

PERENNIAL 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.
(Registration Number 201024622Z)

PROSPECTUS DATED 27 MAY 2011

(REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE ON 27 MAY 2011)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional advisor.

OFFER FOR SUBSCRIPTION BY

Perennial China Retail Trust Management Pte. Ltd.

563,579,000 Units

Offering Price: S\$0.70 per Unit



1. Shenyang Red Star Macalline Furniture Mall



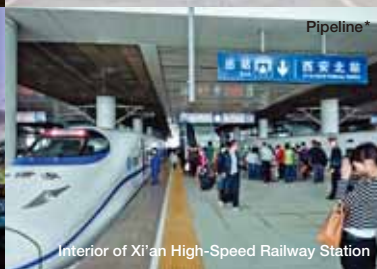
Exterior of Xi'an High-Speed Railway Station



4. Foshan Yicui Shijia Shopping Mall



2. Shenyang Longemont Shopping Mall | 3. Shenyang Longemont Offices



Interior of Xi'an High-Speed Railway Station



5. Chengdu Qingyang Guanghua Shopping Mall

Note: The pictures of the initial portfolio with the exception of Shenyang Red Star Macalline Furniture Mall and Xi'an High Speed Railway Station, are artists' impressions of the relevant properties and may differ from the actual view of the relevant completed properties.

* Pipeline: Commercial Component of the Xi'an Longemont Railway Commercial Development.

Perennial China Retail Trust ("PCRT") is a business trust (Registration Number: 2011002) registered under the Business Trusts Act, Chapter 31A of Singapore (the "Business Trusts Act" or "BTA"). A copy of this Prospectus has been lodged on 19 May 2011 with and registered on 27 May 2011 by the Monetary Authority of Singapore (the "Authority" or the "MAS"). The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the MAS does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"), or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the merits of the units being offered for investment.

Perennial China Retail Trust Management Pte. Ltd. (the "Trustee-Manager"), a majority-owned subsidiary of the Sponsor, is making an offering (the "Offering") of 563,579,000 units representing undivided interests in PCRT (the "Units") for subscription at the Offering Price (as defined herein). The Offering consists of (i) an international placement to investors, including institutional and other investors in Singapore (the "Placement Tranche") and (ii) an offering to the public in Singapore (the "Public Offer"). The size of the Public Offer is 52,128,000 Units.

The issue price of each Unit under the Offering (the "Offering Price") is S\$0.70 per Unit. The sole financial advisor for the Offering is DBS Bank Ltd. (the "Sole Financial Advisor") and the joint global coordinators, bookrunners, issue managers and underwriters for the Offering are DBS Bank Ltd., Goldman Sachs (Singapore) Pte., Standard Chartered Securities (Singapore) Pte. Limited and Citigroup Global Markets Singapore Pte. Ltd. (collectively, the "Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters" or the "Joint Bookrunners"). The Offering is fully underwritten at the Offering Price by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement (as defined herein).

Concurrently with, but separate from the Offering, Perennial Real Estate Pte. Ltd. (the "Sponsor") has entered into a subscription agreement to subscribe for 28,571,000 Units at the Offering Price (the "Sponsor Units").

In conjunction with but separate from the Offering, each of AEW Capital Management, L.P. ("AEW"),

Asdew Acquisitions Pte Ltd ("Asdew"), CB Richard Ellis Global Real Estate Securities, LLC ("CBRE GRES"), Cosmo Top Limited ("Cosmo Top"), Henderson Global Investors Limited ("Henderson"), Prudential Asset Management (Singapore) Limited ("PAM Singapore"), Shanghai Summit Pte. Ltd. and Vantage Up Group Limited ("Vantage Up") (collectively, the "Cornerstone Investors") has entered into cornerstone subscription agreements with the Trustee-Manager (collectively, the "Cornerstone Subscription Agreements") to subscribe for an aggregate of 516,650,000 Units at the Offering Price (the "Cornerstone Units"), conditional upon, among other things, the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Listing Date (as defined herein). The Cornerstone Units have been offered and sold to the Cornerstone Investors in transactions exempt from the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act").

No Units shall be allotted or allocated on the basis of this Prospectus later than six months after the registration of this Prospectus by the Authority.

Prior to the Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of an initial public offering in Singapore. Application has been made to Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list for quotation on the Main Board of the SGX-ST (i) all Units comprised in the Offering, (ii) all the Sponsor Units, (iii) all the Cornerstone Units, (iv) all the Units which will be issued to the Trustee-Manager in payment of its acquisition fees and (v) all the Units which will be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees. Such permission will be granted when PCRT has been admitted to the Official List of the SGX-ST (the "Listing Date"). Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted to list the Units. In the event that such permission is not granted or if the Offering is not completed for any other reason, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against any of PCRT, the Trustee-Manager, the Sponsor, the Sole Financial Advisor or the Joint Bookrunners.

PCRT has received a letter of eligibility from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of (i) all Units comprised in the Offering, (ii) all the Sponsor Units, (iii) all the Cornerstone Units, (iv) all the Units which will be issued to the Trustee-Manager in payment of its acquisition fees and (v) all the Units which will be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees. PCRT's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, PCRT, the Trustee-Manager, the Sponsor, the Sole Financial Advisor, the Joint Bookrunners or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, PCRT, the Trustee-Manager or the Units.

See "Risk Factors" commencing on page 46 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units. None of the Trustee-Manager, the Sponsor, the Sole Financial Advisor or the Joint Bookrunners guarantees the performance of PCRT, the repayment of capital or the payment of a particular return on the Units.

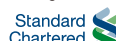
Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will have to pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom), where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

Nothing in this Prospectus constitutes an offer for Units for sale in the United States or any other jurisdiction where it is unlawful to do so. The Units have not been and will not be registered under the Securities Act or the securities law of any state of the United States and, accordingly, may not be offered or sold within the United States except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions as defined and in reliance on Regulation S under the Securities Act ("Regulation S").

Sole Financial Advisor



Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters



Co-Managers

Kim Eng Securities Pte. Ltd.

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

SINGAPORE'S FIRST PURE-PLAY PRC¹ RETAIL DEVELOPMENT TRUST



The following section is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this section can be found in the Glossary.

¹ References to "the People's Republic of China", "the PRC" or "China" are, for the purposes of this Prospectus, to mainland China and references to "the PRC" for the purposes of the investment objectives and the investment strategy of PCRT and the Sponsor's ROFR, are to Mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

INTRODUCTION TO PERENNIAL CHINA RETAIL TRUST

PCRT is Singapore's first pure-play PRC retail development trust listed on the Main Board of the SGX-ST. The Trustee-Manager's key objective is to provide unitholders of PCRT ("Unitholders") with (i) long-term capital growth from a steady growth in net asset value ("NAV") through acquiring attractively-priced predominantly-retail development projects and the on-going value creation of PCRT's assets and (ii) regular distributions from the income of its completed and stabilised assets.

PCRT's initial property portfolio (the "Initial Portfolio") is valued at approximately S\$1.1 billion (approximately RMB5,898.0 million², and comprises five properties which are expected to have an aggregate gross floor area ("GFA") of approximately 960,899.0³ square metres ("sq m"). The Initial Portfolio includes a 50.0% stake⁴ in Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and the Shenyang Longemont Offices – three of the most prime assets within the strategically-located Shenyang Longemont Asia Pacific City (with their well-sited location along Shenyang's First Ring Road and direct connectivity to two metro lines and a bus interchange with 56 bus lines). Shenyang Longemont Asia Pacific City is expected to comprise over 4.3 million sq m of total floor area and is expected to be the largest mixed-use development in Liaoning Province. In addition, PCRT will have the right to acquire a 100.0% stake in Foshan Yicui Shijia Shopping Mall located in Foshan and Chengdu Qingyang Guanghua Shopping Mall located in Chengdu⁵, both of which are expected to enjoy direct connectivity to metro stations⁶.

PCRT has secured the option to invest in a strong pipeline of prime commercial development sites which are directly connected to high-speed railway stations in Chengdu and Xi'an and a right of first refusal to invest in a similar high-speed railway commercial development site in Changsha, collectively of at least S\$3.0 billion⁷ and measuring at least 1.5 million sq m⁷.

PCRT is sponsored by Perennial Real Estate Pte. Ltd., a Singapore-registered company founded by retail real estate veteran Mr Pua Seck Guan. PCRT is managed by Perennial China Retail Trust Management Pte. Ltd, which will be a joint venture majority-owned by the Sponsor, and with the remaining stakes held by Ace Best Holdings Limited, which is part of the Nan Fung Group, and Asdew Acquisitions Pte Ltd.

KEY INVESTMENT HIGHLIGHTS

The Trustee-Manager believes that an investment in PCRT will offer the following benefits to Unitholders:

1. Pure-play PRC retail owner and developer

- Pure-play PRC exposure to urbanisation-driven consumption growth via attractively-priced and strategically-located quality assets which are directly connected to major transportation nodes.

2. Attractive pipeline of at least S\$3.0 billion⁷ of prime Longemont commercial developments directly connected to high-speed railway stations of Chengdu, Xi'an and Changsha through options and right of first refusal:

- PCRT and the Sponsor have secured options to acquire 50.0% of at least 1.0 million sq m of GFA in each of Chengdu and Xi'an high-speed railway commercial developments at a price of RMB10,000 per sq m and between RMB8,000 and RMB10,000 per sq m, respectively on a "completed" basis.
- Right of first refusal to acquire at least a 50.0% interest of up to 1.0 million sq m of GFA in Changsha high-speed railway commercial development at a price of RMB8,000 to RMB10,000 per sq m on a "completed" basis.
- Potential to increase PCRT's asset size exponentially based on the above pipeline.

3. Attractive total return proposition

- Long term capital growth from a steady growth in PCRT's NAV per Unit.
- Regular distributions from income-producing stabilised assets as downside protection.

4. Good debt headroom to fund acquisition growth

- No debt on the Listing Date, coupled with PCRT's asset base, provides good debt headroom for acquisition financing.
- Business trust structure provides flexibility to access both onshore and offshore capital markets.

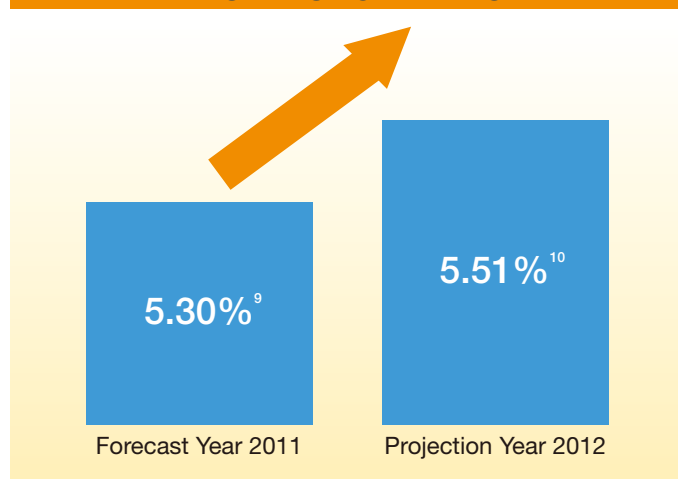
5. Leverage on the Sponsor's strong track record, execution experience and strategic partnerships

- Leverage on an experienced sponsor with operational track record in the PRC and a fully in-house integrated retail real estate platform.
- Complemented by Sponsor's strategic partnerships with well-credentialed local developers with proven track record and execution capabilities.

6. Clear and transparent vehicle with strong corporate governance

- Investment in a clear and transparent vehicle which meets corporate governance requirements under the Business Trusts Act.

FORECAST AND PROJECTED DISTRIBUTION YIELDS



1. References to "the People's Republic of China", "the PRC", or "China" are, for the purposes of this Prospectus, to Mainland China and references to "the PRC" for the purposes of the invest objectives and the investment strategy of PCRT and the Sponsor's POFR (as defined herein), are to Mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

2. The Initial Portfolio was valued by CB Richard Ellis (Pte) Ltd (the "Independent Valuer") as at 31 December 2010. See "Appendix E – Independent Property Valuation Summary Report".

3. The GFA is based on architectural plans prepared by the relevant architects and, in the case of the completed buildings, on which construction was based. This GFA may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the relevant Building Ownership Certificate is issued. Based on its 50.0% stake in Shenyang Summit and its 100.0% stake in Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, the GFA attributable to PCRT is 559,866 sq m.

4. PCRT, through its wholly-owned subsidiaries Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, is expected to own 50.0% of the total equity interest of Shenyang Summit on the Listing Date (see "Summary – Initial Property Portfolio" for further details of PCRT's interest in Shenyang Summit).

5. As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall and will only have the contractual rights and obligations to acquire them.

6. Based on the latest government plans showing the location and accessibility of the metro stations, but subject to changes by the authorities.

7. Assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space in respect of each of the Chengdu, Xi'an and Changsha sites and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis, the details of which are set out in the Prospectus.

8. Subject to assumptions set out in the Prospectus.

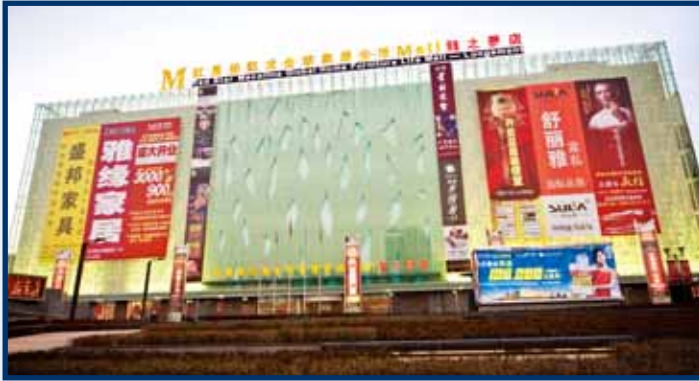
9. The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distribution Income for the period from the Listing Date to 31 December 2011, together with the accompanying assumptions in the Prospectus.

10. The distribution yield for Projection Year 2012 is based on the projected DPU for the full financial year from 1 January 2012 to 31 December 2012, together with accompanying assumptions in the Prospectus.

THE INITIAL PORTFOLIO

THREE PROPERTIES WITHIN THE 4.3 MILLION SQ M SHENYANG LONGEMONT ASIA PACIFIC CITY

1. SHENYANG RED STAR MACALLINE FURNITURE MALL

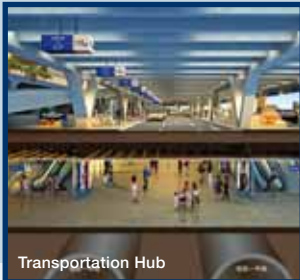


- 50.0% Stake
- GFA: 276,474 sq m
- Commencement of Operation: 30 September 2010
- Direct connectivity to transportation hub

2. SHENYANG LONGEMONT SHOPPING MALL 3. SHENYANG LONGEMONT OFFICES



- 50.0% Stake in Shopping Mall
- GFA: 327,789 sq m
- Expected Commencement of Operation: Third quarter of 2011
- 50.0% Stake in Offices
- GFA: 197,803 sq m
- Expected Commencement of Operation: Second quarter of 2012



SHENYANG LONGEMONT ASIA PACIFIC CITY



The 4.3 million sq m Shenyang Longemont Asia Pacific City, located along Shenyang's First Ring Road, is expected to be the largest mixed-use development in Liaoning Province. The commercial hub will be served by two metro lines (Line 1 has commenced operations since October 2010 and Line 10 is expected to be operational in 2013) and a transit hub designed to support 56 bus lines which run both inter-city and intra-city.

TWO SUBURBAN MALLS WITH STRONG LOCAL CATCHMENT

4. FOSHAN YICUI SHIJIYA SHOPPING MALL



- Contractual rights and obligations to acquire 100.0% stake
- GFA: 68,833 sq m
- Expected Commencement of Operation: Third quarter of 2013
- Connectivity to metro station

5. CHENGDU QINGYANG GUANGHUA SHOPPING MALL



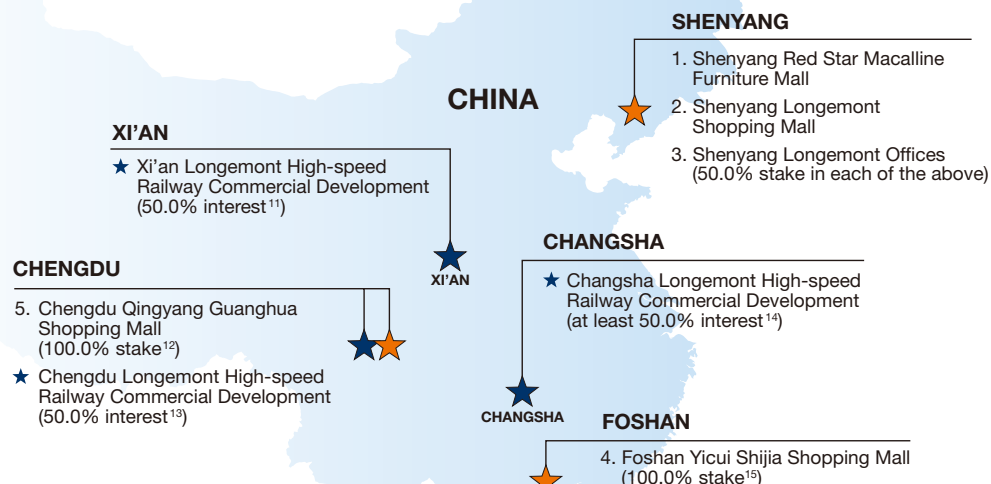
- Contractual rights and obligations to acquire 100.0% stake
- GFA: 90,000 sq m
- Expected Commencement of Operation: Second quarter of 2014
- Connectivity to metro station

LOCATION OF INITIAL PORTFOLIO AND PIPELINE ASSETS

INITIAL PORTFOLIO AND PIPELINE ASSETS

★ Initial Portfolio

★ Pipeline Assets



11 Option to acquire a 50.0% interest in the commercial component of the Xi'an Longemont High-speed Railway Commercial Development.

12 Contractual rights and obligations to acquire a 100.0% stake in Chengdu Qingyang Guanghua Shopping Mall.

13 Option to acquire a 50.0% interest in the commercial component of the Chengdu Longemont High-speed Railway Commercial Development.

14 ROFR to acquire at least 50.0% interest in the commercial component of the Changsha Longemont High-speed Railway Commercial Development.

