer Price in respect of the 3Q2014 Distribution.

Accordingly, Unitholders who choose to accept the Offer will still receive 0.52423 PREHL Shares for each Offer Unit tendered in acceptance of the Offer, with fractional entitlements to be disregarded.

All accepting Unitholders who are on the register of PCRT as at 5:00 pm on 12 November 2014 (being the time and date at and on which the register of PCRT will be closed to determine the entitlements of Unitholders to receive the 3Q2014 Distribution) ("**3Q2014 Distribution Books Closure Date**"), will still be entitled to receive the 3Q2014 Distribution from PCRT, regardless of when they accept the Offer. For the avoidance of doubt, Unitholders who elect to accept the Offer on or prior to 12 November 2014 will still be entitled to receive the 3Q2014 Distribution from PCRT so long as they are on the register of PCRT as at the 3Q2014 Distribution Books Closure Date.

2.4 New PREHL Shares

Section 2.6 of the Offer Document states that the new PREHL Shares will be allotted and issued to a Unitholder who validly accepts the Offer and such PREHL Shares will be credited as fully paid and free from all Encumbrances and will rank *pari passu* in all respects with the existing PREHL Shares as at the date of their issue. Fractions of a new PREHL Share will not be issued to a Unitholder and any fractional entitlements will be disregarded.

2.5 No Encumbrances

Section 2.4 of the Offer Document states that the Offer Units will be acquired (a) fully paid, (b) free from any Encumbrances and (c) together with all rights attached or accruing to the Offer Units including, without limitation, the right to receive all rights, benefits, entitlements, dividends, distributions or any return of capital declared, made or paid by PCRT on or after the Offer Announcement Date (other than the 3Q2014 Distribution).

2.6 Minimum Acceptance Condition

As stated in Section 2.5 of the Offer Document, the Offer was conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Units which, together with the Units owned, controlled or agreed to be acquired by the Offeror and its Concert Parties either before or during the Offer, and pursuant to the Offer or otherwise, will result in the Offeror and its Concert Parties holding such number of Units carrying more than 50% of the voting rights attributable to the issued Units as at the close of the Offer.

As mentioned in Section 1.4 above, the minimum acceptance condition has been fulfilled and the Offer has become and is declared unconditional in all respects on 13 November 2014.

2.7 Unitholding of Offeror and Concert Parties

As stated in the Offeror's supplemental announcement to the Offer Announcement and Offer Document dated 12 November 2014, as at the Offer Document Latest Practicable Date, the Offeror and its Concert Parties hold, in aggregate, 385,014,982 Units representing in aggregate approximately 33.61% of the issued Units.

As stated in the Offer Unconditional Announcement, as at 5.00 p.m. on 13 November 2014, the Offeror and its Concert Parties owned, controlled, have acquired or agreed to acquire an aggregate of 631,958,793 Units, representing approximately 55.16% of the issued Units as at 13 November 2014.

2.8 Warranty

Section 2.7 of 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 any Encumbrances, and (c) together with all rights attached or accruing to the Offer Units including, without limitation, the right to receive all rights, benefits, entitlements, dividends, distributions or any return of capital declared, made or paid by PCRT on or after the Offer Announcement Date (other than the 3Q2014 Distribution).

3. OTHER TERMS OF THE OFFER

3.1 Duration of the Offer

Based on Appendix A to the Offer Document:

- (a) **First Closing Date.** The Offer is open for acceptance by the Unitholders for at least 28 days from the date of despatch of the Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.
- (b) **Offer to Remain Open for 14 days.** Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for acceptances for a period (the “**Rule 22.6 Period**”) of not less than 14 days after the date on which the Offer would otherwise have closed, in order to give those Unitholders who have not accepted the Offer the opportunity to do so.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with Rule 28.1 of the Code, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

As stated in the Offer Unconditional Announcement, pursuant to Rule 22.6 of the Code, as the Offer has become unconditional as to acceptances, the Offer will remain open for acceptance until **5.30 p.m. (Singapore time) on 22 December 2014**, being not less than 14 days after 8 December 2014 (which was the first closing date of the Offer).

- (c) **Final Day Rule.** The Offer (whether revised or not) will not be capable:
 - (i) of becoming or being declared unconditional as to acceptances after 5.30 p.m. on the 60th day after 10 November 2014, being the date of the despatch of the Offer Document; or
 - (ii) of being kept open after such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,provided that the Offeror may extend the Offer beyond such 60-day period with the SIC’s prior consent.
- (d) **Revision.** The Offeror reserves its right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Unitholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Unitholders who have previously accepted the Offer.

3.2 Further Details of the Offer

The Offer is made in accordance with the principal terms and conditions as set out in the Offer Document. Further details on, *inter alia*, (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement of the level of acceptances of the Offer and (c) the right of withdrawal of acceptances are set out in Appendix A to the Offer Document.

3.3 Procedures for Acceptance

Appendix B to the Offer Document sets out the procedures for acceptance of the Offer by a Unitholder.

4. IRREVOCABLE UNDERTAKINGS

Section 10.2 and Appendix G of the Offer Document states, *inter alia*, that as at the Offer Document Latest Practicable Date, the Offeror, its directors and its Concert Parties have received irrevocable undertakings to accept the Offer ("**Irrevocable Undertakings**") from the following persons (together, the "**Undertaking Parties**"):

Name of Undertaking Party	Offer Units held by the Undertaking Party	Percentage represented by the Offer Units
Asdew Acquisitions Pte. Ltd.	115,790,517	10.11%
Mr Ron Sim Chye Hock	30,009,000	2.62%
The Islamic Bank of Asia Limited	15,800,000	1.38%
OSIM International Ltd	8,000,000	0.70%
Mdm Teo Sway Heong	4,500,000	0.39%
Wealthy Fountain Holdings Inc	4,013,000	0.35%
Republic Investment Management Pte. Ltd.	2,701,200	0.23%
Total	180,813,717	15.78%

The Irrevocable Undertakings will lapse if, *inter alia*, the Offer lapses or is withdrawn. Save as disclosed in Appendix G to the Offer Document, none of the Offeror, its directors and Concert Parties have received any undertakings to either accept or reject the Offer.

5. FINANCIAL ASPECTS OF THE OFFER

The financial aspects of the Offer are set out in Section 9 of the Offer Document which is reproduced in italics below:

"9. FINANCIAL ASPECTS AND EVALUATION OF THE OFFER

9.1 Offer Price at a Premium to Unit Price.

The Offer Price of S\$0.70, to be satisfied by the issuance of 0.52423 PREHL Shares (based on an issue price of approximately S\$1.3353 for each PREHL Share), represents a 28.4 per cent. premium to the last traded price of the Units on 14 March 2014¹, and a 34.0 per cent. premium to VWAP per Unit on SGX-ST for the one-month period up to and including 14 March 2014. The Offer Price also exceeds the highest closing price of S\$0.645 per Unit for the 12 months up to 14 March 2014.

9.2 Value of the Offer is underpinned by PREHL's strong NAV per PREHL Share

The issue price of approximately S\$1.3353 per PREHL Share is at a considerable discount of 17.6 per cent. and 37.0 per cent. to PREHL's pro forma NAV of S\$1.62² per PREHL Share and adjusted pro forma NAV of S\$2.12³ per PREHL Share respectively, assuming the Offeror acquires 100.00 per cent. of PCRT.

9.3 Opportunity to acquire PREHL Shares at sizeable discounts to PREHL's Pro Forma NAV and Adjusted Pro Forma NAV

Based on the swap ratio of 0.52423 PREHL Shares for each Offer Unit, Unitholders would effectively need to tender 1.91 Offer Units to acquire one PREHL Share. Based on PCRT's closing price of S\$0.52 per Unit as at 24 October 2014⁴, the Offer entitles Unitholders to swap their Offer Units for PREHL Shares at an implied market entry price of approximately S\$0.99 for each PREHL Share, which represents:

- (i) a discount of 38.9 per cent. to the pro forma NAV of S\$1.62 per PREHL Share², assuming the Offeror acquires 100.00 per cent. of PCRT; and*
- (ii) a discount of 53.3 per cent. to the adjusted pro forma NAV of S\$2.12³ per PREHL Share, assuming the Offeror acquires 100.00 per cent. of PCRT.*

Therefore, by accepting the Offer, Unitholders can swap into PREHL Shares at sizeable discounts to PREHL's pro forma NAV and adjusted pro forma NAV³ thus availing themselves of any potential upside from PREHL and having a significant buffer against downside risks.

9.4 The Offer Price represents the following premium over the historical traded prices of Units:

Description	Benchmark Price (\$)	Premium over Benchmark Price (%)
Last trade price of Units on the Latest Practicable Date	0.54	29.6
Last traded price of Units on the Pre-Announcement Trading Day (i.e. 24 October 2014)	0.52	34.6
Last traded price of Units on the First Trading Day (i.e. 13 March 2014)	0.55	27.3
VWAP per Unit on SGX-ST for the one-month period up to and including the First Trading Day	0.5224	34.0
VWAP for the three-month period up to and including the First Trading Day	0.5265	33.0
VWAP for the six-month period up to and including the First Trading Day	0.5297	32.1

Notes:

- 1 This refers to the last transacted price of the Units on 14 March 2014, being the last Market Day on which the Units were traded prior to the Pre-Conditional Voluntary General Offer Announcement, before the trading halt of PCRT from 1.58 p.m. on 14 March 2014.
- 2 Based on the pro forma NAV per PREHL Share as at 31 March 2014 and assuming the completion of the Deferred Acquisitions.
- 3 Please refer to the Cautionary Notes on the adjusted pro forma NAV per PREHL Share at pages 11 and 12 of this Offer Document.
- 4 24 October 2014 is the last Market Day prior to the Offer Announcement Date."

For the purpose of this Section 5, based on the Offer Document, reference to:

- (a) "Pre-Conditional Voluntary General Offer Announcement" refers to the Pre-Conditional Offer Announcement;
- (b) "Latest Practicable Date" refers to the Offer Document Latest Practicable Date;
- (c) "Pre-Announcement Trading Day" refers to the last full Market Day on which the Units were transacted on the SGX-ST preceding the Offer Announcement Date; and
- (d) "First Trading Day" refers to the last full Market Day on which the Units were transacted on SGX-ST preceding the Pre-Conditional Offer Announcement Date.

6. INFORMATION ON PCRT

PCRT is a business trust constituted under the trust deed dated 22 February 2011 (as amended) and registered under the Business Trusts Act on 27 May 2011. PCRT is sponsored by the Sponsor and is managed by the Trustee-Manager.

PCRT is Singapore's first pure-play PRC retail development trust. Listed on the Main Board of the SGX-ST on 9 June 2011, PCRT has a market capitalisation of approximately S\$624.4 million as at 3 November 2014 and an asset value of approximately S\$1.86 billion (approximately RMB9.23 billion valued on an 'as if complete' basis) as at 30 June 2014.

Additional information on PCRT is set out in Appendix II to this Circular.

7. INFORMATION ON THE OFFEROR

Information on the Offeror is set out in Section 6 of the Offer Document. Section 6.1 is reproduced in italics below:

“6.1. Information on PREHL

As at the Latest Practicable Date and following the completion of the Initial Acquisition, PREHL has transformed into a sizeable integrated real estate owner, developer and manager, focused primarily in the PRC and Singapore.

Headquartered in Singapore, the Offeror Group focuses strategically on large scale mixed-use developments primarily in the PRC and Singapore. The Offeror Group owns interests in and/or manages a diversified portfolio measuring about 36.5 million square feet and over 2.0 million square feet in GFA in the PRC and Singapore respectively. The Offeror Group is a dominant commercial developer with sizeable integrated developments in the PRC, of which two are the largest high speed railway commercial hubs in the country being Chengdu East High Speed Railway Integrated Development and Xi'an North High Speed Railway Integrated Development. The Offeror Group is also invested in the Zhuhai Hengqin Integrated Development, and is the Sponsor of PCRT, Singapore's first pure-play PRC retail development trust. In Singapore, the Offeror Group is invested in and manages prime and iconic properties located predominantly in the Downtown Civic District and Orchard Road precinct, such as CHIJMES, TripleOne Somerset, Capitol Singapore and the House of Tan Yeok Nee. The Offeror Group also holds stakes in and manages Chinatown Point and 112 Katong.

The Offeror was incorporated in Singapore on 28 November 2002 and was listed on Catalist on 6 March 2003. Prior to the completion of the Initial Acquisition, the Offeror was listed on Catalist as St. James Holdings Limited whose principal business was in leisure and entertainment. As at the Latest Practicable Date, the issued share capital of PREHL is S\$1.07 billion comprising approximately 808.2 million issued and paid up PREHL Shares. PREHL's listing is expected to be transferred from Catalist to the Mainboard after the completion of the Offer and trading in PREHL Shares is expected to commence not later than 31 December 2014.”

For the purpose of this Section 7, based on the Offer Document, reference to:

- (a) “Latest Practicable Date” refers to the Offer Document Latest Practicable Date; and
- (b) “Initial Acquisition” refers to the PREHL Initial Acquisition.

Please refer to Sections 6.2 to 6.5 of the Offer Document for an overview of the Offeror's portfolio and the strategies of the Offeror Group and Appendix C to the Offer Document for additional information on the Offeror.

8. THE OFFEROR'S RATIONALE AND INTENTIONS

8.1 Rationale for the Offer

The rationale for the Offer is set out in Section 7 of the Offer Document and is reproduced in italics below:

“7. Rationale for the Offer

7.1 Opportunity for Unitholders to Swap their Units for PREHL Shares and Participate in an Enlarged and Diversified Real Estate Platform

The principal objective of the Offer is to provide an opportunity for Unitholders to swap their Units for PREHL Shares, so as to become shareholders of PREHL. PREHL is a sizeable integrated real estate owner, developer and manager, focused primarily in the PRC and Singapore.

PREHL's Singapore assets provide immediate geographic diversification while its PRC assets provide diversification into other asset classes. PREHL's PRC assets comprise large scale mixed-use developments in prominent first and second-tier PRC cities with direct connectivity to transportation hubs, including high speed railway stations, and offer significant development potential and embedded value. As large scale mixed-use developments, PREHL's PRC assets provide distinction, complementary advantages and resilience.

7.2 Stronger Support from the Sponsors of PREHL

Following completion of the Initial Acquisition, PREHL is now the listed primary vehicle of the key sponsors of the Offeror (which comprise Mr Kuok Khoon Hong, Mr Ron Sim Chye Hock, Wilmar International Limited and Mr Pua Seck Guan). Further details of the four key sponsors are set out below:

MR KUOK KHOON HONG	MR RON SIM CHYE HOCK	WILMAR INTERNATIONAL LIMITED	MR PUA SECK GUAN
- Chairman and Non-Independent Non-Executive Director of the Group - Non-Independent Non-Executive Director of Perennial China Retail Trust Management Pte. Ltd., the trustee-manager of Perennial China Retail Trust - Co-Founder, Chairman and CEO of Wilmar International Limited	- Vice Chairman and Non-Independent Non-Executive Director of the Group - Founder, Chairman and CEO of OSIM International Limited ("OSIM") - OSIM, a global leader in branded healthy lifestyle products listed on the SGX-ST, has approximately 850 outlets in approximately 30 countries	- Asia's leading agribusiness group and ranked amongst the largest listed companies by market capitalisation on the SGX-ST - More than 20 years of operating experience in the PRC as a leading agribusiness and food company, producing the top edible oil brand – Arawana, which has had the largest market share in the PRC for the past 13 years	- Chief Executive Officer and Executive Director of the Group - Non-Executive Director of Perennial China Retail Trust Management Pte. Ltd., the trustee-manager of Perennial China Retail Trust - More than 20 years of real estate experience in property investment, development and management across various asset classes

The four key sponsors own an aggregate effective ownership of approximately 92.18 per cent. in PREHL as a result of the completion of the Initial Acquisition and will own approximately 68.43 per cent. of PREHL assuming the completion of the Acquisition and 100 per cent. acceptance level in the Offer.

As part of an enlarged platform, PCRT will be able to leverage on the key sponsors' extensive networks and business experience in the PRC, Singapore and emerging markets. In addition to the sponsors, PCRT will also benefit from PREHL's demonstrated track record of being able to tap into a wide network of strong and strategic real estate partners and financial investors at various project levels.

7.3 Better Access to Funding

Based on the 31 March 2014 Unaudited Pro Forma Consolidated Financial Statements, the NAV of the Offeror is S\$1.25 billion¹ and the NTA is S\$1.15 billion¹ as compared to the NTA of PCRT at S\$830.9 million based on the unaudited financial statements of PCRT as at 30 June 2014. The increased business scale and NAV of PREHL as compared to that of PCRT will provide easier access to financing from financial institutions, as well as debt and equity capital markets. With better access to funding, PREHL (and in turn PCRT) will have greater balance sheet flexibility to fund future real estate investments.

Note:

¹ Assuming only the Initial Acquisition Closing has taken place.

7.4 Synergistic Benefits of One Management Platform

PREHL and PCRT will benefit from one management bench. Furthermore, Unitholders can potentially benefit from synergies of the enlarged entity including the maximisation of balance sheet efficiency and optimisation of cost of capital."

8.2 The Offeror's Intentions for PCRT

The Offeror's intentions for PCRT are set out in Section 8 of the Offer Document as reproduced in italics below:

"8. THE OFFEROR'S INTENTIONS FOR PCRT"

8.1 Offeror's Future Plans for PCRT. *In the event that PCRT is delisted, the Offeror intends to streamline the structure of PCRT (along with that of the Offeror Group) which may entail the restructuring of the holding structure of the assets of PCRT and the re-deployment of certain employees to other entities within the Offeror Group.*

Subject to the above, the Offeror intends for PCRT to continue its existing business activities and there are no plans to (i) introduce any major changes to the business of PCRT or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of PCRT or (iii) discontinue the employment of any of the existing employees of PCRT and/or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to PCRT which may present themselves and which the Offeror may regard to be in the best interests of PCRT.

In the event that PCRT remains listed after the Offer, it will continue to be a predominantly retail development trust focused on properties in the PRC. In such an event, the Offeror will continue to support PCRT as a sponsor having retail components of integrated developments in PRC that can serve as a potential asset pipeline for PCRT. If Unitholders choose not to accept the Offer, they will retain their Units and will not become Shareholders.

8.2 Listing Status of PCRT. *Under Rule 723 of the Listing Manual, PCRT 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, PCRT 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 PCRT 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 PCRT may be de-listed from the SGX-ST.*

As at the Latest Practicable Date, the Offeror does not intend to take steps to preserve the listing status of PCRT on the SGX-ST if the Unitholding Requirement is not satisfied.

8.3 Compulsory Acquisition Rights. *Pursuant to Section 40A(1) of the Business Trusts Act, Chapter 31A of Singapore, if the Offeror receives valid acceptances pursuant to the Offer or acquires Offer Units during the offer period otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the Offer Units, the Offeror will be entitled to exercise the right to compulsorily acquire all the Units of the Unitholders who have not accepted the Offer (the "Dissenting Unitholders") on the same terms as those offered under the Offer.*

In such event, the Offeror intends to exercise its rights of compulsory acquisition to acquire, on the same terms as those offered under the Offer, all the Offer Units not acquired under the Offer and will proceed to delist PCRT from the Official List of the SGX-ST.

For the purpose of this Section 8, based on the Offer Document, reference to:

- (a) "Acquisition" refers to the PREHL Initial Acquisition and the Deferred Acquisitions; and
- (b) "Initial Acquisition" refers to the PREHL Initial Acquisition.

9. DIRECTORS' INTERESTS

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

10. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

10.1 Appointment of Independent Financial Adviser

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

10.2 Independent Directors

Mr Pok Soy Yoong, Mr Wong Tui San and Mr Ooi Eng Peng are independent for the purposes of the Offer and are required to make a recommendation to the Unitholders in respect of the Offer.

The SIC has confirmed on 27 October 2014 that the following Directors will be exempted from the requirement to make a recommendation to the Unitholders on the Offer as they face irreconcilable conflicts of interests in relation to the Offer for the reasons set out below:

- (a) **Mr Kuok Khoon Hong.** Mr Kuok Khoon Hong is the Chairman and Non-Independent Non-Executive Director of the Offeror. By virtue of Mr Kuok Khoon Hong's directorship with the Offeror, Mr Kuok Khoon Hong is presumed to be acting in concert with the Offeror under the Code for the purposes of the Offer.
- (b) **Mr Pua Seck Guan.** Mr Pua Seck Guan is the Chief Executive Officer and Executive Director of the Offeror. By virtue of Mr Pua Seck Guan's directorship with the Offeror, Mr Pua Seck Guan is presumed to be acting in concert with the Offeror under the Code for the purposes of the Offer.

All the Directors (including, for the avoidance of doubt, Mr Kuok Khoon Hong and Mr Pua Seck Guan) are jointly and severally responsible for the accuracy of facts stated and completeness of the information given by the Trustee-Manager on behalf of PCRT to the Unitholders on the Offer, including information contained in announcements and documents issued by the Trustee-Manager on behalf of PCRT in connection with the Offer.

10.3 The IFA's Advice to the Independent Directors on the Offer

The advice of the IFA to the Independent Directors on the Offer is set out in the IFA Letter annexed as Appendix I to this Circular. The key considerations relied upon by the IFA in arriving at its advice to the Independent Directors are set out in paragraph 6 of the IFA Letter.

The advice of the IFA to the Independent Directors in respect of the Offer has been extracted from paragraph 6.4 of the IFA Letter and is reproduced in italics below:

"6.4. Our Recommendation

Having regard to the considerations set out under paragraph 6.1, 6.2 and 6.3 and our opinion thereof that:

- (i) The Offer in respect of the value of the Units is fair;*
- (ii) The Offer in respect of the value of the PREHL Shares is fair; and*
- (iii) The Offer is reasonable;*

we are of the opinion that the Offer is fair and reasonable. Accordingly, we advise the Independent Directors to recommend that the Unitholders accept the Offer or sell their Units in the open market if able to sell at a price higher than the Offer Price (after deducting all related expenses)."

Unitholders should read and consider carefully the key considerations relied upon by the IFA, in arriving at its advice to the Independent Directors, in conjunction with and in the context of the full text of the IFA Letter.

10.4 Recommendation of the Independent Directors

The Independent Directors, having considered carefully the terms of the Offer and the advice given by the IFA to the Independent Directors in the IFA Letter, have set out below their recommendation on the Offer:

Having taken the above matters into consideration, the Independent Directors concur with the advice of the IFA in respect of the Offer and accordingly recommend that Unitholders ACCEPT the Offer.

In rendering the above advice and making the above recommendation, the IFA and the Independent Directors have not had regard to the specific investment objectives, financial situation, risk profiles, tax position and/or unique 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 advisers.

Unitholders should read and consider carefully the recommendation of the Independent Directors and the advice of the IFA 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.

11. OVERSEAS UNITHOLDERS

Overseas Unitholders should refer to Section 11 of the Offer Document, which is reproduced below:

“11. OVERSEAS UNITHOLDERS

11.1 Overseas Unitholders. *This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law.*

For the avoidance of doubt, the Offer will be open to all Unitholders holding Offer Units, including those to whom the Offer Document and FAA may not be sent.

The availability of the Offer to Overseas Unitholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Unitholders should inform themselves about and observe any applicable legal requirements.

11.2 Copies of Offer Document and FAA. *As there may be potential restrictions on sending this Offer Document to any overseas jurisdictions, the Offeror and the Joint Financial Advisers each reserves the right not to send this Offer Document to such overseas jurisdictions. Any affected Overseas Unitholder may attend in person and obtain copies of this Offer Document, the FAA and any related documents during normal business hours and up to the Closing Date from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, an affected Overseas Unitholder may write to CDP at Robinson Road Post Office P.O. Box 1984, Singapore 903934 or to the Registrar at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 to request for this Offer Document, the FAA and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.*

11.3 Notice. *The Offeror and the Joint Financial Advisers each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Overseas Unitholders by announcement 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 Overseas Unitholder to receive or see such announcement or advertisement.*

11.4 Overseas Jurisdiction. *It is the responsibility of any Overseas Unitholder who wishes to 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 other necessary formalities or legal requirements. Such Overseas Unitholder shall be liable for the payment of any taxes, imposts, duties or other requisite payments payable in such jurisdictions and the Offeror, its related corporations, the Joint*

Financial Advisers, CDP, the Registrar and/or any other person acting on their behalf shall be duly indemnified and held harmless by such Overseas Unitholders for such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, the Joint Financial Advisers, CDP, the Registrar and/or any other person acting on their behalf may be required to pay. In accepting the Offer, the Overseas Unitholder represents and warrants to the Offeror and the Joint Financial Advisers that it is in full observance of the laws of the relevant jurisdiction in that connection, and that it is in full compliance with all necessary formalities or legal requirements. If any Overseas Unitholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction."

12. INFORMATION PERTAINING TO SRS INVESTORS

SRS Investors should refer to Section 12.2 of the Offer Document, which is reproduced below:

"12.2 Information Pertaining to SRS Investors. SRS Investors will receive further information on how to accept the Offer from their SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice. SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks. Subject to the Offer becoming or being declared unconditional in accordance with its terms, SRS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Units in their SRS investment accounts."

13. ACTION TO BE TAKEN

Unitholders who wish to accept the Offer should complete, sign and return the FAA in accordance with the provisions and instructions stated in Appendix B to the Offer Document not later than 5.30 p.m. (Singapore time) on 22 December 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Unitholders who do not wish to accept the Offer need not take further action in respect of the Offer Document and the FAA which has been sent to them.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror) are fair and accurate and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading, and they jointly and severally accept full responsibility accordingly. In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to PCRT are fair and accurate.

Where any information in this Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

Yours faithfully
for and on behalf of the
Board of Directors of
PERENNIAL CHINA RETAIL TRUST MANAGEMENT PTE. LTD.
as trustee-manager of
PERENNIAL CHINA RETAIL TRUST



Mr Pok Soy Yoong
Chairman and Independent Non-Executive Director

LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)

Company Registration Number: 200200144N

20 November 2014

The Independent Directors
Perennial China Retail Trust Management Pte. Ltd.
6 Temasek Boulevard
#25-04/05 Suntec Tower Four
Singapore 038986

Dear Sirs

VOLUNTARY UNCONDITIONAL GENERAL OFFER BY THE OFFEROR

1. INTRODUCTION

On 14 March 2014, Perennial Real Estate Holdings Limited (formerly known as St. James Holdings Limited) ("**PREHL**" or the "**Offeror**") announced that it had entered into conditional sale and purchase agreements with Perennial Real Estate Holdings Pte. Ltd. and certain other persons (collectively the "**Vendors**") to purchase the shares of certain entities with business activities and assets located in the People's Republic of China ("**PRC**") and Singapore (the "**PREHL Acquisition**"). On 8 September 2014, PREHL announced certain supplemental agreements in respect of the PREHL Acquisition. The aggregate purchase consideration for the PREHL Acquisition was approximately S\$1.56 billion (subject to adjustments for net asset values of the target entities), to be satisfied by the issue of new ordinary shares in the capital of PREHL ("**PREHL Acquisition Consideration Shares**") represented approximately 99.27% of the enlarged share capital of PREHL.

On the Pre-Conditional Offer Announcement Date, DBS Bank Ltd. and Standard Chartered Bank announced (the "**Pre-Conditional Offer Announcement**"), for and on behalf of the Offeror, that subject to the satisfaction of certain pre-conditions, the Offeror intended to make a voluntary conditional general offer for all the issued Units other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees (the "**Offer Units**", each an "**Offer Unit**").

On the Offer Announcement Date, DBS Bank Ltd., Standard Chartered Bank and United Overseas Bank Limited announced (the "**Offer Announcement**"), for and on behalf of the Offeror, the satisfaction of the pre-conditions to the Offer and the Offeror's firm intention to make the Offer.

We, Deloitte & Touche Corporate Finance Pte Ltd ("**DTCF**"), have been appointed by Perennial China Retail Trust Management Pte. Ltd. (the "**Trustee-Manager**") to advise the Independent Directors on their recommendation as to the actions to be taken by Unitholders in respect of the Offer.

This letter sets out our assessment of the financial terms of the Offer and our recommendation to the Independent Directors. We advise the Independent Directors to highlight to Unitholders that an investment in the Units differs in important respects from a value-equivalent investment in the PREHL Shares. We advise the Independent Directors to recommend that Unitholders take specific advice as to the implications of the differing natures of the investments in Units and PREHL Shares from their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

This letter will form part of the Circular dated 20 November 2014 issued by PCRT to provide the recommendations of the Independent Directors on the actions to be taken by the Unitholders in respect of the Offer. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in respect of their recommendation as to the actions to be taken by Unitholders in respect of the Offer.

We have confined our assessment to the financial terms of the Offer. We are not required to evaluate, comment or form a view on the commercial risks or merits of the Offer or on the future prospects and earnings potential of PCRT or PREHL and we have made no such evaluation. Such evaluation, if any, remains the responsibility of the Directors and the management of the Trustee-Manager (in respect of PCRT) and Directors of PREHL (in respect of PREHL). We have drawn upon their views to the extent we have deemed necessary or appropriate in arriving at our advice as set out in this letter. We do not express any view as to the prices at which the Units may trade in the absence of the Offer. We do not make any representation or warranty in relation to the merits of the Offer nor have we been requested, and we do not express an opinion on, the relative merits of the Offer as compared to any other alternative transaction. We have not been instructed or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Units or the Offer. We have not made an independent evaluation or appraisal of the assets and liabilities including without limitation the real properties of PCRT or PREHL. We have been furnished with the valuation reports for the properties and assets of PCRT and PREHL prepared by the respective independent valuers. With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of the respective properties and assets and have relied solely upon such reports. Extracts of the independent valuations of the Properties commissioned by the Trustee-Manager are set out in Appendix IV to this Circular. Summary valuation letters and valuation certificates of the independent valuations of the PREHL PRC Assets, the PREHL Singapore Assets and the PREHL Management Companies (as defined in paragraph 4 of this letter) commissioned by PREHL (the “**Summary Valuation Letters**”) are set out in Appendix L of the Offer Document.

We have held discussions with the Directors and the managements of the Trustee-Manager and PREHL and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the management of the Trustee-Manager. The Directors have jointly and severally accepted full responsibility and have taken all reasonable care to ensure the accuracy of all such information and representations as provided or made by the Directors. To the best of their respective knowledge and belief, all material information available to them in connection with the Offer and PCRT has been disclosed to us. Where any information provided to us has been extracted from published or publicly available sources, the responsibility of the Directors has been to ensure that, having made reasonable inquiries, such information was accurately and correctly extracted from those sources. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful inquiry. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such statements. Whilst care has been exercised in reviewing the information upon which we have placed reliance, we have not independently verified such information but have nevertheless made such inquiry and judgement as we deemed necessary and have found no reason to doubt the reliability of the information. Where information relating to the Offer, and the parties acting or deemed to be acting in concert with PREHL in connection with the Offer, has been extracted from published or otherwise publicly available sources, our sole responsibility has been to ensure that such information has been accurately and correctly extracted from the relevant sources.

Our opinion is based upon market, economic, industry, monetary, regulatory and other conditions in effect on, and the information made available to us, as at the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Unitholder. As different Unitholders have different investment profiles and objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

The Trustee-Manager has been separately advised by its own professional advisers in the preparation of the Circular other than this letter. We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular other than this letter.

Whilst a copy of this letter may be reproduced in the Circular, neither the Trustee-Manager nor the Independent Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purposes at any time and in any manner without our prior written consent in each specific case. Our advice in relation to the Offer should be considered in the context of the entirety of this letter and the Circular.

3. THE TERMS OF THE OFFER

Unitholders should have, by now, received a copy of the Offer Document, the FAA dated 10 November 2014 setting out, *inter alia*, the background of the Offeror (set out in Section 6 and Appendix C of the Offer Document), the terms and conditions of the Offer and the intentions of the Offeror with respect to PCRT. **Unitholders are advised to read these documents and the terms and conditions contained therein very carefully.**

The salient terms of the Offer are as follows:

a. Consideration

The consideration is as follows (the “Offer Price”):

For each Offer Unit: S\$0.70, to be satisfied by the issuance of **0.52423** new PREHL Shares (based on an issue price of approximately **S\$1.3353** each).

If the Unitholder is entitled to a fractional amount of a PREHL Share, fractional entitlements will be disregarded and the entitlements will be rounded down to the nearest whole number of PREHL Shares.

b. Adjustments for distributions

The Offer Price is subject to adjustments for distributions. Please refer to Section 2.3 of the Circular for further details.

c. New PREHL Shares

New PREHL Shares will be allotted and issued to a Unitholder who validly accepts the Offer and such PREHL Shares will be credited as fully paid and free from all Encumbrances and will rank *pari passu* in all respects with the existing PREHL Shares as at the date of their issue. Fractions of a new PREHL Share will not be issued to a Unitholder and any fractional entitlements will be disregarded.

d. No Encumbrances

The Offer Units will be acquired (a) fully paid, (b) free from any Encumbrances and (c) together with all rights attached or accruing to the Offer Units including, without limitation, the right to receive all rights, benefits, entitlements, dividends, distributions or any return of capital declared, made or paid by PCRT on or after the Offer Announcement Date (other than the 3Q2014 Distribution).

e. Minimum acceptance condition

The Offer was conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Units which, together with the Units owned, controlled or agreed to be acquired by the Offeror and its Concert Parties either before or during the Offer, and pursuant to the Offer or otherwise, will result in the Offeror and its Concert Parties holding such number of Units carrying more than 50% of the voting rights attributable to the issued Units as at the close of the Offer.