15 Contractual rights and obligations to acquire a 100.0% stake in Foshan Yicui Shijia Shopping Mall.

OVERVIEW OF CHINA AND THE INITIAL PORTFOLIO CITIES

CHINA

Rapid urbanisation and expected dominance of the middle class

- The number of people living in urban areas surged to nearly 45.7% in 2009, up from 36.0% in 2000. More than half the population is expected to be urban dwellers by the end of 2013
- By 2015, the middle class, with higher discretionary income and spending ability, is expected to become the dominant class, approximately almost 200 million households out of an estimated 280 million urban households

Growth of urban disposable income per capita

- Urban disposable income per capita grew to RMB17,175 at a strong CAGR of 10.4% from 1995 to 2009

SHENYANG

- Registered population of 7.2 million, with an additional transient population of approximately 0.7 million as at the end of 2009. About 4.7 million of the population live within the urban area. Annual population growth has been approximately 0.6% between 2001 and 2009
- Real GDP growth has outpaced the national average over the past decade, averaging 14.8% from 2001 to 2009, compared to 10.1% for China as a whole. The size of the economy is expected to double, with a GDP per capita of RMB130,753 by 2015
- Retail sales growth reached 18.1% in 2009, with this growth trend likely to continue into the future

FOSHAN

- Registered population of 3.7 million with an additional transient population of approximately 2.3 million as at the end of 2009. It is a major industrial centre and the largest producer of household appliances in China
- Real GDP growth of Foshan averaged almost 15.0% per annum from 2001 to 2005 and on current trends will have averaged more than 16.0% per annum from 2006 to 2010, outpacing the national average of 10.1% per annum as a whole
- GDP per capita in Foshan is estimated to have almost quadrupled between 2001 and 2009, from RMB21,941 to RMB80,250

CHENGDU

- Population reached 11.4 million in 2009, with an estimated 4.8 million people living in urban areas
- Real GDP growth over the last decade from 2001-2009 at a growth rate of 13.5% per annum outpaced the national average of 10.1% per annum
- Size of economy expected to double in nominal terms with a GDP per capita of RMB87,536 by 2015
- Retail sales grew at an annual rate of 13.3% between 2001 to 2009, reaching RMB85.4 billion in 2009. This is driven by the rising disposable income per capita which grew at an annual average rate of 10.9% per annum, continued urban population growth at about 3.0% per annum and increasing tourist visits. Retail sales are expected to more than double to RMB191.2 billion by 2015

PIPELINE OF COMMERCIAL DEVELOPMENTS¹⁶ DIRECTLY CONNECTED TO HIGH-SPEED RAILWAY STATIONS

PCRT has secured the option to invest in a strong pipeline of prime commercial development sites which are directly connected to high-speed railway stations in Chengdu and Xi'an and a right of first refusal to invest in a similar high-speed railway commercial development site in Changsha, collectively of at least S\$3.0 billion¹⁶ and measuring at least 1.5 million sq m¹⁶.

	Chengdu Longemont High-speed Railway Commercial Development	Xi'an Longemont High-speed Railway Commercial Development	Changsha Longemont High-speed Railway Commercial Development
Estimated Development GFA (sq m)	Up to 1.5 million	Up to 2.0 million	Not less than 2.0 million
Options and ROFR	Option to purchase 50.0% of at least 1.0 million sq m at RMB10,000 per sq m ¹⁷	Option to purchase 50.0% of at least 1.0 million sq m at RMB8,000 - 10,000 per sq m ¹⁷	ROFR to purchase at least 50.0% of up to 1.0 million sq m at RMB8,000 - 10,000 per sq m ¹⁷
Site Layout Map			

Note: The pictures above are the Trustee-Manager's impression of the site layout plan illustrating the expected accessibility of the metro stations from the railway stations and are not drawn according to scale.

VISUALS OF HIGH-SPEED RAILWAY STATIONS DIRECTLY CONNECTED TO PCRT'S PIPELINE¹⁶



Note: Information as at 31 March 2011.

¹⁶ Acquisition of pipeline assets are subject to various conditions to be satisfied.

¹⁷ On completed basis.

STRATEGIC PARTNERS

The Sponsor has successfully formed strategic partnerships with major developers with significant development pipelines. The Sponsor has entered into strategic partnership agreements with Shanghai Summit (Group) and Nenking Group under which the Sponsor has been granted, subject to various conditions to be satisfied, the right of first refusal to invest in the retail component of certain development assets of these developers.

The Sponsor has also formed a strategic alliance with the Nan Fung Group which is expected to bring PCRT potential joint venture opportunities in the retail component of existing and future projects owned or sourced by the Nan Fung Group in the PRC. These strategic alliances are expected to provide PCRT with access to a significant pipeline of attractive acquisition opportunities.

EXPOSURE TO PRC URBANISATION-DRIVEN CONSUMPTION GROWTH



PIPELINE OF COMMERCIAL DEVELOPMENTS DIRECTLY CONNECTED TO HIGH-SPEED RAILWAY STATIONS

STRATEGY

The Trustee-Manager plans to achieve its objectives through the following strategies:

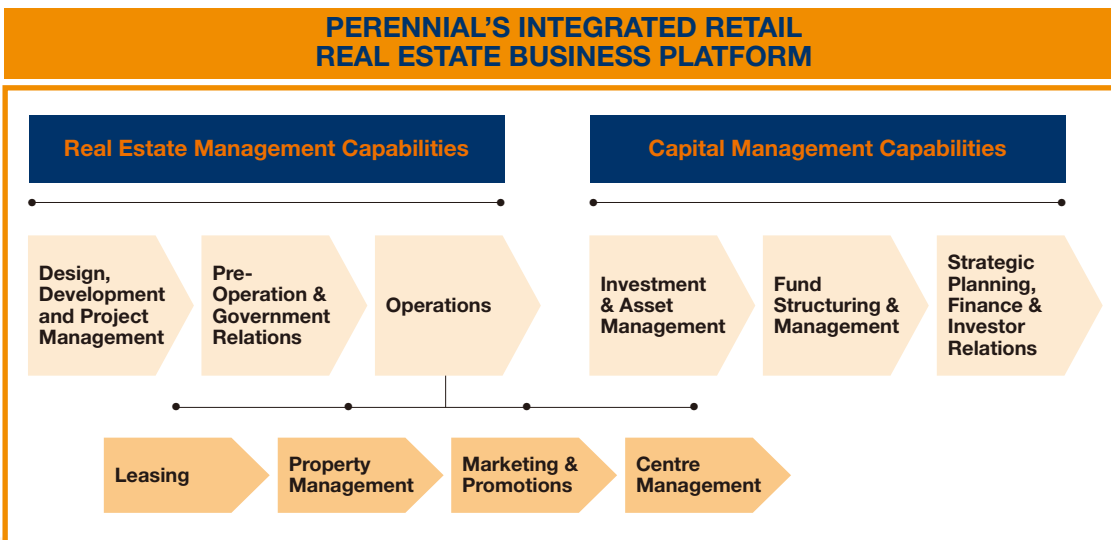
- Acquire, develop and own retail and predominantly-retail mixed-use real estate assets in high growth cities in the PRC and in close proximity to transportation nodes;
- Grow the portfolio through actively sourcing new assets by leveraging on the fully integrated retail real estate capabilities of the Sponsor and utilising PCRPL's and the Sponsor's options under the Option to Purchase Agreements and the Sponsor's ROFR over the development pipeline of its strategic partners;
- Assess investment opportunities according to a disciplined process to ensure development projects and asset acquisitions generate attractive returns by leveraging on the fully integrated retail real estate capabilities of the Sponsor;
- Actively manage the asset planning and design phases of development projects and proactive asset management of completed assets to maximise income and capital values; and
- Manage the capital base prudently to optimise Unitholders' returns over time.

THE SPONSOR

The Sponsor, Perennial Real Estate Pte. Ltd., is a Singapore-registered company founded by retail real estate veteran Mr Pua Seck Guan, who is also its Chief Executive Officer, in 2009.

The management team of the Sponsor comprises professionals with a wealth of experience in the international retail real estate markets. Team members have immense experience in managing retail properties in China, India, Japan, Malaysia and Singapore. Team members have also been instrumental in the successful establishment and management of several high-profile listed REITs in Singapore and The LINK REIT in Hong Kong, have excellent credentials in fund management, and have extensive experience in successfully establishing, creating and managing listed and private retail real estate funds.

The Sponsor is one of the few companies in Singapore which offers a fully in-house integrated retail real estate business platform combining real estate management and capital management capabilities, as illustrated by the diagram below.



This integrated retail real estate business platform enables the Sponsor to extract value across the entire retail real estate value chain and allows the Sponsor to successfully source, develop and manage a significant portfolio of retail properties within a relatively short period of time.

INDICATIVE TIMETABLE

28 May 2011	9:00 AM	Opening date and time for the Public Offer
7 June 2011	10:00 AM	Closing date and time for the Public Offer
9 June 2011	2:00 PM	Commencement of trading on the SGX-ST

Applications for the Public Offer may be made through:

- ATMs of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited.
- Internet banking websites of DBS Bank and UOB Group.
- Printed Application Forms which form part of the Prospectus.

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NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners or the Sponsor. If anyone provides you with different or inconsistent information, you should not rely upon it. Neither the delivery of this Prospectus nor any offer, subscription, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of PCRT, the Trustee-Manager, the Units or the Sponsor since the date on the front cover of this Prospectus. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Trustee-Manager will make an announcement of the same to the SGX-ST and, if required, lodge and issue a supplementary document or replacement document pursuant to Section 282D of the Securities and Futures Act and take immediate steps to comply with the said Section 282D. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes. Unless required by applicable laws (including the Securities and Futures Act), no representation, warranty or covenant, express or implied, is made by any of PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners, the Sponsor or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors as to the accuracy or completeness of the information contained herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise, representation or covenant by any of PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners or the Sponsor or their respective affiliates, directors, officers, employees, agents, representatives or advisors.

Shenyang Summit Real Estate Development Co., Ltd. (“Shenyang Summit”) owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices (each as defined herein). On the Listing Date, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, both wholly-owned subsidiaries of PCRT, will own 50.0% of the equity interest of Shenyang Summit and will only have all the rights (save for the right to distributions on the equity interest) as owners of 50.0% of the equity interest of Shenyang Summit after Shenyang Retail 1 Limited has fully paid the subscription proceeds and Shenyang Retail 2 Limited has fully paid the acquisition proceeds on the Listing Date. Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will have the right to distributions on the equity interest after certain certificates have been issued by the relevant PRC authorities. However, no legal impediments are expected in respect of the issue of such certificates and any proposed distribution on the equity interest of Shenyang Summit will require the approval of the directors nominated by the Trustee-Manager to the board of Shenyang Summit. (See “Overview of Acquisition of Properties in China and Acquisition of the Initial Portfolio” for details on the issuance of such certificates by the relevant PRC authorities.)

As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall, a development project, and will only have the contractual rights and obligations to acquire the completed mall from the vendor, Foshan City Yicui Nandu Development Co., Ltd (“Yicui Nandu”), a wholly-owned subsidiary of Nanhai Nenking (Holdings) Group Co., Ltd. (“Nenking”). Construction of Foshan Yicui Shijia Shopping Mall has commenced and PCRT will make progressive milestone payments to Yicui Nandu.

As at the Listing Date, PCRT will not have legal title to Chengdu Qingyang Guanghua Shopping Mall, a development project, and will only have the contractual rights and obligations to acquire the work-in-progress development from the vendor, Chengdu City Railway Rong Feng Real Estate Company Ltd. (“Chengdu Railway”), after which it is expected that Perennial (Chengdu) Industries Co., Ltd. (the “Chengdu Qingyang WFOE”) will continue with the construction of the mall and obtain the building ownership certificate in its name after construction of the mall is

completed. Construction of Chengdu Qingyang Guanghua Shopping Mall will commence after the Listing Date and PCRT, through the Chengdu Qingyang WFOE, will make progressive payments for the construction and construction-related costs and a one-off payment for the land. Prior to the acquisition of the work-in-progress development from the vendor, the Chengdu Qingyang WFOE will pay for the construction and construction-related costs by paying for the construction materials. The Trustee-Manager will announce via SGXNET the timeline for the payment of the construction and construction-related costs after the construction schedule is firmed up and this is expected to take place after the main construction contract has been entered into.

(See “Overview of Acquisition of Properties in China and Acquisition of the Initial Portfolio” and “Certain Agreements relating to Perennial China Retail Trust and the Properties” for further details of the acquisition of the Properties (as defined herein).)

The timelines and milestones in relation to the acquisition and development of the Properties set out in this Prospectus represent the Trustee-Manager’s current best estimates and there can be no assurance that such timelines and milestones will be achieved. In the event of any changes to the expected timelines set out in “Summary — Key Information on the Properties — Indicative Timeline for Acquisition and Completion of Development” and “Summary — Key Information on the Properties — Commencement of Operations”, the Trustee-Manager will make an announcement via SGXNET on such changes and provide the relevant updates.

A key investment strategy of PCRT is the development of retail properties in China, and investors should note that the proportion of development activities to be undertaken by PCRT may be higher than the proportion of its investment in stabilised income-producing real estate assets.

None of PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners and the Sponsor or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors is making any representation or undertaking to any purchaser or subscriber of Units regarding the legality of an investment by such purchaser or subscriber under appropriate legal, investment or similar laws. In addition, investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisors as to the legal, tax, business, financial and related aspects of an investment in the Units.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours, from:

DBS Bank Ltd. 6 Shenton Way DBS Building Tower One Singapore 068809	Goldman Sachs (Singapore) Pte. One Raffles Link #07-01 South Lobby Singapore 039393	Standard Chartered Securities (Singapore) Pte. Limited 8 Marina Boulevard #19-01 Marina Bay Financial Centre Tower 1 Singapore 018981	Citigroup Global Markets Singapore Pte. Ltd. 3 Temasek Avenue #17-00 Centennial Tower Singapore 039190
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and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: <http://www.sgx.com>.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners and the Sponsor require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners and the Sponsor. This Prospectus does not constitute, and the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners and the Sponsor are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute “forward-looking statements”. This Prospectus also contains forward-looking financial information in “Profit Forecast and Profit Projection”. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of PCRT, the Trustee-Manager, the Sponsor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Trustee-Manager’s present and future business strategies and the environment in which PCRT, the Trustee-Manager or the Sponsor will operate in the future. Because these statements and financial information reflect the current views of the Trustee-Manager and the Sponsor concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. Undue reliance should not be placed on these forward-looking statements.

Among the important factors that could cause the actual results, performance or achievements of PCRT, the Trustee-Manager or the Sponsor to differ materially from those in the forward-looking statements and financial information are the conditions of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as political, economic and social conditions in China, changes in government laws and regulations affecting PCRT, competition in the Chinese property market in which PCRT may invest, industry, currency exchange rates, interest rates, inflation, relations with service providers, relations with lenders, hostilities (including future terrorist attacks), the performance and reputation of PCRT’s properties and/or acquisitions, difficulties in identifying future acquisitions, difficulty in completing and integrating acquisitions, changes in the Trustee-Manager’s directors (“**Directors**”) and the Trustee-Manager’s executive officers (“**Executive Officers**”), risks related to natural disasters, general volatility of the capital markets, uncertainties in the Chinese legal system (which could limit the legal protections available to foreign investors, including with respect to the enforcement of foreign judgments in China), general risks relating to the property market in which PCRT may invest and the market price of the Units as well as other matters not yet known to the Trustee-Manager or not currently considered material by the Trustee-Manager. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date”, “Profit Forecast and Profit Projection”, “Overview of Acquisition of Properties in China and Acquisition of the Initial Portfolio” and “Business and Properties”. These forward-looking statements and financial information speak only as at the date of this Prospectus. The Trustee-Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the expectations of the Trustee-Manager or the Sponsor with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

CERTAIN DEFINED TERMS AND CONVENTIONS

PCRT will publish its financial statements in Singapore dollars. In this Prospectus, references to “S\$” or “Singapore dollars” and “Singapore cents” are to the lawful currency of the Republic of Singapore while references to “Chinese Renminbi”, “Renminbi” or “RMB” are to the lawful currency of the People’s Republic of China. References to “the People’s Republic of China”, “the PRC” or “China” are, for the purposes of this Prospectus, to mainland China and references to “the PRC” for the purposes of the investment objectives and the investment strategy of PCRT and the Sponsor’s ROFR (as defined herein), are to Mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

For the reader’s convenience, except where the exchange rate between the Renminbi and the Singapore dollar is expressly stated otherwise, certain Renminbi amounts in this Prospectus have been translated into Singapore dollars based on the fixed exchange rate of RMB5.2070 = S\$1.00 as at 16 May 2011, being the latest practicable date prior to the lodgement of this Prospectus (the “**Latest Practicable Date**”). However such translations should not be construed as representations that Renminbi amounts have been, could have been or could be converted into Singapore dollars at that or any other rate (see “Exchange Rate Information”).

Unless expressly stated otherwise, all statistics and figures relating to the Properties are as at 31 December 2010.

Unless otherwise defined, capitalised terms used in this Prospectus shall have the meanings set out in the Glossary.

Unless otherwise specified, where applicable, all calculations in this Prospectus have been based on the Offering Price.

The forecast and projected income statements are based on the Offering Price and the assumption that the Listing Date is 1 June 2011. The forecast and projected yields which are calculated based on the Offering Price will vary accordingly if the Listing Date is not 1 June 2011, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place, and RMB and S\$ are rounded to the nearest thousand. References to “Appendix” or “Appendices” are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. While the Trustee-Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Trustee-Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

SUMMARY

*The following section is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this section can be found in the Glossary or in the trust deed constituting PCRT dated 22 February 2011 (as amended) (the “**Trust Deed**”). A copy of the Trust Deed can be inspected at the registered office of the Trustee-Manager, which is located at 6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986.*

Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause actual results of PCRT to differ materially from those forecast or projected (see “Forward-Looking Statements”). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners, the Sponsor or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are advised not to rely solely on this section, but to read this Prospectus in its entirety and, in particular, the sections from which the information in this section is extracted, and “Risk Factors” to better understand the Offering and PCRT’s business and risks.

Introduction to Perennial China Retail Trust

PCRT is Singapore’s first pure-play PRC¹ retail development trust listed on the Main Board of the SGX-ST.

The Trustee-Manager’s key objective is to provide unitholders of PCRT (“**Unitholders**”) with (i) long-term capital growth from a steady growth in net asset value (“**NAV**”) through acquiring attractively priced predominantly-retail development projects and the on-going value creation of PCRT’s assets and (ii) regular distributions from the income of its completed and stabilised assets.

PCRT’s principal investment objectives are to invest in, own and develop land, uncompleted developments and income-producing real estate in the PRC and other real estate-related assets in relation to the foregoing. PCRT may also invest in the listed securities of real estate companies which invest in retail or predominantly-retail real estate located in the PRC.

PCRT’s initial property portfolio (the “**Initial Portfolio**”) is valued at RMB5,898.0 million² and comprises five properties which are expected to comprise an aggregate gross floor area (“**GFA**”) of approximately 960,899.0 sq m³. The Initial Portfolio includes a 50.0% stake⁴ in three of the most prime assets within the strategically located Shenyang Longemont Asia Pacific City (with their well-sited location along Shenyang’s First Ring Road and direct connectivity to two metro lines and a bus interchange with 56 bus lines). Shenyang Longemont Asia Pacific City is expected to comprise over 4.3 million sq m of total floor area and is expected to be the largest mixed-use development in Liaoning Province. In addition,

¹ “**PRC**” means mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region.

² The Initial Portfolio was valued by CB Richard Ellis (Pte) Ltd (the “**Independent Valuer**”) as at 31 December 2010. See “Appendix E — Independent Property Valuation Summary Report”.

³ The GFA is based on architectural plans prepared by the relevant architects and, in the case of the completed buildings, on which construction was based. This GFA may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the relevant Building Ownership Certificate is issued. Based on its 50.0% stake in Shenyang Summit and its 100.0% stake in Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, the GFA attributable to PCRT is 559,866 sq m.

⁴ PCRT, through its wholly-owned subsidiaries Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, is expected to own 50.0% of the total equity interest of Shenyang Summit on the Listing Date (see “Summary — Initial Property Portfolio” for further details of PCRT’s interest in Shenyang Summit).

PCRT will have the right to acquire a 100.0% stake in Foshan Yicui Shijia Shopping Mall located in Foshan and Chengdu Qingyang Guanghua Shopping Mall located in Chengdu¹, both of which are expected to enjoy direct connectivity to metro stations².

PCRT has secured the option to invest in a strong pipeline of prime commercial development sites which are directly connected to high-speed railway stations in Chengdu and Xi'an and a right of first refusal to invest in a similar high-speed railway commercial development site in Changsha, collectively of at least S\$3.0 billion and measuring at least 1.5 million sq m (assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space per project and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis)³.

PCRT is sponsored by Perennial Real Estate Pte. Ltd., a Singapore-registered company founded by retail real estate veteran Mr Pua Seck Guan. PCRT is managed by Perennial China Retail Trust Management Pte. Ltd., which will be a joint venture between the Sponsor, Ace Best Holdings Limited ("**Ace Best**"), which is part of Nan Fung (as defined herein), one of the largest privately-owned property developers in Hong Kong, and Asdew, a privately-owned Singapore investment company in the proportions of 78.0%, 12.0% and 10.0%, respectively.

Key Investment Highlights

The Trustee-Manager believes that an investment in PCRT will offer the following benefits to Unitholders:

- **Pure-play PRC retail owner and developer:**
 - Pure-play PRC exposure to urbanisation-driven consumption growth via attractively priced and strategically located quality assets which are directly connected to major transportation nodes.
- **Attractive pipeline of at least S\$3.0 billion³ of prime Longemont commercial developments directly connected to high-speed railway stations of Chengdu, Xi'an and Changsha through options and right of first refusal:**
 - PCRT and the Sponsor have secured options to acquire 50.0% of at least 1.0 million sq m of GFA in each of Chengdu and Xi'an high-speed railway commercial developments at a price of RMB10,000 per sq m and between RMB8,000 and RMB10,000 per sq m, respectively on a "completed" basis.
 - Right of first refusal to acquire at least a 50.0% interest of up to 1.0 million sq m of GFA in Changsha high-speed railway commercial development at a price of RMB8,000 to RMB10,000 per sq m on a "completed" basis.
 - Potential to increase PCRT's asset size exponentially based on the above pipeline.

¹ As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall and will only have the contractual rights and obligations to acquire them.

² Based on the latest government plans showing the location and accessibility of the metro stations, but subject to changes by the authorities.

³ Assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space in respect of each of the Chengdu, Xi'an and Changsha sites and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis. Pursuant to the Option to Purchase Agreements (as defined herein), PCRT has the option to acquire a 50.0% stake of at least 1.0 million sq m of GFA of the commercial component in each of the prime high-speed railway development sites at a price of RMB10,000 per sq m (on a "completed" basis) for the Chengdu site and between RMB8,000 and RMB10,000 per sq m (on a "completed" basis) for the Xi'an site. Pursuant to the Summit Strategic Agreement and the Sponsor's ROFR (each as defined herein), PCRT also has a right of first refusal to acquire at least a 50.0% interest of up to 1.0 million sq m of GFA in the commercial component of a development site which is directly connected to the high-speed railway station in Changsha, at a price of RMB8,000 to RMB10,000 per sq m (on a "completed" basis).

- **Attractive total return proposition:**
 - Long term capital growth from a steady growth in PCRT’s NAV per Unit.
 - Regular distributions from income-producing stabilised assets as downside protection.
- **Good debt headroom to fund acquisition growth:**
 - No debt on the Listing Date, coupled with PCRT’s asset base, provides good debt headroom for acquisition financing.
 - Business trust structure provides flexibility to access both on-shore and off-shore capital markets.
- **Leverage on the Sponsor’s strong track record, execution experience and strategic partnerships:**
 - Leverage on an experienced sponsor with operational track record in the PRC and a fully in-house integrated retail real estate platform.
 - Complemented by Sponsor’s strategic partnerships with well-credentialed local developers with proven track record and execution capabilities.
- **Clear and transparent vehicle with strong corporate governance:**
 - Investment in a clear and transparent vehicle which meets corporate governance requirements under the Business Trusts Act.

Pure-play PRC retail owner and developer:

- *Pure-play PRC exposure to urbanisation-driven consumption growth via attractively priced and strategically located quality assets which are directly connected to major transportation nodes.*

PCRT offers Unitholders a pure-play exposure in the high retail sales growth in the PRC as an owner and developer of retail assets (see “Overview of Retail Market in the PRC” below). The Properties are strategically located and agreements have been entered into for the Properties to be acquired at an attractive price which is below the valuations assessed by the Independent Valuer. There is potential to generate attractive rental and capital growth over time as spending within the malls’ shopper catchments increases, driven by ongoing urbanisation of the population and growing disposable income per capita. Further, government policy in the PRC is also increasingly targeted at stimulating domestic consumption.

Urbis Pty Ltd, the independent market research consultant (the “**Independent Market Research Consultant**”) estimates the level of urbanisation of the population in the PRC to be 45.7% as at 2009 and forecasts that this will increase to 53.0% by 2015. This translates to a compound annual growth rate (“**CAGR**”) of the overall urban population of 2.5% between 2010 to 2015. Urban disposable income per capita has increased to RMB17,175 at a CAGR of 11.8% from 2000 to 2009, and is set to continue to grow in tandem with gross domestic product (“**GDP**”).

(See Appendix F, “Independent China Retail Market Research Report”).

Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall are designed to target the retail spending of the suburban middle class by providing a convenient “one-stop” shopping experience. The shopping malls will typically have a supermarket and/or department store, food and beverage outlets,

cinemas and entertainment, and other specialty retailers. In addition, they are strategically located, being accessible by major roads, within close proximity or directly connected to major transportation nodes, including metro stations and/or bus interchanges¹, and will have ample parking spaces.

The Trustee-Manager believes that the increasing affluence in the PRC will drive spending and demand for retail space and, consequently, increase rental and sales volume.

Attractive pipeline of at least S\$3.0 billion² of prime Longemont commercial developments directly connected to high-speed railway stations of Chengdu, Xi'an and Changsha through options and right of first refusal:

- *PCRT and the Sponsor have secured options to acquire 50.0% of at least 1.0 million sq m of GFA in each of Chengdu and Xi'an high-speed railway commercial developments at a price of RMB10,000 per sq m and between RMB8,000 and RMB10,000 per sq m, respectively on a "completed" basis.*
- *Right of first refusal to acquire at least a 50.0% interest of up to 1.0 million sq m of GFA in Changsha high-speed railway commercial development at a price of RMB8,000 to RMB10,000 per sq m on a "completed" basis.*
- *Potential to increase PCRT's asset size exponentially based on the above pipeline.*

On 12 January 2011, Shanghai Summit (Group) Co., Ltd ("**Shanghai Summit (Group)**"), Shanghai Summit Real Estate Development Co., Ltd ("**Shanghai Summit**") and the Sponsor entered into a strategic agreement (the "**Summit Strategic Agreement**"), pursuant to which Shanghai Summit (Group) and Shanghai Summit granted the Sponsor a right of first refusal to acquire at least a 50.0% interest in the commercial component of their identified potential asset pipeline comprising the Chengdu Longemont Railway Commercial Development, the Xi'an Longemont Railway Commercial Development and the Changsha Longemont Railway Commercial Development (each as defined herein), located at prime development sites which are directly connected to high-speed railway stations.

Pursuant to the aforementioned right of first refusal, Shanghai Summit (Group) and Shanghai Summit have:

- on 21 March 2011, granted an option to purchase to the Sponsor and Perennial China Retail Pte. Ltd. ("**PCRPL**"), a wholly-owned subsidiary of PCRT to acquire a 50.0% interest in the commercial component of the Chengdu Longemont Railway Commercial Development (which is to be not less than 1.0 million sq m of GFA) within a year of the Listing Date, at an agreed acquisition price of RMB10,000 per sq m of GFA on a "completed" basis; and

¹ Based on the latest government plans showing the location and accessibility of the metro stations and/or bus interchanges but subject to changes by the authorities.

² Assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space in respect of each of the Chengdu, Xi'an and Changsha sites and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis. Pursuant to the Option to Purchase Agreements, PCRT has the option to acquire a 50.0% stake of at least 1.0 million sq m of GFA of the commercial component in each of the prime high-speed railway development sites at a price of RMB10,000 per sq m (on a "completed" basis) for the Chengdu site and between RMB8,000 and RMB10,000 per sq m (on a "completed" basis) for the Xi'an site. Pursuant to the Summit Strategic Agreement and the Sponsor's ROFR, PCRT also has a right of first refusal to acquire at least a 50.0% interest of up to 1.0 million sq m of GFA in the commercial component of a development site which is directly connected to the high-speed railway station in Changsha, at a price of RMB8,000 to RMB10,000 per sq m (on a "completed" basis).

- on 21 March 2011, granted an option to purchase to the Sponsor and PCRPL to acquire a 50.0% interest in the commercial component of the Xi'an Longemont Railway Commercial Development (which is to be not less than 1.0 million sq m of GFA) within a year of Shanghai Summit (Group) and Shanghai Summit acquiring the rights to develop a further 1,300,000 sq m of built-up area¹, at an agreed acquisition price of between RMB8,000 and RMB10,000 per sq m of GFA on a "completed" basis,

collectively, the **"Option to Purchase Agreements"**.

This reinforces PCRT's right of first refusal to invest in the pipeline prime commercial development sites which are directly-connected to high-speed railway stations in Chengdu and Xi'an. Together with the Sponsor's right of first refusal to invest in a similar high-speed railway commercial development site in Changsha, PCRT has a pipeline of at least S\$3.0 billion and measuring at least 1.5 million sq m (assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space per project and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis)².

Attractive total return proposition:

- *Long term capital growth from a steady growth in PCRT's NAV per Unit.*
- *Regular distributions from income-producing stabilised assets as downside protection.*

PCRT presents an attractive total return proposition through its key objective to provide Unitholders with (i) 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 (ii) regular distributions from the income of its completed and stabilised assets.

PCRT's NAV growth is expected to be mainly driven by its acquisition of the attractively priced Initial Portfolio and at least S\$3.0 billion² of pipeline projects in prime high-speed railway commercial development projects, which are mainly secured through the Sponsor's strategic partnerships with local real estate players, as well as other investment opportunities in the development phases or in newly completed projects, and complemented by the Trustee-Manager leveraging on the Sponsor's integrated retail real estate platform.

In addition, PCRT will enjoy regular distributions from the income of completed and stabilised assets in the Initial Portfolio. The annualised distribution yield for the Forecast Year 2011³ and distribution yield for the Projection Year 2012 (as defined herein) are expected to be 5.30% and 5.51% respectively based on the Offering Price. (See "Profit Forecast and Profit Projection" for further details).

¹ Shanghai Summit (Group) and Shanghai Summit already have the right to develop 700,000 sq m of GFA of built-up area.

² Assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space in respect of each of the Chengdu, Xi'an and Changsha sites and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis. Pursuant to the Option to Purchase Agreements, PCRT has the option to acquire a 50.0% stake of at least 1.0 million sq m of GFA of the commercial component in each of the prime high-speed railway development sites at a price of RMB10,000 per sq m (on a "completed" basis) for the Chengdu site and between RMB8,000 and RMB10,000 per sq m (on a "completed" basis) for the Xi'an site. Pursuant to the Summit Strategic Agreement and the Sponsor's ROFR, PCRT also has a right of first refusal to acquire at least a 50.0% interest of up to 1.0 million sq m of GFA in the commercial component of a development site which is directly connected to the high-speed railway station in Changsha, at a price of RMB8,000 to RMB10,000 per sq m (on a "completed" basis).

³ The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distributable Income for the period from the Listing Date to 31 December 2011.

Good debt headroom to fund acquisition growth:

- *No debt on the Listing Date, coupled with PCRT's asset base, provides good debt headroom for acquisition financing.*
- *Business trust structure provides flexibility to access both onshore and offshore capital markets.*

As a business trust, PCRT has a flexible capital structure. With no debt on the Listing Date and its asset base, PCRT has good debt headroom to access both onshore and offshore capital markets.¹ Under the Trust Deed, PCRT is permitted to borrow up to 60.0% of the value of the Trust Property (as defined herein) of PCRT at the time the borrowing is incurred. On the Listing Date, the Aggregate Leverage² of PCRT will be 1.4% of the value of the Trust Property. This will provide debt headroom for PCRT to borrow in the onshore market (within the PRC) and offshore markets (outside of the PRC). The Trustee-Manager believes that this will allow for an appropriate enhancement of Unitholders' returns and provides flexibility for acquisition financing without materially increasing re-financing or other borrowing risks.

Leverage on the Sponsor's strong track record, execution experience and strategic partnerships:

- *Leverage on an experienced sponsor with operational track record in the PRC and a fully in-house integrated retail real estate platform.*
- *Complemented by the Sponsor's strategic partnerships with well-credentialed local developers with proven track record and execution capabilities.*

The Sponsor has established a strong operational track record in the PRC since its establishment. Highlights of the Sponsor's activities in the PRC include:

- Successfully forming certain mutually beneficial strategic partnerships with large and high-profile local real estate developers who have major development projects under planning or development in various regions and cities throughout China. The Sponsor has secured rights of first refusal over their retail or predominantly-retail commercial projects.

(See "The Sponsor and the Strategic Partners" for further information on the Sponsor's strategic partnerships.)

¹ See "Use of Proceeds — Funding of the Purchase Price of Foshan Yicui Shijia Shopping Mall and the Total Development Cost of Chengdu Qingyang Guanghua Shopping Mall" for details of the Credit Facilities (as defined herein).

² Assuming the existing RMB1.225 billion loan from the Agricultural Bank of China to Shenyang Summit is fully repaid on the Listing Date. "Aggregate Leverage" refers to the total borrowings and deferred payments by the Trustee-Manager for assets of PCRT. As PCRT will hold only 50.0% of the aggregate equity interest in Shenyang Summit on the Listing Date, Shenyang Summit will be equity accounted for as an investment on the balance sheet of PCRT. Accordingly, the existing loan from the Agricultural Bank of China to Shenyang Summit will not be reflected on the balance sheet of PCRT and it is assumed to be repaid on the Listing Date.

The Aggregate Leverage is computed based on the estimated additional purchase consideration payable on the acquisition of Shenyang Summit of approximately S\$11,015,000 (being part of the amount under the Earn-out Deed (as defined herein)) and total assets of approximately S\$764,025,000, giving rise to Aggregate Leverage of 1.4%.

- Securing an advisory role with Beijing Hualian Group Investment Holding Co., Ltd. (“**Beijing Hualian**”) and its subsidiaries and associates¹ (the “**Beijing Hualian Group**”) under which it (i) advised the Beijing Hualian Group on the transformation of its listed subsidiary, Beijing Hualian Department Store Co., Ltd., which was established in May 1998 and listed on the Shenzhen Stock Exchange on 16 June 1998 under the stock code 000882 (“**882**”) into a purely retail mall investment vehicle, (ii) supervised the Beijing Hualian Group’s on-the-ground staff in the development, asset management and operations of the Beijing Hualian Group’s portfolio of more than 30 retail malls and (iii) was instrumental in the establishment of Beijing Hualian Perennial Retail Investment Management Co., Ltd. (北京华联鹏瑞商业投资管理有限公司) (the “**PRC Fund**”)², a RMB1.2 billion private equity fund which is fully invested.

(See “The Sponsor and the Strategic Partners” for more information on the Sponsor’s relationship with the Beijing Hualian Group.)

- Sourcing and negotiating the purchase of the Properties for inclusion in the Initial Portfolio and, in the case of the two development projects, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, the Sponsor had worked closely with the vendors and developers to optimise the mall design and specification to secure the support of the local governments for the proposed plans.
- Supervising and managing the design and development professionals working on the planning of the two development projects, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall and assisting the Sponsor’s strategic partners in planning the retail components of their pipeline projects.

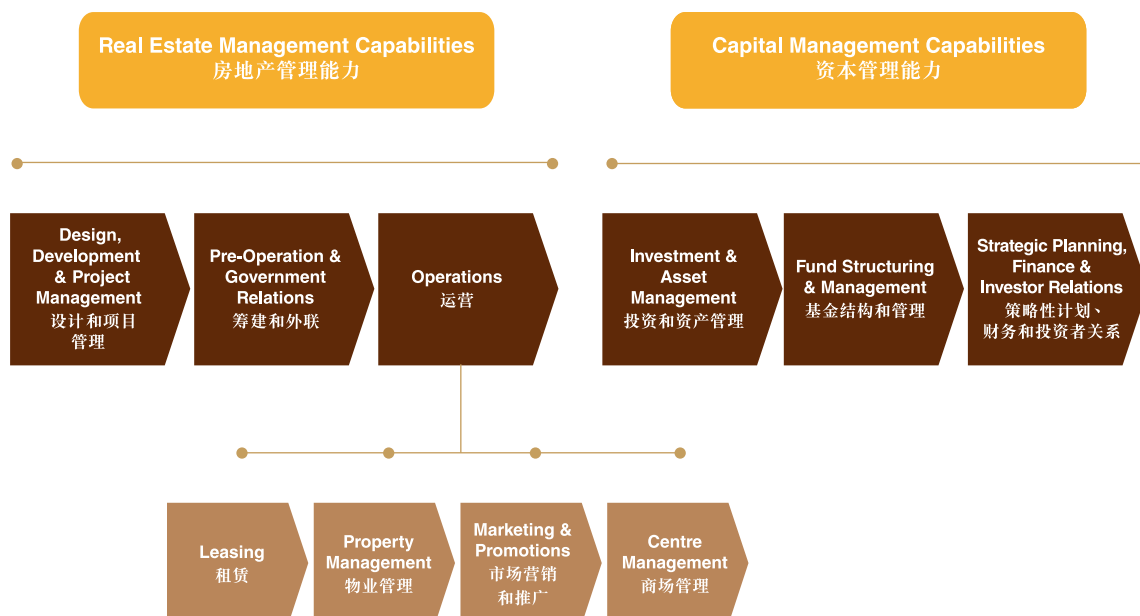
The Sponsor operates a fully in-house integrated retail real estate platform combining real estate management and capital management capabilities, which include:

- development management involving design, construction and project management;
- operations involving leasing, marketing and promotions, tenancy design, technical services and day-to-day centre management;
- investment and asset management; and
- fund and capital management involving asset sourcing, capital raising, financing and investor relations.