As mentioned in Section 1.4 of the Circular, the minimum acceptance condition has been fulfilled and the Offer has become and is declared unconditional in all respects on 13 November 2014.

f. Aggregate existing holding of the Offeror

As stated in the Offeror's supplemental announcement to the Offer Announcement and Offer Document dated 12 November 2014, as at the Offer Document Latest Practicable Date, the Offeror and its Concert Parties hold, in aggregate, 385,014,982 Units representing in aggregate approximately 33.61% of the issued Units.

As stated in the Offer Unconditional Announcement, as at 5.00 p.m. on 13 November 2014, the Offeror and its Concert Parties owned, controlled, have acquired or agreed to acquire an aggregate of 631,958,793 Units, representing approximately 55.16% of the issued Units as at 13 November 2014.

g. Irrevocable undertakings

As at the Offer Document Latest Practicable Date, the Offeror, its directors and its Concert Parties have received irrevocable undertakings to accept the Offer ("**Irrevocable Undertakings**") from certain parties, who in aggregate hold 180,813,717 Units, representing 15.78% of the total number of issued Units. The Irrevocable Undertakings will lapse if the Offer lapses or is withdrawn.

Please refer to Section 4 of the Circular for details of the Undertaking Parties.

h. Rationale for the Offer and the Offeror's future plans for PCRT

The Offeror's rationale and future plans for PCRT are disclosed in Section 7 and Section 8, respectively, of the Offer Document.

i. Duration

The Offeror has stated that **the Offer will close at 5.30 p.m. on 22 December 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

Further details as to the duration of the Offer in the event of extensions or of revisions to the Offer are set out in Section 3.1 of the Offer Document. In the event that the Offer is revised it will remain open for acceptance for at least 14 days from the date of dispatch of the written notification of the revision to Unitholders. In any case, all Unitholders who have already accepted the Offer will also receive the benefit of any revised Offer.

4. INFORMATION ON THE OFFEROR

Information on the Offeror is set out in Section 6 of the Offer Document and in the PREHL Circular. We have summarised below, certain information in order to set the context to our analysis of the financial terms of the Offer.

As at the Offer Document Latest Practicable Date and following the completion of the Initial Acquisition, PREHL has transformed into a sizeable integrated real estate owner, developer and manager, focused primarily in the PRC and Singapore. As at the Offer Document Latest Practicable Date, the issued share capital of PREHL is S\$1.07 billion comprising approximately 808.2 million issued and paid up PREHL Shares. PREHL's listing is expected to be transferred from Catalist to the Mainboard after the completion of the Offer and trading in PREHL Shares is expected to commence not later than 31 December 2014.

Headquartered in Singapore, the Offeror Group focuses strategically on large scale mixed-use developments primarily in the PRC and Singapore. The Offeror Group owns interests in and/or manages a diversified portfolio measuring about 36.5 million square feet and over 2.0 million square feet in GFA in the PRC and Singapore respectively. The Offeror Group is a dominant commercial developer with sizeable integrated developments in the PRC, of which two are the largest high speed railway commercial hubs in the country being Chengdu East High Speed Railway Integrated Development and Xi'an North High Speed Railway Integrated Development. The Offeror Group is also invested in the Zhuhai Hengqin Integrated Development, and is the Sponsor of PCRT, Singapore's first pure-play PRC retail development trust. In Singapore, the Offeror Group is invested in and manages prime and iconic properties located predominantly in the Downtown Civic District and Orchard Road precinct, such as CHIJMES, TripleOne Somerset, Capitol Singapore and the House of Tan Yeok Nee. The Offeror Group also holds stakes in and manages Chinatown Point and 112 Katong.

The effective equity interest of the Offeror Group in its portfolio of assets and businesses, acquired pursuant to the PREHL Initial Acquisition, is set out in the following table:

Name of Real Estate Asset or Business	Offeror Effective Equity Interest (%)
PRC Assets	
Chengdu East High Speed Railway Integrated Development	50.0
Xi'an North High Speed Railway Integrated Development	51.0
Zhuhai Hengqin Integrated Development	20.0
Singapore Assets	
CHIJMES	51.6
TripleOne Somerset	50.2
Capitol Singapore	50.0
House of Tan Yeok Nee	50.0
Chinatown Point	1.5
112 Katong	1.5
Unitholdings in PCRT	
Units in PCRT ⁽¹⁾	27.1
Management Businesses	
- Perennial (Singapore) Retail Management Pte. Ltd. ("PSRML") - Perennial (Singapore) Asset Management Pte. Ltd. ("PSAML") - PRE 2 Investments Pte. Ltd. ("PRE 2 Investments") - Perennial (China) Retail Management Pte. Ltd. ("PCRML")	100.0
Perennial Real Estate Pte. Ltd. ("PREPL")	49.0
Other Entities	
Perennial EM Holdings Pte. Ltd.	100.0
Perennial Treasury Pte. Ltd.	100.0

Note:

- (1) Comprises PREHL's direct interest in 299,143,763 Units, representing 26.11% of the total issued Units and the proportionate number of Units owned by PREHL through its 49.0% shareholding in PREPL as at the close of the PREHL Initial Acquisition. The Offeror Group's existing interest in the Units is set out in paragraph 3(f) of this letter.

Pursuant to agreements entered into by the Offeror in connection with the PREHL Acquisition, the Offeror has agreed to acquire the following:

- PREH's interest in Beijing Tongzhou Integrated Development (Phase 1) and Beijing Tongzhou Integrated Development (Phase 2) (the "**Beijing Target Assets**") in consideration of the allotment and issue to PREH of 294,997,019 PREHL Shares (subject to adjustments) (the "**Deferred Beijing Acquisition**"). The completion of the Deferred Beijing Acquisition shall take place within 10 days (or such other date as the vendors may determine) of the Beijing Target Assets obtaining the Land Use Rights Certificate for the land plots, provided that the completion of the Deferred Beijing Acquisition shall not take place later than 10 April 2015 or the acquisition agreements in respect of the Deferred Beijing Acquisition shall terminate; and
- 51% of the total issued shares of PREPL from Mr Pua Seck Guan in consideration for the allotment and issue to Mr Pua Seck Guan of 7,307,996 PREHL Shares (subject to adjustments), with completion expected to take place on or about 27 July 2016 (the "**Deferred PREPL Acquisition**").

Definitions

- The Singapore real estate assets of PREHL collectively referred to as "**PREHL Singapore Assets**" and their holding companies referred to as "**PREHL Singapore Entities**".
- The PRC real estate assets of PREHL including the Beijing Target Assets are collectively referred to as "**PREHL PRC Assets**" and their holding entities referred to as "**PREHL PRC Entities**".
- The management businesses of PREHL collectively referred to as "**PREHL Management Business**" and the holding companies referred to as "**PREHL Management Companies**".
- The other entities of PREHL set out in table above collectively referred to as "**PREHL Other Entities**".

The PREHL PRC Assets and PREHL Singapore Assets

Certain information relating to the PREHL PRC Assets and the PREHL Singapore Assets extracted from the PREHL Circular is included in table below:

Real Estate Asset	PREHL Effective Interest	Land Tenure	GFA ⁽¹⁾ (sq ft) (100% basis)	Expected Asset Class Composition ⁽¹⁾	Expected Completion Date ⁽¹⁾	Independent Valuation (as at 31 March 2014)	Agreed Property Price ⁽²⁾ (100% basis)	Gross Development Value ⁽³⁾ (100% basis)
PREHL PRC Assets								
Beijing Tongzhou Integrated Development (Phase 1) ⁽⁴⁾	Approximately 30%	Commercial: 40 years from date of land use rights grant contract Composite: 50 years from date of land use rights grant contract	3,510,000	Retail, office, residences	2016/2017	RMB5,759.0 million	RMB4,319.3 million/ S\$891.8 million	RMB11,531.0 million
Beijing Tongzhou Integrated Development (Phase 2) ⁽⁴⁾	Approximately 23.3%	Commercial: 40 years from date of land use rights grant contract Composite: 50 years from date of land use rights grant contract	3,130,000	Retail, office, residences	2016/2017	RMB5,783.0 million	RMB4,337.3 million/ S\$895.6 million	RMB11,055.0 million
Chengdu East HSR Integrated Development Plot C	50.0%	Commercial: 40 years, expiring on 20 February 2051	3,850,000	Retail, office	2016	RMB1,711.0 million	RMB1,282.8 million/ S\$264.9 million	RMB6,192.0 million
Chengdu East HSR Integrated Development Plot D	50.0%	Commercial: 40 years, expiring on 20 February 2051	4,310,000	Retail, office, apartments	2016	RMB1,349.0 million	RMB1,011.4 million/ S\$208.8 million	RMB5,909.0 million
Xi'an North HSR Integrated Development Plot 4	51.0%	Commercial: 40 years expiring on 23 November 2052	3,330,000	Retail, hotel, apartments	2016	RMB1,063.0 million	RMB797.3 million/ S\$164.6 million	RMB4,628.0 million

Real Estate Asset	PREHL Effective Interest	Land Tenure	GFA ⁽¹⁾ (sq ft) (100% basis)	Expected Asset Class Composition ⁽¹⁾	Expected Completion Date ⁽¹⁾	Independent Valuation (as at 31 March 2014)	Agreed Property Price ⁽²⁾ (100% basis)	Gross Development Value ⁽³⁾ (100% basis)
Xi'an North HSR Integrated Development Plot 5	51.0%	Commercial: 40 years expiring on 23 November 2052	3,570,000	Retail, office, apartments	2016	RMB872.0 million	RMB654.0 million/ S\$135.0 million	RMB4,105.0 million
Zhuhai Hengqin Integrated Development	20.0%	Commercial: 40 years, expiring on 1 March 2054 Residential: 70 years, expiring on 1 March 2084	1,510,000	Retail, office, hotel, residential	2016	RMB2,205.0 million	RMB1,653.8 million/ S\$341.5 million	RMB5,958.0 million
PREHL Singapore Assets								
CHIJMES	Approximately 51.6%	Leasehold, 99 years from 13 May 1991	159,368	Retail	Operational, with Asset Enhancement Initiatives ("AEI") works expected to complete in end 2014	S\$266.0 million	S\$260.0 million	S\$335.0 million
TripleOne Somerset	50.2%	Leasehold, 99 years from 19 February 1975	766,549	Office, retail	Operational with AEI works expected to complete in 2017	S\$983.0 million	S\$983.0 million	S\$1,400.0 million
Capitol Singapore	50.0%	Leasehold, 99 years from 24 January 2011	552,016	Retail, residential, hotel, theatre	Early 2015	S\$760.0 million	S\$723.5 million	S\$1,126.2 million

Real Estate Asset	PREHL Effective Interest	Land Tenure	GFA ⁽¹⁾ (sq ft) (100% basis)	Expected Asset Class Composition ⁽¹⁾	Expected Completion Date ⁽¹⁾	Independent Valuation (as at 31 March 2014)	Agreed Property Price ⁽²⁾ (100% basis)	Gross Development Value ⁽³⁾ (100% basis)
House of Tan Yeok Nee	50.0%	Freehold	58,481	Commercial	Operational	S\$74.2 million	S\$74.2 million	N.A. ⁽⁵⁾
Chinatown Point	Approximately 1.47%	Leasehold, 99 years from 12 November 1980	311,739	Retail, office	Operational	S\$424.5 million	S\$424.5 million	N.A. ⁽⁵⁾
112 Katong	Approximately 1.46%	Leasehold, 99 years from 17 August 1979	282,099	Retail	Operational	S\$439.0 million	S\$439.0 million	N.A. ⁽⁵⁾

Notes:

- (1) For the real estate assets that are under development or undergoing AEI, the GFA, expected asset class composition and expected completion date of development are based on current available plans and subject to obtaining, *inter alia*, the relevant regulatory approvals. GFA figures for the PRC assets exclude car park and M&E areas.
- (2) The Agreed Property Price (defined herein as the price of the respective target assets on a 100% basis) is derived from the independent valuation, and, in respect of the PRC properties, applying the agreed 25.0% discount. The Agreed Property Price is shown on a 100% basis, which would be the price of the asset, if 100% of the asset was acquired. In relation to the PRC properties, the Agreed Property Price is based on a foreign exchange rate of S\$/RMB of 4.843.
- (3) As disclosed in the respective independent valuation reports.
- (4) Assuming the Deferred Beijing Acquisition has taken place.
- (5) 'N.A.' means Not Applicable.

PREHL Management Business

The Offeror Group consists of management businesses which provide project and development management, asset management and property management for the various assets owned by the Offeror Group. The table below sets out the assets which are under the PREHL Management Business.

Asset	Role
Beijing Tongzhou Integrated Development (Phase 1) and Beijing Tongzhou Integrated Development (Phase 2)	Asset Manager, Development Manager and Property Manager
Chengdu East High Speed Railway Integrated Development	Development Manager and Property Manager
Xi'an North High Speed Railway Integrated Development	Development Manager and Property Manager
CHIJMES	Asset Manager, Project Manager and Property Manager
TripleOne Somerset	Asset Manager, Project Manager and Property Manager
Capitol Singapore	Project Manager and Property Manager ⁽¹⁾ (for the retail component)
Chinatown Point	Asset Manager and Property Manager
112 Katong	Asset Manager and Property Manager
PCRT	Trustee-Manager, Development Manager and Property Manager

Note:

(1) Property management agreement to be entered into.

PREHL Other Entities

The PREHL Other Entities comprise:

- (i) Perennial EM Holdings Pte. Ltd., which will hold a 50.0% stake in a proposed development comprising industrial, residential, commercial and other uses in the Sagaing region of Myanmar, in respect of which a memorandum of understanding has been entered into and a refundable deposit has been paid. The Sagaing region is well-positioned to be a key industrial and transportation hub of Myanmar due to its geographical proximity to India and the PRC, and is also part of the economic corridor for the land-locked regions of Assam, Bhutan, Tibet and Yunnan. Sagaing has easy access to a network of land transport routes and efficient river transportation and is also in close proximity to the Mandalay International Airport; and
- (ii) Perennial Treasury Pte. Ltd., an entity which performs treasury functions.

NAV of PREHL

Based on the 31 March 2014 unaudited pro forma consolidated financial statements¹, the NAV of the Offeror Group is S\$1.25 billion² and NAV per PREHL Share is S\$1.55¹. Assuming the Deferred Acquisitions complete, PREHL will have an unaudited pro forma consolidated NAV is S\$1.92 billion and a NAV per PREHL Share of S\$1.63 as at 31 March 2014.

1 As further particularised in the PREHL Circular, the unaudited pro forma consolidated financial statements of PREHL are prepared for illustrative purposes only and, because of their nature, may not give a true picture of PREHL's actual financial position, financial performance or cash flows. The unaudited pro forma financials are not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained on that date. The unaudited pro forma financials of PREHL are based on the assumptions and adjustments set out in the PREHL Circular.

2 Assuming only the PREHL Initial Acquisition has taken place.

5. FINANCIAL ASSESSMENT OF THE OFFER

In assessing the financial terms of the Offer, we have taken into account the following:

- (i) In respect of the Offer Price of S\$0.70 per Offer Unit:
 - a. Comparison of the Offer Price with the market prices for the Units;
 - b. Benchmarking liquidity and volatility of the Units;
 - c. Comparison of the Offer Price with VWAPs for the Units;
 - d. Benchmarking market prices for the Units against NAV per Unit; and
 - e. Comparison with takeover premia for selected SGX-ST listed companies.
- (ii) In respect of the Issue Price of S\$1.3353 per PREHL Share:
 - a. Absence of a market for the PREHL Shares;
 - b. Comparison with the issue price of PREHL Shares for the PREHL Acquisition;
 - c. Assessment of the elements of value of the Offeror Group;
 - d. Assessment of the independent valuations of the PREHL PRC Assets;
 - e. Benchmarking the PREHL PRC Assets against comparable listed companies;
 - f. Benchmarking the PREHL PRC Assets against comparable land sales;
 - g. Assessment of the independent valuations of the PREHL Singapore Assets;
 - h. Benchmarking the PREHL Singapore Assets against comparable listed companies and real estate investment trusts ("**REIT**");
 - i. Assessment of the independent valuations of the PREHL Management Companies; and
 - j. Assessment of the value ascribed to the Offeror's stake in PCRT.
- (iii) In respect of Other Considerations for the Offer:
 - a. Conditionality of the Offer;
 - b. Treatment of PCRT distributions;
 - c. Offeror's plans for PCRT;
 - d. Differences in nature as between the Units and PREHL Shares;
 - e. Certain risks relating to the Offeror Group's assets, business and operations; and
 - f. Compulsory Acquisition and Listing Status of PREHL acquisition.

5.1. Evaluation of the Offer Price of S\$0.70 per Offer Unit

5.1.1. Comparison of the Offer Price with the market prices for the Units

We have compared the Offer Price against the historical prices of the Units for the period from 9 June 2011 (being the listing date of PCRT on the SGX-ST) (“**Listing Date**”) to the Latest Practicable Date.



Source: Bloomberg

The principal salient announcements made by PCRT in this period have been as follows:

Note	Date	Event
1)	20 January 2012	Announcement of PCRT's acquisition of a 50.0% interest, with the flexibility to increase up to 80.0%, in Perennial Dongzhan Mall in Chengdu (previously known as Chengdu Longemont Mall) and entry into a new earn-out deed of up to RMB226.5 million with Shanghai Summit Pte. Ltd. in respect of the period from 9 June 2011 to 30 June 2013.
2)	13 February 2012	Announcement of approval from Unitholders for the acquisition of an interest in Perennial Dongzhan Mall, Chengdu, as stated above.
3)	18 April 2012	Announcement of additional earn-out amount of up to RMB342.0 million from Shanghai Summit Pte. Ltd. in respect of the period from 1 July 2013 to 31 December 2014.
4)	2 July 2012	Announcement on the exercise of the option to increase PCRT's interest in Perennial Dongzhan Mall, Chengdu, from 50.0% to 80.0% at a total purchase consideration of RMB2.24 billion.
5)	1 October 2012	Announcement of investment of S\$50.3 million in a joint venture to develop Beijing Tongzhou Integrated Development.
6)	14 March 2014	Pre-Conditional Offer Announcement for and on behalf of PREHL.
7)	17 March 2014	Supplemental announcement to the Pre-Conditional Voluntary Offer on the adjustment to the share consideration for each Offer Unit.
8)	27 October 2014	Announcement of the Offer for and on behalf of PREHL to acquire all the issued Units.

Source: Announcements released on the SGX-ST

The observations we make in respect of the comparison of the Offer Price against the market prices of the Units since Listing Date are as follows:

- (i) PCRT was listed on 9 June 2011 at an initial offer price of S\$0.70 per Unit. Other than at that time, the Units have consistently traded below the Offer Price of S\$0.70 per Unit;
- (ii) From the Listing Date up to the Latest Practicable Date, the Units have traded within a range of S\$0.40 (on 5 October 2011) to S\$0.66 (on 8 July 2011, 18 February 2013 and 20 February 2013);
- (iii) We note that from the date of the Pre-Conditional Offer Announcement Date to the date of the Offer Announcement, the Units have traded within a range of S\$0.51 to S\$0.60 per Unit; and
- (iv) From the date of the Offer Announcement to the Latest Practicable Date, we note that the Units have traded within a range of S\$0.52 to S\$0.55 per Unit.

We highlight that the past trading performance of the Units should not in any way be relied upon as an indication of their future trading performance. There is no assurance that the price of the Units will remain at current levels as and when the Offer completes.

5.1.2. Benchmarking liquidity & volatility of the Units

We summarise below the average daily traded volumes of the Units for selected reference periods:

Reference Period	Average Daily Trading Volume ('000) ⁽¹⁾	Approximate Percentage Of Free Float (%) ⁽²⁾
After the Offer Announcement Date		
On Latest Practicable Date	639	0.11
From the Market Day after the Offer Announcement Date to the Latest Practicable Date	8,549	1.51
Period between the Pre-Conditional Offer Announcement Date and the Offer Announcement Date		
On the Offer Announcement Date	263	0.05
From the Market Day after the Pre-Conditional Offer Announcement Date to the date immediately preceding the Offer Announcement Date	1,505	0.26
On and before the Pre-Conditional Offer Announcement Date		
On the Pre-Conditional Offer Announcement Date (14 March 2014)	61	0.01
Last 1 month	1,696	0.30
Last 3 months	1,026	0.18
Last 6 months	731	0.13
Last 1 year	1,156	0.20
Last 2 years	1,577	0.28

Source: Bloomberg

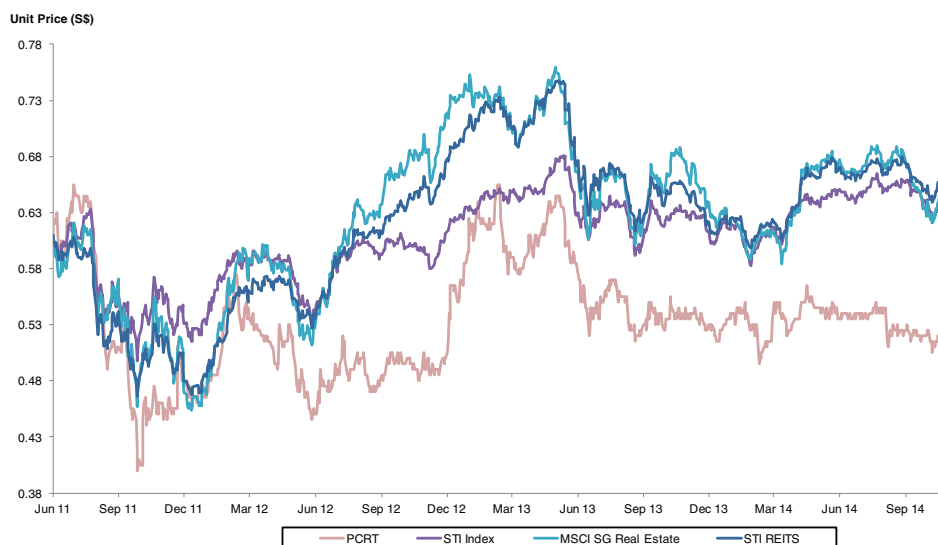
Notes:

- (1) The average daily trading volume of the Units is calculated based on the total volume of Units traded during the period divided by the number of Market Days over the same period.
- (2) Free float refers to the Units other than those held by the Directors, substantial unitholders and their associates (as defined in the Listing Manual) which amounts to approximately 567,900,885 Units based on the public float of 49.57% as at 3 March 2014 set out in the annual report for FY2013.

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 one year period preceding the Offer Announcement Date.

The volume of Units traded for the Top 10 SGX-ST Companies in the reference period ranged from 0.00% to 2.39% of their respective free float, with average and median volumes of 0.22% and 0.18% respectively. The average and median volumes of Units traded during the reference period was 0.20% and 0.14% of free float respectively, which is in line with the equivalent measures of liquidity for the Top 10 SGX-ST Companies.

We have also benchmarked the movement in market prices of the Units against selected, relevant indices – being the Straits Times Index ("**STI Index**"), the MSCI Singapore Real Estate Index ("**MSCI SG Real Estate**") and the FTSE ST REITS Index ("**STI REITS**") for the period from the Listing Date to the Latest Practicable Date.



Source: Bloomberg

We note that the market prices of the Units have broadly followed the selected, relevant indices over time. This indicates that the market price of the Units is not significantly more volatile than the comparable indices.

This analysis of liquidity and volatility indicates that the historical market prices of the Units provide a meaningful reference point for comparison with the Offer.

5.1.3. Comparison of the Offer Price with VWAPs for the Units

We have compared the Offer Price with the VWAPs for the Units for selected reference periods both prior to and after the Offer Announcement Date in the table below.

Reference Period	VWAP (S\$)	Premium/ (Discount) of Offer Price (%)	Highest Transacted Price (S\$)	Lowest Transacted Price (S\$)
After the Offer Announcement Date				
On the Latest Practicable Date	0.532	31.6	0.535	0.530
From the Market Day after the Offer Announcement Date to the Latest Practicable Date	0.533	31.2	0.545	0.520
Period between the Pre-Conditional Offer Announcement Date and the Offer Announcement Date				
On the Offer Announcement Date	0.520	34.6	0.520	0.520
From the Market Day after the Pre-Conditional Offer Announcement Date to the date immediately preceding the Offer Announcement Date	0.544	28.8	0.600	0.505
On and Before the Pre-Conditional Offer Announcement Date				
On the Pre-Conditional Offer Announcement Date (14 March 2014)	0.540	29.6	0.545	0.540
Last 1 month	0.522	34.0	0.555	0.495
Last 3 months	0.527	33.0	0.555	0.495
Last 6 months	0.530	32.1	0.560	0.495
Last 1 year	0.568	23.3	0.645	0.495
Last 2 years	0.550	27.2	0.660	0.440

Source: Bloomberg

The observations we make in respect to the historical VWAPs of the Units and the related premium of the Offer Price are as follows:

- (i) The VWAPs of the Units for the 1-month, 3-month and 6-month periods prior to the Pre-Conditional Offer Announcement Date are S\$0.522, S\$0.527 and S\$0.530 respectively. The Offer Price represents a premium of 34.0%, 33.0% and 32.1% respectively over the VWAPs for those periods;
- (ii) The VWAP of the Units for the period between the Pre-Conditional Offer Announcement Date and the Offer Announcement Date is S\$0.544. The Offer Price represents a premium of 28.8% over the VWAP for this period; and
- (iii) The VWAP of the Units for the period commencing the Offer Announcement Date and the Latest Practical Date is S\$0.533. The Offer Price represents a premium of 31.2% over the VWAP for this period.

5.1.4. Benchmarking market prices for the Units against NAV

(a) Benchmarking against reported NAV

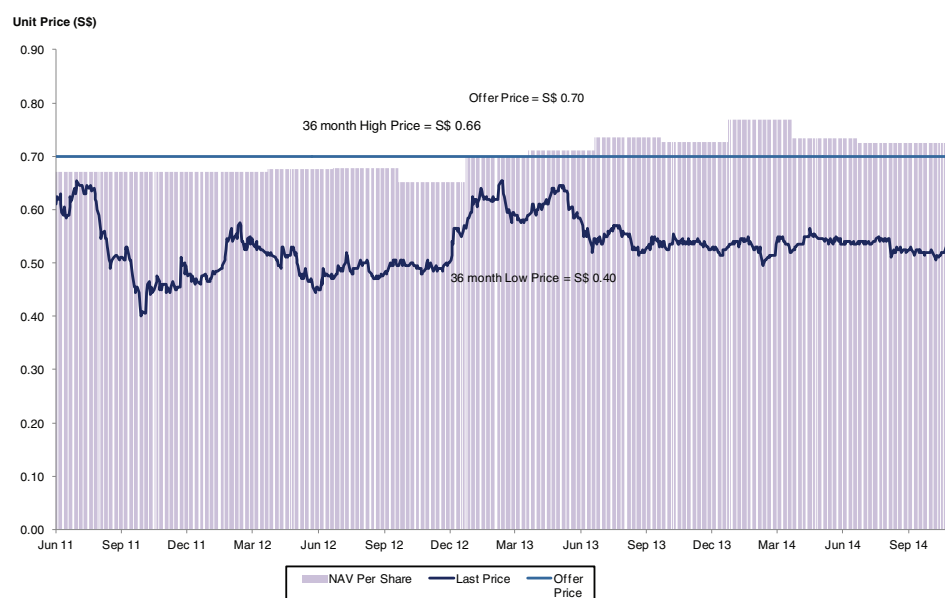
As at 30 September 2014, PCRT has an unaudited NAV of S\$863.6 million and a NAV per Unit of S\$0.75¹.

We note that 1-month, 3-month and 6-month VWAPs of the Units for the period prior to the Pre-Conditional Offer Announcement Date of S\$0.522, S\$0.527 and S\$0.530 respectively represent discounts of 29.8%, 29.3% and 28.8% respectively to the NAV per Unit of S\$0.74 as at 30 September 2014 (after payment of the 3Q2014 Distribution).

We note also that the Offer Price represents a discount of 6.0% to the NAV per Unit of S\$0.74 as at 30 September 2014 (after payment of the 3Q2014 Distribution), or a Price-to-NAV ratio (as defined in paragraph 5.1.4 (f) of this letter) of 0.94 times, which is higher than the Price-to-NAV ratio of the Unit as at the Latest Practicable Date of 0.71 times.

(b) Benchmarking against historical NAV

We have benchmarked the Offer Price against the historical price to NAV per Unit for the period from Listing Date to the Latest Practicable Date.



Source: Bloomberg

We note that the market price of the Units has consistently traded below their NAV per Unit since Listing Date.

(c) Recent independent valuation of the PCRT portfolio

In connection with the Offer, PCRT commissioned Colliers International (Hong Kong) Ltd (the "Colliers HK") to assess the fair value of its property portfolio (the "PCRT Properties").

The unaudited NAV of PCRT as at 30 September 2014 of S\$863.6 million reflects the fair value of the PCRT Properties.

Perennial Jihua Mall, Foshan, Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu, are classified as investment properties and have an aggregate carrying value of S\$776.7 million² (or 47.7% of PCRT's total assets) as at 30 September 2014. Shenyang Red

¹ As at 30 September 2014, PCRT has an unaudited NAV per Unit of S\$0.75. For the period 1 July 2014 to 30 September 2014, PCRT has announced a DPU of 0.95 cents with books closure date being 12 November 2014 at 5.00 p.m. The unaudited NAV per Unit as at 30 September 2014, assuming the payment of the 3Q2014 Distribution will be S\$0.74.

² The carrying value represents the independent valuation of Perennial Jihua Mall, Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu, as at 30 June 2014 adjusted for differences in exchange rate, capital costs incurred (if any) and capitalised interest (if any).

Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices are properties owned by PCRT's jointly controlled entities and have an aggregate carrying value of S\$749.5 million¹ (or 46.0% of PCRT's total assets) as at 30 September 2014.

The appraised value ascribed by Colliers HK in respect of the PCRT Properties along with the respective valuation methodologies are summarised in the table below:

Property	Effective Interest (%)	Valuation Approach	Independent Valuation as at 30 June 2014 (100.0% basis) (RMB million)
Shenyang Red Star Macalline Furniture Mall	50.0	• Discounted cashflow	2,503.0
Shenyang Longemont Shopping Mall	50.0	• Direct comparison	3,763.0
Shenyang Longemont Offices	50.0		2,224.0
Perennial Jihua Mall, Foshan	100.0		928.0
Perennial Qingyang Mall, Chengdu	100.0		1,175.0
Perennial Dongzhan Mall, Chengdu	80.0	• Income capitalisation ⁽¹⁾ • Direct comparison ⁽¹⁾ • Residual value ⁽²⁾	1,580.0 ⁽³⁾
10.0% of Beijing Tongzhou Integrated Development (Phase 1)	10.0	Residual value	5,759.0 ⁽⁴⁾

Notes:

- (1) Used to appraise the value of the property on an "as if complete" basis.
- (2) Used to appraise the value of the property on an "as-is" basis.
- (3) Represents the "as-is" valuation of the property.
- (4) The carrying value of the investment as at 30 September 2014 as recorded in PCRT's books is S\$51.2 million. The assessment date of the independent valuation is 31 March 2014.

The key points we highlight in respect of the independent valuations prepared are as follows:

- (i) The valuations have been prepared on the basis of "Market Value" which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion";
- (ii) The valuations have been computed on an "as-is" basis with the assessment date being 30 June 2014;
- (iii) The valuations represent a desktop valuation of the PCRT Properties. Colliers HK had undertaken a full valuation for the purpose of PCRT's FY2013 financial reporting;
- (iv) As stated in the table above, Colliers HK has adopted discounted cash flow ("DCF") analysis and the direct comparison approach to assess the value of operational properties and the residual approach for assessing the value of properties under development. For the purposes of the residual approach, Colliers has computed gross development value ("GDV") of the property using the direct comparison approach and the income capitalisation (or direct capitalisation) approach. These approaches are widely accepted methods for the purpose of valuing properties;

¹ The carrying value represents PCRT Group's equity interest in Shenyang Summit that owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices. The carrying value embeds the independent valuation of properties as at 30 June 2014 and the other assets and liabilities of Shenyang Summit.

(v) A summary of the various valuation approaches is as follows:

- **DCF Approach** – This involves the application of an appropriate discount rate to a projected series of cash flows to establish the present value of the income stream associated with the property. Where the DCF approach is used, Colliers HK has undertaken a DCF analysis over a 10-year investment horizon and assumed that the properties in question are sold at the end of year 10 at a price based upon the forecast year 11 income, capitalised by the terminal capitalisation rate for the remaining property lease term.
- **Direct Comparison Approach** – This approach estimates the value of the property by comparing recent sales of similar properties in the surrounding area. By analysing sales which qualify as ‘arm’s-length’ transactions between willing buyers and sellers, market value indicators and price trends can be identified. Adjustments are made for size, location, time, building quality and amenities, building age and other relevant factors when comparing such sales against the property. This approach is most commonly used when reliable and recent sales evidence is available. The basis of adjustments made by Colliers HK in respect of the factors stated above are summarised in the table below:

Factor	Basis of Adjustment
Time	Adjustments for differences in market conditions between the date of the transaction for comparable properties and the date of valuation, as well as Colliers HK’s opinion of changes in market conditions in the recent past.
Location	Adjustments to reflect location factors including transport conditions, accessibility of the subject property, environment, present nature of the neighbouring area, and completeness of community service facilities and development of submarkets.
Building Quality and Amenities	Adjustments to the unit price assumptions to reflect the difference in building quality and facilities between the comparable properties and the subject property.
Building Age	Adjustments to the unit price to reflect the difference in age of comparable properties and the subject property.
Size	Adjustments to the unit price to reflect differences in scale of developments.
Floor Level	Adjustments to reflect the difference in sales price between different floor levels of comparable properties and the subject property.
Marketability	Adjustments to reflect the differences in the market acceptability and absorption speed between comparable properties and the subject property.