¹ “**associates**” has the meaning ascribed to it in the Listing Manual (as defined herein).

² The Sponsor was instrumental in the establishment of the PRC Fund as it assisted with the creation of the fund structure, marketing of the PRC Fund, preparation of the investment reports and legal documentation associated with the establishment of the PRC Fund, conducting an analysis of the transactions of the PRC Fund and overseeing of the asset management and development processes in respect of the asset portfolio of the PRC Fund.

Perennial's Integrated Retail Real Estate Business Platform



The Sponsor's broad integrated real estate platform along with a reputable presence in the PRC will allow PCRT to consider a wide range of investment opportunities encompassing both development and completed assets.

The broad-based retail platform of the Sponsor provides PCRT with the flexibility to seek interests in the development phase of projects or in newly completed projects which are in the early cycles of leasing, providing PCRT with an opportunity to negotiate more attractive entry prices and initial yields. PCRT can access the Sponsor's skills in optimising design, linkages with transport and overall connectivity with other commercial components. This will support the long-term competitive positioning of the malls and attract shoppers and footfall and therefore increase the asset value over time. PCRT will also be able to access the Sponsor's leasing capabilities and external tenant relationships.

The Trustee-Manager believes that by leveraging on the Sponsor's real estate expertise in the PRC, Unitholders will be able to obtain maximum benefit from PCRT's interests in the development phase of projects or in newly completed projects.

To demonstrate the Sponsor's commitment to PCRT, the Sponsor had on 22 February 2011, entered into the right of first refusal agreement with the Trustee-Manager (the "**Sponsor's ROFR**"), pursuant to which the Sponsor granted a right of first refusal to the Trustee-Manager over future retail and predominantly-retail real estate assets located in the PRC which are offered to it or any of its subsidiaries or a proposed offer of sale by the Sponsor or any of its subsidiaries to dispose of any interest in such assets. (See "Certain Agreements relating to Perennial China Retail Trust and the Properties — Right of First Refusal" for further details.)

The Trustee-Manager believes that the Sponsor's ROFR will complement PCRT's acquisitions growth strategy by providing PCRT with a future pipeline of potential assets for acquisition.

In addition, Mr Pua Seck Guan has undertaken to the Trustee-Manager that (i) he will continue to own at least 51.0% of the total issued share capital of the Sponsor for at least five years from the Listing Date and (ii) the Sponsor will continue to own at least 78.0% of the total issued share capital in the Trustee-Manager for at least five years from the Listing Date.

The Sponsor has successfully formed strategic partnerships with major developers with significant development pipelines. The Sponsor has entered into strategic partnership agreements with Shanghai Summit (Group) and Nanking under which the Sponsor has been granted, subject to various conditions to be satisfied, the right of first refusal to invest in the retail component of certain development assets of these developers and, in the case of the Summit Strategic Agreement with Shanghai Summit (Group), subject to the terms and conditions of the co-investment to be agreed between the relevant parties, at an agreed acquisition price from RMB8,000 per sq m to RMB10,000 per sq m of GFA, and up to a maximum of 1.0 million sq m of GFA per asset.

The Sponsor has also formed a strategic alliance with the Nan Fung Group¹ which is expected to bring PCRT potential joint venture opportunities in the retail component of existing and future projects owned or sourced by the Nan Fung Group in the PRC. These strategic alliances are expected to provide PCRT with access to a significant pipeline of attractive acquisition opportunities.

(See “The Sponsor and the Strategic Partners”, “Risk Factors” and “Certain Agreements relating to Perennial China Retail Trust and the Properties” for further details on these strategic partners, their pipeline development projects, the Option to Purchase Agreements and the various conditions which PCRT’s investment opportunities are subject to.)

The opportunity for the Sponsor to form these mutually beneficial strategic partnerships has arisen because developers of large-scale projects are increasingly being required by the local governments to incorporate quality retail components into their master plans for large mixed-use developments. This is often driven by a desire of local governments to ensure that key strategic sites include well-designed and well-operated retail and commercial components to meet the future needs of a rapidly growing population base.

While many local developers are highly experienced in residential developments, they may have less experience in the design, management and operation of the retail component in a large mixed-use development. In these situations, the Sponsor’s comprehensive retail real estate skill set would be instrumental in assisting them to optimise the mall’s design layout and positioning and to secure the support of the local government for the project. The Sponsor’s integrated retail real estate platform allows them to resolve complex design and planning issues as well as funding for their retail projects. Through PCRT, the Sponsor is able to offer capital sourcing and retail real estate skill sets, both of which are highly valued by local developers seeking partners in the retail component of their projects.

By acquiring from or co-investing with the Sponsor’s strategic partners in retail assets, PCRT expects to be able to access attractive investment opportunities, while the strategic partners will have an experienced and credible partner to manage the retail component of their projects, allowing them to focus on their residential, office and hotel development components. The Sponsor believes that such mutually beneficial relationships will continue to strengthen as the retail real estate sector in the PRC matures and becomes more competitive. The Sponsor will seek to cement existing relationships and develop new partnerships to provide a source of value-enhancing acquisition opportunities for PCRT.

Clear and transparent vehicle with strong corporate governance:

- *Investment in a clear and transparent vehicle which meets corporate governance requirements under the Business Trusts Act.*

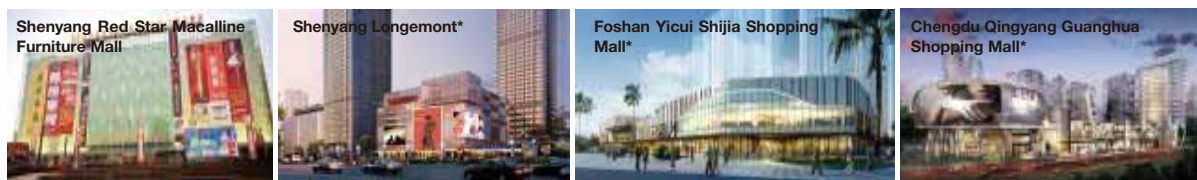
PCRT is registered as a business trust under the Business Trusts Act. The Business Trusts Act requires PCRT to be externally managed by a trustee-manager with strong corporate governance where at least

¹ “Nan Fung Group” means a privately held group of companies and business interests controlled by Mr Chen Din Hwa that carries on business under the trade name of “Nan Fung”, which is principally engaged in the business of property development, property investment, construction, property management, investment and financing.

a majority of the trustee-manager's board shall be independent directors, so as to safeguard the interests of Unitholders. (See "The Trustee-Manager" for further details.)

The Trustee-Manager's interests are aligned with those of Unitholders with a transparent management fee structure, comprising management fees payable to the Trustee-Manager which includes a performance-based element which is based on PCRT's net property income. This management fee structure will incentivise the Trustee-Manager to grow revenues and minimise operating costs and thereby maximise returns to Unitholders.

Initial Property Portfolio



Note:

* The pictures are artists' impressions of the relevant Properties and may differ from the actual view of the relevant completed Properties.

The Initial Portfolio will comprise:

- a 50.0% stake⁽¹⁾ in **Red Star Macalline Global Home Furniture Lifestyle Mall — Longemont** (红星美凯龙全球家居生活Mall龙之梦店) ("**Shenyang Red Star Macalline Furniture Mall**") located in Shenyang, a newly completed nine-level furniture mall comprising eight retail levels from basement one to level seven and a basement car park housing 1,065 lots and 41 heavy vehicle lots, which commenced operations on 30 September 2010. The remaining 50.0% stake of the mall will be owned by Mr Tong Jinquan (童锦泉), the founder of the Summit Group⁽²⁾ and Shanghai Summit (Shanghai Summit, and together with Mr Tong Jinquan, the "**Summit Parties**").

Shenyang Red Star Macalline Furniture Mall, together with Shenyang Longemont Shopping Mall and Shenyang Longemont Offices are three of the most prime assets within the strategically located Shenyang Longemont Asia Pacific City (沈阳龙之梦亚太中心)⁽³⁾ (with their well-sited location along Shenyang's First Ring Road and direct connectivity to two metro lines and a bus interchange with 56 bus lines), the largest mixed-use commercial hub in Liaoning province with a development site area of 557,500 sq m and expected total floor area of more than 4.3 million sq m. Shenyang Longemont Asia Pacific City will be directly served by two metro lines (Line 1 has commenced operations since October 2010 and Line 10 is expected to be operational in 2013) and a transit hub designed to support 56 bus lines which run both inter-city and intra-city.

With GFA of approximately 276,474 sq m⁽⁴⁾, Shenyang Red Star Macalline Furniture Mall boasts approximately 830 stores across its eight retail levels. Each retail level is further segregated into distinct zones specialising in a variety of thematic furniture and home furnishings, as well as fittings and fixtures, making Shenyang Red Star Macalline Furniture Mall a complete one-stop furniture centre for all home needs.

Shenyang Red Star Macalline Furniture Mall is managed by Shanghai Red Star Macalline Home Furnishing Co., Ltd. ("**Red Star Macalline**"), which has extensive experience in the management of retail furniture malls in China. Red Star Macalline has been managing furniture malls in China for more than 10 years and currently operates numerous malls in various cities across China, including Beijing, Shanghai, Changzhou and Tianjin. Shenyang Red Star Macalline Furniture Mall is currently one of the largest integrated furniture malls managed by Red Star Macalline;

- a 50.0% stake⁽¹⁾ in **Shenyang Longemont** (沈阳龙之梦), which will comprise a 10-level shopping mall under development (“**Shenyang Longemont Shopping Mall**” (沈阳龙之梦购物中心)) and two adjoining quality 56-level office towers under development (“**Shenyang Longemont Offices**” (沈阳龙之梦写字楼)), within Shenyang Longemont Asia Pacific City. The remaining 50.0% stake of Shenyang Longemont will be owned by the Summit Parties. Shenyang Longemont Shopping Mall is expected to commence operations in the third quarter of 2011 and Shenyang Longemont Offices are expected to commence operations in the second quarter of 2012.

With an expected GFA of approximately 327,789 sq m⁽⁴⁾ ⁽⁵⁾, and as a key component of Shenyang Longemont Asia Pacific City, Shenyang Longemont Shopping Mall is expected to be one of the largest integrated shopping malls in Shenyang upon completion. The mall will provide an array of retail and entertainment choices, which include a large-scale indoor rooftop theme park with expected NLA (as defined herein) of approximately 29,990 sq m, an indoor ice-skating rink with expected NLA of approximately 5,777 sq m, a supermarket with expected NLA of approximately 20,000 sq m and one of the largest food plazas in Shenyang with expected NLA of approximately 2,200 sq m. Public transport access to Shenyang Longemont Shopping Mall will be convenient, with both metro lines and the transit hub connecting directly to its basement.

Being part of Shenyang Longemont Asia Pacific City, Shenyang Longemont Offices are easily accessible by both metro and bus. The two office towers, each measuring 245 m in height, are expected to have a combined GFA of approximately 197,803 sq m⁽⁴⁾. Shenyang Longemont Offices and Shenyang Longemont Shopping Mall are expected to complement each other. The Shenyang Longemont Offices will provide a natural catchment of shoppers for Shenyang Longemont Shopping Mall, while the mall will provide the office towers with easy access to amenities and services that are generally attractive to office tenants.

- the contractual rights and obligations to acquire a 100.0% stake⁽⁶⁾ in **Foshan Yicui Shijia Shopping Mall** (佛山怡翠世嘉商场), a development project located in Foshan with an expected GFA of approximately 68,833 sq m⁽⁴⁾. The mall will be part of an integrated development, which is expected to have an aggregate GFA of approximately 383,815 sq m, that will comprise residential towers, a kindergarten, underground car parks and amenities.

Foshan Yicui Shijia Shopping Mall will be surrounded by numerous residential developments which are expected to provide Foshan Yicui Shijia Shopping Mall with a strong local catchment. The mall will be well-served by public transport, and is expected to be directly connected to the metro station⁽⁷⁾, served by Line 6 and is in close proximity to bus lines.

Foshan Yicui Shijia Shopping Mall will offer retail, food and beverage, services and entertainment to cater to the residents in the vicinity; and

- the contractual rights and obligations to acquire a 100.0% stake⁽⁸⁾ in **Chengdu Qingyang Guanghua Shopping Mall** (成都青羊光华商场), a development project located in Chengdu which will comprise an expected GFA of approximately 90,000 sq m⁽⁴⁾. The mall will be part of a large mixed-use development of expected aggregate GFA of approximately 158,400 sq m that will comprise a five-star hotel, an office block and small-office-home-offices (“**SOHO**”). Chengdu Qingyang Guanghua Shopping Mall will be a one-stop destination offering food and beverage, fashion, supermarket and/or department store, leisure and entertainment and services.

Chengdu Qingyang Guanghua Shopping Mall will be located in close proximity to the metro station⁽⁷⁾ and is expected to be connected to the metro station via an underground retail link. The mall is expected to benefit from the growing number of residential developments within its primary trade area which are expected to provide Chengdu Qingyang Guanghua Shopping Mall with a strong local catchment.

Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall, Shenyang Longemont Offices, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall shall collectively be referred to as the “**Properties**” and each, a “**Property**” and Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices shall collectively be referred to as the “**Shenyang Properties**”.

Notes:

- (1) PCRT, through its wholly-owned subsidiaries Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, is expected to own 50.0% of the total equity interest of Shenyang Summit on the Listing Date and will only have all the rights (save for the right to distributions on the equity interest) as owners of 50.0% of the equity interest of Shenyang Summit after Shenyang Retail 1 Limited has fully paid the subscription proceeds and Shenyang Retail 2 Limited has fully paid the acquisition proceeds on the Listing Date. Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will have the right to distributions on the equity interest after certain certificates have been issued by the relevant PRC authorities. However, no legal impediments are expected in respect of the issue of such certificates and any proposed distribution on the equity interest of Shenyang Summit will require the approval of the directors nominated by the Trustee-Manager to the board of Shenyang Summit. Shenyang Summit owns Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont.
- (2) “**Summit Group**” refers to Shanghai Summit (Group) and its subsidiaries.
- (3) PCRT will own a 50.0% stake in Shenyang Summit which only holds Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont and not the rest of Shenyang Longemont Asia Pacific City. The development site of 557,500 sq m and the expected total floor area of more than 4.3 million sq m relating to Shenyang Longemont Asia Pacific City include areas which PCRT will not own.
- (4) The relevant GFA is based on architectural plans on which construction was based, and may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the Building Ownership Certificate is issued.
- (5) After Listing (as defined herein), PCRT will have a right but not the obligation, to purchase an additional basement floor space of 8,964 sq m located in the Shenyang Phase I Project (as defined herein), adjacent to both the transportation hub and Shenyang Longemont Shopping Mall, at a transaction price of RMB44,820,000, based on RMB10,000 per sq m of actual GFA, subject to adjustments. Such transaction (if at all) must be completed within 12 months from the Listing Date or prior to the completion acceptance of the Shenyang Phase I Project (whichever is earlier). Such purchase is expected to be fully funded by debt financing.
- (6) As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall and will only have the contractual rights and obligations to acquire it.
- (7) Based on the latest government plans showing the location and accessibility of the metro station, but subject to changes by the authorities.
- (8) As at the Listing Date, PCRT will not have legal title to Chengdu Qingyang Guanghua Shopping Mall and will only have the contractual rights and obligations to acquire it.

(See “Overview of Acquisition of Properties in China and Acquisition of the Initial Portfolio” and “Certain Agreements relating to Perennial China Retail Trust and the Properties” for details of the acquisition of the Properties.)

Further to the above, two Option to Purchase Agreements in relation to the following pipeline projects at prime commercial development sites which are directly connected to high-speed railway stations have been entered into by PCRPL, a wholly-owned subsidiary of PCRT:

- to acquire a 50.0% interest in the commercial component of the Chengdu Longemont Railway Commercial Development, which is situated in the southeast area of Chengdu and it is expected to occupy approximately 164,872 sq m of land around Chengdu’s East Railway Station which commenced operations on 8 May 2011. The development is expected to incorporate a transport hub which, besides being served by the Chengdu East Railway Station, will also be served by metro lines as well as several arterial roads and expressways.¹ The development is expected to comprise up to 1.5 million sq m of GFA comprising retail facilities like a shopping mall, furniture mall, electronics retail centre, high-grade office buildings and hotels; and

¹ Based on the latest government plans showing the location and accessibility of the metro stations but subject to changes by the authorities.

- to acquire a 50.0% interest in the commercial component of the Xi'an Longemont Railway Commercial Development, which will be located in the Wei Yang District immediately in front of the Xi'an North Railway Station, which is expected to be one of the largest passenger train stations in Asia. Besides this inter-city railway, the complex is expected to have access to the future metro Line 2 and Line 4, as well as two bus interchanges.¹ There is also easy access to the airport highway via the Ring Expressway, Xi'an Orbital Motorway and Xi Tong Expressway. The development is expected to have up to 2.0 million sq m of GFA and will include retail facilities such as a shopping mall, underground car park, high grade office buildings, luxury hotels, theme park, residential and public facilities within the Xi'an North Railway Station communities.

(See "The Sponsor and the Strategic Partners — Shanghai Summit (Group) Co., Ltd. (上海长峰 (集团) 有限公司) — Pipeline Projects with the Summit Group", "Risk Factors" and "Certain Agreements relating to Perennial China Retail Trust and the Properties" for details of the Option to Purchase Agreements.)

¹ Based on the latest government plans showing the location and accessibility of the metro stations and bus interchanges but subject to changes by the authorities.

Key Information on the Properties

A summary of certain key information relating to the Properties is set out below:

Property	Shenyang Red Star Macalline Furniture Mall ⁽¹⁾	Shenyang Longemont Shopping Mall ⁽¹⁾	Shenyang Longemont Offices ⁽¹⁾	Foshan Yicui Shijia Shopping Mall	Chengdu Qingyang Guanghua Shopping Mall
Expected Ownership by PCRT (%)	50.0	50.0	50.0	100.0	100.0
Indicative Timeline for Acquisition and Completion of Development⁽²⁾	<ul style="list-style-type: none"> Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will own 50.0% of the aggregate equity interest in Shenyang Summit on the Listing Date Completed construction and commenced operations 	<ul style="list-style-type: none"> Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will own 50.0% of the aggregate equity interest in Shenyang Summit on the Listing Date Construction is expected to be completed in the second quarter of 2011 	<ul style="list-style-type: none"> Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will own 50.0% of the aggregate equity interest in Shenyang Summit on the Listing Date Construction is expected to be completed in the fourth quarter of 2011 	<ul style="list-style-type: none"> Pre-Sale Agreement is expected to be entered into in the third quarter of 2012 Construction is expected to be completed in the first quarter of 2013 	<ul style="list-style-type: none"> Real Estate Project Transfer Agreement is expected to be entered into in the second quarter of 2012 Construction is expected to be completed in the fourth quarter of 2013
Commencement of Operations⁽²⁾	30 September 2010	Expected to be in the third quarter of 2011	Expected to be in the second quarter of 2012	Expected to be in the third quarter of 2013	Expected to be in the second quarter of 2014
Expiry of Land Use Rights	40 years, expiring 20 January 2059	50 years, expiring 20 January 2059	Not applicable	40 years, expiring 20 May 2049	40 years, expiring 19 January 2050
Occupancy Rate as at 31 December 2010 (based on Committed Leases and Expected Leases) (%)⁽³⁾	Committed Leases and Expected Leases — 96.1 Committed Leases — 91.8	Committed Leases — 51.8 ⁽⁴⁾	Not applicable	Not applicable	Not applicable
Land Area (sq m)⁽⁵⁾	44,845.4	53,328.2 ⁽⁶⁾		34,411.6	52,823.0
GFA (sq m)⁽⁷⁾	276,474.0	327,789.0 ⁽⁸⁾	197,803.0	68,833.0	90,000.0
NLA (sq m)⁽⁷⁾	181,595.0	209,292.0	177,590.0	47,410.0	58,500.0

Property	Shenyang Red Star Macalline Furniture Mall ⁽¹⁾	Shenyang Longemont Shopping Mall ⁽¹⁾	Shenyang Longemont Offices ⁽¹⁾	Foshan Yicui Shijia Shopping Mall	Chengdu Qingyang Guanghua Shopping Mall
Number of Tenancies as at 31 December 2010 (based on Committed Leases and Expected Leases)	Committed Leases and Expected Leases — 815 Committed Leases — 794	Committed Leases — 185 ⁽⁴⁾	Not applicable	Not applicable	Not applicable
Car Park Lots ⁽⁷⁾	1,065 car park lots and 41 heavy vehicle lots	Not applicable	Not applicable	600 in basement and 230 above ground	728
Net Property Income ⁽⁸⁾ (RMB million)	Forecast Year 2011: 87.3 Projection Year 2012: 94.5	Forecast Year 2011: 37.5 Projection Year 2012: 84.5	Forecast Year 2011: Not applicable Projection Year 2012: 29.1	Not applicable	Not applicable
Valuation as at 31 December 2010 (RMB million) ⁽¹⁰⁾	1,452.0	1,725.0	1,077.0	795.0	849.0
Total Purchase Price ⁽¹¹⁾ (RMB million)	1,284.6 ⁽¹²⁾	1,523.0 ⁽¹²⁾	919.0 ⁽¹²⁾	586.5	657.0 ⁽¹³⁾

Notes:

- (1) Save for the Net Property Income (as defined herein), valuation and the purchase price which are reflected on the basis of PCRT's 50.0% stake, all information set out in this table assumes 100.0% of Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices.
- (2) In the event of any changes to these expected timelines, the Trustee-Manager will make an announcement via SGXNET on such changes and provide the relevant updates.
- (3) "Committed Leases" means, in respect of the relevant Properties as at 31 December 2010, the following: (i) tenancy agreements, (ii) letters of offers which have been signed, and letters of offers pending execution by the tenants but in respect of which tenants have commenced operations on the relevant Properties and paid rent pursuant to the terms thereof, all such letters of offer to be followed up with tenancy agreements and (iii) security deposit letters counter-signed by the tenants and with security deposits paid by the tenants, all security deposit letters to be followed up with tenancy agreements and, each a "Committed Lease".
- "Expected Leases" means leases expected to be entered into in respect of Shenyang Red Star Macalline Furniture Mall as at 31 December 2010 comprising letters of offer pending execution by the proposed tenants but such proposed tenants have been in discussions with Red Star Macalline to lease the relevant space on the terms of the letters of offer; all such issued letters of offer to be followed up with tenancy agreements and, each an "Expected Lease".

- (4) Based on committed tenants from pre-leasing and marketing for Shenyang Longemont Shopping Mall which commenced in January 2010. The Property has not commenced operations.
- (5) Refers to the land area set out in the relevant land use right certificate in the case of Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont and Foshan Yicui Shijia Shopping Mall. In the case of Chengdu Qingyang Guanghua Shopping Mall, the land area reflected is in respect of the entire parcel of land, which includes the area for the hotel, the office block and SOHO as the parcel of land has not been subdivided into the various components yet.
- (6) Includes both Shenyang Longemont Shopping Mall and Shenyang Longemont Offices as they share the same land title. This also includes part of a transportation hub adjacent to Shenyang Longemont Shopping Mall covering an area of 27,000 sq m (of which 12,000 sq m is within the land area of Shenyang Longemont Shopping Mall) although pursuant to the Shenyang Summit Co-operative Framework Agreement (as defined herein), it has been agreed that Shanghai Summit (or one of the New Summit Entities (as defined herein) formed pursuant to the Corporate Re-organisation (as defined herein)) will be responsible for the construction and operation of the transportation hub and will receive all the income generated from it.
- Any fees and expenses in respect of any future land division for the transportation hub as well as a re-issuing of the building ownership certificate and the land use right certificate in the names of both Shenyang Summit and Shanghai Summit (or one of the New Summit Entities formed pursuant to the Corporate Re-organisation, as the case may be) shall be borne by Shanghai Summit (or one of the New Summit Entities formed pursuant to the Corporate Re-organisation, as the case may be).
- (7) The relevant GFA, NLA and information on the car park lots are based on architectural plans prepared by the relevant architects and, in the case of the completed buildings, on which construction was based. These areas may differ from the actual GFA, NLA and car park lots of the relevant completed Properties. The GFA will be finalised when the relevant Building Ownership Certificate is issued.
- (8) After Listing, PCRT will have a right but not the obligation, to purchase an additional basement floor space of 8,964 sq m located in the Shenyang Phase I Project, adjacent to both the transportation hub and Shenyang Longemont Shopping Mall, at a transaction price of RMB44,820,000, based on RMB10,000 per sq m of actual GFA, subject to adjustments. Such transaction (if at all) must be completed within 12 months from the Listing Date or prior to the completion acceptance of the Shenyang Phase I Project (whichever is earlier). Such purchase is expected to be fully funded by debt financing.
- (9) The information is extracted from "Profit Forecast and Profit Projection" and is based on the various assumptions set out therein.
- (10) The Properties were assessed by the Independent Valuer based on a 40-year tenure, and the basis of the valuation of Shenyang Red Star Macalline Furniture Mall is on an "as is condition" while the basis of valuation of Shenyang Longemont Shopping Mall, Shenyang Longemont Offices, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall are "as if complete and fully leased" based on current market conditions (see Appendix E, "Independent Property Valuation Summary Report").
- (11) The total purchase price comprises (i) the agreed land value and all estimated construction and construction-related cost, pertaining to Chengdu Qingyang Guanghua Shopping Mall but exclude the development management fees, (ii) the purchase price set out in the framework agreement relating to Foshan Yicui Shijia Shopping Mall and (iii) the purchase price set out in the relevant framework agreement relating to Shenyang Summit and any payments to be made to Shanghai Summit Pte. Ltd. (the "SingCo") under the Earn-out Deed (see "Certain Agreements relating to Perennial China Retail Trust and the Properties — Earn-out Deed").
- (12) The total purchase price of the Shenyang Properties is computed based on the aggregate GFA of the Shenyang Properties, in accordance with the terms of the Shenyang Summit Co-operative Framework Agreement. The relevant GFA is based on architectural plans prepared by the relevant architects and, in the case of the completed buildings, on which construction was based. This GFA may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the relevant Building Ownership Certificate is issued.
- (13) The total estimated consideration for Chengdu Qingyang Guanghua Shopping Mall is RMB7,300 per sq m of GFA. The breakdown of this consideration is RMB704 per sq m for land and RMB6,596 per sq m for construction/development cost. The total construction and construction-related costs to construct Chengdu Qingyang Guanghua Shopping Mall estimated by an independent quantity surveyor based in China and supplemented by adjustments by the Trustee-Manager is RMB593.6 million. The disbursement of such costs will only take place when construction commences and such payments will only be made after certification by the project architect, project quantity surveyor, independent surveyor and the Perennial Development and Property Manager (as defined herein).

Overview of the PRC Economy

China is the world's fourth-largest country by land area (9.6 million sq km) and the largest by population (1.34 billion as at mid-2010). Real GDP grew at an average CAGR of 10.1% from 2001 to 2009. China's economy was one of the strongest performers throughout the global financial crisis, with relatively robust growth despite the contraction of its major export markets in the United States and Europe. This growth is expected to continue with the World Bank forecasting real GDP growth of 8.3% per annum and the International Monetary Fund ("IMF") forecasting annual real GDP growth of 9.8% from 2010 to 2015. China surpassed Japan as the world's second largest economy in terms of nominal GDP based on market exchange rates in 2010.

China is slowly shifting towards an internal consumption economy as the younger generations of local Chinese, who are more likely to spend additional income, move into their peak earning years. GDP per capita for China was slightly above RMB25,500 in 2009, which is modest by the standards of other Asian and developed countries but is reflective of the highly variable productivity levels from region to region and from countryside to city given the size of the country. GDP per capita is expected to continue to grow at a forecast CAGR of 11.9% and pass the RMB50,000 threshold by 2015.

There has also been rapid urbanisation, particularly in the last decade. The number of people living in urban areas surged to nearly 45.7% in 2009, up from 36.0% in 2000. This trend is expected to continue and more than half of the population is expected to be urban dwellers by the end of 2013. By 2025, a billion people will live in cities. The urban disposable income per capita grew to RMB17,175 at a strong CAGR of 10.4% from 1995 to 2009. By 2015, the middle class, with higher discretionary income and spending ability, is expected to become the dominant class, approaching almost 200 million households out of an estimated 280 million urban households. The cities in which the Properties are located are in the top 11 of China's most populous urban areas as of 2010.

Disposable Income of China's Urban Households, 2005 and 2015

Income Category	Disposable Income (RMB)	Urban Households (million)	
		2005	2015
Global Affluent	>200,000	0.2	1.1
Mass Affluent	100,001-200,000	1.0	15.7
Upper Middle Class	40,001-100,000	18.0	59.4
Lower Middle Class	25,001-40,000	24.1	139.2
Poor	<25,000	147.6	65.0

(See Appendix F, "Independent China Retail Market Research Report".)

The real GDP growth rates of the cities in which the Properties are located have, over the past decade, outpaced the national average and are expected to continue growing at a faster rate through to 2015. Shenyang's real GDP grew at an average of 14.8% per annum over the past decade and is forecast to grow at 14.1% per annum from 2011 to 2015. Similarly, Foshan and Chengdu have experienced real GDP growth rates of 15.6% and 13.5% per annum over the past decade and are expected to grow at 13.9% and 13.1% per annum respectively from 2011 to 2015.

China Population, GDP and Urbanisation, 2005-2009

	2005	2006	2007	2008	2009
Population (million)	1,307	1,315	1,321	1,328	1,335
GDP (RMB in billion)	18,494	21,631	26,581	31,405	34,051
GDP per capita (RMB)	14,144	16,456	20,117	23,648	25,511
Per capita annual disposable income of urban households (RMB)	10,493	11,760	13,786	15,781	17,175
Urbanisation rate	42.5%	43.1%	44.0%	44.8%	45.7%

(See Appendix F, "Independent China Retail Market Research Report".)

Overview of Retail Market in the PRC

The shopping centre industry is a relatively new concept in China and shopping centres only began to emerge in the early 1990's. Professional retail management is cited as one of the key success factors of a successful shopping centre, particularly because most developers are more familiar with residential development.

China currently has an estimated 1.75 billion sq m of retail floor space, equivalent to 1.3 sq m per person, which is relatively low compared to international standards. A significant proportion of the retail floor space is located in rural areas and is relatively old and of low quality. The amount of retail floor space attributable to shopping centres is also lower in China than in other more developed retail markets globally, giving rise to significant scope for further development.

Retail sales in China have grown from RMB2.7 trillion in 2001 to RMB6.7 trillion in 2009 at a CAGR of 11.9%. From 2009 to 2015, retail sales are expected to increase to RMB13.3 trillion at a CAGR of 12.2%. The overall outlook for retail property in China is positive and retail sales are expected to continue their strong growth over the next five years.

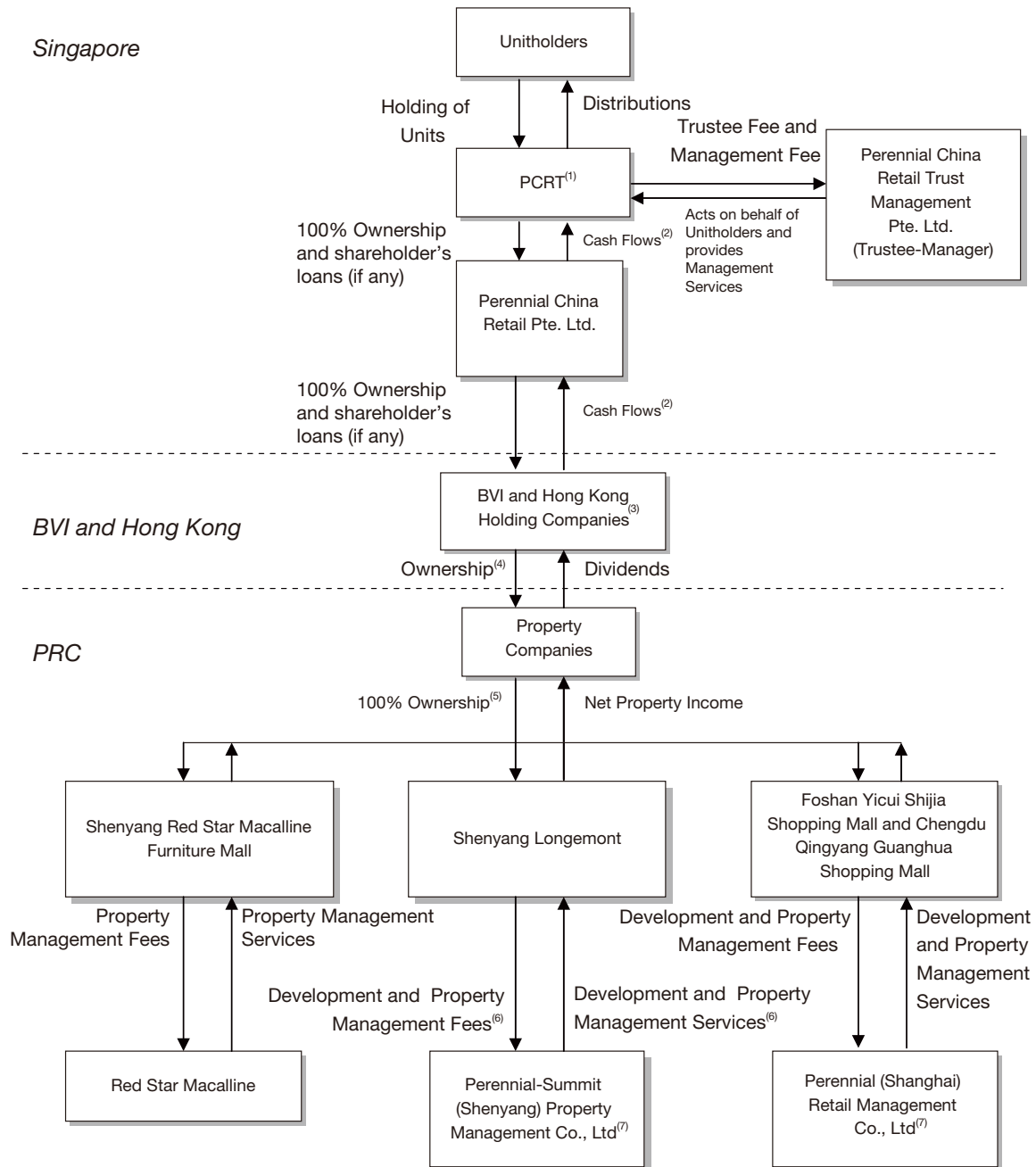
Retail sales in Chengdu have been growing at a faster rate than the national average since 2001 and this trend is expected to continue. Growth in Shenyang and Foshan are forecast to be broadly in line with the national average. The table below shows a comparison between the growth in retail sales in Shenyang, Foshan, Chengdu and the country as a whole.

Growth in Retail Sales	2001 – 2009 CAGR (%)	2009 – 2015 CAGR (%)
Shenyang	15.6	11.5
Foshan	9.2	12.0
Chengdu	13.3	14.4
National Average	11.9	12.2

(See Appendix F, "Independent China Retail Market Research Report".)

STRUCTURE OF PERENNIAL CHINA RETAIL TRUST

The following diagram illustrates the relationship between PCRT, the Trustee-Manager, the Property Companies (as defined herein), the Holding Companies (as defined herein), Red Star Macalline, the Property Managers (as defined herein) and the Unitholders following the completion of the steps taken by PCRT to acquire the Properties as set out below:



Notes:

- (1) Shareholder's loans will be extended by PCRT to PCRPL and/or directly to the holding companies incorporated in the British Virgin Islands (the "BVI", and the holding companies, the "BVI Holding Companies").
- (2) The cash flows comprise dividends, interest, proceeds from repayment of shareholder's loans and/or redemption of preference shares (if any).
- (3) The BVI Holding Companies will extend shareholder's loans to, and subscribe for ordinary shares and preference shares in, the holding companies incorporated in Hong Kong (the "Hong Kong Holding Companies").
- (4) Shenyang Summit, which wholly owns Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont, will be co-owned 50-50 with the Summit Parties. The remaining properties in the Initial Portfolio will be 100% owned by PCRT.

- (5) The Initial Portfolio comprises Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont, Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall. As at the Listing Date, the wholly-owned subsidiaries of PCRT will own 50.0% of the equity interest of Shenyang Summit. As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, and will only have the contractual rights and obligations to acquire the completed mall and the work-in-progress development, respectively from their vendors.
- (6) For the avoidance of doubt, no development management fee will be payable to the Perennial-Summit Development and Property Manager (as defined herein) in respect of the construction of the Shenyang Properties as the Shenyang Properties are purchased by PCRT on a “completed” basis. However, in the event that any further major development, re-development, refurbishment, retrofitting, addition and alteration or renovation works are to be made to any of the Shenyang Properties after construction has been completed, the Perennial-Summit Development and Property Manager will be entitled to receive from Shenyang Summit, a development management fee of 3.5% of the total costs of development (excluding cost of land, interest on capital cost or development loans during the development period and the cost of money required to carry out the development) for any such major development, re-development, refurbishment, retrofitting, addition and alteration or renovation works carried out on any of the Shenyang Properties.
- (7) Perennial-Summit (Shenyang) Property Management Co., Ltd and Perennial (Shanghai) Retail Management Co., Ltd will not be incorporated by the Listing Date.