- **Income Capitalisation Approach** – This approach estimates the sustainable net income on a fully leased basis having regard to the net rental income. The resultant net income is capitalised for the remaining tenure of the properties to produce a core capital value. The yields adopted reflect the nature, location and tenancy profile of the properties together with current market investment criteria, as evidenced by the sales evidence considered. Thereafter, appropriate capital adjustments have been included relating to rental reversion adjustments.
- **Residual Approach** – This approach values the property (or land) by reference to its development potential. The property or land value is the residual of the GDV of the proposed development scheme upon completion, deferred by the development

period up to the time when all the units have been disposed of in the open market, after deducting the development costs including building costs, professional fees and allowances for both risks and profits.

- (vi) The estimated market value of the PCRT Properties as at 30 June 2014 represents the opinion of Colliers HK as to the aggregate estimated selling prices of the PCRT Properties as at the valuation date.

(d) Upward adjustment to reported NAV

PCRT records its 10.0% equity stake in Beijing Tongzhou Integrated Development (Phase 1) (the “**PCRT Beijing Investment**”) as an available-for-sale investment. As at 30 September 2014, the carrying value of the PCRT Beijing Investment is S\$51.2 million. This value reflects a discount to the fair value of the investment for both minority control and for the lack of marketability.

As at 30 September 2014, PCRT’s share of the NAV of Perennial Tongzhou Development Pte. Ltd. (the holding company of Beijing Tongzhou Integrated Development (Phase 1)) is approximately S\$102.1 million. If the carrying value of the PCRT Beijing Investment is increased to PCRT’s share of the NAV of Perennial Tongzhou Development Pte. Ltd., the uplift in NAV amounts to S\$50.9 million, which equates to an increase in NAV per Unit as at 30 September 2014 by S\$0.04 per Unit.

We also considered the value of the option (the “**Xi’an Option**”) granted by PREHL to PCRT in respect of the purchase of a 50.0% interest in the block retail (comprising not less than 100,000 sqm of GFA) or a 50.0% interest in an integrated development in the Xi’an North High Speed Railway Integrated Development. The exercise period for the Xi’an Option is within one year from the finalisation of the asset plan for the development. As at the Latest Practicable Date, it is not certain that the Xi’an Option will be exercised. *Inter alia*, uncertainties remain with regards to the ability to separate the strata title and block retail components of the development, the length of time required to stabilise the operations of the property post-opening and the availability, pricing and terms of funding for such a purchase. Following consultation with the management of the Trustee-Manager, no adjustment has been made to the NAV of PCRT in respect of the Xi’an Option for the purpose of our analysis of the Offer.

The following table sets out PCRT’s adjusted NAV (“**Adjusted NAV**”) on an “as-is” basis as at 30 September 2014, making adjustment for the carrying value of the PCRT Beijing Investment:

As at 30 September 2014	
Unaudited book NAV (S\$ million)	863.6
Less:	
Payment of 3Q2014 Distribution (S\$ million)	(10.9)
Add:	
Change in carrying value of the PCRT Beijing Investment (S\$ million)	50.9
Adjusted NAV (S\$ million)	903.6
Adjusted NAV per Unit (S\$)	0.79

Save for the adjustment in respect of the PCRT Beijing Investment outlined above, no other asset of the PCRT Group has been revalued for the purpose of determining the Adjusted NAV of the PCRT Group. The management of the Trustee-Manager have confirmed that, to the best of their knowledge and based on the accounting policies adopted by the PCRT Group, they are not aware of any factors which may cause the value of the PCRT Group’s other assets (including its investments in associates) to be materially different from that which is recorded in the balance sheet of the PCRT Group as at 30 September 2014. They have also confirmed that there are no material contingent liabilities as at 30 September 2014 relating to the PCRT Group which could have a material impact on the NAV of the PCRT Group as at the Latest Practicable Date.

In respect of the Adjusted NAV, we note the following:

- (i) 1-month, 3-month and 6-month VWAPs of the Units for the periods prior to the Pre-Conditional Offer Announcement Date of S\$0.522, S\$0.527 and S\$0.530 respectively represent discounts of 33.8%, 33.2% and 32.8% respectively to the NAV per Unit of S\$0.79 as at 30 September 2014; and
- (ii) The Offer Price represents a discount of 11.3% to the Adjusted NAV per Unit of S\$0.79 as at 30 September 2014, or a Price-to-Adjusted NAV ratio of 0.89 times.

(e) Impact of possible reduction in income support

We have set out below a summary of the key financial information of PCRT for FY2011, FY2012, FY2013 and the nine-month financial periods ended 30 September 2013 and 2014 (“9M2013” and “9M2014” respectively) in order to analyse the development of distributions and distributions per Unit (“DPU”).

Extracts of PCRT Group Consolidated Income Statement and Distribution Statement

(S\$'000)	FY2011 ⁽¹⁾ (Audited)	FY2012 (Audited)	FY2013 (Audited)	9M2013 (Unaudited)	9M2014 (Unaudited)
Gross Revenue	—	—	2,614	1,338	11,666
Net property income/(expenses)	—	(804)	(6,272)	(3,398)	3,126
Other income	—	24,859	43,578	32,673	33,384
Share of profit/(loss) of joint venture (“JV”), net of tax	12,260	1,104	(7,698)	3,447	6,345
Profit before tax	6,130	111,659	71,806	13,911	32,572
Profit attributable to Unitholders of the Trust	5,962	84,630	51,285	13,970	29,051
Amount available for distribution	26,395	43,621	43,578	32,673	32,715
Attributable to earn-out funds	25,000	43,352	43,578	32,673	32,715
DPU (Singapore cents)	2.35	3.86	3.80	2.85	2.86
Unit Price at year/period end (S\$)	0.475	0.565	0.530	0.530	0.515
DPU Yield (%)	8.90	6.83	7.17	7.19	7.40

Source: Annual reports and unaudited results announcement for 9M2014 of PCRT.

Note:

- (1) FY2011 relates to the period from 22 February 2011 (the constitution date of PCRT) to 31 December 2011. PCRT was dormant from the constitution date to Listing Date.

In order to understand the financial performance of the PCRT Group set out in the table above, we set out below the build-up of PCRT's property portfolio.

Property	Shenyang Red Star Macalline	Shenyang Longemont Shopping Mall	Shenyang Longemont Offices	Perennial Jihua Mall, Foshan	Perennial Qingyang Mall, Chengdu	Perennial Dongzhan Mall, Chengdu	Beijing Tongzhou Integrated Development (Phase 1)
Ownership Interest	50%	50%	50%	100%	100%	80%	10%
Acquired	Jun 2011	Jun 2011	Jun 2011	Jun 2011	Jun 2011	Jul 2012	Oct 2012
Commencement of Operations	Sept 2010	Oct 2011	Dec 2012	Aug 2013	Apr 2014	Third Quarter 2015	FY2017

We highlight the following in respect of PCRT's financial performance and position as set out above:

- (i) The PCRT Group's distributable income for FY2011, FY2012, FY2013 and 9M2014 have been significantly underpinned by earn-out arrangements. We understand that these earn-out arrangements come to an end on 31 December 2014 and that the related income support shall cease to be received. Should income generated from PCRT's property portfolio fail to offset the drop in the level of income support received, PCRT will be unable to maintain the level of distributions that were made in the prior periods.

We highlight the following in respect of PCRT's historical financial operating performance information set out above:

- (ii) The PCRT Group first recorded revenues in FY2013 of S\$2.6 million upon commencement of operations of the Perennial Jihua Mall, Foshan, in August 2013. For 9M2014, the PCRT Group reported revenues of S\$11.7 million, an increase of S\$10.4¹ million above the S\$1.3 million reported in 9M2013 mainly due to S\$5.0 million increase in revenue generated from Perennial Jihua Mall, Foshan, which was operational for only one month in 9M2013 and S\$5.4 million revenue generated from Perennial Qingyang Mall, Chengdu, which commenced operations in April 2014;
- (iii) Net property expenses for FY2013 was S\$5.5 million higher than FY2012, as revenue contribution of S\$2.6 million from Perennial Jihua Mall, Foshan, was offset by an S\$8.1 million increase in property operating expenses. The increase in property operating expenses was mainly attributable to: (a) an increase of S\$6.5 million in expenses for Perennial Jihua Mall, Foshan, largely due to a one-off lease-up commission, pre-operating costs and property expenses; and (b) S\$1.3 million of pre-operation costs for Perennial Qingyang Mall, Chengdu, which commenced operations in April 2014;
- (iv) JV's contribution to PCRT's income decreased from S\$12.3 million in FY2011 to S\$1.1 million in FY2012 and share of loss of S\$7.7 million in FY2013. The decrease in contribution of S\$11.2 million from FY2011 to FY2012 was largely attributed to a net decrease of S\$12.7 million in the fair values of the investment properties held by the JV. Similarly, the decrease in contribution of S\$8.8 million from FY2012 to FY2013 was mainly due to decrease of S\$9.2 million in the fair values of the investment properties held by the JV; and
- (v) The PCRT Group reported a profit attributable to Unitholders in FY2011, FY2012, FY2013 of S\$6.0 million, S\$84.6 million and S\$51.3 million respectively. During the same period the PCRT Group reported an amount available for distribution of S\$26.4 million, S\$43.6 million and S\$43.6 million respectively. The amount available for distributions has been mainly attributable to amounts received from earn-out arrangements of S\$25.0 million, S\$43.4 million and S\$43.6 million in FY2011, FY2012 and FY2013 respectively. Similarly, the amount available for distributions in 9M2013 and 9M2014 of S\$32.7 million have been mainly attributable to amounts received from earn-out arrangements.

¹ Difference due to rounding.

(f) Comparison with selected listed real estate trusts and companies

We have benchmarked the Offer Price by generating selected valuation statistics for the PCRT Group implied by the financial terms of the Offer and compared those statistics with those for companies, business trusts or REITs listed on stock exchanges which own, develop or invest predominantly in retail real estate in the PRC and which in our opinion and after consultation with the management of the Trustee-Manager, are broadly comparable to the PCRT Group (the “**PCRT Comparables**”).

We highlight that there is no business trust or REIT listed on a stock exchange which may be considered truly comparable to PCRT in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria. As a result, any comparisons drawn can serve only as an illustrative guide.

The selected valuation statistics of the PCRT Comparables are based upon their closing prices on the Latest Practicable Date while those of the PCRT are as implied in the financial terms of the Offer. Such comparisons are affected by differences in their accounting policies. Our analysis has not attempted to adjust for such differences.

The following is the list of PCRT Comparables, together with a brief description of their business activities and selected key financial and valuation statistics:

Name of Real Estate Trust	Business Description	Market Capitalisation ⁽¹⁾ (S\$ mil)	Total Assets ⁽²⁾ (S\$ mil)	NAV ⁽²⁾ (S\$ mil)	Revenue ⁽³⁾ (S\$ mil)
CapitaRetail China Trust (“ CRCT ”)	REIT which invests in retail real estate properties located primarily in the PRC, Hong Kong and Macau. Its portfolio includes 10 shopping malls located in six cities in the PRC. It is listed on the SGX-ST.	1,332	2,218	1,234	192
Hui Xian Real Estate Investment Trust (“ Hui Xian REIT ”)	RMB-denominated REIT which invests mainly in commercial properties in the PRC. It is listed on the Hong Kong Stock Exchange.	3,766	8,870	5,996	598
Spring Real Estate Investment Trust (“ Spring REIT ”)	REIT which invests mainly in office properties in the PRC. It is listed on the Hong Kong Stock Exchange.	671	1,765	1,124	98
Yuexiu Real Estate Investment Trust (“ Yuexiu REIT ”)	REIT which invests mainly in retail, office, and commercial properties in the Guangdong province of the PRC. It is listed on the Hong Kong Stock Exchange.	1,785	5,149	2,675	312

Source: Capital IQ, annual reports and/or announcements of the respective REIT

Notes:

- (1) Market capitalisation as at the Latest Practicable Date.
- (2) Total assets and net assets (net of minority interests, where applicable) as at the end of the latest financial period.
- (3) Revenues for trailing 12 months.

In our analysis, we have collated and presented the following ratios:

Price-to-NAV

The price-to-net asset value ratio illustrates the ratio of the current market value of the entity relative to its net asset backing as measured by the latest available historical consolidated net asset value.

The net asset value is defined as the entities total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests.

Distribution Yield

The distribution yield of a REIT or business trust is computed as the ratio of the distributions paid out by a REIT or business trust on a trailing 12-month basis relative to the last transacted price as at the Latest Practicable Date.

Gearing

This illustrates the financial leverage of an entity. In relation to a REIT or business trust, the gearing ratio is typically defined as the ratio of total borrowings (including deferred payments) to its total assets.

The following table sets out the comparative valuation statistics of the PCRT Comparables vis-à-vis PCRT as implied by the 3-month VWAP for the Units and the Offer Price:

Name of Real Estate Trust	Market Capitalisation (\$ million)	Price-to-NAV (times)	Distribution Yield ⁽¹⁾ (%)	Gearing ⁽²⁾ (%)
CRCT	1,332	1.08	5.6	30.9
Hui Xian REIT	3,766	0.63	7.3	9.2
Spring REIT	671	0.60	7.7	33.5
Yuexiu REIT	1,785	0.67	7.2	31.6
Average		0.74	7.0	26.3
Median		0.65	7.3	31.2
High		1.08	7.7	33.5
Low		0.60	5.6	9.2
PCRT ~ 3-month VWAP	603	0.71	7.2	29.4
PCRT ~ Offer Price	802	0.94	5.4	29.4

Notes:

- (1) Computed as the distributions declared on a trailing 12-month basis relative to its unit price as at the Latest Practicable Date.
- (2) Computed as ratio of sum of the total borrowings and deferred payments to the total assets.

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

We highlight the following key observations arising from the data presented above:

- (i) The Price-to-NAV ratio implied by the 3 month VWAP of the Units of 0.71 times is broadly in line with the average and median Price-to-NAV ratio of the PCRT Comparables of 0.74 times and 0.65 times respectively;
- (ii) The Price-to-NAV ratio implied by the Offer Price of 0.94 times is significantly higher than the average and median Price-to-NAV ratio of the PCRT Comparables of 0.74 times and 0.65 times respectively;
- (iii) The gearing of PCRT of 29.4% is broadly in line with the average and median gearing of the PCRT Comparables of 26.3% and 31.2% respectively; and
- (iv) The distribution yield of the Units of 5.4% implied by the Offer Price is lower than the distribution yields of the PCRT Comparables.

5.1.5. Benchmarking against takeover premia for SGX-listed companies

We have benchmarked the premium implied by the Offer Price over the VWAPs of the Units against the premia paid or discounts to in respect of selected, successful privatisations of companies listed on the SGX-ST for the two year period preceding the Offer Announcement Date and up to the Latest Practicable Date.

Company	Date Announced	Offer Price (\$)	Premium/ (Discount) of Offer Price to 3-month VWAP (%)	Premium/ (Discount) of Offer Price to 6-month VWAP (%)
SC Global Developments Ltd	05/12/2012	1.80	57.9	62.9
Kinergy Ltd	14/12/2012	0.25	34.6	44.9
Rokko Holdings Ltd.	17/12/2012	0.11	50.7	45.2
PCA Technology Limited	01/02/2013	0.15	15.8	20.9
Viz Branz Limited	07/05/2013	0.82	17.0	18.1
Tsit Wing International Holdings Limited	11/06/2013	0.31	36.2	30.9
Guthrie GTS Ltd	21/06/2013	0.88	19.7	20.1
Food Junction Holdings Limited	24/06/2013	0.26	38.4	33.4
Berger International Limited	21/08/2013	0.25	85.9	95.0
Superbowl Holdings Limited	07/10/2013	0.75	40.9	44.8
People's Food Holdings Limited	19/10/2013	1.20	10.4	(13.0)
Singapore Land Limited	24/02/2014	9.40	13.9	10.7
Capitamall Asia Limited	14/04/2014	2.35	32.9	27.8
ASJ Holdings Limited	07/05/2014	0.07	57.8	64.1
Average			36.6	36.1
Median			35.4	32.1
Average (for real estate firms)			31.1	30.4
Median (for real estate firms)			26.3	24.0
PCRT		0.70	33.0	32.1

Source: Bloomberg, company filings, offer documents and circulars to shareholders in relation to the respective transactions where available and DTCF's computation, as the case may be

The observations we make with respect to the comparison of the premium implied by the Offer Price against the premia or discounts paid in respect of selected takeovers are as follows:

- (i) There have been no successful privatisations of REITs or Business Trusts for the two year period preceding the Offer Announcement Date;
- (ii) The premia implied by the Offer Price over the 3-month and 6-month VWAPs of the Units are in line with the average premia (i.e. 36.6% and 36.1% over the VWAPs for 3-months and 6-months respectively) paid in respect of selected successful privatisations for firms listed on the SGX-ST; and
- (iii) The premia implied by the Offer Price over the 3-month and 6-month VWAPs of the Units respectively are in line with the average premia (i.e. 31.1% and 30.4% over the VWAPs for 3-months and 6-months, respectively) paid in respect of successful privatisations for real estate companies listed on the SGX-ST.

We highlight that the companies covered in the table above are not directly comparable to PCRT in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria.

The data in the table above has been compiled from publicly available information and serves as a guide as to the premia paid, if any, in connection with takeovers of companies listed on the SGX-ST without regard to their specific industry characteristics or other considerations. Each takeover transaction must be judged on its own commercial and financial merits. The premium that any acquirer is prepared to pay in any particular takeover depends on various factors such as the potential synergy that the offeror can gain from its investment in the target, the presence of competing bids, the prevailing market conditions, the attractiveness and profile of the target's underlying business and assets, the size of consideration, the existing level of control in the target, the level of control desired and general economic and business risks.

As a consequence, any comparison of the Offer with the takeover transactions set out above is for illustrative purposes only.

5.2. Evaluation of the issue price of approximately S\$1.3353 per new PREHL Share

5.2.1. Absence of a market for the PREHL Shares

We are unable to benchmark the issue price of approximately S\$1.3353 per new PREHL Share (the "PREHL Share Issue Price") with market prices for the PREHL Shares on the SGX-ST as trading of the PREHL Shares on the SGX-ST has been and remains suspended.

We understand that the suspension in respect of the PREHL Shares will continue until the shareholding spread and distribution requirements under the Listing Manual are met. In this regard, PREHL proposes to undertake a compliance placement (if required) after the close of the Offer, subject to market conditions, or such other period of time as may be permitted by the SGX-ST.

Furthermore, we understand from the Offer Document that the expected date of lifting of the suspension of trading of the PREHL Shares is no later than 31 December 2014.

5.2.2. Comparison with the issue price of PREHL Shares for the PREHL Acquisition

The PREHL Share Issue Price of approximately S\$1.3353 is equal to the issue price of S\$1.3353¹ for the PREHL Acquisition Consideration Shares. The basis for arriving at the issue price of the PREHL Acquisition Consideration Shares is set out in paragraph 5.2.3 below.

¹ Pursuant to the terms of the PREHL Acquisition, PREHL issued the PREHL Acquisition Consideration Shares at a price of S\$0.0267 each, which represents a price of S\$1.3353 after a share consolidation exercise undertaken to consolidate every 50 PREHL Shares into one PREHL Share (the "PREHL Share Consolidation").

5.2.3. Assessment of the elements of value of the Offeror Group

PREHL has an issued share capital of S\$1.07 billion comprising approximately 808.2 million issued and paid up PREHL Shares.

The approximately 808.2 million issued and paid up PREHL Shares include the approximately 799.6 million PREHL Shares issued to the Vendors as purchase consideration for the PREHL Acquisition, which in-turn comprise:

- (i) Approximately 798.7 million¹ PREHL Shares issued to the Vendors as purchase consideration (before adjustments for NAV of the Target Entities) at an issue price of S\$1.3353 per PREHL Share in respect of the agreed purchase consideration of S\$1,066.4 million (Please see table below for breakdown); and
- (ii) Approximately 0.9 million PREHL Shares issued to the Vendors as purchase consideration to reflect the adjustments for NAV of the Target Entities at completion of the PREHL Acquisition.

Target Entities	Independent Valuation as at 31 March 2014 (\$S mil)	Discount to Independent Valuation as at 31 March 2014 (%)	Agreed Property Price/Agreed Business Valuation (\$S mil)	Effective Interest ⁽¹⁾ (%)	Purchase Consideration (\$S mil) ⁽²⁾
PREHL PRC Entities – Existing assets					
Chengdu East High Speed Railway Integrated Development	631.8	25.0	473.7	50.0	236.9
Xi'an North High Speed Railway Integrated Development	399.6	25.0	299.6	51.0	152.8
Zhuhai Hengqin Integrated Development	455.3	25.0	341.5	20.0	68.3
Total	1,486.7		1,114.8		458.0
PREHL Singapore Entities					
CHIJMES	266.0	2.3	260.0	51.6 ⁽³⁾	57.3
TripleOne Somerset	983.0	–	983.0	50.2	152.1 ⁽⁴⁾
Capitol Singapore	760.0	4.8	723.5	50.0	200.0
House of Tan Yeok Nee	74.2	–	74.2	50.0	15.0
Chinatown Point Retail Podium and 4 Strata Office units	424.5	–	424.5	1.5 ⁽³⁾	2.0
112 Katong	439.0	–	439.0	1.5 ⁽³⁾	2.8
Total	2,946.7		2,904.2		429.2
Perennial EM Holdings Pte. Ltd.	–	–	–	–	3.3 ⁽⁵⁾
Perennial Treasury Pte. Ltd.	–	–	–	–	(150.0)
PCRT Units (including the proportionate value of Units held by PREPL)	–	–	–	–	216.9 ⁽⁶⁾
Management Business ⁽⁷⁾	102.9	(6.9)	109.0	–	109.0
Total (For existing Target Entities)	4,536.3		4,121.7		1,066.4

¹ 798,686,838 PREHL Shares (post PREHL Share Consolidation) were issued to the Vendors as consideration for the PREHL Initial Acquisition.

Target Entities	Independent Valuation as at 31 March 2014 (\$S mil)	Discount to Independent Valuation as at 31 March 2014 (%)	Agreed Property Price/Agreed Business Valuation (\$S mil)	Effective Interest ⁽¹⁾ (%)	Purchase Consideration (\$S mil) ⁽²⁾
Deferred Acquisitions					
PREHL PRC Entities – Beijing Target Assets					
Beijing Tongzhou Integrated Development (Phase 1)	1,189.1	25.0	891.8	30.00	267.5
Beijing Tongzhou Integrated Development (Phase 2)	1,194.1	25.0	895.6	23.30	208.7
Total	2,383.2		1,787.40		476.2
Deferred PREPL Acquisition ⁽⁸⁾	22.4	7.2	16.1		16.1
Total Deferred Acquisitions	2,399.3		1,803.5		492.3
Total (For Existing Assets and Deferred Acquisitions)					1,558.7

Source: PREHL Circular and Deloitte analysis

Notes:

- (1) Based on the effective interest in the Target Entities.
- (2) Adjusted for debt taken at the asset level (for PREHL Singapore Assets). No debt is taken for the PREHL PRC Assets.
- (3) Approximate percentages.
- (4) This takes into account adjustments to the purchase consideration made in accordance with the terms of the acquisition agreement entered into under the PREHL Acquisition, as a result of the fulfilment of the condition precedent for the acquisition in relation to TripleOne Somerset that certain banking facilities be put in place.
- (5) This takes into account adjustments to the purchase consideration made in accordance with the terms of the acquisition agreement signed in connection with the PREHL Acquisition, as a result of further payments made by Perennial EM Holdings Pte. Ltd. in relation to the development in Myanmar, after the signing of the relevant acquisition agreement on 14 March 2014.
- (6) Includes the proportionate value of Units owned by PREHL through its 49.0% shareholding in PREPL, which has an effective interest in 2.33% of the issued Units.
- (7) Comprises all the issued Shares of PSRML, PSAML, PRE 2 Investments, PCRML and 49.0% of the issued shares of PREPL. The assessment date of the independent valuations is 30 June 2014.
- (8) Comprises the acquisition of 51.0% of the equity interest of PREPL, which is expected to be completed on 27 July 2016.

Based on data presented in the table above, we note that the Offeror Group's existing assets in PRC and Singapore, together with the Beijing Target Assets to be acquired by it, have an aggregate purchase consideration of S\$1.56 billion out of the aggregate purchase consideration of S\$1.71 billion (before offsetting the loan amount drawn down by Perennial Treasury Pte. Ltd.), and comprise the majority of value of the PREHL Shares.

Information in relation to the Purchase Consideration for Perennial EM Holdings Pte. Ltd. and Perennial Treasury Pte. Ltd.

Perennial EM Holdings Pte. Ltd.

We understand that the agreed purchase consideration of S\$3.3 million paid by the Offeror to PREH for acquisition of the 100.0% equity interest in Perennial EM Holdings Pte. Ltd. is equal to the aggregate payments made by Perennial EM Holdings Pte. Ltd. in relation to the proposed development in Myanmar, as disclosed in the PREHL Circular.

Based on information disclosed in the PREHL Circular, it was the intention of PREHL to obtain and incur liabilities in relation to bank facilities of up to S\$150.0 million at the close of the PREHL Acquisition and the amount of the liability incurred was to be offset against the aggregate purchase consideration payable to PREH in respect of the other Target Entities being acquired from PREH.

Based on information disclosed in the Offer Document, Perennial Treasury Pte. Ltd. has drawn down unsecured bank loans totalling S\$159.0 million for a term of up to three years, which are on a floating rate basis pegged to the Singapore Interbank Offer Rate and the Swap Offer Rate. We understand that the debt held by Perennial Treasury Pte. Ltd. has been offset by value of assets acquired from PREH on a dollar for dollar basis.

5.2.4. Assessment of the independent valuations of the PREHL PRC Assets

In connection with the PREHL Acquisition, PREHL commissioned Colliers HK to provide an independent opinion as to the market value of the PREHL PRC Assets. The Summary Valuation Letter of Colliers HK is set out in Appendix L of the Offer Document. A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com. **Unitholders are advised to read Appendix L of the Offer Document carefully.**

The appraised value ascribed by Colliers HK in respect of the PREHL PRC Assets, the respective valuation methodologies and the gross development values (“**GDV**”) of the various components are summarised in the table below:

Property	Independent Valuation (RMB million)	Agreed Purchase Price (100% basis) (RMB million)	RMB psm GFA (excluding carpark and M&E areas)	Type	Valuation Approach for GDV Appraisal ⁽¹⁾	GDV (RMB million)
PREHL PRC Entities – Existing Assets						
Chengdu East High Speed Railway Integrated Development (Plots C & D)	3,060	2,295	3,026	Retail	DCA/ICA	4,025
				Office	DCA/ICA	7,120
				Apartment	DCA	537
				Car park	DCA/ICA	419
Xi'an North High Speed Railway Integrated Development	1,935	1,451	3,020	Retail	DCA/ICA	3,142
				Office	DCA	1,567
				Hotel	ICA	2,334
				Apartment	DCA	1,494
				Car Park	ICA	196
Zhuhai Hengqin Integrated Development	2,205	1,654	15,738	Retail	DCA	1,603
				Office	DCA	1,675
				Hotel	DCA	859
				Apartment	DCA	1,551
				Car park	DCA	270
PREHL PRC Entities – Beijing Target Assets						
Beijing Tongzhou Integrated Development (Phase 1)	5,759	4,319	17,646	Retail	DCA/ICA	5,855
				Office	DCA	3,603
				Residences	DCA	1,762
				Car park	DCA	311
Beijing Tongzhou Integrated Development (Phase 2)	5,783	4,337	19,897	Retail	DCA/ICA	5,895
				Office	DCA	2,760
				Residences	DCA	1,990
				Car park	DCA	410

Source: PREHL Circular

Note:

(1) DCA refers to Direct Comparison Approach and ICA refers to Income Capitalisation Approach.

The key points we highlight in respect of the independent valuations prepared are as follows:

- (i) The valuations have been prepared on the basis of “Market Value”, which is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”;
- (ii) The Market Value assessed by Colliers HK is in respect of the remaining leasehold interests in the properties, subject to existing leases and occupancy arrangements and/or development proposals disclosed to Colliers HK. Please see paragraph 4 of this letter for certain information relating to tenure, development GFA, expected asset class composition and expected completion dates of development based on current available plans.
- (iii) The valuations have been computed on a “as-is” basis, with the assessment date being 31 March 2014;
- (iv) As the PREHL PRC Assets comprise development projects that are at different stages of planning and obtaining the key PRC development project permits¹, the “as-is” value of the properties has been assessed using the residual approach.
- (v) In arriving at the GDV of the properties, the valuer has used the direct comparison approach and/or the income capitalisation approach (or direct capitalisation approach) (Please see paragraph 5.1.4(c) of this letter for a summary of the valuation approaches). These approaches are widely accepted methods for the purpose of valuing properties which are under development;
- (vi) The valuations assume that all required approvals and certificates necessary for the development, occupation and use of a subject property have been duly obtained and are in full force and effect. We understand that the PREHL PRC Assets are at different stages of obtaining the PRC development project permits¹. Further, the project designs are being refined and current plans are subject to the relevant authorities’ approval; and
- (vii) The purchase consideration for the PREHL PRC Assets represents a discount of 25.0% to the Market Value as at 31 March 2014 as assessed by Collier HK.

We would like to highlight that the valuation of real estate assets may differ from financial assets due to the uniqueness² of the subject property, the difference in terms and conditions of a sale and the fact that market information is typically imperfect and properties are illiquid physical assets. Accordingly, the independent valuation undertaken by Colliers HK form an important consideration in our assessment as these are appraisals by an independent real estate professional of the specific properties, having regard to their unique characteristics.

5.2.5. Comparison of the value of the PREHL PRC Assets with selected comparable property companies in the PRC

We have benchmarked the purchase consideration for the PREHL PRC Entities (the “**PREHL PRC Entities Consideration**”) by generating selected valuation statistics for the PREHL PRC Entities implied by the PREHL PRC Entities Consideration and compared those statistics with those for real estate companies or business trust listed on stock exchanges of Singapore and the PRC which develop, own and manage mixed-use projects in Mainland China and which in our opinion and after consultation with the management of the Trustee-Manager, are broadly comparable to the PREHL PRC Entities (the “**PREHL PRC Comparables**”).

¹ Land use right certificate, construction land planning permit, construction project planning permit, construction permit and pre-sale permit.

² Factors that make real estate assets unique include, amongst others, their location, land lease tenures, catchment prosperity and demographics, access to public transportation, configuration, construction efficiency and quality, size and quality of operations.

We highlight that there is no company or business trust listed on a stock exchange in Singapore or the PRC which may be considered truly comparable to the PREHL PRC Entities in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria. As a result, any comparisons drawn can serve only as an illustrative guide.

The selected valuation statistics of the PREHL PRC Comparables are based upon their closing prices on the Latest Practicable Date while those of the PREHL PRC Entities are as implied in the PREHL PRC Assets Consideration. Such comparisons are affected by differences in their accounting policies. Our analysis has not attempted to adjust for such differences.

The following is the list of the PREHL PRC Comparables, together with a brief description of their business activities and selected key financial and valuation statistics.

Company Name	Business Description	Market Capitalisation (\$ mil)	Total Assets (\$ mil)	NAV (\$ mil)	Revenue (\$ mil)
Guangzhou R&F Properties Co., Ltd. ("Guangzhou R&F Properties")	Engaged in the development and sale of real estate properties in the PRC. The company develops and sells residential and commercial properties; and develops hotels, office buildings, and shopping malls in Beijing, Guangzhou, and other cities. It is listed on the Hong Kong Stock Exchange.	4,556	35,117	9,971	7,573
KWG Property Holdings Ltd ("KWG Property Holdings")	Engaged in the development, management, and sale of real estate properties in the PRC. Its properties portfolio includes residential properties, serviced apartments, villas, office buildings, hotels, and shopping malls in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, and Hangzhou. It is listed on the Hong Kong Stock Exchange.	2,732	14,389	3,845	2,164
Ying Li International Real Estate Limited ("Ying Li International")	Engaged in the development, sale, rental, management, and ownership of commercial and residential properties in Chongqing. The company also provides property consultancy, sale, marketing, and management services. It primarily serves financial institutions and departments store chains. It is listed on the SGX-ST.	652	1,730	719	205

Source: Capital IQ, annual reports and/or announcements of the respective companies

Due to the asset intensive nature of the core property business of the PREHL PRC Entities, we consider NAV-based valuation methods such as Price-to-NAV ratio as being pertinent measures for assessing the PREHL PRC Entities Consideration. The asset backing of property-related companies such as the PREHL PRC Entities are perceived as providing support for the value of equity. For such companies, earnings may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and the periodic revaluation of properties.

The following table sets out the comparative valuation statistics of the PREHL PRC Comparables vis-à-vis PREHL PRC Entities:

Company Name	Market Capitalisation (\$ million)	Price-to-NAV (times)	Gearing ⁽¹⁾ (%)
Guangzhou R&F Properties	4,556	0.46	41.2
KWG Property Holdings	2,732	0.71	33.7
Ying Li International	652	0.91	37.5
Average		0.69	37.5
Median		0.71	37.5
High		0.91	41.2
Low		0.46	33.7
PREHL PRC Assets	934⁽²⁾	0.75⁽³⁾	0.0

Source: Capital IQ, annual reports and/or announcements of the respective companies

Notes:

- (1) Computed as the ratio of total borrowings to total assets.
- (2) The aggregate purchase consideration for the PREHL PRC Assets.
- (3) Based on ratio of the aggregate consideration for the PREHL PRC Assets to the aggregate appraised market value of the PREHL PRC Assets as at 31 March 2014 by Colliers HK.