The Sponsor: Perennial Real Estate Pte. Ltd.

The Sponsor, Perennial Real Estate Pte. Ltd., is a Singapore-registered company founded by its Chief Executive Officer, Mr Pua Seck Guan, in November 2009. The Sponsor and its subsidiaries (the “**Group**”) engage primarily in real estate and real estate-related activities, including fund management, asset management, retail management, project development, project management, private real estate management and investment advisory services. The Sponsor’s three core business markets are China, India and Singapore.

(See “The Sponsor and the Strategic Partners” for further details.)

The Trustee-Manager: Perennial China Retail Trust Management Pte. Ltd.

The Trustee-Manager, Perennial China Retail Trust Management Pte. Ltd., was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) on 19 November 2010. It has an issued and paid-up share capital of S\$100,000. Its registered office is located at 6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986, and its telephone and facsimile numbers are +65 6602 6800 and +65 6602 6801, respectively. The Trustee-Manager is a direct wholly-owned subsidiary of the Sponsor. On the Listing Date, the issued and paid-up share capital of the Trustee-Manager will be increased to S\$130,000, with the Sponsor, Ace Best, which is part of Nan Fung, and Asdew owning 78.0%, 12.0% and 10.0% of the total issued and paid-up share capital of the Trustee-Manager, respectively.

The board of directors of the Trustee-Manager (the “**Board**”) is made up of individuals with a broad range of commercial experience, including expertise in the fund management, audit, tax and real estate industries. The Board consists of Mr Boon Swan Foo, Mr Wong Tui San, Mr Pok Soy Yoong, Mr Pua Seck Guan and Ms Tan Ser Joo.

The Trustee-Manager has the dual responsibilities of safeguarding the interests of Unitholders and managing the business conducted by PCRT. The Trustee-Manager will generally provide the following services to PCRT:

- **Investment strategy:** Formulate and execute PCRT’s investment strategy, including determining the location, sub-sector type and other characteristics of PCRT’s property portfolio.
- **Acquisitions and divestments:** Manage the acquisition and sale of properties.
- **Design, development and project management:** Formulate and execute PCRT’s development plans in relation to the developments within PCRT’s property portfolio.

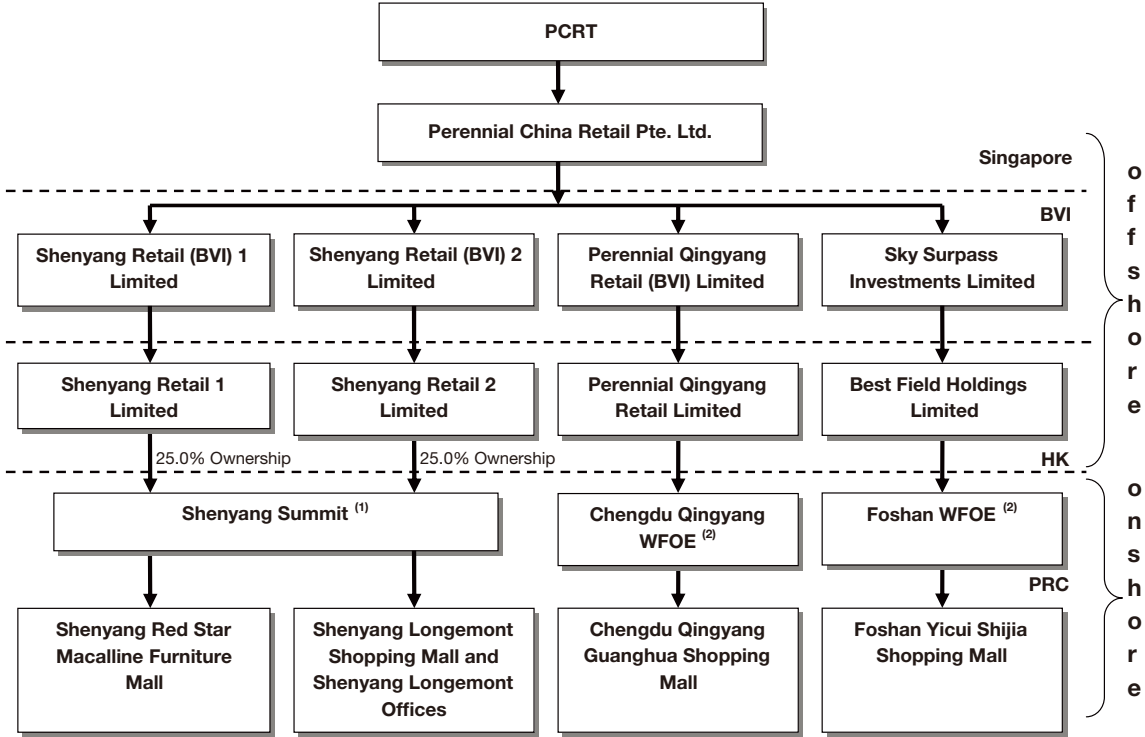
- **Asset planning and reporting:** Formulate periodic property plans, including budgets and reports, and maximising of layout and returns in relation to the performance of PCRT's properties.
- **Financing and capital management:** Formulate and execute plans for equity and debt financing for PCRT's property acquisitions, distribution payments, expense payments and property maintenance payments.
- **Administrative and advisory services:** Perform day-to-day administrative services on behalf of PCRT, including providing administrative services relating to meetings of Unitholders when such meetings are convened.
- **Investor relations:** Communicate and liaise with Unitholders, investors, analysts and the investment community.
- **Corporate communications:** Communicate and liaise with the media community.
- **Compliance management:** Make all regulatory filings on behalf of PCRT, and ensure that PCRT and its subsidiaries (collectively, the "**PCRT Group**") are in compliance with the applicable provisions of the BTA, the Securities and Futures Act and all other relevant legislation pertaining to the location and operations of the PCRT Group, the Listing Manual of the SGX-ST ("**Listing Manual**"), the Trust Deed, any tax ruling and all relevant contracts.
- **Accounting records:** Keep records and prepare accounts, financial reports (with principal significant accounting policies being in accordance with Singapore Financial Reporting Standards) and annual reports.

(See "The Trustee-Manager — The Trustee-Manager of PCRT — Roles and Responsibilities of the Trustee-Manager" for further details.)

The Property Companies and the Holding Companies

PCRT will hold the Properties indirectly through its ownership of the entire issued share capital of various holding companies incorporated in various jurisdictions, namely Singapore, BVI and Hong Kong (the special purpose vehicles collectively, the "**Holding Companies**"). The Holding Companies in turn hold the equity interest of various property companies located in the PRC which directly own the Properties (the property companies collectively, the "**Property Companies**").

The chart below sets out the proposed corporate structure of PCRT.



Notes:

- (1) Due to the acquisition of and subscription for 50.0% of the equity interest of Shenyang Summit by Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, Shenyang Summit will become a sino-foreign equity joint venture (“EJV”). A sino-foreign EJV is a limited liability entity with limited duration established in China by one or more Chinese investors and one or more foreign investors. Investors hold equity interests instead of stock or shares in an EJV and any transfer of an owner’s equity interest requires prior approval from the relevant China authorities as well as the other parties to the EJV. Investors in an EJV share profits and losses in proportion to their respective equity interest.
- (2) The Trustee-Manager has set up a wholly foreign-owned enterprise (“WFOE”), Perennial (Chengdu) Industries Co., Ltd., being the Chengdu Qingyang WFOE, and will set up another WFOE, expected to be named Perennial Foshan Retail Limited (the “Foshan WFOE”). A WFOE is an entity owned entirely by foreign investors and is generally established as a limited liability company in China with a limited duration. The liability of the shareholders is limited to the amount of the subscribed capital.

Except where indicated in the chart above, PCRT will own, directly or indirectly, 100.0% of the equity interests of each of the Property Companies and the Holding Companies.

Perennial Development and Property Manager: Expected to be named Perennial (Shanghai) Retail Management Co., Ltd

The Sponsor will establish a WFOE, expected to be named Perennial (Shanghai) Retail Management Co., Ltd (the “Perennial Development and Property Manager”), which will be a wholly-owned subsidiary of the Sponsor. The Perennial Development and Property Manager will be appointed as the development and property manager in relation to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall and all future properties which PCRT may also acquire from time to time, as long as the Trustee-Manager has the right to appoint or procure the appointment of the Perennial Development and Property Manager as the development and property manager of such properties. The Perennial Development and Property Manager will be responsible for the operation, maintenance, management and marketing of Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall and all future properties which PCRT may also acquire from time to time, for as long as the Trustee-Manager has the right to appoint or procure the appointment of the

Perennial Development and Property Manager as the development and property manager of such properties, subject to the overall management of the Trustee-Manager.

A master development and property management agreement will be entered into between the Trustee-Manager and the Perennial Development and Property Manager (the “**Master Perennial Development and Property Management Agreement**”), pursuant to which each of the Foshan WFOE and the Chengdu Qingyang WFOE will enter into a separate development and property management agreement with the Trustee-Manager and the Perennial Development and Property Manager (collectively, the “**Initial Perennial Development and Property Management Agreements**”) for the operation, maintenance, management and marketing of the Foshan Yicui Shijia Shopping Mall and the development, operation, maintenance, management and marketing of the Chengdu Qingyang Shopping Mall.

For each property subsequently acquired by the Trustee-Manager in respect of which the Trustee-Manager has the right to appoint the development and property manager, the Trustee-Manager shall appoint or procure the appointment of the Perennial Development and Property Manager as the development and property manager and a development and property management agreement will be entered into between the Trustee-Manager, the owner of such property and the Perennial Development and Property Manager (the “**After Acquired Development and Property Management Agreement**”), which will be substantially in the form set out in the annexure to the Master Perennial Development and Property Management Agreement.

(See “The Trustee-Manager — The Property Managers — Perennial Development and Property Manager” for further details.)

Perennial-Summit Development and Property Manager: Expected to be named Perennial-Summit (Shenyang) Property Management Co., Ltd

The Sponsor and Shanghai Summit (Group) will jointly establish a company to be named Perennial-Summit (Shenyang) Property Management Co., Ltd (the “**Perennial-Summit Development and Property Manager**”). The Perennial-Summit Development and Property Manager will be a 51-49 joint venture between the Sponsor and the Shanghai Summit (Group), and will be appointed as the property manager in relation to Shenyang Longemont Shopping Mall and Shenyang Longemont Offices.

The Perennial-Summit Development and Property Manager will be a foreign investment enterprise established pursuant to China foreign investment laws as a sino-foreign EJV.

The Perennial-Summit Development and Property Manager will be responsible for the, operation, maintenance, management and marketing of Shenyang Longemont.

(See “The Trustee-Manager — The Property Managers — Perennial-Summit Development and Property Manager” for further details.)

Shenyang Red Star Macalline Furniture Mall Property Manager: Red Star Macalline

Shenyang Red Star Macalline Furniture Mall is managed by Red Star Macalline, which has extensive experience in the management of retail furniture malls in China.

(See “Business and Properties — Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont — Shenyang Red Star Macalline Furniture Mall — Shenyang Red Star Macalline Furniture Mall Property Manager”.)

The Perennial Development and Property Manager, the Perennial-Summit Development and Property Manager and Red Star Macalline shall collectively be known as the “**Property Managers**”.

Certain Fees and Charges

The table below sets out a summary of certain fees and charges payable by PCRT in connection with the establishment and ongoing management and operation of PCRT.

	Payable by PCRT	Amount payable
(a)	Management fee (payable to the Trustee-Manager)	<p>Base fee</p> <p>The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property¹ a base fee (the “Base Fee”) calculated at a rate in accordance with the formula below:</p> <p>(i) if the value of the Trust Property is less than or equal to S\$10.0 billion, the Base Fee will be 0.35% per annum of the value of the Trust Property; and</p> <p>(ii) if the value of the Trust Property is greater than S\$10.0 billion, the Base Fee will be (a) 0.35% per annum of the value of the Trust Property up to S\$10.0 billion; plus (b) 0.30% per annum of the value of the Trust Property which exceeds S\$10.0 billion, and paid quarterly.</p> <p>Performance fee</p> <p>The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property¹ a performance fee (“Performance Fee”) calculated at a rate not exceeding 4.5% per annum of the Net Property Income (as defined in the Trust Deed) of the real estate² held by PCRT, whether directly or indirectly, in the relevant Financial Year (as defined herein) (calculated based on the currency in which the property income of such real estate is received and before accounting for the management fee in that Financial Year), and paid quarterly.</p> <p>The Base Fee and Performance Fee are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect), except that where the issue price (which is equal to the Market Price (as defined in the Trust Deed)) of each Unit is below the NAV per Unit at such point in time, the Trustee-Manager shall elect to receive the Base Fee and the Performance Fee wholly in cash.</p>

¹ “**Trust Property**” has the meaning ascribed to it in the BTA.

² “**real estate**” refers to any land, and any interest, option or other right in or over any land, situated in mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region, whether held directly or indirectly by the Trustee-Manager.

	Payable by PCRT	Amount payable
(b)	Trustee fee (payable to the Trustee-Manager)	0.03% per annum of the value of the Trust Property of PCRT, excluding out of pocket expenses and GST and paid quarterly.
(c)	Any other substantial fee or charge (i.e. 0.1% or more of PCRT's asset value)	
	(i) Acquisition fee (payable to the Trustee-Manager)	<p>1.35% of:</p> <p>(i) in the case of an acquisition of real estate, the acquisition price of such real estate purchased by PCRT, whether directly or indirectly through one or more special purpose vehicles, (plus any other payments¹ in addition to the acquisition price made by PCRT or its special purpose vehicles to the vendor in connection with the purchase of the real estate) (pro-rated, if applicable, to the proportion of PCRT's interest);</p> <p>(ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of such real estate which is taken into account when computing the acquisition price payable for the equity interests of such vehicle holding directly or indirectly the real estate purchased by PCRT, whether directly or indirectly through one or more special purpose vehicles (plus any additional payments made by PCRT or its special purpose vehicles to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of PCRT's interest); or</p> <p>(iii) the acquisition price of any other asset forming a part of the Trust Property acquired by the Trustee-Manager on behalf of PCRT.</p> <p>The acquisition fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the prevailing market price.</p>

¹ "Other payments" refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

	Payable by PCRT	Amount payable
		<p>The Trustee-Manager will receive an acquisition fee¹ for the acquisition of the Properties comprising 1.35% of:</p> <ul style="list-style-type: none"> (i) the acquisition price and the subscription price for an aggregate of 50.0% of the total equity interest of Shenyang Summit, equivalent to RMB3.482 billion (based on the Offering Price); (ii) the purchase price of Foshan Yicui Shijia Shopping Mall on a “completed” basis, equivalent to RMB586.5 million; and (iii) the purchase price of the land in respect of the Chengdu Qingyang Guanghua Shopping Mall, equivalent to RMB63.4 million. <p>The acquisition fee² payable to the Trustee-Manager in respect of the acquisition price and subscription price for 50.0% of the total equity interest of Shenyang Summit will be paid in Units to be issued on the Listing Date.</p> <p>Any payment to third party agents or brokers in connection with the acquisition of any asset of PCRT shall be paid by the Trustee-Manager to such persons out of the Trust Property of PCRT or the assets of the relevant special purpose vehicle, and not out of the acquisition fee received or to be received by the Trustee-Manager.</p>

¹ The acquisition fee in respect of Foshan Yicui Shijia Shopping Mall will be paid after the entry into the Pre-Sale Agreement (as defined herein) and the acquisition fee in respect of Chengdu Qingyang Guanghua Shopping Mall will be paid after the Real Estate Project Transfer Agreement (as defined herein) is entered into. In the event that (i) the completion of the acquisition of Foshan Yicui Shijia Shopping Mall or Chengdu Qingyang Guanghua Shopping Mall does not take place within 12 months of the time stipulated in the relevant framework agreement for the completion of the acquisition or (ii) the gross floor area of Foshan Yicui Shijia Shopping Mall or Chengdu Qingyang Guanghua Shopping Mall calculated in accordance with the local regulations applicable to such asset is lower than the estimated gross floor area on which the acquisition fee was computed and paid (the “**Estimated GFA**”) by more than 3.0% of the Estimated GFA, the Trustee-Manager shall return in full (in the case where (i) applies) or in part (in the case where (ii) applies), the Units (together with any distributions paid thereon) and/or cash that it received. In the event that the gross floor area of Foshan Yicui Shijia Shopping Mall or, as the case may be, Chengdu Qingyang Guanghua Shopping Mall is higher than the Estimated GFA by more than 3.0% of the Estimated GFA, the Trustee-Manager shall be paid the difference in the acquisition fee in Units and/or cash as the Trustee-Manager may elect.

² The acquisition fee in respect of the additional consideration payable to SingCo (as defined herein) under the Earn-out Deed, if any, will be paid to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the prevailing market price at the point when such additional consideration to SingCo is paid. This fee is in addition to the acquisition fee payable to the Trustee-Manager on the Listing Date.

	Payable by PCRT	Amount payable
	(ii) Divestment fee (payable to the Trustee-Manager)	<p>0.5% of:</p> <ul style="list-style-type: none"> (i) the sale price of real estate sold or divested, whether directly or indirectly through one or more special purpose vehicles, by PCRT (plus any other payments¹ in addition to the sale price received by PCRT or its special purpose vehicles from the purchaser in connection with the sale or divestment of the real estate) (pro-rated, if applicable, to the proportion of PCRT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more special purpose vehicles, by PCRT (plus any additional payments received by PCRT or its special purpose vehicles from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable, to the proportion of PCRT's interest); or (iii) the sale price of any other asset forming a part of the Trust Property sold or divested by the Trustee-Manager on behalf of PCRT. <p>The divestment fee is payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the prevailing market price.</p> <p>Any payment to third party agents or brokers in connection with the divestment of any asset of PCRT shall be paid by the Trustee-Manager to such persons out of the Trust Property of PCRT or the assets of the relevant special purpose vehicle, and not out of the divestment fee received or to be received by the Trustee-Manager.</p>

¹ "Other payments" refer to additional payments to PCRT or its special purpose vehicles for the sale of the asset, for example, where PCRT or its special purpose vehicles have already made certain payments for enhancements to the asset, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

	Payable by PCRT	Amount payable
	(iii) Development and Property Manager's fees (payable to the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager (collectively, the " Development and Property Managers ")	<p>The Development and Property Managers will be entitled to the following fees:</p> <ul style="list-style-type: none"> • Property management fee: <ul style="list-style-type: none"> (a) 2.0% of the monthly Gross Revenue¹ of the relevant property; (b) 2.0% of the monthly Net Property Income (as defined herein) of the relevant property; and (c) 0.5% of the monthly Net Property Income of the relevant property in lieu of leasing commissions otherwise payable to the Development and Property Managers and/or third party agents, <p>and paid monthly.</p> • Lease-up commission: a one-time fee of two months' gross rent for newly completed buildings or buildings undergoing major asset enhancement and/or renovation works. <p>For the avoidance of doubt, no lease-up commission will be received if no commitment is received in respect of a unit in any newly completed building or building undergoing major asset enhancement and/or renovation works. The Perennial-Summit Development and Property Manager will not be entitled to any lease-up commission in respect of newly completed buildings (being the newly completed Shenyang Properties), under the terms of the Perennial-Summit Development and Property Management Agreement (as defined herein).</p> <p>In addition, the Perennial Development and Property Manager will also be entitled to the following fee²:</p>

¹ "**Gross Revenue**" consists of (i) Gross Rental Income (as defined herein) and (ii) other operating income generated from the relevant property.

² For the avoidance of doubt, no development management fee will be payable to the Perennial-Summit Development and Property Manager in respect of the construction of the Shenyang Properties as the Shenyang Properties are purchased by PCRT on a "completed" basis. However, in the event that any further major development, re-development, refurbishment, retrofitting, addition and alteration or renovation works are to be made to any of the Shenyang Properties after construction has been completed, the Perennial-Summit Development and Property Manager will be entitled to receive from Shenyang Summit, a development management fee of 3.5% of the total costs of development (excluding cost of land, interest on capital cost or development loans during the development period and the cost of money required to carry out the development) for any such major development, re-development, refurbishment, retrofitting, addition and alteration or renovation works carried out on any of the Shenyang Properties.

	Payable by PCRT	Amount payable													
	(iv) Property Manager's fees (payable to Red Star Macalline)	<ul style="list-style-type: none"> Development management fee: 3.5% of the total costs of development (excluding cost of land, interest on capital cost or development loans during the development period and the cost of money required to carry out the development) for any development, re-development, refurbishment, retrofitting, addition and alteration or renovation works to the relevant property and paid quarterly. <p>(See "Certain Agreements relating to Perennial China Retail Trust and the Properties — Property Management Agreements" for details of the fees payable to the Development and Property Managers.)</p> <p>Base fee of RMB8.0 million per annum, and an incentive fee provision in the Red Star Macalline Property Management Agreement under which Red Star Macalline will share in the revenue outperformance by way of an incentive fee as set out in the table below:</p> <table border="1" data-bbox="730 842 1370 1442"> <thead> <tr> <th>Management period</th> <th>Average monthly revenue per sq m of GFA (excluding car park areas)</th> <th>Incentive fee payable to Red Star Macalline</th> </tr> </thead> <tbody> <tr> <td rowspan="2">First 10 years (Oct 2008⁽¹⁾ – Oct 2018)</td> <td>Between RMB80.0 and RMB100.0</td> <td>10.0% of revenue above RMB80.0 per sq m of GFA</td> </tr> <tr> <td>Above RMB100.0</td> <td>20.0% of revenue above RMB100.0 per sq m of GFA</td> </tr> <tr> <td rowspan="2">Second 10 years (Oct 2018 – Oct 2028)</td> <td>Between RMB80.0 and RMB100.0</td> <td>5.0% of revenue above RMB80.0 per sq m of GFA</td> </tr> <tr> <td>Above RMB100.0</td> <td>15.0% of revenue above RMB100.0 per sq m of GFA</td> </tr> </tbody> </table> <p>Note: (1) The Red Star Macalline Property Management Agreement was entered into, and took effect from 16 October 2008.</p> <p>The leasing commission payable to Red Star Macalline under the Red Star Macalline Property Management Agreement is a one-off fee which has been paid to Red Star Macalline and is not a recurring fee.</p> <p>(See "Business and Properties — Shenyang Red Star Macalline Furniture Mall — Shenyang Red Star Macalline Furniture Mall Property Manager".)</p>	Management period	Average monthly revenue per sq m of GFA (excluding car park areas)	Incentive fee payable to Red Star Macalline	First 10 years (Oct 2008 ⁽¹⁾ – Oct 2018)	Between RMB80.0 and RMB100.0	10.0% of revenue above RMB80.0 per sq m of GFA	Above RMB100.0	20.0% of revenue above RMB100.0 per sq m of GFA	Second 10 years (Oct 2018 – Oct 2028)	Between RMB80.0 and RMB100.0	5.0% of revenue above RMB80.0 per sq m of GFA	Above RMB100.0	15.0% of revenue above RMB100.0 per sq m of GFA
Management period	Average monthly revenue per sq m of GFA (excluding car park areas)	Incentive fee payable to Red Star Macalline													
First 10 years (Oct 2008 ⁽¹⁾ – Oct 2018)	Between RMB80.0 and RMB100.0	10.0% of revenue above RMB80.0 per sq m of GFA													
	Above RMB100.0	20.0% of revenue above RMB100.0 per sq m of GFA													
Second 10 years (Oct 2018 – Oct 2028)	Between RMB80.0 and RMB100.0	5.0% of revenue above RMB80.0 per sq m of GFA													
	Above RMB100.0	15.0% of revenue above RMB100.0 per sq m of GFA													

THE OFFERING

PCRT	Perennial China Retail Trust, a business trust established in Singapore and constituted by the Trust Deed.
The Trustee-Manager	Perennial China Retail Trust Management Pte. Ltd.
The Sponsor	Perennial Real Estate Pte. Ltd.
The Offering	563,579,000 Units offered under the Placement Tranche and the Public Offer.
The Placement Tranche	<p>An international placement of 511,451,000 Units to investors, including institutional and other investors in Singapore.</p> <p>The Units have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the United States or to, or for the account of, U.S. persons (as defined in Regulation S), except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold in offshore transactions (as defined in Regulation S), outside the United States to non-U.S. persons, in reliance on Regulation S.</p>
The Public Offer	<p>The Public Offer Units offered by way of a public offer in Singapore.</p> <p>The size of the Public Offer is 52,128,000 Units.</p>
Clawback and Re-allocation	The Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners (in consultation with the Trustee-Manager), provided that the minimum unitholding by the public and distribution spread requirements of the SGX-ST are met.
Offering Price	S\$0.70 per Unit.
Cornerstone Units	<p>In conjunction with but separate from the Offering, each of the Cornerstone Investors has entered into a cornerstone subscription agreement with the Trustee-Manager to subscribe for an aggregate of 516,650,000 Cornerstone Units, at the Offering Price, conditional upon, among other things, the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Listing Date.</p> <p>The Cornerstone Units have been offered and sold to the Cornerstone Investors in transactions exempt from the registration requirements of the Securities Act.</p> <p>The Cornerstone Units will in aggregate constitute 46.1% of the total issued Units at the Listing Date.</p>

In the event that any one or more of the Cornerstone Investors fail to subscribe for and pay for the Cornerstone Units which they have committed to subscribe, the Offering may still proceed and subscribers of the Units will still be required to pay for and complete their subscriptions pursuant to the Offering.

Sponsor Units

Concurrently with but separate from the Offering, the Sponsor has entered into a subscription agreement to subscribe for such number of Sponsor Units at the Offering Price for an aggregate subscription amount equal to S\$20.0 million.

The Sponsor Units will in aggregate constitute 2.5% of the total issued Units at the Listing Date.

Subscription for Units in the Public Offer

Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where:

- (i) an application is rejected or accepted in part only; or
- (ii) if the Offering does not proceed for any reason.

For illustrative purposes, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Public Offer will have to pay S\$700, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events.

The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 1,000.

Investors in Singapore must follow the application procedures set out in Appendix G, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore". Subscriptions under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for the Units, save for an administration fee for each application made through automated teller machines and the internet banking websites of the Participating Banks (as defined herein).

Lock-ups

The Sponsor has agreed to (i) a lock-up arrangement during the period commencing from the Listing Date until the date falling six months thereafter (both dates inclusive) (the “**First Lock-up Period**”) in respect of all of the Units which will be legally or beneficially held by the Sponsor on the Listing Date (the “**Lock-up Units**”) and (ii) a lock-up arrangement during the period commencing from the day immediately following the First Lock-up Period until the date falling 12 months after the Listing Date (both dates inclusive) (the “**Second Lock-up Period**”) in respect of 50.0% of the Lock-up Units, subject to certain exceptions.

The Trustee-Manager has also undertaken not to offer, issue or contract to issue any Units, and the making of any announcements in connection with any of the foregoing transactions, during the First Lock-Up Period, subject to certain exceptions.

(See “Plan of Distribution — Lock-up Arrangements”).)

Capitalisation

S\$785,187,000 (see “Capitalisation”).

Use of Proceeds

(See “Use of Proceeds” and “Certain Agreements Relating to Perennial China Retail Trust and the Properties”).)

Listing and Trading

Prior to the Offering, there was no market for the Units. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST:

- all the Units comprised in the Offering;
- all the Sponsor Units;
- all the Cornerstone Units;
- all the Units which will be issued to the Trustee-Manager in payment of its acquisition fees; and
- all the Units which will be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees (including Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees) (see "The Trustee-Manager — Fees Payable to the Trustee-Manager").

Such permission will be granted when PCRT is admitted to the Official List of the SGX-ST.

The Units will, upon their issue, be listed and quoted on the SGX-ST and will be traded in Singapore dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited ("**CDP**"). The Units will be traded in board lot sizes of 1,000 Units.

No Redemption

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

Leverage Limit

Up to 60.0% of the value of the Trust Property of PCRT as set out in the Trust Deed.

Distribution Policy

PCRT has adopted the following policy in respect of distributions to be made to Unitholders out of PCRT's Distributable Income (as defined herein):

- (i) in respect of the Forecast Year 2011 and Projection Year 2012, the Trustee-Manager shall make distributions of at least 90.0% of PCRT's Distributable Income to Unitholders; and
- (ii) in respect of the financial year ending 31 December 2013 ("**FY2013**") onwards, the Trustee-Manager shall make distributions of at least 50.0% of PCRT's Distributable Income to Unitholders.

(See "Distributions".)

Singapore Tax Considerations

Distributions made by PCRT, being a registered business trust, are exempt from Singapore income tax in the hands of all Unitholders, i.e. regardless of whether they are corporates or individuals, foreign or local. The distributions will be free of Singapore withholding tax or tax deduction at source.

(See "Taxation".)

Governing Law

The Trust Deed, pursuant to which PCRT was constituted, is governed by Singapore law.

Financial Advisory Fee and Underwriting, Selling and Management Commission Payable by PCRT to the Sole Financial Advisor and the Joint Bookrunners (the "Underwriting, Selling and Management Commission")

0.25% and 2.25% of the aggregate of the proceeds of the Offering and the proceeds raised from the issuance of the Cornerstone Units for the Financial Advisory Fee and the Underwriting, Selling and Management Commission, respectively and a discretionary incentive fee of 0.45% of the aggregate of the proceeds of the Offering and the proceeds raised from the issuance of the Cornerstone Units payable at the sole discretion of the Trustee-Manager (see "Plan of Distribution — Issue Expenses" for further details).

Risk Factors

Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under "Risk Factors".

INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

Date and time	Event
28 May 2011 at 9.00 a.m.	: Opening date and time for the Public Offer.
7 June 2011 at 10.00 a.m.	: Closing date and time for the Public Offer.
8 June 2011	: Balloting of applications under the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants, if necessary.
9 June 2011 at 2:00 p.m.	: Commence trading on a “ready” basis.
14 June 2011	: Settlement date for all trades done on a “ready” basis on 9 June 2011.

The above timetable is indicative only and is subject to change. It assumes:

- the receipt of the revised business licence reflecting Shenyang Retail 1 Limited and Shenyang Retail 2 Limited as shareholders of Shenyang Summit by the Listing Date;
- that the closing of the application list for applicants subscribing for Units which are the subject of the Public Offer (the “**Application List**”) is 7 June 2011 at 10.00 a.m.;
- that the Listing Date is 9 June 2011;
- compliance with the SGX-ST’s unitholding spread requirement; and
- that the Units will be issued and fully paid up prior to 2:00 p.m. on 9 June 2011.

All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST on a “ready” basis is expected to commence at 2:00 p.m. on 9 June 2011 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a “ready” basis have been fulfilled). There will be no trading of the Units through the SGX-ST on a “when-issued” basis.

If the Trustee-Manager is terminated under the circumstances specified in the Trust Deed, the conditions of the Underwriting Agreement are not satisfied or waived or the Underwriting Agreement is terminated in accordance with its terms or the revised business licence reflecting Shenyang Retail 1 Limited and Shenyang Retail 2 Limited as shareholders of Shenyang Summit are not received prior to 2:00 p.m. on 9 June 2011 (being the time and date of commencement of trading in the Units through the SGX-ST), the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant’s own risk and without any right or claim against PCRT, the Trustee-Manager, the Sponsor, the Sole Financial Advisor, or the Joint Bookrunners).

In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Trustee-Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: <http://www.sgx.com>; and

- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

For the date on which trading on a “ready” basis will commence, investors should monitor SGXNET, the newspapers, or check with their brokers.

The Trustee-Manager will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

The Trustee-Manager reserves the right to reject or accept, in whole or in part, or to scale-down or ballot any application for Units, without assigning any reason for it. No enquiry and/or correspondence on the decision of the Trustee-Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application under the Public Offer is rejected or accepted in part only or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his or her own risk, and without any right or claim against PCRT, the Trustee-Manager, the Sponsor, the Sole Financial Advisor, or the Joint Bookrunners, provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”.

Where an application under the Public Offer is unsuccessful, the return of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant is expected to be completed at his or her own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

Where an application under the Public Offer is accepted in full or in part only, any balance of the application monies, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his or her own risk, within 14 Market Days¹ after the completion of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

Where the Offering does not proceed for any reason, the full amount of application monies under the Public Offer (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”).

¹ “Market Day” refers to a day on which the SGX-ST is open for trading in securities.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AS AT THE LISTING DATE

The following table is only an extract from, and should be read together with the unaudited balance sheet set out in Appendix C, "Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date" and the report set out in Appendix B, "Independent Accountants' Report on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date".

	Unaudited Pro Forma Balance Sheet as at Listing Date⁽¹⁾ S\$'000
Non-current assets	
Jointly controlled entity ⁽²⁾	691,442
Current assets	
Other asset ⁽³⁾	4,595
Cash and cash equivalents ⁽⁴⁾	67,988
	72,583
Total assets	764,025
Non-current liabilities	
Other payables ⁽⁵⁾	11,163
Net assets attributable to Unitholders	752,862
Unitholders' funds	
Units in issue	785,187
Issue costs	(31,287)
Unappropriated profits ⁽⁶⁾	(1,038)
	752,862
Units in issue ('000)	1,121,695
NAV per unit (S\$)	0.67

Notes:

- (1) Based on an assumed foreign exchange rate of S\$1.00: RMB5.2070 and the Offering Price of S\$0.70.
- (2) This relates to PCRT's 50.0% equity interest in Shenyang Summit, comprising an assumed purchase consideration of S\$668.6 million (RMB3,481.6 million), estimated additional consideration of S\$11.0 million (RMB57.3 million) under the Earn-out Deed which has been assumed by the Trustee-Manager to be payable to the Vendor and estimated acquisition related costs of S\$2.6 million (RMB13.6 million). Please see note 3 to the Unaudited Pro Forma Consolidated Balance Sheet in Appendix C for further details in relation to the Earn-out Deed.
- (3) This relates to transaction costs incurred on the undrawn committed term loan facilities of S\$195.0 million.
- (4) This includes an amount of S\$47.1 million (RMB245.0 million) (from the proceeds of the Offering) in relation to the Earn-out Deed which is classified as restricted cash. Restricted cash relates to funds deposited into bank accounts of PCRT which are jointly operated by PCRT and the vendor of Shenyang Summit under the Earn-out Deed. Please see notes 3 and 5 to the Unaudited Pro Forma Consolidated Balance Sheet in Appendix C for further details.
- (5) This relates to the estimated additional consideration payable to the Vendor under the Earn-out Deed and the acquisition fee payable to the Trustee-Manager thereon.
- (6) This relates to transaction costs of S\$0.9 million on bank borrowings to be repaid on the Listing Date and incorporation expenses of subsidiaries of S\$0.1 million.

Pro Forma NAV per Unit for illustrative purposes

The pro forma NAV per Unit as set out below is not intended to be a forecast and is for illustrative purposes only:

The NAV per unit based on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is S\$0.67.

The pro forma NAV per Unit as at the Listing Date of S\$0.67 is computed after incorporating adjustments to reflect PCRT's acquisition of 50.0% equity interest in Shenyang Summit.

Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall are not recognised as assets in the Unaudited Pro Forma Consolidated Balance Sheet because PCRT does not have legal title to these properties at the time of listing. In addition, the 50.0% equity interest in Shenyang Summit is carried at PCRT's cost of investment (including acquisition fees and related costs) which is more than 50.0% of the net assets of Shenyang Summit after taking into consideration deferred tax liability.

The deferred tax liability will only crystallise in the event the real estate is sold. Given that PCRT intends to hold the assets for the long term, the Trustee-Manager wishes to illustrate the effect of excluding deferred tax liability from the pro forma NAV. For illustrative purposes, the Trustee-Manager believes that the exclusion of deferred tax reflects the Trustee-Manager's intention more accurately.

At the Listing Date, Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall are valued on an "as if complete and fully leased"¹ basis.

The Trustee-Manager has performed a calculation of the adjusted pro forma NAV per Unit (after excluding deferred tax) assuming that:

- PCRT is able to successfully acquire legal title to both Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall, and that their valuation upon completion will remain unchanged from the valuation by the Independent Valuer as at 31 December 2010 (on an "as if complete and fully leased" basis for both assets as of that date); and
- the Shenyang Longemont Offices are successfully completed and fully leased and PCRT's 50.0% equity interest in Shenyang Summit is valued at NAV based on the valuation by the Independent Valuer as at 31 December 2010.

On the above basis, the Trustee-Manager believes from its calculations that the adjusted pro forma NAV per Unit will increase to S\$0.82 (excluding deferred tax) (from S\$0.67 as at the Listing Date).

The Trustee-Manager's calculation of the adjusted pro forma NAV per Unit reflecting the above two assumptions has been computed based on the pro forma NAV as at the Listing Date, after incorporating the following key adjustments, and excluding deferred tax:

- Adjustment to reflect PCRT's issuance of 2.4 million Units at the Offering Price of S\$0.70 each to the Trustee-Manager as payment of the acquisition fee for the acquisition of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall.