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

We highlight the following key observations arising from the data presented above:

- (i) The Price-to-NAV ratio implied by the PREHL PRC Entities Consideration of 0.75 times is broadly in line with the average and median Price-to-NAV ratio of the PREHL PRC Comparables of 0.69 times and 0.71 times respectively; and
- (ii) The PREHL PRC Entities are ungeared, whereas the PREHL PRC Comparables have gearing ratios ranging from 33.7% to 41.2%.

5.2.6. Comparison of the value of the PREHL PRC Assets with selected comparable land sale transactions

We have compiled information in the public domain in respect of land sale transactions (the “**Comparable Land Sales**”) undertaken in 2013 and 2014 which are comparable to the PREHL PRC Assets. A total of 65 transactions were found to be comparable with the PREHL PRC Assets.

We computed the price per GFA (excluding car park and M&E areas, “**Value per GFA**”) for the PREHL PRC Entities and compared those statistics with the equivalent for the Comparable Land Sales.

Our work indicates that the aggregate consideration for the PREHL PRC Entities is in line with the implied value of the PREHL PRC Assets by applying the average Value per GFA from the Comparable Land Sales to the GFA of the PREHL PRC Assets.

We highlight that the real estate that are the subject of the Comparable Land Sales may not be exhaustive and that they differ from the PREHL PRC Assets in terms of, inter alia, location, accessibility, proximity to major venues and/or attractions, land lease tenures, plot ratios, gross floor area, transaction timing, configuration, market risks and other relevant factors. The comparative analysis is only one of the factors considered by us in our evaluation. As a result, any comparisons drawn can serve only as an illustrative guide.

5.2.7. Assessment of the independent valuation of the PREHL Singapore Assets

In connection with the PREHL Acquisition, PREHL commissioned Knight Frank Pte Ltd (“**Knight Frank**”), Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers Singapore**”) and DTZ Debenham Tie Leung (SEA) Pte Ltd (“**DTZ**”) (collectively the “**PREHL Singapore Assets Valuers**”) to assess the market value of the PREHL Singapore Assets.

The Summary Valuation Letters of the PREHL Singapore Assets Valuers are set out in Appendix L of the Offer Document. A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com. **Unitholders are advised to read Appendix L of the Offer Document carefully.**

The appraised value ascribed by the PREHL Singapore Assets Valuers in respect of the PREHL Singapore Assets and the respective valuation methodologies are summarised in the table below:

Property	PREHL Effective Interest (%)	Name of Independent Valuer	Valuation Approach	Independent Valuation (S\$ mil)	Agreed Property Price ⁽¹⁾ (S\$ mil)	Purchase Consideration ⁽²⁾ (S\$ mil)
CHIJMES	51.6	Knight Frank	- Residual Land Value for market value on “as-is” basis - Income Capitalisation for GDV appraisal	266.0	260.0	57.3
TripleOne Somerset	50.2	Colliers Singapore	- Income Capitalisation - Direct Comparison	983.0	983.0	152.1
Capitol Singapore	50.0	Knight Frank	- Residual Land Value for market value on “as-is” basis - Income Capitalisation and Direct Comparison for GDV appraisal	760.0	723.5	200.0
House of Tan Yeok Nee	50.0	DTZ	- Income Capitalisation - DCF	74.2	74.2	15.0
Chinatown Point Retail Podium and 4 Strata Office Units	1.5	Knight Frank	- Income Capitalisation - Direct Comparison for strata office units	424.5	424.5	2.0
112 Katong	1.5	Knight Frank	- Income Capitalisation - DCF - Direct Comparison	439.0	439.0	2.8
				2,946.7	2,904.2	429.2⁽³⁾

Source: PREHL Circular

Notes:

- (1) The Agreed Property Price is shown on a 100% basis, which would be the price of the asset, if 100% of the asset was acquired.
- (2) Represents the purchase consideration of the PREHL Singapore Entities after adjusting for debts and net assets of these entities.
- (3) The aggregate purchase consideration prior to adjustment for debts and net assets is S\$1,039.4 million.

The key points we highlight in respect of the independent valuations prepared are as follows:

- (i) The valuations have been prepared on the basis of “Market Value” and the definitions of Market Value of the PREHL Singapore Assets Valuers are broadly similar;
- (ii) The Market Values for CHIJMES and Capitol Singapore assessed by Knight Frank are in respect of the unencumbered remaining leasehold interest in the properties valued assuming vacant possession;
- (iii) The Market Value for TripleOne Somerset assessed by Colliers Singapore and the Market Values for Chinatown Point and 112 Katong assessed by Knight Frank are in respect of the unencumbered remaining leasehold interest in the properties subject to existing leases and occupational arrangements;
- (iv) The Market Value for the House of Tan Yeok Nee assessed by DTZ assumes that the freehold site on which it sits on has no onerous restrictions or unusual encumbrances;
- (v) The valuations have been computed on a “as-is” basis with the assessment date being 31 March 2014;
- (vi) As CHIJMES is undergoing AEI and Capitol Singapore is undergoing development activities, the “as-is” value of the properties has been assessed using the residual approach;
- (vii) In arriving at the GDV for CHIJMES and Capitol Singapore, Knight Frank has adopted the residual approach. In the case of CHIJMES, the residual approach values the property on an “as-is” basis taking into account the proposed AEI works and cost of work done is arrived at by deducting estimated cost to complete (including professional fees, project management fees, contingency, development and design fees, etc.) and other relevant costs from the GDV assuming satisfactory completion of the proposed AEI works.

Similarly, in the case of Capitol Singapore, the residual approach values the property in its existing partially completed state of construction taking into account the cost of work done is arrived at by deducting estimated cost to complete (including professional fees) and other relevant costs from the GDV of the proposed development assuming satisfactory completion; and

- (viii) The Agreed Property Price (defined herein as the price of the respective target assets on a 100% basis) for the Singapore assets (the “**Agreed PREHL Singapore Assets Price**”) owned by the PREHL Singapore Entities is at a marginal discount of 2.0% to their market value as at 31 March 2014 as assessed by the PREHL Singapore Assets Valuers.

Valuation of real estate assets differs from that of financial assets due to the uniqueness¹ of the subject property, the difference in terms and conditions of a sale and the fact that market information is typically imperfect and properties are illiquid physical assets. Accordingly, the independent valuation undertaken by the PREHL Singapore Assets Valuers form an important consideration in our assessment as these are professional real estate appraisals of the specific properties with regard to their unique characteristics.

¹ Factors that make real estate assets unique include, amongst others, their location, land lease tenures, catchment prosperity and demographics, access to public transportation, configuration, construction efficiency and quality, size and quality of operations.

5.2.8. Benchmarking the PREHL Singapore Entities Against Comparable Listed Companies and REITs

We have benchmarked the Agreed PREHL Singapore Assets Price by generating selected valuation statistics for the PREHL Singapore Assets implied by the Agreed PREHL Singapore Assets Price and compared those statistics with those for real estate companies, business trusts or REITs listed on the SGX-ST which develop, own and manage mixed-use projects in Singapore and which in our opinion and after consultation with the management of the Trustee-Manager, are broadly comparable to the PREHL Singapore Assets (the “**PREHL Singapore Comparables**”).

We highlight that there is no company, business trust or REIT listed on the SGX-ST which may be considered truly comparable to the PREHL Singapore Assets in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria. As a result, any comparisons drawn can serve only as an illustrative guide.

The selected valuation statistics of the PREHL Singapore Comparables are based upon their closing prices on the Latest Practicable Date while those of the PREHL Singapore Assets are as implied in the Agreed PREHL Singapore Assets Price. Such comparisons are affected by differences in their accounting policies. Our analysis has not attempted to adjust for such differences.

The following is the list of the PREHL Singapore Comparables, together with a brief description of their business activities and selected key financial and valuation statistics.

Name of Company or Trust	Business Description	Market Capitalisation (\$ mil)	Total Assets (\$ mil)	NAV (\$ mil)	Revenue (\$ mil)
Capita-Commercial Trust	Premier commercial REIT investing in high quality income-producing commercial properties in Singapore. It is listed on the SGX-ST.	4,872	6,331	4,958	426
CapitaMall Trust	Real estate investment arm of CapitaLand Ltd. The firm invests in income producing retail properties in Singapore and is listed on the SGX-ST.	6,821	9,602	6,188	773
Frasers Centrepont Trust	REIT launched and managed by Frasers Centrepont Asset Management Ltd. It invests primarily in retail properties around the world. It is listed on the SGX-ST.	1,763	2,522	1,699	169
Frasers Commercial Trust	Invests primarily in quality income-producing commercial office properties. Its current portfolio consists of five quality office buildings located in Singapore and Australia. It is listed on the SGX-ST.	971	1,882	1,091	119
Keppel REIT	REIT with a portfolio comprising of interests in nine premium office assets strategically located in the central business districts of Singapore, and key cities of Sydney, Melbourne, Brisbane and Perth in Australia. It is listed on the SGX-ST.	3,640	6,939	4,213	256

Name of Company or Trust	Business Description	Market Capitalisation (\$ mil)	Total Assets (\$ mil)	NAV (\$ mil)	Revenue (\$ mil)
Mapletree Commercial Trust	Singapore-focused REIT established with the principal investment objective of investing on a long-term basis, in a portfolio of income producing real estate used primarily for office and/or retail purposes, as well as real estate-related assets. It is listed on the SGX-ST.	2,992	4,080	2,442	276
OUE Commercial REIT	Singapore REIT established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes in financial and business hubs within and outside of Singapore, as well as real estate-related assets. It is listed on the SGX-ST.	701	1,651	918	69
OUE Limited	Established property company, with a portfolio of investment and development properties in prime locations, primarily in Singapore, and also other parts of Asia and the U.S. Its diversified portfolio comprises residential apartments, offices, retail malls, hotels, spas and restaurants. It is listed on the SGX-ST.	1,938	6,373	3,692	413
SPH REIT	REIT in Singapore, with a portfolio of income-producing retail properties. It is listed on the SGX-ST.	2,669	3,269	2,353	223
Starhill Global REIT	Singapore-based REIT investing primarily in real estate used for retail and office purposes, both in Singapore and overseas. It is listed on the SGX-ST.	1,744	2,947	2,008	195
Suntec REIT	REIT owning income-producing real estate that is primarily used for retail and/or office purposes. It is listed on the SGX-ST.	4,617	8,365	5,144	338

Due to the asset intensive nature of the PREHL Singapore Entities, we consider NAV-based valuation methods such as Price-to-NAV ratio as being more pertinent measures for assessing the Agreed PREHL Singapore Assets Price relative to the earnings-based valuation methods such as price-to-earnings ratio or EV/EBITDA (i.e. the ratio of enterprise value of an entity to its earnings before interest, tax, depreciation and amortisation).

The following table sets out the comparative valuation statistics of the PREHL Singapore Comparables vis-à-vis PREHL Singapore Entities:

Name of Company or Trust	Market Capitalisation (S\$ million)	Price-to-NAV (times)
CapitaCommercial Trust	4,872	0.98
CapitaMall Trust	6,821	1.10
Frasers Centrepont Trust	1,763	1.04
Frasers Commercial Trust	971	0.89
Keppel REIT	3,640	0.86
Mapletree Commercial Trust	2,992	1.23
OUE Commercial REIT	701	0.76
OUE Limited	1,938	0.52
SPH REIT	2,669	1.13
Starhill Global REIT	1,744	0.87
Suntec REIT	4,617	0.90
Average		0.94
Median		0.90
High		1.23
Low		0.52
PREHL Singapore Assets	429.2⁽¹⁾	0.98⁽²⁾

Source: Capital IQ, annual reports and/or announcements of the respective companies

Notes:

- (1) The aggregate purchase consideration for the PREHL Singapore Entities after adjusting for debts and net assets owned by these entities.
- (2) Based on ratio of the Agreed PREHL Singapore Assets Price to the aggregate appraised market value of the PREHL Singapore Entities as at 31 March 2014 by the PREHL Singapore Asset Valuers.

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

We highlight that the Price-to-NAV ratio implied by the Agreed PREHL Singapore Assets Price of 0.98 times is broadly in line with the average and median Price-to-NAV ratio of the PREHL Singapore Comparables of 0.94 times and 0.90 times respectively.

5.2.9. Assessment of the independent valuation of the PREHL Management Companies

In connection with the PREHL Acquisition, PREHL commissioned Stone Forest Corporate Advisory (“**Stone Forest**”) to assess the fair market value of the PREHL Management Companies as at 30 June 2014. The Summary Valuation Letter of Stone Forest is set out in Appendix L of the Offer Document. A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com. **Unitholders are advised to read Appendix L of the Offer Document carefully.**

The appraised value ascribed by the Stone Forest to the PREHL Management Companies is summarised in the table below:

Company Name	PREHL Effective Equity Interest (%)	Principal Activities	Independent Valuation of PREHL Equity Stake (\$ million)
Perennial (Singapore) Retail Management Pte. Ltd.	100.0	Provides property management services for the portfolio of assets in Singapore. As at the valuation date, PSRML provides property management services for the following assets in Singapore: (i) 112 Katong; (ii) Chinatown Point; (iii) CHIJMES; and (iv) TripleOne Somerset. It also is expected to receive fees for Capitol Singapore once the development is completed.	34.7
Perennial (Singapore) Asset Management Pte. Ltd.	100.0	Asset management company providing asset management services for assets in Singapore. As at the valuation date, PSAML provides asset management services for the following assets in Singapore: (i) Chinatown Point; (ii) CHIJMES; and (iii) TripleOne Somerset; It is also expected to receive fees for Beijing Tongzhou (Phase 1) and Beijing Tongzhou (Phase 2).	29.7
Perennial (China) Retail Management Pte. Ltd.	100.0	Property management company for the portfolio of assets in the PRC. PCRML owns a 100% interest in the Perennial (Shanghai) Retail Management Co., Ltd	24.6
Perennial Real Estate Pte. Ltd., which owns 82.5% of Trustee-Manager	49.0% in PREPL (and 40.4% in Trustee-Manager) Following completion of Deferred PREPL Acquisition: 100% in PREPL (and 82.5% in PCRTM)	PREPL through its subsidiary, PCRTM, provides services such as investment strategy, acquisitions, project management, asset planning, financial and capital management to PCRT. PCRTM is a trustee-manager of PCRT and subsidiary of PREPL.	28.4 ⁽¹⁾
Aggregate Independent Valuation			117.4⁽¹⁾

Note:

- (1) Assuming completion of the Deferred PREPL Acquisition. Based on PREHL's existing equity interest of 40.4% in PCRTM, the independent valuation of PREHL equity stake in PREPL is S\$13.9 million and the aggregate of the independent valuations is S\$102.9 million.

The key points we highlight in respect of the independent valuation prepared are as follows:

- (i) The valuations have been prepared on the basis of “Fair Market Value”, which is defined as “the price at which the business would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts”;
- (ii) The assessment date is 30 June 2014;
- (iii) In its appraisal of the Fair Market Value of the PREHL Management Companies, Stone Forest has considered the nature and economic characteristics of the business of the management companies and has applied the income approach to arrive at the Fair Market Value of the businesses. Under the income approach, Fair Market Value is the present value of the net free operating cash flows after tax after subtracting the reinvestment capital and applying a discount rate that best represents the cost of capital for the business of the management companies.
- (iv) The key assumptions employed by Stone Forest in its valuation of the PREHL Management Business as disclosed in its Summary Valuation Letter set out in Appendix L of the Offer Document have been reproduced below:
 - (a) Assumptions provided by the management of PREHL up to 30 June 2014 relating to the provision of asset management, property management and project or development management services are realistic and reasonable;
 - (b) The PREHL Management Companies are going concerns and have sufficient or unrestricted access to capital to meet current payment obligations, support future capital expenditure and working capital;
 - (c) There are no restrictions on the distributions of cash flows to shareholders;
 - (d) Discount rate is estimated at 8.33% for PSAML, PSRML and PCRTM and 11.43% for PCRML; and
 - (e) Terminal growth rate is estimated at 3.0% for PSAML, PSRML and PCRTM and 5.0% for PCRML.

We note that the aggregate purchase consideration for the PREHL Management Companies of S\$117.2 million is consistent with the aggregate market value of the companies as at 30 June 2014 of S\$117.4 million.

5.2.10. Assessment of the market valuation of the Offeror’s stake in PCRT

As at the close of the PREHL Acquisition, the Offeror had an interest in 27.05% of the total issued Units, comprising a direct interest in 26.11% of the total issued Units and an indirect interest in 0.94% of the total issued Units, through its 49.0% shareholding in PREPL. The Offeror acquired its 27.05% interest in total issued Units for a purchase consideration of S\$216.9 million based on an agreed price of S\$0.70 per Unit.

We note that the Offer Price of S\$0.70 per Unit is equal to the price at which the Offeror acquired its 27.05% interest in total issued Units.

5.3. Other considerations

5.3.1. Conditionality of the Offer

As stated in paragraph 3 of this letter, the Offer is conditional upon the Offeror owning more than 50.0% of the issued Units by the close of the Offer (or more than 572,827,199 Units based on the total number of Units in issue of 1,145,654,397 as at the Latest Practicable Date).

As stated in the Offer Unconditional Announcement, the Offeror has received valid acceptances (which have not been withdrawn) of the Offer in respect of such number of Offer Units which, when taken together with the Units owned, controlled, acquired or agreed to be acquired by the Offeror

and its Concert Parties (whether before or during the Offer), results in the Offeror and its Concert Parties holding such number of Units carrying more than 50% of the voting rights attributable to the issued Units.

Accordingly, the Offer has become and is declared unconditional in all respects on 13 November 2014.

The Offeror also has irrevocable undertakings from the Undertaking Parties, some of whom are its concert parties, in respect of Units, representing 15.78% of the total number of issued Units.

5.3.2. Treatment of PCRT distributions

The Offeror reserves the right to reduce the Offer Price payable if any dividend, right, other distribution or return of capital is announced, declared, made or paid by PCRT on or after the Offer Announcement Date to a holder of any Offer Units who accepts or has accepted the Offer. The adjustment amount will be the amount of such dividend, right, other distribution or return of capital.

As stated in its announcement dated 5 November 2014 in relation to the 3Q2014 Distribution, the Offeror has elected not to exercise its right to reduce the Offer Price in respect of the 3Q2014 Distribution and there will be no reduction to the Offer Price in respect of the 3Q2014 Distribution.

Accordingly, subject to the Offer becoming unconditional, Unitholders who choose to accept the Offer will still receive 0.52423 PREHL Shares for each Offer Unit tendered in acceptance of the Offer, with fractional entitlements to be disregarded. All accepting Unitholders who are on the register of PCRT as at the Books Closure Date, will still be entitled to receive the 3Q2014 Distribution from PCRT, regardless of when they accept the Offer.

For the avoidance of doubt, Unitholders who elect to accept the Offer on or prior to 12 November 2014 will still be entitled to receive the 3Q2014 Distribution from PCRT so long as they are on the register of PCRT as at the Books Closure Date.

5.3.3. Offeror's plans for PCRT

We reproduce below the extract of the Offeror's future plans for PCRT as disclosed in the Offer Document.

"The Offeror intends for PCRT to continue its existing business activities and there are no plans to (i) introduce any major changes to the business of PCRT or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of PCRT or (iii) discontinue the employment of any of the existing employees of PCRT and/or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to PCRT which may present themselves and which the Offeror may regard to be in the best interests of PCRT.

If Unitholders choose not to accept the Offer, they will retain their Units in PCRT and will not become Shareholders. In the event that the Offer becomes unconditional but acceptances received are less than the threshold required for compulsory acquisition, PCRT will continue to be a predominantly retail development trust focused on properties in the PRC and the Offeror will continue to support PCRT as a sponsor having retail components of integrated developments in PRC that can serve as potential asset pipeline for PCRT."

5.3.4. Differences in nature as between the Units and the PREHL Shares

We advise the Independent Directors to highlight to Unitholders that an investment in the Units differs in important respects from a value-equivalent investment in the PREHL Shares.

PCRT is a business trust registered under the Business Trusts Act, Chapter 31A on 27 May 2011. It is Singapore's first pure-play PRC retail development trust. PREHL is a company incorporated under the Companies Act, Chapter 50 of Singapore. It is an integrated real estate owner, developer and manager, focused primarily in the PRC and Singapore.

We highlight in the table below some of the key differences between PCRT and PREHL in respect of their mission, structure, business and investment characteristics.

	PCRT	PREHL
Entity Type	Business Trust.	Company.
Nature of Business	Pure-play PRC retail property owner and developer.	Integrated real estate owner, developer and manager, focused on mixed-use projects primarily in the PRC and Singapore.
Key Objective/ Investment Mandate	• Long-term capital growth from a steady growth in NAV through acquiring attractively priced predominantly-retail development projects and the on-going value creation of PCRT's assets; and • Regular distributions from the income of its completed and stabilised assets.	To invest in mixed-use and/or integrated real estate projects at differing stages of development to extract value across the entire real estate value chain. Mixed-use projects could comprise retail, office, residence and hospitality components.
Geographic Focus	PRC.	Primarily in the PRC and Singapore and selectively in emerging markets.
Leverage Limit	Up to 60.0% of the value of the trust property of PCRT as set out in its trust deed.	No limit.
Distributions/ Dividends	Distributions can be paid out of cash profits instead of accounting profits.	Dividends can be paid only out of accounting profits.
Distribution Policy	Trustee-Manager shall make distributions of at least 50.0% of PCRT's distributable income to Unitholders.	The intention of the PREHL is to adopt a dividend policy which targets to declare up to 25.0% of PREHL's distributable net profits (excluding revaluation surplus), after taking into account the appropriation of amounts which are sufficient and prudent to meet the working capital, capital expenditure and cash flow needs of the Company.

PCRT		PREHL
		Notwithstanding the above, as the Offeror Group is in a development-expansion phase with a strong pipeline of properties under various stages of development, it is expected that the majority of the profits over the next few years will be reinvested in the business. The amount of dividend that the Company may declare and pay will depend on the rate of completion and operation of the pipeline of developments, the absolute amount of stable rental income achieved by the developments over time, any sale revenue from strata unit sales, and opportunities for divestments of and investments in the real estate assets.
Governance Responsibility	Responsibility of the Trustee-Manager.	Responsibility of the board of directors of PREHL.
Asset Portfolio	• Shenyang Red Star Macalline Furniture Mall (50.0% interest) • Shenyang Longemont Shopping Mall (50.0% interest) • Shenyang Longemont Offices (50.0% interest) • Perennial Jihua Mall, Foshan (100.0% interest) • Perennial Qingyang Mall, Chengdu (100.0% interest) • Perennial Dongzhan Mall, Chengdu (80.0% interest) All of PCRT's properties are operational, with the exception of Perennial Dongzhan Mall, Chengdu, which is expected to commence operations in third quarter of FY2015.	• PREHL PRC Assets • PREHL Singapore Assets • Interest in Units (as disclosed in Section 2.7 of the Circular) • PREHL Management Business • PREHL Other Entities The PREHL PRC Assets are currently under development. In respect of the major PREHL Singapore Assets, Chijmes is undergoing AEI, TripleOne Somerset is operating (but expected to under AEI) and Capitol Singapore is under development.

Source: Annual report, IPO prospectus of PCRT and the PREHL Circular

We advise the Independent Directors to recommend that Unitholders take specific advice as to the implications of the differing natures of the investments in Units and PREHL Shares from their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

5.3.5. Certain risks relating to the Offeror Group's assets, business and operations

We advise the Independent Directors to highlight to Unitholders that an investment in the Units differs in important respects from a value-equivalent investment in the PREHL Shares.

The business and operations of the Offeror Group differ from that of PCRT. As a result, the Offeror Group is vulnerable to a number of risks applicable to the industry in which it operates and those specific to its businesses, which differ to risks applicable to PCRT's business and industry.

The risk relating to the business and operations of the Offeror Group as well as risks relating to general economic, regulatory and political conditions in the countries in which the Offeror Group operates and the securities market and ownership of the shares in PREHL, including possible future sales of such shares, have been set out on pages 165 to 186 of the PREHL Circular. A copy of the PREHL Circular is available on the website of the SGX-ST at www.sgx.com. **Unitholders are advised to read the risk factors set out on pages 165 to 186 of the PREHL Circular carefully.**

We set out below an overview of certain risks impacting property development companies relating construction, financing and asset valuations.

Construction Risks

PREHL may be adversely affected by delays in the construction and completion of its properties under development. The development of the PREHL PRC Assets is expected to complete in 2016 and 2017 and the development of Capitol Singapore in early 2015. AEI works for TripleOne Somerset have yet to commence, and approval for the AEI works have not been obtained.

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 Offeror 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 and financial condition of the related entities within the Offeror Group may be adversely affected.

In addition, the completion of the development projects in the PRC are subject to obtaining certain permits¹ 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 property development entities within the Offeror Group.

Further, the PREHL PRC Assets are held under a limited term of land use rights granted by the government authorities subject to a number of specific conditions. Such conditions may include the completion of the relevant development projects according to a specified schedule and attaining a certain threshold of construction. The failure to comply with such conditions imposed by the government authorities could result in the government authorities imposing penalties or modifying the terms of the land use rights granted or, in extreme cases, taking back the granted land use rights without compensation. This may adversely affect the business, financial condition and the results of operations of the related entities within the Offeror Group.

Financing Risks

PREHL expects that the development of the PREHL PRC Assets and the AEI works for TripleOne Somerset will require a significant quantum of funding. Such funding is expected to be primarily funded by debt taken out at the asset level, and in the case of the PREHL PRC Assets, subject to applicable financing regulations in the PRC, and by proceeds from strata sales.

There is no assurance that the Offeror Group entities undertaking the development works will be able to obtain financing, whether on a short-term or a long-term basis, on terms that are commercially acceptable. In respect of funding from strata sales, there is no assurance that the Offeror Group will be able to realise a sufficient level of funding as the sales are subject to market conditions. There is also no assurance that any additional financing will not be dilutive to shareholders of the Offeror. Factors that could affect the Offeror Group's ability to procure financing include the Offeror Group's financial position, results of operation or cash flow, the property market's cyclical nature, 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 credit.

¹ Land use right certificate, construction land planning permit, construction project planning permit, construction permit and pre-sale permit.

In addition, in respect of availability of credit from banks, changes in the reserve requirement ratio will affect the amount of funds that banks must hold in reserve against deposits made by their customers. Any future increase in the reserve requirement ratio will further reduce the amount of bank credit available to businesses including the Offeror Group. Under certain circumstances (such as consolidation in the banking industry or banks being required to reduce their exposure to a particular company, sector or industry), lending banks may be forced to reduce their loan portfolio, in which case, there can be no assurance that the Offeror Group will be able to obtain new loans or refinance existing debt and the Offeror Group may be required to repay part of their loans.

Failure to obtain financing or refinancing on commercially acceptable terms when required, may result in the Offeror Group not having adequate funds to fund their operations, acquisitions or development of properties, or to service their financing obligations which would have a material adverse effect on the Offeror Group's financial position, results of operations, cash flows and prospects.

Asset Valuation Risks

The valuations of each of the assets of the Offeror Group (the “**Offeror Group Assets**”) were conducted using the income capitalisation, direct comparison and/or residual land valuation methods. Property valuations generally include a subjective determination of certain factors relating to the relevant properties, such as their relative market positions, competitive strengths and their physical conditions. The market values of the Offeror Group Assets when completed may therefore differ from the values of the Offeror Group Assets as determined by the independent valuers appointed by PREHL and PCRT.

The values of the Offeror Group Assets (as determined by the independent valuers) are not an indication of, and do not guarantee, a sale price at that value at present or in the future. The price at which the Offeror Group may sell an asset may be lower than its value as determined by the independent valuers.

We advise the Independent Directors to recommend that Unitholders take specific advice as to the implications of the differing natures of the investments in Units and PREHL Shares from their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

5.3.6. Compulsory acquisition and listing status of PREHL

Under Rule 723 of the Listing Manual, PCRT must ensure that at least 10.0% 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 90.0% 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 10.0% of the issued Units are held by at least 500 shareholders of the Offeror who are members of the public.

In addition, under Rule 724 of the Listing Manual, if the Unitholding Requirement is not complied with, PCRT 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 PCRT 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 10.0%, failing which PCRT may be de-listed from the SGX-ST.

Pursuant to Section 40A(1) of the Business Trusts Act, Chapter 31A of Singapore, if the Offeror receives valid acceptances pursuant to the Offer or acquires Offer Units during the offer period otherwise than through valid acceptances of the Offer in respect of not less than 90.0% of the Offer Units, the Offeror will be entitled to exercise the right to compulsorily acquire all the Units of the Unitholders who have not accepted the Offer on the same terms as those offered under the Offer.

The Offeror intends to exercise such a right of compulsory acquisition if it so arises and will proceed to delist PCRT from the SGX-ST.

6. OUR RECOMMENDATION

6.1. Evaluation of the Offer Price of S\$0.70 per Offer Unit

In arriving at our evaluation of the Offer Price of S\$0.70 per Offer Unit, we have taken into account the factors, which we consider to have a significant bearing on our assessment, which include the following:

- (i) The average daily traded volumes of the Units is broadly in line with those of the largest companies listed on SGX-ST. Further, price movements of the Units have not been demonstrably more volatile than selected, relevant indices. Both factors support a view that historical market prices for the Units provide a meaningful reference point for comparison with the Offer;
- (ii) PCRT was listed on 9 June 2011 at an initial offer price of S\$0.70 per Unit. Other than at that time, the Units have consistently traded below the Offer Price of S\$0.70 per Unit;
- (iii) We note that from the date of the Pre-Conditional Offer Announcement Date to the date of the Offer Announcement, the Units have traded within a range of S\$0.51 to S\$0.60 per Unit;
- (iv) From the date of the Offer Announcement to the Latest Practicable Date, we note that the Units have traded within a range of S\$0.52 to S\$0.55 per Unit;
- (v) The 1-month, 3-month and 6-month VWAPs of the Units for the periods prior to the Pre-Conditional Offer Announcement Date are S\$0.522, S\$0.527 and S\$0.530 respectively. The Offer Price represents a premium of 34.0%, 33.0% and 32.1% respectively over the VWAP of the Units for those periods;
- (vi) The VWAP of the Units for the period between the Pre-Conditional Offer Announcement Date and the Offer Announcement Date is S\$0.544. The Offer Price represents a premium of 28.8% over the VWAP of the Units for this period;
- (vii) The 1-month, 3-month and 6-month VWAPs of the Units for the periods prior to the Pre-Conditional Offer Announcement Date of S\$0.522, S\$0.527 and S\$0.530 respectively represent discounts of 29.8%, 29.3% and 28.8% respectively to the reported NAV per Unit of S\$0.74 as at 30 September 2014 (after payment of the 3Q2014 Distribution);
- (viii) We note that the market price of the Units has consistently traded below the reported NAV per Unit since the Listing Date;
- (ix) The Offer Price represents a discount of 6.0% to the reported NAV per Unit of S\$0.74 as at 30 September 2014 (after payment of the 3Q2014 Distribution);
- (x) The reported NAV per Unit of S\$0.74 as at 30 September 2014 (after payment of the 3Q2014 Distribution) reflects the estimates of market value on an “as-is” basis ascribed to the PCRT Properties by Colliers HK acting as an independent expert as at 30 June 2014;
- (xi) 1-month, 3-month and 6-month VWAPs of the Units for the period prior to the Pre-Conditional Offer Announcement Date of S\$0.522, S\$0.527 and S\$0.530 respectively represent discounts of 33.8%, 33.2% and 32.8% respectively to the Adjusted NAV per Unit of S\$0.79 as at 30 September 2014;
- (xii) The Offer Price represents a discount of 11.3% to the Adjusted NAV per Unit of S\$0.79 as at 30 September 2014, or a Price-to-Adjusted NAV ratio of 0.89 times;
- (xiii) We highlight that PCRT Group’s historical distributable income for FY2011, FY2012, FY2013 and 9M2014 has been significantly underpinned by earn-out arrangements. These earn-out arrangements cease at the end of FY2014. There can be no certainty that the level of historical distributions can be sustained in the absence of such arrangements;
- (xiv) The Price-to-NAV ratio of 0.71 times implied by the 3-month VWAP of the Units is broadly in line with the average and median Price-to-NAV ratios of 0.74 times and 0.65 times for the PCRT Comparables;

- (xv) The Price-to-NAV ratio of 0.94 times implied by the Offer Price is significantly higher than the average Price-to-NAV ratio of 0.74 times for the PCRT Comparables; and
- (xvi) The premia implied by the Offer Price over the 3-month and 6-month historical VWAP of the Units are in line with the average premia of 36.6% and 36.1% respectively for successful takeovers of SGX-ST listed companies and the average premia of 31.1% and 30.4% for successful takeovers of SGX-ST listed real estate companies.

Having regard to the information available as at the Latest Practicable Date and the considerations as laid out above, we are of the opinion that the Offer Price of S\$0.70 for PCRT is fair.

6.2. Evaluation of the issue price of approximately S\$1.3353 per PREHL Share

In arriving at our evaluation of the PREHL Share Issue Price of approximately S\$1.3353, we have taken into account the factors, which we consider to have a significant bearing on our assessment, which include the following:

- (i) The PREHL Share Issue Price of approximately S\$1.3353 cannot be benchmarked against market prices for the PREHL Shares on the SGX-ST as trading in the PREHL Shares on the SGX-ST has been and remains suspended. It is unlikely that trading in such shares will commence prior to the close of the Offer;
- (ii) The PREHL Share Issue Price of approximately S\$1.3353 is equal to the issue price of S\$1.3353¹ for the PREHL Acquisition Consideration Shares;
- (iii) The Offeror Group's existing assets in PRC were assessed by an independent expert valuer to have a market value of S\$610.7 million as at 31 March 2014. Similarly, the Beijing Target Assets were assessed by the same independent expert valuer to have a market value of S\$634.9 million as at 31 March 2014. The agreed property price for both groups of assets has been set at S\$458.0 million and S\$476.2 million respectively, being a 25.0% discount to independent valuations;
- (iv) The Price-to-NAV ratio implied by the agreed purchase consideration for the PREHL PRC Assets (including the Beijing Target Assets) of 0.75 times is broadly in line with both the average and the median Price-to-NAV ratio of the PREHL PRC Comparables of 0.69 times and 0.71 times respectively;
- (v) We have benchmarked the price ascribed to the PREHL PRC Assets (including the Beijing Target Assets) to a total of 65 Comparable Land Sales. We found that, in aggregate, the price ascribed is in line with the prices transacted for the Comparable Land Sales;
- (vi) The PREHL Singapore Assets were assessed by an independent expert valuer to have a market value of S\$2,946.7 million on a 100% basis as at 31 March 2014. This is marginally higher than the agreed property price for the PREHL Singapore Assets of S\$2,904.2 million (also on a 100% basis). The agreed purchase consideration for PREHL's interests in the PREHL Singapore Assets of S\$429.2 million represents a 2.0% discount to the value ascribed by the independent valuation expert;
- (vii) The Price-to-NAV ratio implied by the Agreed PREHL Singapore Assets Price of 0.98 is broadly in line with the average and the median Price-to-NAV ratio of the PREHL Singapore Comparables of 0.94 times and 0.90 times respectively;
- (viii) The aggregate purchase consideration for the PREHL Management Companies of S\$117.2 million is consistent with the aggregate market value of the companies as at 30 June 2014 of S\$117.4 million (assuming the Deferred PREPL Acquisition completes);
- (ix) The value of the Offeror Group's interests in PCRT is valued at S\$0.70 per Unit, which is equal to the Offer Price;
- (x) The Offeror Group's 100.0% equity interest in Perennial EM Holdings Pte. Ltd. is valued at S\$3.3 million based on investment cost of the Vendor and account for a fraction of the value of the PREHL Shares; and

¹ Pursuant to the terms of the PREHL Acquisition, PREHL issued new PREHL Shares to the Vendors, as consideration, at a price of S\$0.0267 each, which represents a price of S\$1.3353 after the PREHL Share Consolidation.

- (xi) The debt held by Perennial Treasury Pte. Ltd. has been offset by value of assets acquired from PREH on a dollar for dollar basis.

Having regard to the information available as at the Latest Practicable Date and the considerations laid out above, we are of the opinion that the Issue Price of approximately S\$1.3353 per PREHL Share is fair.

6.3. Evaluation of the reasonableness of the Offer

In arriving at our opinion in respect of the reasonableness of the Offer, we have taken into account the factors which we consider to have a significant bearing on our assessment which includes the following:

- (i) The Offer was conditional on the Offeror owning more than 50.0% of the issued Units by the close of the Offer. As at close of trading on 13 November 2014, the Offeror and its Concert Parties owned, controlled, have acquired or agreed to acquire an aggregate of 631,958,793 Units, representing approximately 55.16% of the issued Units and accordingly the Offer has become and is declared unconditional in all respects. The Offeror also has irrevocable undertakings from the Undertaking Parties, some of whom are its concert parties, in respect of Units, representing 15.78% of the total number of issued Units;
- (ii) The fact that the Offeror has reserved the right to reduce the Offer Price payable if any dividend, right, other distribution or return of capital is announced, declared, made or paid by PCRT on or after the Offer Announcement Date to a holder of any Offer Units who accepts or has accepted the Offer as well as the fact that the Offeror has elected not to exercise its right in respect of the 3Q2014 Distribution;
- (iii) The Offeror's plan for PCRT;
- (iv) Differences in nature as between the Units and the PREHL Shares;
- (v) Certain risks relating to the Offeror Group's assets, business and operations; and
- (vi) The Offeror's intention to exercise such its right of compulsory acquisition if it so arises and its intention to proceed to delist PCRT from the SGX-ST.

Having regard to the information available as at the Latest Practicable Date and the considerations laid out above, we are of the opinion that the Offer is reasonable.

6.4. Our Recommendation

Having regard to the considerations set out under paragraph 6.1, 6.2 and 6.3 and our opinion thereof that:

- (i) The Offer in respect of the value of the Units is fair;
- (ii) The Offer in respect of the value of the PREHL Shares is fair; and
- (iii) The Offer is reasonable;

we are of the opinion that the Offer is fair and reasonable. Accordingly, we advise the Independent Directors to recommend that the Unitholders accept the Offer or sell their Units in the open market if able to sell at a price higher than the Offer Price (after deducting all related expenses).

In arriving at our recommendations, we wish to emphasise that we have relied on representations made by the Directors and the management of Trustee-Manager relating to current intentions and future directions of PREHL. In addition, the Independent Directors should note that we have arrived at our conclusion based upon information available to us up to and including the Latest Practicable Date.

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 has different investment objectives and profiles, we would advise that individual Unitholders who require specific advice in relation to their investment objectives or portfolio should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Unitholders should note that the trading of the Units and the PREHL Shares (as and when they commence trading) is subject to, *inter alia*, the performance and prospects of the entities, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, our advice on the Offer does not and cannot take into account future trading activities or patterns or price levels that may be established for the Units after the Latest Practicable Date since these are governed by factors beyond the ambit of our review and also, such advice, if given, would not fall within our terms of reference in connection with the Offer.

The Independent Directors should note that trading in the Units and the PREHL Shares is subject to possible market fluctuations and, accordingly, our advice on the Offer cannot and does not take into account the future trading activity or patterns or price levels that may be established for the Units and the PREHL Shares as these are governed by factors beyond the ambit of our review and would not fall within the terms of reference in connection with the Offer.

Our recommendations are addressed to the Independent Directors for their benefit in connection with and for the purposes of their consideration of the Offer. Any recommendations made by the Independent Directors in respect of the Offer shall remain their responsibility.

Our recommendations may not be used and/or relied on by any other person for any purpose at any time and in any manner except with our prior written consent in each specific case.

Our recommendations are governed by the laws of Singapore, and are strictly limited to the matters stated in this letter and do not apply by implication to any other matter.

Yours faithfully

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

Jeff Pirie
Executive Director

ANNEX

Target Entities

Pursuant to the PREHL Acquisition, PREHL acquired or has agreed to acquire the following:

- (1) 2,751,104 ordinary shares in Perennial Tongzhou Development Pte. Ltd., comprising approximately 39.5% of the issued ordinary shares in the capital of Perennial Tongzhou Development Pte. Ltd., representing approximately 30.0% effective equity interest in Beijing Tongzhou Integrated Development (Phase 1) from PREH and Mr Ron Sim;
- (2) 111,610 ordinary shares in Perennial Tongzhou Holdings Pte. Ltd., comprising approximately 46.6% of the issued ordinary shares in the capital of Perennial Tongzhou Holdings Pte. Ltd., representing approximately 23.3% effective equity interest in Beijing Tongzhou Integrated Development (Phase 2) from PREH and Mr Ron Sim;
- (3) all the issued shares of Perennial Chenghua C Pte. Ltd. and Perennial Chenghua D Pte. Ltd. representing in aggregate a 50.0% equity interest in Chengdu East High Speed Railway Integrated Development from PREH;
- (4) all the issued shares of Perennial Xi'an Development Holding 1 Pte. Ltd. and Perennial Xi'an Development Holding 2 Pte. Ltd. representing in aggregate a 51.0% equity interest in Xi'an North High Speed Railway Integrated Development from PREH;
- (5) all the issued shares of Perennial Hengqin Investment Pte. Ltd. representing a 20.0% effective equity interest in Zhuhai Hengqin Integrated Development from PREH and HPRY;
- (6) 128 ordinary shares in Perennial (CHIJMES) Pte. Ltd. comprising approximately 51.6% of the issued ordinary shares in the capital of Perennial (CHIJMES) Pte. Ltd. and subordinated bonds issued by Perennial (CHIJMES) Pte. Ltd., representing approximately 51.6% equity interest in CHIJMES from PREH and Mr Ron Sim;
- (7) 1,149,580 ordinary shares in Perennial Somerset Investors Pte. Ltd. comprising approximately 50.2% of the issued ordinary shares in the capital of Perennial Somerset Investors Pte. Ltd., 1,149,580 preference shares in Perennial Somerset Investors Pte. Ltd. comprising approximately 50.2% of the issued preference shares in the capital of Perennial Somerset Investors Pte. Ltd. and subordinated bonds issued by Perennial Somerset Investors Pte. Ltd., representing in aggregate a 50.2% equity interest in TripleOne Somerset from PREH, Mr Ron Sim, HPRY and Piermont;
- (8) all the issued shares of Perennial (Capitol) Pte. Ltd. and New Capitol Pte. Ltd., representing an equity interest of 50.0% in Capitol Singapore from PSG (Capitol) Pte. Ltd. and Mr Ron Sim;
- (9) all the issued shares of Perennial TYN Investment Pte. Ltd., representing a 50.0% equity interest in the House of Tan Yeok Nee from PREH and HPRY;
- (10) 1,338,751 ordinary shares in PRE 3 Investments Pte. Ltd., comprising approximately 10.6% of the issued ordinary shares in the capital of PRE 3 Investments Pte. Ltd., representing approximately 1.5% equity interest in Chinatown Point retail podium and four strata office units from PREH;
- (11) nine preference shares in PRE 1 Investments Pte. Ltd. and subordinated bonds issued by PRE 1 Investments Pte. Ltd., representing approximately 1.5% equity interest in 112 Katong from PREH;
- (12) 299,143,763 Units representing approximately 26.1% the issued Units, from various Vendors;
- (13) all the issued shares of PRE 2 Investments Pte. Ltd., Perennial (China) Retail Management Pte. Ltd., Perennial (Singapore) Asset Management Pte. Ltd. and Perennial (Singapore) Retail Management Pte. Ltd. and 49.0% of the issued shares of PREPL from PREH;
- (14) all the issued shares of Perennial EM Holdings Pte. Ltd., being an entity with investments into a proposed development project in Myanmar, from PREH; and
- (15) all the issued shares of Perennial Treasury Pte. Ltd. from PREH.

In addition, the Offeror Group has agreed to acquire 51.0% of the issued shares of PREPL from Mr Pua Seck Guan, with completion expected to take place on 27 July 2016.

ADDITIONAL GENERAL INFORMATION

1. REGISTERED OFFICE OF THE TRUSTEE-MANAGER

The registered office of the Trustee-Manager is at 6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986.

2. 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	Appointment
Mr Pok Soy Yoong	6 Temasek Boulevard #25-04/05 Suntec Tower Four Singapore (038986)	Chairman and Independent Non-Executive Director
Mr Wong Tui San	6 Temasek Boulevard #25-04/05 Suntec Tower Four Singapore (038986)	Independent Non-Executive Director
Mr Ooi Eng Peng	6 Temasek Boulevard #25-04/05 Suntec Tower Four Singapore (038986)	Independent Non-Executive Director
Mr Kuok Khoon Hong	6 Temasek Boulevard #25-04/05 Suntec Tower Four Singapore (038986)	Non-Independent Non-Executive Director
Mr Pua Seck Guan	6 Temasek Boulevard #25-04/05 Suntec Tower Four Singapore (038986)	Non-Executive Director

3. PRINCIPAL ACTIVITIES

The principal activities of the PCRT Group are to invest in, own and develop land, uncompleted developments and income-producing real estate in mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region (collectively, the “**PRC**”) and other real estate-related assets in relation to the foregoing. The PCRT Group may also invest in the listed securities of real estate companies which invest in retail or predominantly retail real estate located in the PRC.

4. UNITS

4.1 Units of PCRT

As at the Latest Practicable Date:

- (a) PCRT only has one class of Units comprising 1,145,654,397 Units in respect of an aggregate Units in issue amount of approximately S\$721,594,000 (rounded up to the nearest thousand);
- (b) PCRT has not issued any Units since 31 December 2013; and
- (c) PCRT has no outstanding instruments convertible into, rights to subscribe for, or options in respect of, the Units.

4.2 Rights of Unitholders in relation to Voting, Distributions and the Units

The rights of Unitholders in respect of voting, distributions and the Units are contained in the Trust Deed, a copy of which is available for inspection at the Trustee-Manager's registered office at 6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986. The relevant provisions in the Trust Deed relating to the rights of Unitholders in respect of voting, distributions and the Units have been extracted and reproduced in Appendix III to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Trust Deed.

5. DISCLOSURE OF INTERESTS AND DEALINGS

5.1 Interests and dealings of PCRT in the Offeror Securities

- (a) As at the Latest Practicable Date, PCRT does not have any direct or deemed interest in any Offeror Securities.
- (b) PCRT has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

5.2 Interests and dealings of the Directors in the Offeror Securities

- (a) Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in the Offeror Securities:

Name	Direct Interest		Deemed Interest	
	Number of PREHL Shares	%	Number of PREHL Shares	%
Mr Kuok Khoon Hong	—	—	635,421,952 ⁽¹⁾⁽⁴⁾	78.62
Mr Pua Seck Guan	524,225 ⁽³⁾	0.06	482,129,774 ⁽²⁾⁽⁴⁾	59.65

Notes:

- (1) Mr Kuok Khoon Hong is deemed interested in the PREHL Shares through his interests in:
 - (a) PREH (which has a direct interest in 424,185,187 PREHL Shares, representing 52.49% of the total issued share capital of the Offeror);
 - (b) PSG (Capitol) Pte. Ltd. (which has a direct interest in 57,944,587 PREHL Shares, representing 7.17% of the total issued share capital of the Offeror);
 - (c) HPRY Holdings Limited (which has a direct interest in 134,496,630 PREHL Shares, representing 16.64% of the total issued share capital of the Offeror); and
 - (d) his related parties, namely Hong Lee Holdings (Pte) Ltd (which has a direct interest in 5,873,412 PREHL Shares, representing 0.73% of the total issued share capital of the Offeror), Longlin Asia Limited (which has a direct interest in 11,747,349 PREHL Shares, representing 1.45% of the total issued share capital of the Offeror) and Mdm Yong Lee Lee (who has a direct interest in 1,174,787 PREHL Shares, representing 0.15% of the total issued share capital of the Offeror).
- (2) Mr Pua Seck Guan is deemed interested in the PREHL Shares through his interests in:
 - (a) PREH (which has a direct interest in 424,185,187 PREHL Shares, representing 52.49% of the total issued share capital of the Offeror); and
 - (b) PSG (Capitol) Pte. Ltd. (which has a direct interest in 57,944,587 PREHL Shares, representing 7.17% of the total issued share capital of the Offeror).
- (3) PREHL has agreed to acquire 51% of the total issued shares of Perennial Real Estate Pte. Ltd. from Mr Pua Seck Guan in consideration for the allotment and issue to Mr Pua Seck Guan of 7,307,996 PREHL Shares (subject to adjustments), with completion expected to take place on or about 27 July 2016 (the "**Deferred PREPL Acquisition**").
- (4) PREHL has agreed to acquire PREH's interest in Beijing Tongzhou Integrated Development Phase 1 and Beijing Tongzhou Integrated Development Phase 2 (the "**Beijing Target Assets**") in consideration of the allotment and issue to PREH of 294,997,019 PREHL Shares (subject to adjustments) (the "**Deferred Beijing Acquisition**"). The completion of the Deferred Beijing Acquisition shall take place within 10 days (or such other date as the vendors may determine) of the

Beijing Target Assets obtaining the Land Use Rights Certificate for the land plots, provided that the completion of the Deferred Beijing Acquisition shall not take place later than 10 April 2015 or the acquisition agreements in respect of the Deferred Beijing Acquisition shall terminate.

Assuming the completion of the Deferred Beijing Acquisition takes place, Mr Kuok Khoon Hong and Mr Pua Seck Guan will each be deemed interested in the 294,997,019 PREHL Shares through their interest in PREH.

- (b) On 27 October 2014, pursuant to the PREHL Initial Acquisition, Mr Pua Seck Guan sold 1,000,000 Units to the Offeror at the price of S\$0.70 per Unit, satisfied by the issuance of 524,225 PREHL Shares at an issue price of approximately S\$1.3353 per PREHL Share.

Save as disclosed above, none of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

5.3 Interests and dealings of the Directors in the PCRT Securities

- (a) Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in the PCRT Securities:

Name	Direct Interest		Deemed Interest	
	Number of Units	%	Number of Units	%
Mr Kuok Khoon Hong	—	—	325,842,982 ⁽¹⁾	28.44
Mr Pua Seck Guan	—	—	325,842,982 ⁽¹⁾	28.44
Mr Pok Soy Yoong	400,000	0.03	—	—
Mr Wong Tui San	50,000	nm	—	—
Mr Ooi Eng Peng	150,000	0.01	—	—

Note:

- (1) The deemed interest of each of Mr Kuok Khoon Hong and Mr Pua Seck Guan in the Units arises from their respective shareholding interest in PREHL. PREHL holds a direct interest in 299,143,763 Units and a deemed interest in 26,699,219 Units, representing in aggregate approximately 28.44% of the issued Units.
- (b) Save as disclosed below, none of the Directors has dealt for value in the PCRT Securities during the period commencing three (3) months prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date:
- (i) On 27 October 2014, pursuant to the PREHL Initial Acquisition, Mr Pua Seck Guan had sold 1,000,000 Units to the Offeror at the price of S\$0.70 per Unit, satisfied by the issuance of 524,225 PREHL Shares at an issue price of approximately S\$1.3353 per PREHL Share; and
- (ii) On 19 December 2013, Perennial Real Estate Pte. Ltd., as a shareholder of Perennial China Retail Trust Management Pte. Ltd., received 3,824,070 Units as a result of a dividend *in specie* by Perennial China Retail Trust Management Pte. Ltd..

On 20 December 2013, Perennial Real Estate Pte. Ltd. in turn declared a dividend *in specie* of (1) 1,873,794 Units to PREH and (2) 1,950,276 Units to Mr Pua Seck Guan.

On 20 December 2013, Mr Pua Seck Guan transferred 1,950,276 Units without consideration to certain nominated employees of Perennial China Retail Trust Management Pte. Ltd. and PREH as part of an employee reward scheme.

5.4 Interests and dealings of the IFA

- (a) None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA on a discretionary basis owns or controls any PCRT Securities or Offeror Securities as at the Latest Practicable Date.
- (b) None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any PCRT Securities or Offeror Securities during the period commencing three (3) months prior to the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

5.5 Intentions of Directors in respect of their Units

The Directors who hold Units have indicated their intention in respect of accepting or rejecting the Offer in respect of their Units as follows:

- (a) Mr Pok Soy Yoong holds 400,000 Units as at the Latest Practicable Date. As at the Latest Practicable Date, Mr Pok Soy Yoong has informed the Trustee-Manager that he intends to accept the Offer in respect of all the Units held by him;
- (b) Mr Wong Tui San holds 50,000 Units as at the Latest Practicable Date. As at the Latest Practicable Date, Mr Wong Tui San has informed the Trustee-Manager that he intends to accept the Offer in respect of all the Units held by him; and
- (c) Mr Ooi Eng Peng holds 150,000 Units as at the Latest Practicable Date. As at the Latest Practicable Date, Mr Ooi Eng Peng has informed the Trustee-Manager that he intends to accept the Offer in respect of all the Units held by him.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in the annual reports of PCRT for FY2011, FY2012 and FY2013 and the announcements on SGXNET issued by the Trustee-Manager (in its capacity as the trustee-manager of PCRT), neither PCRT, nor any of its subsidiaries, has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Pre-Conditional Offer Announcement Date.

7. OTHER DISCLOSURES

7.1 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with PCRT or any of its 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 Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

7.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) 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 and Section 2 of the Business Trust Act deemed to be related to PCRT, as compensation for loss of office or otherwise in connection with the Offer;
- (b) 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; and
- (c) none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, PCRT or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of PCRT and its subsidiaries, taken as a whole.

9. FINANCIAL INFORMATION

9.1 Consolidated Income Statements of the PCRT Group

A summary of the audited consolidated income statements of the PCRT Group for the last three (3) financial years (FY2013, FY2012 and FY2011) and the unaudited consolidated income statements of the PCRT Group for the nine (9) months ended 30 September 2014 is set out below. The summary set out below should be read together with the annual reports and the consolidated financial statements of the PCRT Group for the relevant financial periods and their respective accompanying notes.

	Group			
	FY2011 ⁽¹⁾ S\$'000 (Audited)	FY2012 S\$'000 (Audited)	FY2013 S\$'000 (Audited)	Nine (9) Months ended 30 September 2014 (Unaudited)
Gross revenue	–	–	2,614	11,666
Property operating expenses	–	(804)	(8,886)	(8,540)
Net property expenses	–	(804)	(6,272)	3,126
Trustee-Manager's fees	(1,021)	(4,315)	(5,595)	(4,739)
Other income	–	24,859	43,578	33,384
Other expenses	(3,998)	(2,137)	(9,139)	(1,624)
Non property expenses	(5,019)	18,407	28,844	27,021
Finance income	13	5,829	35	47
Finance expenses/costs	(1,124)	(4,065)	(9,487)	(9,966)
Net finance (costs)/income	(1,111)	1,764	(9,452)	(9,919)
Net change in fair value of investment properties	–	91,188	66,384	5,999
Results from operating activities	(6,130)	110,555	79,504	26,227
Share of net profit (excluding net change in fair value of investment properties, net of tax)	3,835	5,352	5,700	6,133
Share of net change in fair value of investment properties, net of tax	8,425	(4,248)	(13,398)	212
Share of (loss)/profit of joint venture, net of tax	12,260	1,104	(7,698)	6,345
Profit before income tax	6,130	111,659	71,806	32,572
Income tax expense	(168)	(23,200)	(16,925)	(1,929)
Profit for the year/period	5,962	88,459	54,881	30,643
Profit for the year/period attributable to:				
Non-controlling interests	–	3,829	3,596	1,592
Unitholders of the Trust	5,962	84,630	51,285	29,051
Profit for the year/period	5,962	88,459	54,881	30,643

	Group			
	FY2011 ⁽¹⁾ S\$'000 (Audited)	FY2012 S\$'000 (Audited)	FY2013 S\$'000 (Audited)	Nine (9) Months ended 30 September 2014 (Unaudited)
Profit for the year/period attributable to Unitholders of the Trust	5,962	84,630	51,285	29,051
Add: Loss incurred before the Listing Date ⁽²⁾	1,133	–	–	–
Add/(Less):				
– Trustee-Manager's management fees payable in units	–	3,999	2,533	–
– Unrealised foreign exchange loss/(gain)	2,690	(2,823)	3,238	(172)
– Share of statutory reserve of joint venture	(384)	–	–	–
– Share of change in fair value of investment properties of joint venture, net of tax	(8,425)	4,248	13,398	(212)
– Net change in fair value of investment properties	–	(64,562)	(45,879)	(2,781)
– Amortisation of transaction costs on borrowings	–	389	1,321	1,262
– Net change in fair value of financial derivatives	–	–	–	–
– Net loss of group entities	397	1,939	17,468	5,307
– Reversal of accrued contingent consideration payable no longer required	–	(5,790)	–	–
– Others	22	106	214	260
Distributable income	1,395	22,136	43,578	32,715
Additional return	25,000	21,485	–	–
Amount available for distribution	26,395	43,621	43,578	32,715

Notes:

- (1) The financial year for 2011 related to the period from 22 February 2011 (the constitution date of PCRT) to 31 December 2011. PCRT was dormant from the constitution date to 9 June 2011 (the listing date).
- (2) PCRT's first distribution after the listing date was for the period from the listing date to 31 December 2011.

9.2 Consolidated Statements of Financial Position for the PCRT Group

A summary of the audited statements of the financial position of the PCRT Group for the last three (3) financial years (FY2013, FY2012 and FY2011) and the unaudited statements of the financial position of the PCRT Group for the nine (9) months ended 30 September 2014 is set out below. The statements of financial position should be read together with the annual reports and the consolidated financial statements of the PCRT Group for the relevant financial periods and their respective accompanying notes.

	Group			
	FY2011 S\$'000 (Audited)	FY2012 S\$'000 (Audited)	FY2013 S\$'000 (Audited)	Nine (9) Months ended 30 September 2014 S\$'000 (Unaudited)
Non-current assets				
Plant and equipment	—	116	536	851
Investment properties	—	484,989	700,178	776,697
Joint venture	744,390	712,541	751,016	749,515
Available-for-sale investment	—	50,320	50,320	51,187
Other assets	19,582	—	—	—
Other receivables	—	—	1,727	13,915
	763,972	1,247,966	1,503,777	1,592,165
Current assets				
Trade and other receivables	19,101	2,072	27,621	22,399
Cash and cash equivalents	138,023	119,228	41,665	13,717
	157,124	121,300	69,286	36,116
Total assets	921,096	1,369,266	1,573,063	1,628,281
Non-current liabilities				
Loans and borrowings	68,734	267,519	178,334	349,088
Trade and other payables	5,965	44,037	—	—
Deferred tax liabilities	168	23,279	41,657	43,196
	74,867	334,835	219,991	392,284
Current liabilities				
Loans and borrowings	—	—	233,362	129,319
Trade and other payables	52,999	201,556	199,633	201,774
Current tax liabilities	—	88	—	—
	52,999	201,644	432,995	331,093
Total liabilities	127,866	536,479	652,986	723,377
Net assets	793,230	832,787	920,077	904,904
Unitholders' funds				
Units in issue	730,600	719,061	721,594	721,594
Capital reserves	—	(8,300)	(8,300)	(8,300)
Foreign currency transaction reserve	56,668	20,474	91,786	79,061
Accumulated profits/(losses)	5,962	67,237	74,944	71,280
Net assets attributable to Unitholders	793,230	798,472	880,024	863,635
Non-controlling interests	—	34,315	40,053	41,269
	793,230	832,787	920,077	904,904

9.3 Earnings and Distribution per Unit

	Group			
	FY2011 (Audited)	FY2012 (Audited)	FY2013 (Audited)	Nine (9) Months ended 30 September 2014 (Unaudited)
Profit for the year/period attributable to Unitholders (S\$'000)	5,962	84,630	51,285	29,051
Weighted average number of Units for the year/period ('000)				
Basic	738,240	1,124,539	1,143,027	1,145,654
Diluted	738,309	1,124,539	1,143,027	1,145,654
Earnings per Unit (cents)				
Basic	0.81	7.53	4.49	2.54
Diluted	0.81	7.53	4.49	2.54
	FY2011 (Audited)	FY2012 (Audited)	FY2013 (Audited)	Nine (9) Months ended 30 September 2014 (Unaudited)
Amount available for distribution (S\$'000)	26,395	43,621	43,578	32,715
Number of Units entitled to distribution ('000)	1,121,695 ⁽¹⁾	1,129,494 ⁽²⁾	1,145,654 ⁽¹⁾	1,145,654 ⁽¹⁾
Distribution per Unit (cents)	2.35	3.86	3.80	2.86

Notes:

- (1) Being the total Units in issue and to be issued at the end of the year/period.
- (2) Being the total Units in issue and to be issued at the end of the year/period of 1,141,585,401 less 12,091,566 Units that are not entitled to any distributions in respect of the period from 1 July to 31 December 2012.

9.4 Significant Accounting Policies

The significant accounting policies of the PCRT Group are summarised in the notes to the audited consolidated financial statements of the PCRT Group as set out in PCRT's annual reports for FY2013, FY2012 and FY2011, a copy of which is available for inspection at the Trustee-Manager's registered address at 6 Temasek Boulevard #25-04/05 Suntec Tower Four Singapore 038986.

9.5 Changes in Accounting Policies

As stated in the 9M2014 Results, the PCRT Group adopted a number of new standards, amendments to standards and interpretations that are effective for financial periods beginning 1 January 2014, including FRS 111 Joint Arrangements. The adoption of these new standards, amendments to standards and interpretations has no significant impact on the PCRT Group's consolidated financial statements.

Save for the above, as at the Latest Practicable Date, there is no change in the accounting policies of PCRT which will cause the financial information disclosed in this Circular to be not comparable to a material extent.

9.6 Material Changes in Financial Position

Save as disclosed in publicly available information on PCRT, as at the Latest Practicable Date, there has been no known material change in the financial position of PCRT since 31 December 2013, being the date of the PCRT Group's last published audited financial statements.

9.7 Material Change in Information

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

10. VALUATION ON PROPERTIES

The Trustee-Manager has commissioned independent valuations of the Properties (the "**Valuation Reports**") as at 30 June 2014. Extracts of the Valuation Reports are set out in Appendix IV to this Circular.

Under Rule 26.3 of the Code, PCRT 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 the valuation. Based on the Valuation Reports, the potential tax liability that may be incurred by the PCRT Group on the hypothetical sale of the Properties is approximately S\$41,973,000.

11. GENERAL

- 11.1** All expenses and costs incurred by PCRT in relation to the Offer will be borne by PCRT.
- 11.2** The IFA, 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 10.3 of this Circular, the IFA Letter set out in Appendix I to this Circular, its letter dated 20 November 2014 in relation to the unaudited 9M2014 Results annexed hereto as Appendix VII and all references thereto in the form and context in which they appear in this Circular.
- 11.3** The Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, extracts of its Valuation Reports which are annexed hereto as Appendix IV and all references thereto in the form and context in which they appear in this Circular.
- 11.4** The auditors of PCRT, KPMG LLP, 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 review report dated 4 November 2014 in relation to the unaudited 9M2014 Results annexed hereto as Appendix VI, and all references thereto, in the form and context in which they appear in this Circular.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Trustee-Manager's registered office at 6 Temasek Boulevard #25-04/05 Suntec Tower Four Singapore 038986 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Trust Deed;
- (b) annual reports of PCRT for FY2011, FY2012 and FY2013;
- (c) the 9M2014 Results and its accompanying notes;
- (d) the IFA Letter as set out in Appendix I to this Circular;
- (e) the Valuation Reports on the Properties;
- (f) the review report dated 4 November 2014 from KPMG LLP in relation to the unaudited 9M2014 Results;
- (g) the letter dated 20 November 2014 from the IFA in relation to the unaudited 9M2014 Results; and
- (h) the letters of consent from the IFA, the Valuer and KPMG LLP referred to in paragraphs 11.2, 11.3 and 11.4 above.

EXTRACTS OF TRUST DEED

1. Rights in respect of voting

The relevant provisions of Schedule 1 to the Trust Deed, which set out the Unitholders' rights in respect of voting, are reproduced below:

“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

3.4.1 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.

3.4.2 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.

3.4.3 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.

3.5 Voting

3.5.1 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.

3.5.2 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.

- 3.5.3 *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.*
- 3.5.4 *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.*
- 3.5.5 *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.*

3.6 Votes of Holders

- 3.6.1 *Subject to the Business Trusts Act, each Unit shall confer the right to poll at any meeting to one vote, and one vote only. A Holder shall not be entitled to vote unless all calls or other sums personally payable by him in respect of Units have been paid.*
- 3.6.2 *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.*
- 3.6.3 *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.*
- 3.6.4 *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.*
- 3.6.5 *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.*
- 3.6.6 *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.*
- 3.6.7 *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 3.5, 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. Where a Holder appoints two proxies and does not specify the number of Units to be represented by each proxy, then the Units held by the Holder are deemed to be equally divided between the proxies.*
- 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."*

2. Rights in respect of distributions

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

"11. Distributions

11.1 Distribution to Holders

Subject to this Clause 11 and to the Relevant Laws, Regulations and Guidelines, the Trustee-Manager may, at its sole discretion, 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.*

1.3 Frequency of Distribution of Income

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 *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 determined by the Trustee-Manager;

"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 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 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.

11.9 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.

11.10 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.

12. Place and Conditions of Payment

12.1 Place and Conditions of Payment

12.1.1 Any moneys payable by the Trustee-Manager to any Holder on the relevant Record Date under the provisions of this Deed shall be paid, in the case of Holders who do not hold their Units jointly with any other person, by cheque or warrant sent through the post to the registered address of such Holder or, in the case of Joint Holders, to the registered address of the Joint Holder who is first named on the Register or to the registered address of any other of the Joint Holders as may be authorised by all of them. Every such cheque or warrant shall be made payable to the order of the person to whom it is delivered or sent and payment of the cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the moneys payable and shall be a good discharge to the Trustee-Manager. Where the Trustee-Manager receives the necessary authority in such form as the Trustee-Manager shall consider sufficient, it shall pay the amount due to any Holder to his bankers or other agent and the receipt of such an amount by such bankers or other agent shall be a good discharge therefor.

12.1.2 Any moneys payable by the Trustee-Manager to any Depositor appearing in the Depository Register on the relevant Record Date under the provisions of this Deed shall be paid, in the case of such Depositor's Units credited into a Securities Account, by transferring such moneys into the Depository's bank account (as notified to the Trustee-Manager) and the Trustee-Manager causing the Depository to make payment thereof to such Depositor by cheque sent through the post to the address of such Depositor on record with the Depository or, in the case of Joint Depositors, to the mailing address of the Joint Depositors on record with the Depository or by any other form as may be agreed between the Trustee-Manager and the Depository. Payment of the moneys by the Trustee-Manager to the Depository shall be a satisfaction of the

moneys payable to the relevant Depositor and shall be a good discharge to the Trustee-Manager. Any charges payable to the Depository for the distribution of moneys to Depositors under this Deed may be paid out of the Trust Property.

12.1.3 *No amount payable to any Holder shall bear interest.*

12.2 Receipt of Holders

The receipt of the Holder or (as the case may be) the Depository on behalf of the Depositors for any amounts payable in respect of Units shall be a good discharge to the Trustee-Manager, and if several persons are registered as Joint Holders or, in consequence of the death of a Holder, are entitled to be so registered, any one of them may give effectual receipts for any such amounts.

12.3 Unclaimed Moneys

12.3.1 *Any moneys payable to a Holder under this Deed which remain unclaimed after a period of 12 months shall be accumulated in a special account (the “**Unclaimed Moneys Account**”) from which the Trustee-Manager may, from time to time, make payments to a Holder claiming any such moneys.*

12.3.2 *Subject to Clause 23, the Trustee-Manager may, at its absolute discretion and if practicable, cause such sums which represent moneys remaining in the Unclaimed Moneys Account for five years after the date for payment of such moneys into the Unclaimed Moneys Account and interest, if any, earned thereon to be paid into the courts of Singapore after deducting from such sums all fees, costs and expenses incurred in relation to such payment into the courts of Singapore PROVIDED THAT if the said moneys are insufficient to meet the payment of all such fees, costs and expenses, the Trustee-Manager shall be entitled to have recourse to the Trust Property for such payment.”*

3. Rights in respect of the Units

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

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

3.1 Certificates

3.1.1 *No certificates shall be issued to Holders by the Trustee-Manager in respect of the Units (whether Listed or Unlisted) issued to Holders. For so long as the Trust is Listed, the Trustee-Manager shall, pursuant to the Depository Services Agreement, appoint the Depository as the Unit depository for the Trust and all Units issued will be deposited with the Depository and represented by entries in the Register in the name of the Depository as the registered Holder thereof.*

3.1.2 *For so long as the Trust is Listed, the Trustee-Manager or the Registrar shall issue to each Holder or (as the case may be) the Depository, not more than 10 Business Days after the issue of Units, a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, stating that the Units are issued under a moratorium and the expiry date of such moratorium. For the purposes of this Deed, such a confirmation note shall be deemed to be a certificate evidencing title to the Units issued.*

3.1.3 *In the event the Trust is Listed on a Recognised Stock Exchange other than the SGX-ST or becomes Unlisted, the Trustee-Manager or the Registrar shall issue to each Holder, not more than one month after the allotment of Units to such Holder, a confirmation note confirming such allotment. For the purposes of this Deed, such a confirmation note shall be deemed to be a certificate evidencing title to the Units issued.*

3.2 Form of Statements of Holdings

3.2.1 The Trustee-Manager or the Registrar shall, for so long as the Trust is Listed on a Recognised Stock Exchange other than the SGX-ST or is Unlisted, issue to each Holder of Units on a quarterly basis (or such other period as may be determined by the Trustee-Manager) a statement of holdings (the “**Statement of Holdings**”). A Statement of Holdings shall be dated and shall specify the number of Units held by each Holder in respect of the preceding quarter (or such other relevant period) and the transactions in respect of such Units and shall be in such form as may from time to time be determined by the Trustee-Manager.

3.2.2 For so long as the Trust is Listed on the SGX-ST and Units are registered in the name of the Depository, the Depository shall, within the relevant periods, issue to each Depositor the relevant contract statements, confirmation notes and monthly statements in respect of transactions in or, as the case may be, holdings of Units in such Depositor's Securities Account.

3.3 Sub-division and Consolidation of Units

3.3.1 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 sub-divided into Units or consolidated with other Units and the Holders shall be bound accordingly.

3.3.2 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 sub-division or consolidation.

3.4 Terms and Conditions of Trust Deed and Supplemental Deeds to Bind Holders

The terms and conditions of this Deed shall be binding on each Holder and all persons claiming through him as if he had been party thereto and as if this Deed contained covenants on the part of each Holder to observe and be bound by all the provisions hereof and an authorisation by each Holder to do all such acts and things as this Deed may require the Trustee-Manager to do.

3.5 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.

3.6 Variation of Rights

3.6.1 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.

- 3.6.2** *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.*

3.7 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.

3.8 Restrictions on Directions

The Holders shall not give any directions to the Trustee-Manager (whether at a meeting of Holders convened pursuant to Clause 26 or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- 3.8.1** *the Trust or the Trustee-Manager ceasing to comply with the Relevant Laws, Regulations and Guidelines or any other applicable laws and regulations; or*
- 3.8.2** *the exercise of any discretion expressly conferred on the Trustee-Manager by this Deed or the determination of any matter which under this Deed requires the agreement of the Trustee-Manager, PROVIDED THAT nothing in this Clause 3.8.2 shall limit the right of a Holder to require the due administration of the Trust in accordance with this Deed.*

4.7 Transfer of Units

- 4.7.1** *For so long as the Trust is Listed on the SGX-ST, transfers of Units that are held directly through the Depository between Depositors shall be effected electronically through the Depository making an appropriate entry in the Depository Register in respect of the Units that have been transferred in accordance with the Depository Requirements and the provisions of Clauses 4.7.2 to 4.7.6 shall not apply. The Trustee-Manager shall be entitled to appoint the Depository to facilitate transactions of Units within the Depository and maintain records of Units of Holders credited into Securities Accounts. Any transfer or dealing in Units on the SGX-ST between a Depositor and another person shall be transacted at a price agreed between the parties and settled in accordance with the Depository Requirements. The broker or other financial intermediary effecting any transfer or dealing in Units on the SGX-ST shall be deemed to be the agent duly authorised by any such Depositor or person on whose behalf the broker or intermediary is acting. In any case of transfer, all charges in relation to such transfer as may be imposed by the Trustee-Manager and/or the Depository shall be borne by the Holder who is the transferor. There are no restrictions as to the number of Units (whether Listed or Unlisted) which may be transferred by a transferor to a transferee. For so long as the Trust is Listed on the SGX-ST, in the case of a transfer of Units credited from a Securities Account into another Securities Account, the instrument of transfer shall be in such form as provided by the Depository (if applicable) and the transferor shall be deemed to remain the Depositor of the Units transferred until the relevant Units have been credited into the Securities Account of the transferee or transferred out of a Securities Account and registered on the Depository Register. If the Units are Listed on any other Recognised Stock Exchange, the transfer of Units shall be in accordance with the requirements of the relevant Recognised Stock Exchange. No transfer or purported transfer of a Listed Unit Listed other than a transfer made in accordance with this Clause 4.7.1, shall entitle the transferee to be registered in respect thereof; neither shall any notice of such transfer or purported transfer (other than aforesaid) be entered upon the Depository Register.*

4.7.2 *For so long as the Trust is Unlisted, every Holder shall be entitled to transfer any of the Units held by him or, in the case of Joint Holders, by any one of the Joint Holders as follows:*

- (i) a transfer of Units shall be effected by an instrument of transfer in writing in common form (or in such other form as the Trustee-Manager may from time to time approve);*
- (ii) every instrument of transfer referred to in Clause 4.7.2(i) relating to Units must be signed by the transferor and the transferee and, subject to the provisions of Clause 4.7, the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof. The instrument of transfer need not be a deed;*
- (iii) all charges in relation to such transfer as may be imposed by the Trustee-Manager shall be borne by the Holder who is the transferor; and*
- (iv) there are no restrictions as to the number of Units which may be transferred.*

4.7.3 *Every instrument of transfer referred to in Clause 4.7.2(i) must be duly stamped (if required by law) and left with the Trustee-Manager for registration accompanied by any necessary declarations or other documents that may be required in consequence of any Relevant Laws, Regulations and Guidelines and by such evidence as the Trustee-Manager may require to prove the title of the transferor or his right to transfer the Units.*

4.7.4 *For so long as the Trust is Unlisted, the Trustee-Manager shall alter or cause to be altered the Register to record the date of each transfer of Units in accordance with Clause 4.7.2 and the name and address of the transferee.*

4.7.5 *For so long as the Trust is Unlisted, all instruments of transfer which are registered in respect of Units transferred in accordance with Clause 4.7.2 shall be retained by the Trustee-Manager.*

4.7.6 *For so long as the Trust is Unlisted, a fee not exceeding S\$10.00 (or such other amount as the Trustee-Manager may from time to time agree), which excludes any stamp duty or other governmental taxes or charges payable, may be charged by the Trustee-Manager for its own account for the registration of any transfer of Units in accordance with Clause 4.7.2 by an instrument of transfer of Units. Such fee must, if required by the Trustee-Manager, be paid before the registration of any transfer.*

4.7.7 *No transfer or purported transfer of a Unit other than a transfer made in accordance with this Clause 4.7 shall entitle the transferee to be registered in respect thereof and neither shall any notice of such transfer or purported transfer (other than as aforesaid) be entered upon the Register or the Depository Register.*

4.7.8 *The Trustee-Manager shall have the power to rectify the Register if it appears to the Trustee-Manager that any of the particulars recorded in the Register (including those particulars set out in Clause 4.1) is wrongly entered or omitted.*

5. Constitution of the Trust

5.1 Trust Property

The Trust Property shall be initially constituted out of the proceeds of the issue of Units.

5.2 Declaration of Trust

5.2.1 *The Trustee-Manager shall hold the Trust Property for the time being on trust for the benefit of the Holders pari passu, each of whom has an undivided interest in the Trust Property as a whole subject to the Liabilities and subject to the provisions of this Deed. Any moneys forming part of the Trust Property shall from time to time be invested at the discretion of the Trustee-Manager in accordance with the provisions of this Deed. Subject to this Deed:*

- (i) a Holder has no equitable or proprietary interest in the Trust Property and is not entitled to the transfer to it of the Trust Property or any part of the Trust Property or of any estate or interest in the Trust Property or in any part of the Trust Property and no Unit shall confer on any Holder or any person claiming under or through him any interest or share in any particular part of the Trust Property; and*
- (ii) the right of a Holder in the Trust Property and under this Deed is limited to the right to require the due administration of the Trust in accordance with this Deed including, without limitation, by suit against the Trustee-Manager.*

5.2.2 *Without limiting the generality of the foregoing, each Holder acknowledges and agrees that:*

- (i) he will not commence or pursue any action against the Trustee-Manager seeking an order for specific performance or for injunctive relief in respect of the Trust Property or any part of the Trust Property and hereby waives any rights he may otherwise have to such relief;*
- (ii) if the Trustee-Manager breaches its duties or obligations to a Holder under this Deed, that Holder's recourse against the Trustee-Manager is limited to a right to recover damages or compensation from the Trustee-Manager in a court of competent jurisdiction; and*
- (iii) damages or compensation is an adequate remedy for such breach.*

5.2.3 *A Holder may not:*

- (i) interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager;*
- (ii) exercise any right in respect of the Trust Property or any part of the Trust Property or lodge any caveat or other notice affecting the Trust Property or any part of the Trust Property; and*
- (iii) require that any part of the Trust Property (including any Authorised Investment of the Trust) be transferred to a Holder.*

5.2.4 *A Holder shall not be liable to the Trustee-Manager to make any further payments to the Trust after it has fully paid the consideration to acquire its Units and no further liability shall be imposed on such Holder in respect of its Units.*

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

6.1 Issue of Units

6.1.1 *Notwithstanding anything to the contrary in this Deed, no Units may be issued and no offer, agreement or option which would or might require Units to be issued may be made or granted without prior approval of the Holders in general meeting by passing an Ordinary Resolution in accordance with Section 36 of the Business Trusts Act but subject thereto and to other requirements of the Relevant Laws, Requirements and Guidelines, the Trustee-Manager may issue new 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) or grant an offer, agreement or option*

which would or might require Units to be issued or otherwise dispose of the same to such persons and on such terms and conditions as the Trustee-Manager may deem fit.

- 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 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 for the purpose of an initial public offering of Units shall be at an Issue Price to be determined by the Trustee-Manager, or within such range 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, underwriter or placement agent engaged in connection with the initial public offering. The actual Issue Price shall be determined by the Trustee-Manager and/or such issue manager, underwriter or placement agent following a book building process or through such method of price determination as may be decided upon and agreed by the relevant persons. The manner of and amount payable and any applicable refund on an application for Units during the initial public offering will be stated in the relevant Prospectus. Any such offer of Units for the purpose of an initial public offering may remain open for a period as may be agreed by the Trustee-Manager, subject to any Relevant Laws, Regulations and Guidelines.
- 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 an initial public offering of Units, 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, Section 36 of the Business Trusts Act and any other Relevant Laws, Regulations and Guidelines, for so long as the Trust is Listed, the Trustee-Manager may issue Units on any Business Day 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 (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day; 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 and this will be announced on the SGXNET for so long as the Trust is Listed on the SGX-ST.

6.3.2 Subject to Clause 6.3.3, 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:

- (i) the Issue Price for a Rights Issue on a pro-rata basis to all existing Holders;
- (ii) 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;
- (iii) the Issue Price for any reinvestment of distribution arrangement;
- (iv) 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
- (v) 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.

6.3.3 Subject to any direction to the contrary that may be given by an Ordinary Resolution of a meeting of Holders or except as permitted under the Listing Rules, all new Units shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices of meetings of Holders in proportion, as far as the circumstances admit, to the number of the existing Units to which they are entitled. The offer shall be made by notice specifying the number of Units offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Units offered, the Trustee-Manager may dispose of those Units in such manner as they think most beneficial to the Trust. The Trustee-Manager may likewise so dispose of any new Units which (by reason of the ratio which the new Units bear to Units held by persons entitled to an offer of new Units) cannot, in the opinion of the Trustee-Manager, be conveniently offered under this Clause 6.3.3.

6.4 Units Issued on Unpaid or Partly Paid Basis

6.4.1 *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. In the event such issue is approved, capital paid on Units in advance of calls shall not, while carrying interest, confer a right to participate in distributions.*

6.4.2 *In the event that the Trustee-Manager issues Units on an unpaid or partly paid basis, the provisions of Clauses 6.4.3 and 6.4.4 shall apply.*

6.4.3 Calls on Units

- (i) The Trustee-Manager may from time to time make calls upon the Holders in respect of any moneys unpaid on their Units but subject always to the terms of issue of such Units. A call may be made payable by instalments.*
- (ii) Each Holder shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Trust at the time or times and place so specified the amount called on his Units. The Joint Holders of a Unit shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Trustee-Manager may determine.*
- (iii) If a sum called in respect of a Unit is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 10.0% per annum) as the Trustee-Manager may determine but the Trustee-Manager shall be at liberty in any case or cases to waive payment of such interest wholly or in part.*
- (iv) Any sum which by the terms of issue of a Unit becomes payable upon allotment or at any fixed date shall for all the purposes of this Deed be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Deed as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*
- (v) The Trustee-Manager may on the issue of Units differentiate between the holders as to the amount of calls to be paid and the times of payment.*
- (vi) The Trustee-Manager may if it thinks fit receive from any Holder willing to advance the same, all or any part of the moneys uncalled and unpaid upon the Units held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the Units in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Trust may pay interest at such rate (not exceeding 8.0% per annum) as the Holder paying such sum and the Trustee-Manager may agree. Capital paid on Units in advance of calls shall not, while carrying interest, confer a right to participate in profits.*

6.4.4 Forfeiture and Lien

- (i) If a Holder fails to pay in full any call or instalment of a call on the due date for payment thereof, the Trustee-Manager may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Trust by reason of such non-payment.*
- (ii) The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the Units on which the call has been made will be liable to be forfeited.*

- (iii) *If the requirements of any such notice as aforesaid are not complied with, any Unit in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by the Trustee-Manager. Such forfeiture shall include all distributions declared in respect of the forfeited Unit and not actually paid before forfeiture.*
- (iv) *A Unit so forfeited shall become the property of the Trust and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Trustee-Manager shall think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Trustee-Manager thinks fit. The Trustee-Manager may, if necessary, authorise some person to transfer or effect the transfer of a forfeited Unit to any such other person as aforesaid.*
- (v) *A Holder whose Units have been forfeited shall cease to be a holder in respect of the Units but shall notwithstanding the forfeiture remain liable to pay to the Trust all moneys which at the date of forfeiture were payable by him to the Trust in respect of the Units with interest thereon at 8.0% per annum (or such lower rate as the Trustee-Manager may determine) from the date of forfeiture until payment and the Trustee-Manager may at its absolute discretion enforce payment without any allowance for the value of the Units at that time of forfeiture or waive payment in whole or in part.*
- (vi) *The Trust shall have a first and paramount lien on every Unit (not being a fully paid Unit) and distributions from time to time declared in respect of such Units provided that such lien shall be restricted to unpaid calls and instalments upon the specific Units in respect of which such moneys are due and unpaid, and to such amounts as the Trust may be called upon by law to pay in respect of the Units of the holder or deceased holder. The Trustee-Manager may waive any lien which has arisen and may resolve that any Unit shall for some limited period be exempt wholly or partially from the provisions of this Clause.*
- (vii) *The Trust may sell in such manner as the Trustee-Manager thinks fit any Unit on which the Trust has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the Unit or the person entitled thereto by reason of his death or bankruptcy.*
- (viii) *The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the Units at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Trustee-Manager may authorise some person to transfer or effect the transfer of the Units sold to the purchaser.*
- (ix) *A statutory declaration in writing that the declarant is a director or secretary of the Trustee-Manager and that a Unit has been duly forfeited or sold to satisfy a lien of the Trust on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Unit. Such declaration and the receipt of the Trust for the consideration (if any) given for the Unit on the sale, re-allotment or disposal thereof together (where the same be required) with the confirmation note delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the Unit and the Unit shall be registered in the name of the person to whom the Unit is sold, re-allotted or disposed of or, where such person is a Depositor, the Trustee-Manager shall procure that his name be entered in the Depository Register in respect of the Unit so sold, re-allotted or disposed of. Such person shall not be bound to see*

to the application of the purchase money (if any) nor shall his title to the Unit be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the Unit.

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 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 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 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 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. The total number of issued Preference Units shall not exceed the total number of Units issued at any time.*
- 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.*

6.10.4 *The Trustee-Manager may by deed supplemental hereto issue Classes of Units under such terms and conditions as may be contained therein*

7. Unit Buy Back

This Clause 7 shall apply to all Units, currently in issue or to be issued, including any Units which are issued, or to be issued, with preferred rights, and shall apply subject to, and in accordance with, any Relevant Laws, Regulations and Guidelines in force at the relevant time.

7.1 Holders' approval

*For so long as the Trust is Listed, the Trustee-Manager may purchase Units if it has obtained the prior approval of Holders in general meeting by passing an Ordinary Resolution (the "**Unit Buy-back Mandate**"), in accordance with the Business Trusts Act and the provisions of this Deed but subject thereto and to other requirements of the Relevant Laws, Regulations and Guidelines.*

7.2 Purchase Price

For so long as the Trust is Listed and the Trustee-Manager decides to purchase Units, the purchase price to be paid for the Units will be determined by the board of directors of the Trustee-Manager in its absolute discretion, subject to the requirements of the Relevant Laws, Regulations and Guidelines.

7.3 Authority and Limits on the Purchase of Units

7.3.1 Maximum Limit

The total number of Units which may be purchased pursuant to any Unit Buy-back Mandate is limited to that number of Units representing not more than 10% of the total number of issued Units as at the date of the general meeting when such Unit Buy-back Mandate is approved by Holders.

7.3.2 Duration of Authority

*Purchases of Units may be made during the Relevant Period. For the purpose of this Clause 7.3.2, "**Relevant Period**" is the period commencing from the date of the general meeting at which a Unit Buyback Mandate is sought and the resolution relating to the Unit Buy-back Mandate is passed, and expiring on the earlier of:*

- (i) the date on which the next annual general meeting of Holders is held;*
- (ii) the date by which the next annual general meeting of Holders is required by law or the provisions of this Deed to be held; or*
- (iii) the date on which the purchases of Units by the Trustee-Manager pursuant to the Unit Buy-back Mandate are carried out to the full extent mandated.*

For the avoidance of doubt, the authority conferred on the Trustee-Manager by the Unit Buy-back Mandate to purchase Units may be renewed at the next annual general meeting of Holders.

7.4 Solvency Statement

The Trustee-Manager may purchase Units out of the assets of the Trust by paying a sum sufficient to satisfy the purchase price of the Units calculated in accordance with Clause 7.2, provided that the board of directors of the Trustee-Manager makes a written statement, in accordance with a resolution of the board of directors of the Trustee-Manager and signed by not less than two directors, that the board of directors of the Trustee-Manager is satisfied on reasonable grounds that, immediately after the purchase of Units, the Trustee-Manager will be able to fulfill from the Trust Property, the liabilities of the Trust as these liabilities fall due, in accordance with the requirements of the Relevant Laws, Regulations and Guidelines.

7.5 Dealing with Purchased Units

Units which are purchased shall be cancelled and shall not thereafter be reissued or dealt with in any manner, subject to the requirements of the Relevant Laws, Regulations and Guidelines. For the avoidance of doubt, this Clause 7.5 shall not limit or restrict the right of the Trustee-Manager to cause the creation and/or issue of further or other Units. On the cancellation of any Unit under this Clause 7.5, the rights and privileges attached to that Unit shall expire.

7.6 Source of Funds

The Trustee-Manager may not purchase Units of the Trust for a consideration other than in cash. The Trustee-Manager may utilise any source of funds available to it, including the Trust's internal sources of funds or external borrowings or a combination of both to finance the Trustee-Manager's purchase of Units on behalf of the Trust pursuant to any Unit Buy-back Mandate, subject always to the requirements of the Relevant Laws, Regulations and Guidelines.

7.7 Manner of Purchase

Subject always to the requirements of the Relevant Laws, Regulations and Guidelines, for so long as the Trust is Listed, the Trustee-Manager may:

7.7.1 *purchase or acquire Units on a securities exchange ("**Market Purchase**");* or

7.7.2 *make an offer to purchase Units, otherwise than on a securities exchange and by way of an "off-market" acquisition of the Units on an "equal access scheme" (as defined below) ("**Off-market Purchase**"),*

and to deal with any of the Units so purchased or acquired in accordance with this Clause 7.

*For the purposes of this Clause 7, an "**equal access scheme**" is a scheme which satisfies the following criteria:*

- (i) the offers under the scheme are to be made to every person who holds Units to purchase or acquire the same percentage of their Units;*
- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and*
- (iii) the terms of all the offers are the same except that there shall be disregarded:*
 - (a) differences in consideration attributable to the fact that the offers relate to Units with different accrued distribution entitlements;*
 - (b) differences in consideration attributable to the fact that the offers relate to Units with different amounts remaining unpaid; and*
 - (c) differences in the offers introduced solely to ensure that each Holder is left with a whole number of Units.*

7.8 Procedure for Purchase of Units via a Market Purchase

7.8.1 *For so long as the Trust is Listed, where Units are purchased via a Market Purchase, the notice of general meeting of Holders specifying the intention to propose a resolution to authorise a Market Purchase shall;*

- (i) specify the maximum number of Units or the maximum percentage of Units of the Trust authorised to be acquired or purchased;*
- (ii) determine the maximum price which may be paid for the Units (either by specifying a particular sum or by providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion);*

- (iii) *specify a date on which the authority is to expire, being a date that must not be later than the date on which the next annual general meeting is, or is required by law to be, held, whichever is earlier; and*
- (iv) *specify the sources of funds to be used for the purchase or acquisition including the amount of financing and its impact on the Trust's financial position.*

7.8.2 *The resolution authorising a Market Purchase may be unconditional or subject to conditions and shall state the particulars set out in Clauses 7.8.1(i) to 7.8.1(iii).*

7.8.3 *The authority for a Market Purchase may, from time to time, be varied or revoked by Holders in a general meeting. A resolution to confer or vary the authority for a Market Purchase may determine the maximum price for purchase or acquisition by:*

- (i) *specifying a particular sum; or*
- (ii) *providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.*

7.9 Procedure for Purchase of Units via an Off-Market Purchase

7.9.1 *For so long as the Trust is Listed, where Units are purchased via an Off-Market Purchase, the notice of general meeting of Holders specifying the intention to propose a resolution to authorise an Off-Market Purchase shall:*

- (i) *specify the maximum number of Units or the maximum percentage of Units of the Trust authorised to be acquired or purchased;*
- (ii) *determine the maximum price which may be paid for the Units (either by specifying a particular sum or by providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion);*
- (iii) *specify a date on which the authority is to expire, being a date that must not be later than the date on which the next Annual General Meeting is, or is required by law to be, held, whichever is earlier; and*
- (iv) *specify the sources of funds to be used for the purchase or acquisition including the amount of financing and its impact on the Trust's financial position.*

7.9.2 *The resolution authorising an Off-Market Purchase may be unconditional or subject to conditions and shall state the particulars set out in Clauses 7.9.1(i) to 7.9.1(iii).*

7.9.3 *The authority for an Off-Market Purchase may, from time to time, be varied or revoked by Holders in a general meeting. A resolution to confer or vary the authority for an Off-Market Purchase may determine the maximum price for purchase or acquisition by:*

- (i) *specifying a particular sum; or*
- (ii) *providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.*

7.9.4 *For so long as the Trust is Listed, in the event that the Trustee-Manager decides to make any offer to purchase Units via an Off-Market Purchase, the Trustee-Manager will send an offer notice to Holders in the event of any such offer to purchase Units. Holders wishing to take up the offer will be asked to respond by sending a request in writing for the purchase of their Units together with the certificate or certificates (if any) representing such Units. At such request in writing of a Holder (or, in the case of Joint Holders, all the Joint Holders), the Trustee-Manager will purchase, in accordance with this Clause 7 and the Relevant Laws, Regulations and Guidelines, such number of Units in relation to which the Holder is registered in the Depository Register as are required by the Holder to be purchased.*

7.10 Amendments to Register

Where all the Units or a specified number of Units held by a Holder have been purchased by the Trustee-Manager, the Trustee-Manager shall amend, or procure the amendment of, the details of the Depository from the Register, in respect of such number of Units.

7.11 Reporting Requirements

Subject to the Relevant Laws, Regulations and Guidelines, for so long as the Trust is Listed, the Trustee-Manager shall:

7.11.1 *notify the SGX-ST (in the form of an announcement on the SGXNET) of all purchases of Units in accordance with the Listing Rules and in such form and shall include such details as the SGX-ST may prescribe; and*

7.11.2 *make an announcement on the SGXNET at the same time it notifies the SGX-ST of any purchases of Units pursuant to any Unit Buy-back Mandate, that the directors of the Trustee-Manager are satisfied on reasonable grounds that, immediately after the purchase of Units, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of the Trust as these liabilities fall due, in accordance with the Relevant Laws, Regulations and Guidelines.”*

EXTRACTS OF VALUATION REPORTS

This Appendix IV sets out the extracts of the Valuation Reports in respect of the Properties as set out in the list below. The full Valuation Reports of the respective Properties are available for inspection at the Trustee-Manager's registered office at 6 Temasek Boulevard #25-04/05 Suntec Tower Four Singapore 038986 during normal business hours for the period during which the Offer remains open for acceptance.

Properties

1. Shenyang Red Star Macalline Furniture Mall, Longemont Asia Pacific City, Pangjiang Street, Dadong District, Shenyang, Liaoning Province, PRC
2. Shenyang Longemont Shopping Mall located at Pangjiang Street, Dadong District, Shenyang, Liaoning Province, PRC
3. Shenyang Longemont Office Towers 1 & 2, Longemont Asia Pacific City, Pangjiang Street, Dadong District, Shenyang, Liaoning Province, PRC
4. Perennial Jihua Mall, No. 45 Guilan South Road, Nanhai District, Foshan, Guangdong Province, PRC
5. Perennial Qingyang Mall located at Guanghua Avenue, Qingyang District, Chengdu, Sichuan Province, PRC
6. Perennial Dongzhan Mall located at Plot A, East of Jinxiu Avenue, Chenghua District, Chengdu, Sichuan Province, PRC



Colliers International (Hong Kong) Ltd
Valuation & Advisory Services
Company Licence No: C-006052

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Our Ref: 20915-4
7 July 2014

**Perennial China Retail Trust Management Pte. Ltd.
(as Trustee-Manager of Perennial China Retail Trust)**

Re: Desktop Valuation of Shenyang Red Star Macalline Furniture Mall, Longemont Asia Pacific City, Pangjiang Street, Dadong District, Shenyang, Liaoning Province, PRC (the "Property")

We refer to the instructions from Perennial China Retail Trust Management Pte. Ltd. (the "Client") to carry out a desktop valuation to determine the market value of the Property, as at 30 June 2014, for corporate reporting purposes.

According to the information provided by the Client, the Property is one of the assets of the mixed-use Longemont Asia Pacific City development. It consists of a seven-storey commercial building erected on a one-storey retail basement and a one-storey car parking basement. The gross floor area of the Property is 276,474.00 sq m, including 1,065 car parking spaces in the basement. The total leasable area is approximately 237,716 sq m and as of valuation date, the occupancy rate was around 93%. The Property has two major tenants, Red Star Macalline and Guang Cai, which occupy 139,211 sq m and 80,676 sq m respectively.

We are of the opinion that the market value of the Property in its existing state and subject to the assumptions, comments, terms and conditions contained within and annexed to our previous report (as of 31 December 2013, Reference No.20778-5), assuming the Property is free of all encumbrances, as at 30 June 2014 is in the sum of:

RMB2,503,000,000

RENMINBI TWO BILLION FIVE HUNDRED AND THREE MILLION

This report is for the Client's sole use and for the purpose indicated and no liability to any third party can be accepted for the whole or any part of the contents of the document. Neither the whole nor any part of this valuation report nor any reference thereto may be included in any published documents, circular or statement, nor published in any way whatsoever without prior written approval of Colliers International (Hong Kong) Limited as to the form and context in which it may appear.

We would like to take this opportunity to thank you for your kind instruction. Should you have any queries, please feel free to contact us.

Yours faithfully,

Colliers International (Hong Kong) Ltd

Zhirong He (Flora He)
MRICS MCOMFIN
Senior Director
Valuation and Advisory Services I China

Notes:

We must stress that we have not inspected the Property since December 2013, hence we are not responsible for the verification of existing status of the Property. Our valuation is carried out based on the information provided or advised by the Client.





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Our Ref: 20915-5
7 July 2014

**Perennial China Retail Trust Management Pte. Ltd.
(as Trustee-Manager of Perennial China Retail Trust)**

**Re: Desktop Valuation of Shenyang Longemont Shopping Mall located at Pangjiang Street,
Dadong District, Shenyang, Liaoning Province, PRC (the "Property")**

We refer to the instructions from Perennial China Retail Trust Management Pte. Ltd. (the "Client") to carry out a desktop valuation to determine the market value of the Property, as at 30 June 2014, for corporate reporting purposes.

According to the information provided by the Client, the Property is one of the assets of the mixed-use Longemont Asia Pacific City development. As advised, the Property is an eight-storey retail building erected on a two story basement with a direct connection to the subway station. The gross floor area of the Property is 327,789 sq m and the total leasable area is approximately 204,008 sq m. The Property's major anchor tenant, Carrefour, occupies approximately 20,000 sq m space across basement level one and two. The Property also houses a large amusement park, Sinbad, occupying approximately 25,000 sq m space. As of valuation date, the occupancy rate was around 86% of the total leasable area.

We are of the opinion that the market value of the Property in existing state and subject to the assumptions, comments, terms and conditions contained within and annexed to our previous report (as of 31 December 2013, Reference No.20778-4), assuming the Property is free of all encumbrances, as at 30 June 2014 is in the sum of:

RMB3,763,000,000

RENMINBI THREE BILLION SEVEN HUNDRED AND SIXTY THREE MILLION

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Yours faithfully,

Colliers International (Hong Kong) Ltd

Zhirong He (Flora He)
MRICS MCOMFIN
Senior Director
Valuation and Advisory Services I China

Notes:

We must stress that we have not inspected the Property since December 2013, hence we are not responsible for the verification of existing status of the Property. Our valuation is carried out based on the information provided or advised by the Client.



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Our Ref: 20915-6
7 July 2014

**Perennial China Retail Trust Management Pte. Ltd.
(as Trustee-Manager of Perennial China Retail Trust)**

Re: Desktop Valuation of Shenyang Longemont Office Towers 1 & 2 , Longemont Asia Pacific City, Pangjiang Street, Dadong District, Shenyang, Liaoning Province, PRC (the "Property")

We refer to the instruction from Perennial China Retail Trust Management Pte. Ltd. (the "Client") to carry out a desktop valuation to determine the market value of the Property, as at 30 June 2014, for corporate reporting purposes.

According to the information provided by the Client, the Property is one of the assets of the mixed-use Longemont Asia Pacific City development. As advised, the Property consists of two towers. Both towers have a height of 245 metres and span fifty-six levels. Both towers have 18 passenger lifts, with 6 lifts on each (low, mid, and high) zone. A typical floor has a gross leasable area of 2,046 sq m. Tower 1 of the Property is vacant. Tower 2 of the Property has a total of 93 tenants (including 5 in process of signing LOI/TA) which represents an occupancy rate of around 64% of total rentable area of Tower 2. The total gross floor area of the Property is 197,803 sq m and the total leasable area is approximately 177,590 sq m.

We are of the opinion that the market value of the Property in existing state and subject to the assumptions, comments, terms and conditions contained within and annexed to our previous report (as of 31 December 2013, Reference No.20778-6), assuming the Property is free of all encumbrances, as at 30 June 2014 is in the sum of:

RMB2,224,000,000

RENMINBI TWO BILLION TWO HUNDRED AND TWENTY FOUR MILLION

This report is for the Client's sole use and for the purpose indicated and no liability to any third party can be accepted for the whole or any part of the contents of the document. Neither the whole nor any part of this valuation report nor any reference thereto may be included in any published documents, circular or statement, nor published in any way whatsoever without prior written approval of Colliers International (Hong Kong) Limited as to the form and context in which it may appear.

We would like to take this opportunity to thank you for your kind instruction. Should you have any queries, please feel free to contact us.

Yours faithfully,

Colliers International (Hong Kong) Ltd

Zhirong He (Flora He)

MRICS MCOMFIN

Senior Director

Valuation and Advisory Services I China

Notes:

We must stress that we have not inspected the Property since December 2013, hence we are not responsible for the verification of existing status of the Property. Our valuation is carried out based on the information provided or advised by the Client.



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Our Ref: 20915-3
7 July 2014

**Perennial China Retail Trust Management Pte. Ltd.
(as Trustee-Manager of Perennial China Retail Trust)**

**Re: Desktop Valuation of Foshan Jihua Mall, No.45 Guilin South Road, Nanhai District,
Foshan, Guangdong Province, PRC (the "Property")**

We refer to the instruction from Perennial China Retail Trust Management Pte. Ltd. (the "Client") for us to carry out a desktop valuation to determine the market value of the captioned Property, as at 30 June 2014, for corporate reporting purposes.

According to the information provided by the Client, the Property is a three-storey retail mall with a two-storey basement for retail (B1) and car parking (B2) with a total gross floor area of approximately 91,041.84 sq m. As advised, the Property is served by twenty-eight escalators, six passenger elevators, and two cargo lifts and approximately 600 underground car parking spaces in basement level 2. The total NLA of the Property is approximately 45,419.30 sqm. The Property has a total of 174 tenants, representing an occupancy rate of 98.6% of total rentable area.

We are of the opinion that the market value of the Property in existing state and subject to the assumptions, comments, terms and conditions contained within and annexed to our previous report (as of 31 December 2013, Reference No.20778-1), assuming the Property is free of all encumbrances, as at 30 June 2014 is in the sum of:

RMB928,000,000

RENMINBI NINE HUNDRED AND TWENTY EIGHT MILLION

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We would like to take this opportunity to thank you for your kind instruction. Should you have any queries, please feel free to contact us.

Yours faithfully

Colliers International (Hong Kong) Ltd

Zhirong He (Flora He)
MRICS MCOMFIN
Senior Director
Valuation and Advisory Services I China

Notes:

We must stress that we have not inspected the Property since December 2013, hence we are not responsible for the verification of existing status of the Property. Our valuation is carried out based on the information provided or advised by the Client.



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Our Ref: 20915-1
7 July 2014

**Perennial China Retail Trust Management Pte. Ltd.
(as Trustee-Manager of Perennial China Retail Trust)**

Re: Desktop Valuation of Perennial Qingyang Mall located at Guanghua Avenue, Qingyang District, Chengdu, Sichuan Province, PRC (the "Property")

We refer to the instructions from Perennial China Retail Trust Management Pte. Ltd. (the "Client") to carry out a desktop valuation to determine the market value of the Property, as at 30 June 2014, for corporate reporting purposes.

According to the information provided by the Client, the Property is a three-storey retail building erected on a three-storey basement for retail purposes on levels L3-B1 and car parking on levels B2-B3. The gross floor area of the Property is 135,202.11 sq m and the total leasable area is approximately 54,306.82 sq m. It is served by thirty escalators, four passenger elevators, two cargo lifts and 835 underground car parking spaces. The Property has been in operation since April 2014, currently retaining a total of 203 tenants, representing an occupancy rate of around 95% of the total leasable area.

We are of the opinion that the market value of the Property in its existing state and subject to the assumptions, comments, terms and conditions contained within and annexed to our previous report (as of 31 December 2013, Reference No.20778-3), assuming the Property is free of all encumbrances, as at 30 June 2014 is in the sum of:

RMB1,175,000,000

RENMINBI ONE BILLION ONE HUNDRED SEVENTY FIVE MILLION

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We would like to take this opportunity to thank you for your kind instruction. Should you have any queries, please feel free to contact us.

Yours faithfully,

Colliers International (Hong Kong) Ltd

Zhirong He (Flora He)
MRICS MCOMFIN
Senior Director
Valuation and Advisory Services I China

Notes:

We must stress that we have not inspected the Property since December 2013, hence we are not responsible for the verification of existing status of the Property. Our valuation is carried out based on the information provided or advised by the Client.



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Our Ref: 20915-2
 7 July 2014

**Perennial China Retail Trust Management Pte. Ltd.
 (as Trustee-Manager of Perennial China Retail Trust)**

Re: Desktop Valuation of Perennial Dongzhan Mall located at Plot A, East of Jinxiu Avenue, Chenghua District, Chengdu, Sichuan Province, PRC (the "Property")

We refer to the instruction from Perennial China Retail Trust Management Pte. Ltd. (the "Client") for us to carry out a desktop valuation to determine the market value of the Property, as at 30 June 2014, for corporate reporting purposes.

According to the information provided by the Client, the Property is a proposed five-storey commercial building with a three-storey basement that is to be used for retail purposes and car parking. The total gross floor area of the Property is approximately 279,999.00 sq m. The Property is under construction and it is expected to be completed in 4Q 2014.

We are of the opinion that the market value of the Property in existing state and subject to the assumptions, comments, terms and conditions contained within and annexed to our previous report (as of 31 December 2013, Reference No.20778-2), assuming the Property is free of all encumbrances, as at 30 June 2014 is in the sum of:

RMB1,580,000,000

RENMINBI ONE BILLION FIVE HUNDRED AND EIGHTY MILLION

The market value of the Property under the conditions and assumptions defined hereinbefore, as if completed, at 30 June 2014 is in the sum of:

RMB3,605,000,000

RENMINBI THREE BILLION SIX HUNDRED AND FIVE MILLION

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We would like to take this opportunity to thank you for your kind instruction. Should you have any queries, please feel free to contact us.

Yours faithfully

Colliers International (Hong Kong) Ltd

Zhirong He (Flora He)

MRICS MCOMFIN

Senior Director

Valuation and Advisory Services I China

Notes:

We must stress that we have not inspected the Property since December 2013, hence we are not responsible for the verification of existing status of the Property. Our valuation is carried out based on the information provided or advised by the Client.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE PCRT GROUP FOR THE NINE (9)-MONTH PERIOD ENDED 30 SEPTEMBER 2014



(a business trust constituted on 22 February 2011 under the laws of the Republic of Singapore)

Managed by Perennial China Retail Trust Management Pte. Ltd.

PERENNIAL CHINA RETAIL TRUST

2014 Third Quarter Unaudited Financial Statements and Distribution Announcement

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Introduction

Perennial China Retail Trust (“**PCRT**”) was constituted by a trust deed dated 22 February 2011 (as amended) entered into by Perennial China Retail Trust Management Pte. Ltd. (the “**Trustee-Manager**”).

PCRT is Singapore's first pure-play People's Republic of China retail development trust. Listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 9 June 2011, PCRT has a market capitalisation of approximately S\$624.4 million as at 3 November 2014 and an asset value of approximately S\$1.86 billion (approximately RMB9.23 billion valued on an ‘as if complete’ basis) as at 30 June 2014. As at 30 September 2014, these assets are stated at S\$1.65 billion in the Consolidated Statement of Financial Position in accordance with their respective stages of development or completion.

PCRT's portfolio comprises a 50.0% interest in each of Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices, a 100.0% interest in Perennial Jihua Mall, Foshan, a 100.0% interest in Perennial Qingyang Mall, Chengdu, a 50.0% interest and the right to acquire a further 30.0% interest in Perennial Dongzhan Mall, Chengdu, and a 10.0% interest in the predominantly retail Beijing Tongzhou Integrated Development (Phase 1).

PCRT has access to a strong pipeline of projects from its Sponsor and its strategic partners, which includes the option to invest in the Xi'an North High Speed Railway Integrated Development, which is directly connected to the Xi'an North High Speed Railway Station, and the right of first refusal to invest in the block retail component of the Beijing Tongzhou Integrated Development (Phase 1 and Phase 2).

PCRT aims to provide its Unitholders with sustainable total returns from the steady growth of PCRT's net asset value per unit and regular distributions from stabilised income-producing assets. PCRT is sponsored by Perennial Real Estate Holdings Limited (“**Sponsor**”), an integrated real estate owner, developer and manager listed on the Singapore Exchange, and is managed by Perennial China Retail Trust Management Pte. Ltd.

PCRT's distribution policy is to distribute at least 50.0% of PCRT's distributable income. The distributable income comprises net income from operations, and realised gains, each as more particularly described in the prospectus dated 27 May 2011. The distribution of realised gains to Unitholders is at the discretion of the Trustee-Manager, after taking into consideration PCRT's budget, operations and strategy.

Whilst distributions to Unitholders have so far been made semi-annually based on the half-yearly results of PCRT, the Trustee-Manager may also in its discretion declare interim distributions.

In view of the voluntary conditional general offer for PCRT announced on 27 October 2014 by Perennial Real Estate Holdings Limited (*formerly known as St. James Holdings Limited*), the Trustee-Manager is pleased to inform Unitholders that PCRT will distribute 0.95 cents per Unit for the period from 1 July 2014 to 30 September 2014 on 3 December 2014 on a one-off basis.

SUMMARY OF PCRT GROUP RESULTS

Quarter ended 30 September 2014	3Q 2014 ⁽¹⁾ S\$'000	3Q 2013 ⁽¹⁾ S\$'000	Variance %
Operating results			
Revenue	5,171	1,338	Nm
Net property income/(expenses)	2,137	(1,955)	Nm
Share of profit of joint venture, net of tax	1,669	1,837	(9.1)
Profit for the period attributable to Unitholders	7,349	6,494	13.2
Distributable income⁽³⁾	10,905	10,905	-

Nine months ended 30 September 2014	YTD 2014 ⁽²⁾ S\$'000	YTD 2013 ⁽²⁾ S\$'000	Variance %
Operating results			
Revenue	11,666	1,338	Nm
Net property income/(expenses)	3,126	(3,398)	Nm
Share of profit of joint venture, net of tax	6,345	3,447	84.1
Profit for the period attributable to Unitholders	29,051	13,970	Nm
Distributable income⁽³⁾	32,715	32,673	0.1

Footnotes:

- (1) The 3Q 2014 results of PCRT's foreign operations were translated using the average SGD/CNY rate of 4.9481 (3Q 2013: 4.8238).
- (2) The YTD 2014 results of PCRT's foreign operations were translated using the average SGD/CNY rate of 4.9007 (YTD 2013: 4.9423).
- (3) For 3Q 2014 and YTD 2014, this related to the drawdowns from the Additional Earn-out Deed (please refer to note 3 in Section 1(a)(i) for details) for the relevant periods from 1 July to 30 September 2014 and 1 January to 30 September 2014 respectively.

For 2Q 2013 and YTD 2013, this related to the drawdowns from the New Earn-out Deed and Additional Earn-out Deed (please refer to note 3 in Section 1(a)(i) for details) for the relevant periods from 1 July to 30 September 2013 and 1 January to 30 September 2013 respectively.

Please refer to Sections 1 and 8 for the review of performance and their comparative figures.

Distribution Details

Amount Available for Distribution	S\$10,905,000
Distribution Period	1 July 2014 to 30 September 2014
Distribution per Unit	0.95 Singapore cents
Units Trading Ex-Distribution	Monday, 10 November 2014 at 9.00 a.m.
Books Closure Date	Wednesday, 12 November 2014 at 5.00 p.m.
Distribution Payment Date	Wednesday, 3 December 2014

Nm: Not meaningful

PERENNIAL CHINA RETAIL TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

1(a)(i) Consolidated Income Statement and Distribution Statement

	Note	3Q 2014 S\$'000	3Q 2013 S\$'000	Change %	YTD 2014 S\$'000	YTD 2013 S\$'000	Change %
Revenue	1	5,171	1,338	Nm	11,666	1,338	Nm
Property operating expenses	2	(3,034)	(3,293)	(7.9)	(8,540)	(4,736)	80.3
Net property income/(expenses)		2,137	(1,955)	Nm	3,126	(3,398)	Nm
Other income	3	9,756	10,860	(10.2)	33,384	32,673	2.2
Net change in fair value of investment properties	4	-	-	-	5,999	-	Nm
Trustee-Manager's fees		(1,666)	(1,303)	27.9	(4,739)	(4,045)	17.2
Other expenses	5	(600)	(202)	Nm	(1,624)	(7,866)	(79.4)
		9,627	7,400	30.1	36,146	17,364	Nm
Finance income	6	18	10	80.0	47	17	Nm
Finance costs	7	(3,895)	(2,682)	45.2	(9,966)	(6,917)	44.1
Net finance costs		(3,877)	(2,672)	45.1	(9,919)	(6,900)	43.8
Share of net profit of joint venture (excluding net change in fair value of investment properties, net of tax)		1,669	1,837	(9.1)	6,133	3,447	77.9
Share of net change in fair value of investment properties, net of tax		-	-	-	212	-	Nm
Share of profit of joint venture, net of tax	8	1,669	1,837	(9.1)	6,345	3,447	84.1
Profit before tax		7,419	6,565	13.0	32,572	13,911	Nm
Income tax expense		(125)	(96)	30.2	(1,929)	(216)	Nm
Profit for the period		7,294	6,469	12.8	30,643	13,695	Nm
Profit for the period attributable to:							
Unitholders of the Trust		7,349	6,494	13.2	29,051	13,970	Nm
Non-controlling interests		(55)	(25)	Nm	1,592	(275)	Nm
		7,294	6,469	12.8	30,643	13,695	Nm
Profit for the period attributable to Unitholders of the Trust		7,349	6,494	13.2	29,051	13,970	Nm
Add/(Less):							
- Trustee-Manager's management fees payable in units		-	-	-	-	2,533	Nm
- Unrealised foreign exchange loss/(gain)	5, 3	1,618	(1,241)	Nm	(172)	3,187	Nm
- Share of net change in fair value of investment properties of joint venture, net of tax		-	-	-	(212)	-	Nm
- Net change in fair value of investment properties, net of tax		-	-	-	(2,781)	-	Nm
- Amortisation of transaction costs on borrowings		477	592	(19.4)	1,262	1,117	13.0
- Net loss of group entities	9	1,364	5,002	(72.7)	5,307	11,720	(54.7)
- Others		97	58	67.2	260	146	78.1
Distributable income	10	10,905	10,905	-	32,715	32,673	0.1

Notes:

(1) Revenue

Revenue comprised rental revenue generated by Perennial Jihua Mall, Foshan (operational since 3Q 2013), and Perennial Qingyang Mall, Chengdu, which commenced operations in 2Q 2014.

(2) Property operating expenses

Property operating expenses in YTD 2014 comprised mainly operating costs of Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu, including staff costs, mall maintenance expenses and marketing and promotions expenses. They also comprised staff costs and pre-operation costs of Perennial Dongzhan Mall, Chengdu.

Property operating expenses in YTD 2013 comprised mainly staff costs, pre-operation costs, mall maintenance expenses and marketing and promotions costs relating to Perennial Jihua Mall, Foshan, and staff costs and pre-operational costs incurred on Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu.

(3) Other income

Other income for YTD 2014 comprised:

- (i) realised and unrealised foreign exchange gain totaling S\$0.7 million on progress payments relating to Perennial Dongzhan Mall, Chengdu, and translation of payables denominated in foreign currencies, and
- (ii) drawdown of S\$32.7 million under the RMB342.0 million (S\$68.1 million) earn-out deed (the "Additional Earn-out Deed").

Other income for YTD 2013 comprised drawdowns of S\$23.7 million under the RMB226.5 million (S\$45.5 million) earn-out deed (the "New Earn-out Deed") and S\$9.0 million under the RMB342.0 million (S\$68.1 million) Additional Earn-out Deed.

Under the terms of the New and Additional Earn-out Deeds, the earn-out amounts are available for draw down for payment to Unitholders if the net property income of properties held by Shenyang Summit Real Estate Development Co., Ltd. ("Shenyang Summit") for each relevant period falls below a certain amount set out in these deeds. Following the drawdown of S\$32.7 million under the Additional Earn-out Deed for YTD 2014, the remaining earn-out amount available to support distribution for 4Q 2014 amounted to RMB77.9 million (S\$15.5 million).

(4) Net change in fair value of investment properties

In view of the Pre-conditional Voluntary Offer⁽¹⁾ announced on 14 March 2014 by Perennial Real Estate Holdings Limited (formerly known as St. James Holdings Limited) to acquire all the issued units in the capital of PCRT, a valuation exercise was undertaken by an independent professional valuer to assess the fair value⁽²⁾ of PCRT's investment properties comprising (i) Perennial Jihua Mall, Foshan, (ii) Perennial Qingyang Mall, Chengdu, and (iii) Perennial Dongzhan Mall, Chengdu, as at 30 June 2014.

(1) Please refer to PCRT's SGXNet announcements released between 14 March 2014 and 18 March 2014 relating to this matter.

(2) The fair values were expressed in Chinese Renminbi and converted into Singapore dollars at the exchange rate prevailing on 30 June 2014.

(5) Other expenses

Other expenses of PCRT included recurring trust expenses such as annual listing fees, valuation fees, legal fees, registry and depository charges, audit and tax advisor's fees, investor relations costs and other miscellaneous expenses. It also included general and administrative, and operating expenses of the subsidiaries of PCRT.

In addition to the recurring trust expenses, included in other expenses for YTD 2013 were:

- (i) unrealised net foreign exchange loss of S\$3.2 million on translation of cash and cash equivalents and payables denominated in foreign currencies,
- (ii) realised net foreign exchange loss of S\$2.5 million on progress payments relating to Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu, as well as project development costs relating to Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu, and
- (iii) expenses of S\$0.8 million relating to the management of the MTN Programme (as defined in note 7 on page 6).

(6) Finance income

Finance income comprised mainly interest income from deposits.

(7) Finance costs

YTD 2014 finance costs comprised mainly:

- (i) interest costs incurred on financing facilities relating to the acquisition of Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu. The related finance costs of Perennial Qingyang Mall, Chengdu, were taken to the profit or loss statement after the substantial completion of the mall in 2Q 2014;
- (ii) interest costs on the S\$130.0 million 6.375% Fixed Rate Notes due 2015 and S\$50.0 million 5.25% Fixed Rate Notes due 2016 issued under the S\$500.0 million Multicurrency Medium Term Note Programme established on 20 January 2012 (the "MTN Programme"); and
- (iii) amortised transaction costs incurred on the S\$285.0 million (previously S\$325.0 million) credit facilities.

YTD 2013 finance costs comprised mainly:

- (i) interest costs incurred on financing facilities relating to the acquisition of Perennial Jihua Mall, Foshan;
- (ii) interest costs on the S\$130.0 million 6.375% Fixed Rate Notes due 2015, and S\$50.0 million 5.25% Fixed Rate Notes due 2016 issued under the MTN Programme; and
- (iii) amortised transaction costs incurred on the S\$285.0 million (previously S\$325.0 million) credit facilities.

(8) Share of profit of joint venture, net of tax

Share of profit of joint venture related to PCRT Group's 50.0% equity interest in Shenyang Summit which owns Shenyang Red Star Macalline Furniture Mall ("Shenyang Furniture Mall"), Shenyang Longemont Shopping Mall and Shenyang Longemont Offices.

YTD 2014 share of profit of joint venture included the change in fair value of investment properties held by Shenyang Summit, based on valuations performed by an independent valuer in view of the Pre-conditional Voluntary Offer described in note 4 on page 5.

(9) Net loss of group entities

Net loss of group entities referred to the net losses after applicable taxes attributable to the Trust and certain subsidiaries of the Group.

(10) Distributable income

Distributable income for YTD 2014 comprised drawdowns of S\$32.7 million from the Additional and New Earn-out Deeds (refer to note 3 on page 5 for details). The same amount was drawn down from these earn-out deeds for YTD 2013.

Please refer to Section 8 for review of the performance.

1 (a)(ii) Consolidated Statement of Comprehensive Income

	3Q 2014 S\$'000	3Q 2013 S\$'000	Change %	YTD 2014 S\$'000	YTD 2013 S\$'000	Change %
Profit for the period	7,294	6,469	12.8	30,643	13,695	Nm
Other comprehensive income for the period, net of tax						
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation gain/(loss) relating to foreign operations, net of tax ⁽¹⁾	37,423	(4,842)	Nm	(13,026)	52,442	Nm
Foreign currency translation gain/(loss) on monetary item forming part of net investment in foreign operations, net of tax	5	(8)	Nm	(75)	91	Nm
	37,428	(4,850)	Nm	(13,101)	52,533	Nm
Total comprehensive income for the period	44,722	1,619	Nm	17,542	66,228	(73.5)
Total comprehensive income attributable to:						
Unitholders of the Trust	43,626	1,780	Nm	16,326	64,965	(74.9)
Non-controlling interests	1,096	(161)	Nm	1,216	1,263	(3.7)
	44,722	1,619	Nm	17,542	66,228	(73.5)

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Footnote:

- (1) For 3Q 2014, this related to the fluctuation of foreign exchange rates between September 2014 and June 2014 (3Q 2013: September 2013 and June 2013) in respect of the Group's net assets denominated in Chinese Renminbi (RMB). For YTD 2014, this related to the fluctuation of foreign exchange rates between September 2014 and December 2013 (YTD 2013: September 2013 and December 2012) in respect of the Group's net assets denominated in RMB.

1(b)(i) Consolidated Statement of Financial Position for the Group and Statement of Financial Position for the Trust

	Note	Group			Trust		
		Sep 2014 S\$'000	Dec 2013 S\$'000	Change %	Sep 2014 S\$'000	Dec 2013 S\$'000	Change %
Non-current assets							
Plant and equipment		851	536	58.8	-	-	-
Investment properties	1	776,697	700,178	10.9	-	-	-
Subsidiaries		-	-	-	1,098,490	1,062,040	3.4
Joint venture	2	749,515	751,016	(0.2)	-	-	-
Available-for-sale investment	3	51,187	50,320	1.7	-	-	-
Other receivables	4	13,915	1,727	Nm	-	-	-
		1,592,165	1,503,777	5.9	1,098,490	1,062,040	3.4
Current assets							
Trade and other receivables	5	22,399	27,621	(18.9)	668	491	36.0
Cash and cash equivalents	6	13,717	41,665	(67.1)	4,714	33,489	(85.9)
		36,116	69,286	(47.9)	5,382	33,980	(84.2)
Total assets		1,628,281	1,573,063	3.5	1,103,872	1,096,020	0.7
Non-current liabilities							
Loans and borrowings	7	349,088	178,334	95.7	309,176	178,334	73.4
Deferred tax liabilities		43,196	41,657	3.7	-	-	-
		392,284	219,991	78.3	309,176	178,334	73.4
Current liabilities							
Loans and borrowings	7	129,319	233,362	(44.6)	129,319	233,362	(44.6)
Trade and other payables	8	201,774	199,633	1.1	19,885	28,296	(29.7)
		331,093	432,995	(23.5)	149,204	261,658	(43.0)
Total liabilities		723,377	652,986	10.8	458,380	439,992	4.2
Net assets		904,904	920,077	(1.6)	645,492	656,028	(1.6)
Unitholders' funds							
Units in issue	9	721,594	721,594	-	721,594	721,594	-
Capital reserve		(8,300)	(8,300)	-	-	-	-
Foreign currency translation reserve	10	79,061	91,786	(13.9)	-	-	-
Accumulated profits/(losses)		71,280	74,944	(4.9)	(76,102)	(65,566)	16.1
Net assets attributable to Unitholders		863,635	880,024	(1.9)	645,492	656,028	(1.6)
Non-controlling interests	11	41,269	40,053	3.0	-	-	-
		904,904	920,077	(1.6)	645,492	656,028	(1.6)

Notes:

(1) Investment properties

Investment properties related to Perennial Jihua Mall, Foshan (operational), Perennial Qingyang Mall, Chengdu (commenced operations in April 2014), and Perennial Dongzhan Mall, Chengdu (under development).

The increase was mainly attributable to:

- (i) S\$57.0 million in project development costs for Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu,
- (ii) S\$5.8 million of capitalised finance costs relating to Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu,
- (iii) S\$14.0 million of accrued progress payments relating to Perennial Dongzhan Mall, Chengdu, and
- (iv) S\$6.0 million of fair value gain on the investment properties, which at 30 June 2014 and 31 December 2013, were stated at fair values based on independent professional valuations.

The valuations were expressed in Chinese Renminbi and converted into Singapore dollars at the exchange rate prevailing on 30 September 2014.

This increase was offset by S\$6.3 million in foreign exchange loss on translation of the value of the investment properties denominated in Chinese Renminbi (RMB).

(2) Joint venture

This related to PCRT's 50.0% equity interest in Shenyang Summit that owns Shenyang Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices.

The decrease arose mainly from foreign exchange loss of S\$7.8 million on translation of the financial statements of Shenyang Summit, which was partially mitigated by the Group's share of profit of S\$6.1 million in the joint venture and fair value gain of S\$0.2 million on the above investment properties.

(3) Available-for-sale investment

Available-for-sale investment of S\$51.2 million related to PCRT's effective equity interest of 10.0% in the Beijing Tongzhou Integrated Development (Phase 1). An additional S\$0.9 million was invested in the development in 1Q 2014.

(4) Other receivables (non-current)

Other receivables (non-current) included (i) unamortised lease incentives of S\$1.5 million and S\$0.7 million in respect of Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu, respectively, and (ii) advance project development payments of S\$1.7 million and S\$10.0 million pertaining to Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu, respectively.

(5) Trade and other receivables (current)

The decrease of S\$5.2 million in trade and other receivables (current) was mainly attributed to a decrease of (i) S\$10.9 million in the income support receivable under the earn-out deeds (refer to note 3 on page 5 for details) as only three months of the receivable were recorded as at 30 September 2014, as compared to six months as at 31 December 2013, and (ii) advance project development payments of S\$1.0 million and S\$0.9 million pertaining to Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu, respectively. This was offset by an increase in the (i) unamortised rent-free lease incentives of S\$0.9 million and S\$2.3 million for Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu, respectively, (ii) accounts receivables of S\$0.6 million relating to Perennial Qingyang Mall, Chengdu, and (iii) a refundable USD-denominated advance of S\$3.7 million made to an entity within the Beijing Tongzhou (Phase 1) group of companies to bridge land funding requirements imposed by the PRC land authority.

(6) Cash and cash equivalents

Please refer to Section 1(c) Consolidated Statement of Cash Flows for details.

(7) Loans and borrowings (non-current and current)

Loans and borrowings comprised:

- (i) loans drawn down from the S\$285.0 million (previously S\$325.0 million) bank credit facilities to finance progress payments and project development costs for Perennial Qingyang Mall, Chengdu, and progress payments for Perennial Jihua Mall, Foshan. These loans were classified as non-current liabilities as at 30 September 2014 pursuant to committed bank credit facilities to refinance these loans before their maturity;
- (ii) non-current onshore loan facilities of RMB396.0 million pertaining to the Perennial Dongzhan Mall, Chengdu, under which RMB193.0 million were drawn down as at 30 September 2014;
- (iii) non-current borrowings of S\$50.0 million 5.25% Fixed Rate Notes due 2016 issued under the MTN Programme in 2013; and
- (iv) current borrowings of S\$130.0 million 6.375% Fixed Rate Notes due 2015 issued under the MTN Programme in 2012 and maturing in September 2015.

(8) Trade and other payables (current)

The increase of S\$2.1 million in trade and other payables was mainly attributed to (i) higher payables of S\$5.8 million relating to the project development costs of Perennial Dongzhan Mall, Chengdu, and Perennial Qingyang Mall, Chengdu, (ii) higher tenancy-related deposits of S\$3.1 million, (iii) a net increase of S\$6.4 million in other payables including trustee-manager's fees, and (iv) an increase of S\$8.2 million in entrustment loans from joint venture. These were offset by (i) lower accrued interest payables of S\$2.6 million, (ii) a decrease of S\$7.6 million on payments made for mall improvement works and the final progress payment relating to Perennial Jihua Mall, Foshan, and (iii) a decrease of S\$10.8 million of distribution payable, as only three months were recorded as at 30 September 2014, as compared to six months as at 31 December 2013.

(9) Capital reserve

Please refer to Section 1(d) Statement of Changes in Unitholders' Funds for more details.

(10) Foreign currency translation reserve

Please refer to Section 1(d) Statement of Changes in Unitholders' Funds for more details.

(11) Non-controlling interests

Non-controlling interests pertained to the 20.0% interest of the non-controlling shareholder of the subsidiary that holds Perennial Dongzhan Mall, Chengdu.

1 (b)(ii) Aggregate Amount of Borrowings and Debt Securities for the Group

	Group		
	Sep 2014 S\$'000	Dec 2013 S\$'000	Change %
Secured bank borrowings			
- Amount repayable within one year	-	233,362	Nm
- Amount repayable after one year	299,453	-	Nm
Unsecured borrowings⁽¹⁾			
- Amount repayable within one year	129,319	-	Nm
- Amount repayable after one year	49,635	178,334	(72.2)
Total borrowings⁽²⁾	478,407	411,696	16.2

Footnotes:

(1) On 21 September 2012, PCRT issued S\$130.0 million 6.375% Fixed Rate Notes due 2015, payable semi-annually in arrears, under the MTN Programme. On 26 July 2013, PCRT issued S\$50.0 million 5.25% Fixed Rate Notes due 2016, payable semi-annually in arrear, under the MTN Programme. All sums payable in respect of the Notes are unconditionally and irrevocably guaranteed by Perennial China Retail Pte. Ltd., a wholly-owned subsidiary of PCRT.

(2) The above borrowings were stated net of unamortised transaction costs.

Details of collaterals for secured borrowings

As at 30 September 2014, the Group has:

- (i) offshore bank credit facilities of S\$285.0 million (previously S\$325.0 million), out of which S\$260.0 million were utilised; and
- (ii) onshore bank credit facilities of RMB396.0 million (S\$81.9 million), out of which RMB193.0 million (S\$39.9 million) were utilised.

The offshore bank credit facilities of S\$285.0 million (previously S\$325.0 million) are secured on the following:

- (a) share charges over all the shares in certain subsidiaries, namely, Perennial China Retail Pte. Ltd., Shenyang Retail (BVI) 1 Limited, Shenyang Retail (BVI) 2 Limited, Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Perennial Qingyang Retail (BVI) Limited, Perennial Qingyang Retail Limited, Sky Surpass Investments Limited and Best Field Holdings Limited (collectively, the “Offshore Companies”);
- (b) an equity pledge over the Group’s 50.0% equity interest in the joint venture, Shenyang Summit;
- (c) equity pledges over all the shares in Perennial (Chengdu) Industries Co., Ltd. and Perennial Foshan Retail Co., Ltd. (collectively, the “WFOEs”) which hold Perennial Qingyang Mall, Chengdu, and Perennial Jihua Mall, Foshan, respectively;
- (d) assignments by PCRT and the Offshore Companies of all rights under intercompany loans to the Offshore Companies and WFOEs;
- (e) assignments by the Offshore Companies of all rights under intercompany loans to PCRT;
- (f) corporate guarantees from the Offshore Companies; and
- (g) debentures over the Offshore Companies.

The onshore bank credit facilities of RMB396.0 million are secured on land use rights (国有土地使用权) held by Chengdu Ruifeng Real Estate Development Co., Ltd.

1 (c) Consolidated Statement of Cash Flows

Note	Group			
	3Q 2014 S\$'000	3Q 2013 S\$'000	YTD 2014 S\$'000	YTD 2013 S\$'000
Cash flows from operating activities				
Profit before tax	7,419	6,565	32,572	13,911
Adjustments for:				
Depreciation of plant and equipment	67	23	166	50
Finance income	(18)	(10)	(47)	(17)
Finance costs	3,895	2,682	9,966	6,917
Trustee-Manager's management fees payable in units	-	-	-	2,533
Unrealised foreign exchange loss/(gain)	1,618	(1,241)	(172)	3,187
Share of profit of joint venture, net of tax	(1,669)	(1,837)	(6,345)	(3,447)
Net change in fair value of investment properties	-	-	(5,999)	-
Operating profit before changes in working capital	11,312	6,182	30,141	23,134
Changes in working capital:				
Trade and other receivables	16,175	6,244	(7,016)	(15,358)
Trade and other payables	(12,518)	(8,754)	2,291	(8,587)
	3,657	(2,510)	(4,725)	(23,945)
Cash from/(used in) operating activities	14,969	3,672	25,416	(811)
Income tax paid	-	-	-	(105)
Net cash from/(used in) operating activities	14,969	3,672	25,416	(916)
Cash flows from investing activities				
Additions to investment properties under development	(14,086)	(22,468)	(56,920)	(134,451)
Additions to available-for-sale investment	-	-	(867)	-
Purchase of plant and equipment	(73)	(93)	(482)	(262)
Interest received	18	10	47	16
Net cash used in investing activities	(14,141)	(22,551)	(58,222)	(134,697)
Cash flows from financing activities				
Distribution payment to Unitholders	(21,767)	(21,721)	(43,535)	(43,814)
Proceeds from loans and borrowings	25,445	70,367	64,668	142,285
Payment of transaction costs on borrowings	-	(579)	-	(579)
Interest paid	(9,392)	(5,789)	(16,252)	(12,507)
Withdrawal of cash in escrow accounts	-	2,893	-	25,028
Net cash (used in)/from financing activities	(5,714)	45,171	4,881	110,413
Net increase/(decrease) in cash and cash equivalents	(4,886)	26,292	(27,925)	(25,200)
Cash and cash equivalents at beginning of the period	18,309	42,744	41,657	94,192
Effect of exchange rate fluctuations on cash held	286	194	(23)	238
Cash and cash equivalents at end of the period	13,709	69,230	13,709	69,230

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Comprising:

	Group			
	3Q 2014	3Q 2013	YTD 2014	YTD 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and in hand	13,717	43,238	13,717	43,238
Fixed deposits with a financial institution	-	26,000	-	26,000
Cash and cash equivalents	13,717	69,238	13,717	69,238
Less: Restricted cash ⁽¹⁾	(8)	(8)	(8)	(8)
Cash and cash equivalents in the consolidated statement of cash flows	13,709	69,230	13,709	69,230

Footnote:

- (1) Restricted cash related to funds deposited into escrow accounts under the various Earn-out Deeds (please refer to notes 3 and 10 in Section 1(a)(i) for details) entered into by the Group.

Notes:

- (1) Changes in trade and other receivables included a refundable advance of S\$3.7 million made to an entity within the Beijing Tongzhou (Phase 1) group of companies, income support receivable of S\$10.9 million, increase of S\$0.7 million in trade receivables and S\$3.2 million in lease incentives pertaining to Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu, and prepaid construction costs of S\$9.9 million relating to Perennial Dongzhan Mall, Chengdu. These were offset by the receipt of the earn-out amount of S\$21.8 million for 2H 2013 distribution to Unitholders on 11 March 2014.
- (2) In YTD 2014, this related mainly to project development costs for Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu.
In YTD 2013, this related mainly to project development costs for Perennial Qingyang Mall, Chengdu, and Perennial Dongzhan Mall, Chengdu, and progress payment and mall improvement works for Perennial Jihua Mall, Foshan.
- (3) In YTD 2014, an additional S\$0.9 million was invested in Beijing Tongzhou Integrated Development (Phase 1).
- (4) In YTD 2014, the following distributions were made to Unitholders:
(i) on 11 March 2014, S\$21.8 million for the period from 1 July to 31 December 2013; and
(ii) on 5 September 2014, S\$21.7 million for the period from 1 January to 30 June 2014.
In YTD 2013, the following distributions were made to Unitholders:
(i) on 18 March 2013, S\$22.1 million for the period from 1 July to 31 December 2012; and
(ii) on 11 September 2013, S\$21.7 million for the period 1 January to 30 June 2013.
- (5) In YTD 2014, the following bank loans were drawn down:
(i) S\$24.8 million to finance the ongoing project development costs for Perennial Qingyang Mall, Chengdu; and
(ii) RMB193.0 million (equivalent to S\$39.9 million) to finance the ongoing project development costs for Perennial Dongzhan Mall, Chengdu.
In YTD 2013, the following bank loans were drawn down:
(i) S\$65.3 million to finance the progress payments and ongoing project development costs for Perennial Qingyang Mall, Chengdu; and
(ii) S\$27.0 million to finance the progress payment for Perennial Jihua Mall, Foshan.
On 26 July 2013, PCRT issued S\$50.0 million Fixed Rate Notes under the MTN Programme.
- (6) In YTD 2013, the movement in restricted cash included:
(i) placement of S\$18.9 million in an escrow account under the New Earn-out Deed; and
(ii) drawdown of earn-out amounts which were distributed to Unitholders as follows:
(a) S\$22.1 million for the period 1 July to 31 December 2012; and
(b) S\$21.7 million for the period 1 January to 30 June 2013.

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**1 (d)(i) Statement of Changes in Unitholders' Funds for the Group and the Trust
(3Q 2014 vs 3Q 2013)**

Group	Units in issue S\$'000	Capital reserve ⁽¹⁾ S\$'000	Foreign currency translation reserve ⁽²⁾ S\$'000	Accumu- lated profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
At 1 July 2014	721,594	(8,300)	42,784	74,836	830,914	40,173	871,087
Total comprehensive income for the period							
Profit/(loss) for the period	-	-	-	7,349	7,349	(55)	7,294
Other comprehensive income							
Foreign currency translation gain relating to foreign operations, net of tax	-	-	36,272	-	36,272	1,151	37,423
Foreign currency translation gain on monetary item forming part of net investment in foreign operations, net of tax	-	-	5	-	5	-	5
Total other comprehensive income	-	-	36,277	-	36,277	1,151	37,428
Total comprehensive income for the period	-	-	36,277	7,349	43,626	1,096	44,722
Transactions with Unitholders, recorded directly in equity							
Distributions to Unitholders							
Amount available for distribution to Unitholders ⁽³⁾	-	-	-	(10,905)	(10,905)	-	(10,905)
Total transactions with Unitholders	-	-	-	(10,905)	(10,905)	-	(10,905)
At 30 September 2014	721,594	(8,300)	79,061	71,280	863,635	41,269	904,904

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Group	Units in issue S\$'000	Capital reserve ⁽¹⁾ S\$'000	Foreign currency translation reserve ⁽²⁾ S\$'000	Accumu- lated profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
At 1 July 2013	721,594	(8,300)	76,183	52,945	842,422	35,739	878,161
Total comprehensive income for the period							
Profit/(loss) for the period	-	-	-	6,494	6,494	(25)	6,469
Other comprehensive income							
Foreign currency translation loss relating to foreign operations, net of tax	-	-	(4,706)	-	(4,706)	(136)	(4,842)
Foreign currency translation loss on monetary item forming part of net investment in foreign operations, net of tax	-	-	(8)	-	(8)	-	(8)
Total other comprehensive income	-	-	(4,714)	-	(4,714)	(136)	(4,850)
Total comprehensive income for the period	-	-	(4,714)	6,494	1,780	(161)	1,619
Transactions with Unitholders, recorded directly in equity							
Distributions to Unitholders							
Amount available for distribution to Unitholders ⁽⁴⁾	-	-	-	(10,905)	(10,905)	-	(10,905)
Total transactions with Unitholders	-	-	-	(10,905)	(10,905)	-	(10,905)
At 30 September 2013	721,594	(8,300)	71,469	48,534	833,297	35,578	868,875

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Trust	Units in issue S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 July 2014	721,594	(79,636)	641,958
Total comprehensive income for the period			
Profit for the period	-	14,439	14,439
Transaction with Unitholders, recorded directly in equity			
Contributions by and distributions to Unitholders			
Amount available for distribution to Unitholders ⁽³⁾	-	(10,905)	(10,905)
Total transactions with Unitholders	-	(10,905)	(10,905)
At 30 September 2014	721,594	(76,102)	645,492

At 1 July 2013	721,594	(52,057)	669,537
Total comprehensive income for the period			
Profit for the period	-	16,272	16,272
Transactions with Unitholders, recorded directly in equity			
Contributions by and distributions to Unitholders			
Amount available for distribution to Unitholders ⁽⁴⁾	-	(10,905)	(10,905)
Total transactions with Unitholders	-	(10,905)	(10,905)
At 30 September 2013	721,594	(46,690)	674,904

Footnotes (3Q 2014 vs 3Q 2013):

- (1) The capital reserve related to the reserve arising from the capital contribution made by the Group to a non-wholly owned subsidiary.
- (2) The foreign currency translation reserve comprised foreign exchange differences arising from the translation of the financial statements of foreign operations and joint venture, and foreign exchange differences arising from a monetary item forming part of net investment in foreign operations.
- (3) This related to the earn-out amount in respect of the relevant period from 1 July to 30 September 2014, available for distribution to Unitholders.
- (4) This related to the earn-out amount in respect of the relevant period from 1 July to 30 September 2013 and, together with the earn-out amount for the period from 1 October to 31 December 2013, was paid to Unitholders on 11 March 2014.

**1 (d)(i) Statement of Changes in Unitholders' Funds for the Group and the Trust
(YTD 2014 vs YTD 2013)**

Group	Units in issue S\$'000	Capital reserve ⁽¹⁾ S\$'000	Foreign currency translation reserve ⁽²⁾ S\$'000	Accumu- lated profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
At 1 January 2014	721,594	(8,300)	91,786	74,944	880,024	40,053	920,077
Total comprehensive income for the period							
Profit for the period	-	-	-	29,051	29,051	1,592	30,643
Other comprehensive income							
Foreign currency translation loss relating to foreign operations, net of tax	-	-	(12,650)	-	(12,650)	(376)	(13,026)
Foreign currency translation loss on monetary item forming part of net investment in foreign operations, net of tax	-	-	(75)	-	(75)	-	(75)
Total other comprehensive income	-	-	(12,725)	-	(12,725)	(376)	(13,101)
Total comprehensive income for the period	-	-	(12,725)	29,051	16,326	1,216	17,542
Transactions with Unitholders, recorded directly in equity							
Distributions to Unitholders							
Distribution to Unitholders ⁽³⁾	-	-	-	(21,810)	(21,810)	-	(21,810)
Amount available for distribution to Unitholders ⁽⁴⁾	-	-	-	(10,905)	(10,905)	-	(10,905)
Total transactions with Unitholders	-	-	-	(32,715)	(32,715)	-	(32,715)
At 30 September 2014	721,594	(8,300)	79,061	71,280	863,635	41,269	904,904

PERENNIAL CHINA RETAIL TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

Group	Units in issue S\$'000	Capital reserve ⁽¹⁾ S\$'000	Foreign currency translation reserve ⁽²⁾ S\$'000	Accumu- lated profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total S\$'000
At 1 January 2013	719,061	(8,300)	20,474	67,237	798,472	34,315	832,787
Total comprehensive income for the period							
Profit/(loss) for the period	-	-	-	13,970	13,970	(275)	13,695
Other comprehensive income							
Foreign currency translation gain relating to foreign operations, net of tax	-	-	50,904	-	50,904	1,538	52,442
Foreign currency translation gain on monetary item forming part of net investment in foreign operations, net of tax	-	-	91	-	91	-	91
Total other comprehensive income	-	-	50,995	-	50,995	1,538	52,533
Total comprehensive income for the period	-	-	50,995	13,970	64,965	1,263	66,228
Transactions with Unitholders, recorded directly in equity							
Distributions to Unitholders							
Units issued and to be issued as payment of Trustee- Manager's management fees	2,533	-	-	-	2,533	-	2,533
Distribution to Unitholders ⁽⁵⁾	-	-	-	(21,768)	(21,768)	-	(21,768)
Amount available for distribution to Unitholders ⁽⁶⁾	-	-	-	(10,905)	(10,905)	-	(10,905)
Total transactions with Unitholders	2,533	-	-	(32,673)	(30,140)	-	(30,140)
At 30 September 2013	721,594	(8,300)	71,469	48,534	833,297	35,578	868,875

PERENNIAL CHINA RETAIL TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

Trust	Units in issue S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 January 2014	721,594	(65,566)	656,028
Total comprehensive income for the period			
Profit for the period	-	22,179	22,179
Transaction with Unitholders, recorded directly in equity			
Contributions by and distributions to Unitholders			
Distribution to Unitholders ⁽³⁾	-	(21,810)	(21,810)
Amount available for distribution to Unitholders ⁽⁴⁾	-	(10,905)	(10,905)
Total transactions with Unitholders	-	(32,715)	(32,715)
At 30 September 2014	721,594	(76,102)	645,492

At 1 January 2013	719,061	(40,177)	678,884
Total comprehensive income for the period			
Profit for the period	-	26,160	26,160
Transactions with Unitholders, recorded directly in equity			
Contributions by and distributions to Unitholders			
Units issued and to be issued as payment of Trustee-Manager's management fees	2,533	-	2,533
Distribution to Unitholders ⁽⁵⁾	-	(21,768)	(21,768)
Amount available for distribution to Unitholders ⁽⁶⁾	-	(10,905)	(10,905)
Total transactions with Unitholders	2,533	(32,673)	(30,140)
At 30 September 2013	721,594	(46,690)	674,904

Footnotes (YTD 2014 vs YTD 2013):

- (1) The capital reserve related to the reserve arising from the capital contribution made by the Group to a non-wholly owned subsidiary.
- (2) The foreign currency translation reserve comprised foreign exchange differences arising from the translation of the financial statements of foreign operations and joint venture, and foreign exchange differences arising from a monetary item forming part of net investment in foreign operations.
- (3) This related to the earn-out amount in respect of the relevant period from 1 January to 30 June 2014 and was paid to Unitholders on 5 September 2014.
- (4) This related to the earn-out amount in respect of the relevant period from 1 July to 30 September 2014, available for distribution to Unitholders.
- (5) This related to the earn-out amount in respect of the relevant period from 1 January to 30 June 2013 and was paid to Unitholders on 11 September 2013.
- (6) This related to the earn-out amount in respect of the relevant period from 1 July to 30 September 2013 and, together with the earn-out amount for the period from 1 October to 31 December 2013, was paid to Unitholders on 11 March 2014.

1 (d)(ii) Details of any Changes in Units

	3Q 2014 Number of Units '000	3Q 2013 Number of Units '000	YTD 2014 Number of Units '000	YTD 2013 Number of Units '000
Units in issue at the beginning of the period	1,145,654	1,143,230	1,145,654	1,139,290
Creation of new units relating to: - Trustee-Manager's management fees paid in units	-	2,424	-	6,364
Total Units in issue at the end of the period	1,145,654	1,145,654	1,145,654	1,145,654

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

Pursuant to the requirements of Rule 25 of the Singapore Code on Take-overs and Mergers, the financial information set out in Sections 1(a), 1(b)(i), 1(c) and 1(d)(i) of this announcement has been reviewed by the Trust's independent auditors in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

The comparative figures for the financial period ended 30 September 2013 have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please refer to the independent auditor's review report dated 4 November 2014 appended to this announcement.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Section 5 below, the accounting policies and methods of computation applied are consistent with those described in the audited financial statements for the financial year ended 31 December 2013.

5 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 for, and the effect of, the change

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for financial periods beginning 1 January 2014, including FRS 111 *Joint Arrangements*.

The adoption of these new standards, amendments to standards and interpretations has no significant impact on the Group's consolidated financial statements.

6 Earnings per Unit and Distribution per Unit

	3Q 2014	3Q 2013	YTD 2014	YTD 2013
Earnings per unit ("EPU")				
Profit for the period attributable to Unitholders (S\$'000)	7,349	6,494	29,051	13,970
Weighted average number of units for the period ('000)				
Basic	1,145,654	1,144,179	1,145,654	1,142,142
Diluted	1,145,654	1,144,179	1,145,654	1,142,142
EPU (Singapore cents)				
Basic	0.64	0.56	2.54	1.22
Diluted	0.64	0.56	2.54	1.22

	3Q 2014	3Q 2013	YTD 2014	YTD 2013
Distribution per unit ("DPU")				
Amount available for distribution (S\$'000)	10,905	10,905	32,715	32,673
Number of units entitled to distribution ⁽¹⁾ ('000)	1,145,654	1,145,654	1,145,654	1,145,654
DPU (Singapore cents)	0.95	0.95	2.86	2.85

Footnote:

(1) Being the total units in issue at the end of the period.

7 Net Asset Value per Unit

	Group		Trust	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Net asset value ("NAV") per unit	S\$0.75	S\$0.77	S\$0.56	S\$0.57

Note:

NAV per unit was computed based on net assets attributable to the Unitholders and total units in issue and to be issued at the end of the current period and the immediately preceding financial year.

The lower Group NAV per unit was mainly affected by fluctuation in the SGD/CNY rate, which moved from 4.7845 as at 31 December 2013 to 4.8357 as at 30 September 2014.

PERENNIAL CHINA RETAIL TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT

8 Review of the Performance

	3Q 2014 S\$'000	3Q 2013 S\$'000	Change S\$'000	Change %	YTD 2014 S\$'000	YTD 2013 S\$'000	Change S\$'000	Change %
Revenue	5,171	1,338	3,833	Nm	11,666	1,338	10,328	Nm
Property operating expenses	(3,034)	(3,293)	259	(7.9)	(8,540)	(4,736)	(3,804)	80.3
Net property income/(expenses)	2,137	(1,955)	4,092	Nm	3,126	(3,398)	6,524	Nm
Other income	9,756	10,860	(1,104)	(10.2)	33,384	32,673	711	2.2
Net change in fair value of investment properties	-	-	-	-	5,999	-	5,999	Nm
Trustee-Manager's fees	(1,666)	(1,303)	(363)	27.9	(4,739)	(4,045)	(694)	17.2
Other expenses	(600)	(202)	(398)	Nm	(1,624)	(7,866)	6,242	(79.4)
	9,627	7,400	2,227	30.1	36,146	17,364	18,782	Nm
Finance income	18	10	8	80.0	47	17	30	Nm
Finance costs	(3,895)	(2,682)	(1,213)	45.2	(9,966)	(6,917)	(3,049)	44.1
Net finance costs	(3,877)	(2,672)	(1,205)	45.1	(9,919)	(6,900)	(3,019)	43.8
Share of net profit of joint venture (excluding net change in fair value of investment properties, net of tax)	1,669	1,837	(168)	(9.1)	6,133	3,447	2,686	77.9
Share of net change in fair value of investment properties, net of tax	-	-	-	-	212	-	212	Nm
Share of profit of joint venture, net of tax	1,669	1,837	(168)	(9.1)	6,345	3,447	2,898	84.1
Profit before tax	7,419	6,565	854	13.0	32,572	13,911	18,661	Nm
Income tax expense	(125)	(96)	(29)	30.2	(1,929)	(216)	(1,713)	Nm
Profit for the period	7,294	6,469	825	12.8	30,643	13,695	16,948	Nm
Profit for the period attributable to:								
Unitholders of the Trust	7,349	6,494	855	13.2	29,051	13,970	15,081	Nm
Non-controlling interests	(55)	(25)	(30)	Nm	1,592	(275)	1,867	Nm
	7,294	6,469	825	12.8	30,643	13,695	16,948	Nm

3Q 2014 vs 3Q 2013

Perennial Jihua Mall, Foshan, generated revenue of S\$2.3 million in 3Q 2014 as compared to S\$1.3 million in 3Q 2013, during which it was operational for only about a month. Perennial Qingyang Mall, Chengdu, which commenced operations in 2Q 2014, generated revenue of S\$2.9 million in 3Q 2014.

The decrease of S\$0.3 million or 7.9% in property operating expenses for 3Q 2014 as compared to 3Q 2013 was attributable to:

- (i) a reduction S\$1.5 million in respect of Perennial Jihua Mall, Foshan, due mainly to the absence of leasing commission of S\$1.2 million, and expenditure incurred on marketing, advertising and promotion activities relating to the mall's opening in 3Q 2013;

Offset by increases of:

- (i) S\$1.0 million in respect of Perennial Qingyang Mall, Chengdu, which only commenced operations in 2Q 2014, due mainly to property operating expenses such as maintenance, utilities and staff costs; and
- (ii) S\$0.2 million in respect of Perennial Dongzhan Mall, Chengdu, due mainly to marketing expenses.

Net property income for 3Q 2014 increased by S\$4.1 million over 3Q 2013 as a result of the above.

3Q 2014 vs 3Q 2013 (cont'd)

Excluding the effect of net foreign exchange loss of S\$1.1 million in 3Q 2014 results, other income for both 3Q 2014 and 3Q 2013 were S\$10.9 million each, and related to drawdowns under the Additional Earn-out Deed in 3Q 2014 and the Additional and New Earn-out Deeds in 3Q 2013 for distribution to Unitholders.

The increase of S\$0.4 million or 27.9% in Trustee-Manager's fees for 3Q 2014 as compared to 3Q 2013 was attributed to the increase in total assets value as at end of 3Q 2014 as compared to 3Q 2013.

Excluding 3Q 2013's effect of net foreign exchange gain of S\$0.1 million, other expenses, which included recurring trust expenses, for 3Q 2014 were S\$0.3 million higher than 3Q 2013's due to increased professional services and higher depreciation of fixed assets.

The higher finance costs of S\$1.2 million or 45.2% for 3Q 2014 as compared to 3Q 2013 were mainly due to:

- (i) an increase of S\$1.1 million in interest costs incurred on financing facilities relating to progress payments for Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu. As Perennial Qingyang Mall, Chengdu, was substantially completed, its interest costs were taken to the profit or loss statement from 2Q 2014 onwards; and
- (ii) additional S\$0.1 million in interest costs relating to the S\$50.0 million Fixed Rate Notes issued under the MTN Programme in end-July 2013.

Share of profit of joint venture decreased marginally by S\$0.2 million or 9.1% in 3Q 2014 as compared to 3Q 2013. This was mainly attributed to impairment loss on receivables from master lease tenant Guangcai Group, an antique wholesale market operator in the West Wing of Shenyang Red Star Macalline Furniture Mall. This was offset by:

- (i) higher net property income from Shenyang Longemont Shopping Mall following the mall's tenancy remixing and reconfiguration initiatives; and
- (ii) higher net property income from Shenyang Longemont Offices arising from improved occupancy since 2Q 2014.

As a result of the above, the profit for 3Q 2014 increased by S\$0.8 million or 12.8% as compared to 3Q 2013.

YTD 2014 vs YTD 2013

Perennial Jihua Mall, Foshan, generated revenue of S\$6.3 million during the nine months ended 30 September 2014, as compared to S\$1.3 million in YTD 2013, during which it was operational for only about a month. Perennial Qingyang Mall, Chengdu, which commenced operations in end-April 2014, generated revenue of S\$5.4 million during the five-month period.

The increase of S\$3.8 million or 80.3% in property operating expenses for YTD 2014 as compared to YTD 2013 was attributable to:

- (i) S\$0.4 million in respect of Perennial Jihua Mall, Foshan, which was operational for nine months in YTD 2014, as compared to only about a month in YTD 2013 during which one-time leasing commission, mall opening and promotions expenses were incurred;
- (ii) S\$3.1 million in respect of Perennial Qingyang Mall, Chengdu, which commenced operations in end-April 2014, due mainly to marketing and promotions expenses relating to its official opening activities, property operating expenses such as maintenance and utilities costs, and higher staff costs; and
- (iii) S\$0.3 million in respect of Perennial Dongzhan Mall, Chengdu, due mainly to marketing expenses.

Net property income for YTD 2014 increased by S\$6.5 million over YTD 2013 as a result of the above.

Excluding the effect of total realised and unrealised foreign exchange gain of S\$0.7 million in YTD 2014 results, other income for both YTD 2014 and YTD 2013 were S\$32.7 million each, and related to drawdowns under the Additional Earn-out Deed in YTD 2014 and the Additional and New Earn-out Deeds in YTD 2013 for distribution to Unitholders.

YTD 2014 vs YTD 2013 (cont'd)

In view of the Pre-conditional Voluntary Offer announced on 14 March 2014 by Perennial Real Estate Holdings Limited (formerly known as St. James Holdings Limited) to acquire all the issued units in the capital of PCRT, a valuation exercise was undertaken by an independent professional valuer to assess the fair value of PCRT's investment properties comprising (i) Perennial Jihua Mall, Foshan, (ii) Perennial Qingyang Mall, Chengdu, and (iii) Perennial Dongzhan Mall, Chengdu, as at 30 June 2014. Please refer to note 4 on page 5 for more details. The gain of S\$6.0 million in the fair values was mainly contributed by the higher valuation of Perennial Qingyang Mall, Chengdu, which was substantially completed in 1H 2014.

The increase of S\$0.7 million or 17.2% in Trustee-Manager's fees for YTD 2014 as compared to YTD 2013 was attributed to the increase in total assets value as at end of YTD 2014 as compared to YTD 2013.

Excluding YTD 2013's effect of net foreign exchange loss of S\$5.7 million and one-off expenses of S\$0.8 million relating to the management of the MTN Programme, other expenses for YTD 2014 and YTD 2013, which included recurring trust expenses, remained stable at S\$1.6 million and S\$1.4 million respectively. The marginal increase from YTD 2013 was mainly due to increased professional services and higher depreciation of fixed assets.

The higher finance costs of S\$3.0 million or 44.1% for YTD 2014 as compared to YTD 2013 were mainly due to:

- (i) an increase of S\$2.2 million in interest and related transaction costs incurred on financing facilities relating to progress payments for Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu. As Perennial Qingyang Mall, Chengdu, was substantially completed, its interest costs were taken to the profit or loss statement from 2Q 2014 onwards; and
- (ii) additional S\$0.8 million in interest costs relating to the S\$50.0 million Fixed Rate Notes issued under the MTN Programme in July 2013.

Share of profit of joint venture increased by S\$2.9 million in YTD 2014 as compared to YTD 2013. This was mainly attributed to:

- (i) improvement of S\$2.7 million in operating results arising from:
 - higher net property income from Shenyang Longemont Shopping Mall following the mall's tenancy remixing and reconfiguration initiatives; and
 - higher net property income from Shenyang Longemont Offices arising from improved occupancy since 4Q 2013.
- (ii) in view of the Pre-conditional Voluntary Offer announced on 14 March 2014 by Perennial Real Estate Holdings Limited (formerly known as St. James Holdings Limited) to acquire all the issued units in the capital of PCRT, a valuation exercise was undertaken by an independent professional valuer to assess the fair value of (i) Shenyang Furniture Mall, (ii) Shenyang Longemont Shopping Mall, and (iii) Shenyang Longemont Offices, as at 30 June 2014. Please refer to note 4 on page 5 for more information on the announced corporate exercise. The gain of S\$0.2 million in the fair values, net of deferred tax, was contributed by the marginal increase in the valuation of Shenyang Longemont Shopping Mall.

Income tax expense for YTD 2014 increased by S\$1.7 million as compared to YTD 2013. This was mainly attributed to higher deferred tax expense in line with the increase in fair values of investment properties.

Excluding S\$4.7 million of net gain in fair values and the corresponding deferred tax expense of the investment properties, but including those held by Shenyang Summit, the profit after tax for YTD 2014 was S\$25.9 million, an increase of S\$12.2 million over YTD 2013. This was mainly attributable to the absence of net foreign exchange loss, higher net property income from Perennial Jihua Mall, Foshan, and Perennial Qingyang Mall, Chengdu, which were operational for a longer period in YTD 2014 than in YTD 2013, and improved results from joint venture.

9 Where a forecast, or a prospect statement, has been previously disclosed to Unitholders, any variance between it and the actual results

No forecast, or a prospect statement, has been previously disclosed.

10 Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

China's Gross Domestic Product ("GDP") grew at 7.3% year-on-year in first three quarters of 2014. However, there are some concerns on China's ability to maintain its targeted GDP growth rate.

We continue to see challenging quarters ahead as we work on stabilising our operating assets in Shenyang, Foshan and Chengdu. We continue to intensify our leasing efforts to prepare Perennial Dongzhan Mall, Chengdu, for its target opening in 2015.

Shenyang Market Update

In 1H 2014, Shenyang's GDP grew 7.2% year-on-year to RMB373.9 billion. In 1H 2014, retail sales of consumer goods reached RMB168.5 billion, an increase of 12.4% over 1H 2013. Per capita disposable income grew 9.6% year-on-year to RMB15,700 in 1H 2014 (source:- Statistics Bureau of Shenyang).

According to DTZ Research, the total stock of Grade A offices reached 598,700 sm in 3Q 2014. In the 3Q 2014, the availability ratio is at 28.7%, primarily due to the new office supply in 2Q 2014. The average rent for Grade A offices achieved in this quarter decreased by 0.66% over the previous quarter to RMB112.0 per sm per month (source:- DTZ Research).

Chengdu Market Update

In 1H 2014, Chengdu's GDP grew 8.7% year-on-year to RMB484.3 billion. Retail sales of consumer goods in 1H 2014 reached RMB205.1 billion, an increase of 13.0% compared to 1H 2013. Per capita disposable income in 1H 2014 grew 9.7% year-on-year to RMB16,805 (source:- Statistics Bureau of Chengdu).

In 3Q 2014, the average city vacancy rate decreased by 1.5% q-o-q to 6.0%. Mall operators are introducing experiential components that are more lifestyle focused in their trade mix and holding more periodic events and promotions to enhance shopping experience thereby marginally improving the occupancy in this quarter. (source:- DTZ Research).

In 3Q 2014, the overall citywide rent decreased 1% q-o-q to RMB691.9 per sm per month (source:- DTZ Research).

Foshan Market Update

In 1H 2014, Foshan's GDP grew 8.0% year-on-year to RMB345.3 billion. Retail sales of consumer goods in 1H 2014 reached RMB122.5 billion, an increase of 12.1% year-on-year (source:- Foshan Statistics Bureau).

11 Distribution

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Distribution Period	1 July 2014 to 30 September 2014
Distribution per Unit	0.95 Singapore cents

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the corresponding period of the immediately preceding financial year?	Yes
Distribution Period	1 July 2013 to 30 September 2013 ⁽¹⁾
Distribution per Unit	0.95 Singapore cents

Footnote:

(1) The distribution for 3Q 2013, together with the distribution for 4Q 2013, was made to Unitholders on 11 March 2014.

(c) Tax Rate : The Distribution will be exempt from Singapore income tax in the hands of all Unitholders. The Distribution is also not subject to Singapore withholding tax. Unitholders are not entitled to tax credits for any taxes paid by Perennial China Retail Trust Management Pte. Ltd., the trustee-manager of PCRT, on the income of PCRT against their Singapore income tax liability.

(d) Date Payable : Wednesday, 3 December 2014

(e) Books Closure Date : Wednesday, 12 November 2014 at 5.00 p.m.

12 If no distribution has been declared / recommended, a statement to that effect

Not applicable.

13 If PCRT has obtained a general mandate from Unitholders for interested person transactions, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no interested person transactions mandate has been obtained, a statement to that effect.

PCRT did not obtain a general mandate from Unitholders for interested person transactions.

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Trustee-Manager of Perennial China Retail Trust which may render the unaudited interim financial results of the Group and the Trust as at and for the period from 1 January 2014 to 30 September 2014, to be false or misleading in any material aspect.

On behalf of the Board of the Trustee-Manager

Koh Ming Chye
Chief Executive Officer

By Order of the Board
Perennial China Retail Trust Management Pte. Ltd.
(as Trustee-Manager of Perennial China Retail Trust)
(Company registration no. 201024622Z)

Sim Ai Hua
Company Secretary
4 November 2014

REVIEW REPORT FROM KPMG LLP IN RELATION TO THE UNAUDITED 9M2014 RESULTS



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Report on review of Interim Financial Information

The Board of Directors
Perennial China Retail Trust Management Pte. Ltd.
(as Trustee-Manager of Perennial China Retail Trust)

Introduction

We have reviewed the accompanying financial information of Perennial China Retail Trust (the “Trust”) and its subsidiaries (the “Group”), which comprise the statements of financial position of the Group and the Trust as at 30 September 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in unitholders’ funds and statement of cash flows of the Group for the nine-month period then ended, and a summary of significant accounting policies and certain explanatory notes (the “Interim Financial Information”).

Perennial China Retail Trust Management Pte. Ltd., the Trustee-Manager of the Trust, is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standard (“FRS”) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with FRS 34 *Interim Financial Reporting*.



Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its interim financial information as of and for the nine-month period ended 30 September 2014 for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

KPMG WP

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
4 November 2014

LETTER FROM THE IFA IN RELATION TO THE UNAUDITED 9M2014 RESULTS

20 November 2014

The Independent Directors
Perennial China Retail Trust Management Pte. Ltd.
6 Temasek Boulevard
#25-04/05 Suntec Tower Four
Singapore 038986

Dear Sirs

This letter has been prepared in connection with the voluntary unconditional general offer by Perennial Real Estate Holdings Limited (formerly known as St. James Holdings Limited) ("**Offeror**" or "**PREHL**") for all the issued units of Perennial China Retail Trust ("**PCRT**") other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees.

On 4 November 2014, the directors of Perennial China Retail Trust Management Pte. Ltd., as the trustee-manager of PCRT (the "**Trustee-Manager**") announced the unaudited financial statements of the PCRT and its subsidiaries (the "**Group**") for the nine-month period ended 30 September 2014 (the "**Announcement**"). We have examined sections 1 (a) (b) (c) and (d), 6, 7 and 8 of the Announcement (the "**9M Financial Information**") for the purposes of this letter. The 9M Financial Information is solely the responsibility of the Directors.

We have reviewed and held discussions with the management of the Trustee-Manager on the 9M Financial Information as and up to 30 September 2014. We have also considered the letter dated 4 November 2014 addressed to the Directors by Messrs KPMG LLP ("**KPMG**") relating to their engagement with Perennial China Retail Trust Management Pte. Ltd. (as the trustee-manager of PCRT) to review the interim condensed financial information of the PCRT and its subsidiaries (collectively known as the "Group") for the nine-month period ended 30 September 2014. KPMG conducted their review in accordance with Singapore Standards on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

For the purposes of rendering this letter, we have relied upon and assumed the accuracy and completeness of all financial and other information provided to, or discussed with, us by the management of the Trustee-Manager. Save as provided in this letter, we do not express any other opinion on the 9M Financial Information.

On the bases of the procedures performed by the Directors and the management of the Trustee-Manager, we are of the opinion that the 9M Financial Information (for which the Directors are solely responsible) have been made by the Directors after due care and careful enquiry.

This letter is provided only to the Directors of the Company solely for the purpose of the Directors complying with Rule 25.6 (c) of the Code and not for any other purpose. We do not accept responsibility to any person (other than the Directors) in respect of, arising out of, or in connection with this letter.

Yours faithfully

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

Jeff Pirie
Executive Director

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