¹ The "as if complete and fully leased" basis of valuation provides the value of a proposed development project assuming it has already been completed, and utilises market information prevailing as at the date of valuation. The critical assumptions adopted are:

- (i) Construction of the property had already been completed according to the development schemes and plans made available to the valuer.
- (ii) All necessary licences, permits or grants to act, to build, use and occupy have been obtained, with no future payment needed to ensure this position.
- (iii) The property is fully leased under leasing and occupational arrangement typical of the market as at date of valuation.
- (iv) Revenue and property outgoings are based on prevailing economic and market conditions.
- (v) Net property income is capitalised for the balance lease term at the prevailing market-derived capitalisation rates.

This valuation basis is to be distinguished from the "as is" or "existing condition" bases.

- Adjustment to reflect PCRT's total development cost of Chengdu Qingyang Guanghua Shopping Mall which comprises land premium, estimated construction and construction related costs, capitalised borrowing costs and estimated acquisition related costs and acquisition fees totalling RMB738.3 million (S\$141.8 million), and start-up costs of RMB12.1 million (S\$2.3 million) which are recognised in profit or loss as incurred.
- Adjustment to reflect PCRT's total acquisition costs of Foshan Yicui Shijia Shopping Mall which comprises the purchase price, and estimated acquisition costs and fees totalling RMB630.0 million (S\$121.0 million), and start-up costs of RMB27.4 million (S\$5.3 million) which are recognised in profit or loss as incurred.
- Adjustment to record the change in fair value of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall on an "as if complete and fully leased" basis according to the values estimated by the Independent Valuer as at 31 December 2010 and as set out below:

	"As if complete" Value as at Listing Date	
	RMB'000	S\$'000
Chengdu Qingyang Guanghua Shopping Mall	849,000	163,050
Foshan Yicui Shijia Shopping Mall	795,000	152,679

The change in fair value of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall is RMB110.7 million (S\$21.3 million) and RMB165.0 million (S\$31.7 million) respectively.

- Adjustment to recognise PCRT's 50.0% share of the change in fair value of the properties held by Shenyang Summit based on the values estimated by the Independent Valuer as at 31 December 2010 and as set out below:

	"As if complete" Value as at Listing Date	
	RMB'000	S\$'000
Shenyang Red Star Macalline Furniture Mall ⁽¹⁾	2,904,000	557,711
Shenyang Longemont Shopping Mall ⁽¹⁾	3,450,000	662,570
Shenyang Longemont Offices ⁽¹⁾	2,154,000	413,674

Note:

(1) Based on 100.0% ownership.

PCRT's 50.0% share of the change in fair value of the properties held by Shenyang Summit is RMB653.9 million (S\$125.6 million).

The Trustee-Manager has further considered the impact on the adjusted pro forma NAV per Unit by using an estimate of future value as at 31 December 2014 instead of the valuation by the Independent Valuer as at 31 December 2010. The valuation of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall by the Independent Valuer as at 31 December 2010 is on an "as if complete and fully leased" basis because the two malls were not completed then. By 31 December 2014, the Trustee-Manager expects the two malls to be completed and leased. (See "Estimated future values of the Properties in 2014" below for the bases used to arrive at the estimated future values of the Properties in 2014.) Accordingly the Independent Valuer has been requested to provide a possible value for all of PCRT's properties as at 31 December 2014. On this basis, the pro forma NAV per Unit as calculated by the Trustee-Manager would be S\$0.99 per Unit (excluding deferred tax).

The adjusted pro forma NAV per Unit of S\$0.99 (excluding deferred tax) has been computed based on the pro forma NAV as at the Listing Date, after incorporating the following key adjustments and assumptions, and excluding deferred tax:

- Adjustment to reflect PCRT's issuance of 2.4 million Units at the Offering Price of S\$0.70 each to the Trustee-Manager as payment of the acquisition fee for the acquisition of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall.
- Adjustment to reflect PCRT's total development cost of Chengdu Qingyang Guanghua Shopping Mall which comprises land premium, estimated construction and construction-related costs, capitalised borrowing costs and estimated acquisition related costs and acquisition fees totalling RMB738.3 million (S\$141.8 million), and start-up costs of RMB12.1 million (S\$2.3 million) which are recognised in profit or loss as incurred.
- Adjustment to reflect PCRT's total acquisition costs of Foshan Yicui Shijia Shopping Mall which comprise the purchase price, capitalised borrowing costs and estimated acquisition costs and acquisition fees totalling RMB630.0 million (S\$121.0 million), and start-up costs of RMB27.4 million (S\$5.3 million) which are recognised in profit or loss as incurred.
- Adjustment to recognise the change in fair value of the following investment properties according to the estimated future values in 2014 provided by the Independent Valuer. The estimated future values in 2014 are as set out below:

	Estimated Future Value in 2014	
	RMB'000	S\$'000
Chengdu Qingyang Guanghua Shopping Mall	983,000	188,784
Foshan Yicui Shijia Shopping Mall	927,000	178,030

The change in fair value of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall is RMB244.7 million (S\$47.0 million) and RMB297.0 million (S\$57.0 million) respectively.

- Adjustment to recognise PCRT's 50.0% share of the change in fair value of the properties held by Shenyang Summit according to the estimated future values in 2014 provided by the Independent Valuer. The estimated future values in 2014 are as set out below:

	Estimated Future Value in 2014	
	RMB'000	S\$'000
Shenyang Red Star Macalline Furniture Mall ⁽¹⁾	3,370,000	647,206
Shenyang Longemont Shopping Mall ⁽¹⁾	4,061,000	779,912
Shenyang Longemont Offices ⁽¹⁾	2,470,000	474,361

Note:

(1) Based on 100.0% ownership.

PCRT's 50.0% share of the change in fair value of the properties held by Shenyang Summit is RMB942.2 million (S\$180.9 million).

Apart from the above adjustments, no other adjustments have been made.

The adjusted pro forma NAV per Unit of S\$0.99 (excluding deferred tax) is to illustrate the effect on NAV if the estimated future values of the Properties in 2014 is used. This is the most material factor affecting the NAV in the Trustee-Manager's opinion. Other adjustments have not been made because:

- (i) they are not material. For example, adjustment is not made for the payments of the earn-out amount as this is not material and will expire on 31 December 2013; or
- (ii) they will require the Trustee-Manager to make assumptions for which the Trustee-Manager will have no reasonable basis. For example, adjustments would have to be made for undistributed results of PCRT beyond the Forecast Year 2011 and Projection Year 2012 and up to the year ending 31 December 2014. In addition, the payment of the Trustee-Manager's management fees in Units will require the Trustee-Manager to make an assumption of what the price of the Units at each point such Units are issued from Listing Date until the year 2014.

For the avoidance of doubt, the adjusted pro forma NAV per Unit of S\$0.99 (excluding deferred tax) is for illustrative purposes only, and should not be construed as a forecast or prediction by the Trustee-Manager of what the NAV will be in 2014. The Trustee-Manager has thus not made any adjustments arising from the effects of any actions that the Trustee-Manager may take from the Listing Date until the year 2014, which may increase or decrease the NAV at that point in time.

Estimated future values of the Properties in 2014

The above estimated future value¹ of each of the Properties in 2014 are for illustrative purposes only and are not a forecast, prediction or valuation, and are an extrapolation of the valuations of the Properties as at 31 December 2010 based on prevailing market and economic conditions as at the date of the valuation. The extrapolation is based on the current capitalisation rate, and is not to be misconstrued as a valuation into the future and takes into account the level of income and rental escalation which has historically been achieved within the retail sector in China.²

¹ The estimated future value (which is not to be construed as a valuation at a future date) was estimated by extrapolating the revenue and property outgoings with certain assumptions made on rental growth, operating costs escalation, renewals & lease up periods, vacancy/bad debt allowances, etc. The net property income in the extrapolation is then capitalised using an appropriate rate for the balance lease term in Year 2014. It is not a forecast or prediction or valuation and the extrapolation is based on prevailing market and economic conditions as at the date of valuation.

The fundamental consideration in this extrapolation exercise is that each of the assets has an appropriate tenancy mix and asset management strategy to achieve its full income potential. It also takes into account the level of income/rental escalation which has historically been achieved within the retail sector in China.

² The following assumptions were taken into account in the extrapolation:

- (i) Rate of urbanisation in the PRC will continue at the current pace.
- (ii) The working age population (20 to 49) is at its peak now and will stay above 600 million until the years 2035-2040 before the proportion of old age group overtakes the working age group, thereby underpinning key sectors in the PRC economy, the retail sector included.
- (iii) The government's efforts to stimulate domestic consumption will support if not further fuel retail growth which is at circa 15% per annum.
- (iv) Yields for institutional commercial real estate will firm over the next 5 to 10 years as the PRC further develops an extensive domestic institutional platform.

Additionally, the Independent Valuer has assumed that the management team possesses the necessary experience and expertise to achieve the full income potential of the assets through appropriate tenancy mix and asset management strategies.

Barring any unforeseen negative events or major catastrophe, the above assumptions and observations are considered fair and reasonable.

(See Appendix E, “Independent Property Valuation Summary Report” for the estimated future value of the Properties and the basis for arriving at such values of the Properties.)

In no way should the Trustee-Manager’s adjusted pro forma NAV calculation be interpreted as reflecting the underlying NAV per Unit of PCRT as at the Listing Date. The calculation is a purely theoretical one, in that it assumes that Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall have been acquired, completed and leased.

PROFIT FORECAST AND PROFIT PROJECTION

The following is an extract from “Profit Forecast and Profit Projection” and should be read together with “Profit Forecast and Profit Projection”. Statements contained in the Profit Forecast and Profit Projection section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section of the Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners, the Sponsor, the strategic partners or any other person, nor that these results will be achieved or are likely to be achieved. (See “Forward-looking Statements” and “Risk Factors”.) Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this Prospectus.

None of PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners, the Sponsor or the strategic partners guarantees the performance of PCRT, the repayment of capital or the capital growth of the Units. The forecast and projected income statement stated in the following table are based on the assumption that the Listing Date is 1 June 2011.

The forecast and projected income statement, and forecast and projected yields will vary accordingly if the Listing Date is not 1 June 2011, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The financial year end of PCRT is 31 December. PCRT’s first accounting period is for the period from 22 February 2011, being the date of its constitution, to 31 December 2011 (with the “**Forecast Year 2011**” being the period from 1 January 2011 to 31 December 2011) and its next accounting period will be from 1 January 2012 to 31 December 2012 (the “**Projection Year 2012**”). The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the KPMG LLP, the independent accountants (the “**Independent Accountants**”), and should be read together with the report set out in Appendix A, “Independent Accountants’ Report on the Profit Forecast and Profit Projection”, as well as the assumptions and the sensitivity analysis set out in “Profit Forecast and Profit Projection”.

The following table shows PCRT's forecast and projected income statement for the Forecast Year 2011 and the Projection Year 2012.

	Forecast and Projected Income Statement ⁽¹⁾			
	Forecast Year 2011 (Full year from 1 January 2011 to 31 December 2011)		Projection Year 2012 (Full year from 1 January 2012 to 31 December 2012)	
	(RMB'000)	(S\$'000)	(RMB'000)	(S\$'000)
Finance income	153	29	167	32
Finance expense	(5,777)	(1,109)	(15,796)	(3,033)
Net finance costs	(5,624)	(1,080)	(15,629)	(3,001)
Trustee-Manager fees	(20,697)	(3,975)	(26,036)	(5,000)
Other expenses	(10,984)	(2,110)	(13,411)	(2,576)
Results from operating activities	(37,305)	(7,165)	(55,076)	(10,577)
Share of profit of jointly controlled entity ⁽²⁾	91,282	17,531	156,165	29,991
Profit before income tax	53,977	10,366	101,089	19,414
Income tax expense	(2,917)	(560)	(5,029)	(966)
Profit after income tax	51,060	9,806	96,060	18,448
<u>Reconciliation of profit after income tax to total distribution</u>				
Profit after income tax	51,060	9,806	96,060	18,448
Add/(less)				
— Trustee-Manager's management fee paid in Units ⁽³⁾	19,506	3,746	24,720	4,747
— Undistributed results of certain subsidiaries	1,884	362	6,559	1,260
— Amortisation of transaction costs on borrowings	3,970	763	5,294	1,017
Distributable income	76,420	14,677	132,633	25,472
— Additional return ⁽⁴⁾	85,500	16,420	94,500	18,149
Total distribution	161,920	31,097	227,133	43,621

The following table illustrates the distribution yield for the Forecast Year 2011 and the Projection Year 2012.

	Forecast Year 2011	Projection Year 2012
Number of Units in issue ('000)⁽⁵⁾	1,125,011	1,134,200
Distribution per Unit (Singapore cents)⁽⁶⁾	2.37	3.86
Offering price (S\$)	\$0.70	\$0.70
Annualised distribution yield ⁽⁷⁾	5.30%	5.51%

The income statement for Forecast Year 2011 presented above shows the forecast results of the PCRT Group had the PCRT Group been in place and completed its acquisition of 50.0% of the total issued capital of Shenyang Summit on 1 January 2011. Unitholders who have subscribed for the Units pursuant to the Offering will be entitled to distributions made for the period from the Listing Date to 31 December 2011 (inclusive) for the Forecast Year 2011 (see “Distribution per Unit” in the table above and Note 6 below).

Notes:

- (1) Based on an assumed foreign exchange rate of S\$1.00: RMB5.2070.
- (2) Share of profit of jointly controlled entity relates to the PCRT Group’s 50.0% equity interest in Shenyang Summit which owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices.
- (3) This relates to the Trustee-Manager’s management fees which will be fully paid in Units.
- (4) This relates to distributions arising from the Earn-out Deed (see “Certain Agreements relating to Perennial China Retail Trust and the Properties”). Please refer to Profit Forecast and Profit Projection — Assumptions — (G) Additional Return for the annualised yields excluding the additional return for the period from the assumed Listing Date to 31 December 2011 and Projection Year 2012.
- (5) Includes approximately 13.0 million Units issued for the acquisition fee payable to the Trustee-Manager on the Listing Date and the increase in the number of Units in issue as a result of the assumed payment of the Trustee-Manager’s management fees for the relevant period in the form of Units issued at the Offering Price.
- (6) Unitholders who have subscribed for the Units pursuant to the Offering will not be entitled to any distributions made for the period from 1 January 2011 and ending on the day immediately preceding the Listing Date. (See “Distributions — The Distribution Amount” for further details.) For the avoidance of doubt, the amount available for distribution attributable to Unitholders for the period from the assumed Listing Date to 31 December 2011 is 2.37 cents per Unit.
- (7) The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distributable Income for the period from Listing Date to 31 December 2011.

RISK FACTORS

An investment in the Units involves risks. Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Units, as these may, inter alia, adversely affect the trading price of the Units and PCRT's financial position and prospects. The risks set forth below are not an exhaustive list of the challenges currently facing PCRT or that may develop in the future. There may be additional risks not described below or not presently known to the Trustee-Manager or that the Trustee-Manager currently considers as immaterial that could turn out to be material, which may in the future have a material adverse effect on PCRT or the trading price of the Units.

This Prospectus also contains forward-looking statements (including a profit forecast and profit projection) that involve risks, uncertainties and assumptions. The actual results of PCRT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by PCRT as described below and elsewhere in this Prospectus.

As an investment in a business trust is meant to produce returns over the long-term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of units in a business trust, and the income from them, may fall or rise. Investors should note that they could lose all or part of their original investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from the relevant advisors about their particular circumstances.

RISKS RELATING TO THE PROPERTIES

The Properties have a limited operating track record or are still under development.

As at the Listing Date, the Properties have a limited operating track record and are either newly opened or under development. Shenyang Red Star Macalline Furniture Mall commenced operations on 30 September 2010, Shenyang Longemont Shopping Mall is pending completion of internal fit-out works and the remaining of the Properties are still under development. Shenyang Longemont Shopping Mall and Shenyang Longemont Offices are expected to commence operations only in the third quarter of 2011 and the second quarter of 2012, respectively. Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall are expected to commence operations only in the third quarter of 2013 and the second quarter of 2014, respectively. Due to its limited operating track record, it would be difficult for investors to assess the performance of Shenyang Red Star Macalline Furniture Mall. It would also be difficult for investors to assess the future performance of the other Properties as they are all currently under development.

PCRT may face risks associated with acquiring property developments.

The Trustee-Manager has agreed to acquire Shenyang Longemont Offices, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall which are development projects. Undertaking development work involves various risks, including regulatory, construction and financing risks, as well as the risk that the assets upon their completion will be unable to yield the anticipated income. These risks may be more pronounced in an emerging market like the PRC, which may subject PCRT to discretionary regulatory controls, changes in the laws, regulations, or contracts governing the development projects (see risk factors in relation to PRC regulatory limitations under “— Risks relating to China”). In addition, the progressive payments paid to the vendor when Foshan Yicui Shijia Shopping Mall is still under construction will increase PCRT's exposure to the credit risk of the vendor as payments are made but PCRT does not have legal title to the asset until after the construction is completed. To reduce PCRT's exposure to the credit risk of the vendor, the first instalment payable pursuant to the Foshan Yicui Co-operative Framework Agreement (as defined herein) will be placed in

an escrow account and the subsequent instalments are paid to the vendor only after the Pre-Sale Agreement is entered into. Should there be such an event of insolvency, PCRT will have all the rights as a creditor and shall be entitled to monetary compensation derived from liquidating the assets of the vendor, including its real properties such as Foshan Yicui Shijia Shopping Mall, in accordance with applicable PRC laws. There is no assurance that the safeguard measures taken by PCRT have eliminated PCRT's exposure to the vendor's credit risk.

In the event that PCRT is unable to proceed with the acquisition of Foshan Yicui Shijia Shopping Mall and/or Chengdu Qingyang Guanghua Shopping Mall, the NAV growth and future distribution yield of PCRT may be adversely affected.

PCRT's decision to invest in Shenyang Longemont Offices, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, which are all property development projects, is based upon the Trustee-Manager's assessment of the potential market demand for retail space and office space. There is no guarantee that there will be a demand for these property development projects when completed, whether due to depressed market conditions or other factors. For example, tenants may not be found in a timely manner, and leases may not be entered into on satisfactory terms due to the low demand. Any significant periods of vacancy or unfavourable lease terms will adversely affect PCRT's Gross Revenue.

The property development projects undertaken by PCRT may encounter delays, delivery defects and legal disputes with contractors, and may incur unexpected expenses and liabilities, resulting in losses for which PCRT may not be adequately compensated by insurance proceeds and/or contractual indemnities. This may adversely affect the business, financial condition and the results of operations of PCRT.

The completion of the development projects will be subject to obtaining certain permits from various government agencies in the PRC. In the event the relevant permits are not received, this may adversely affect the business, financial condition and the results of operations of PCRT.

Further, the title to all the Properties is 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 right without compensation. This may affect the business, financial condition and the results of operations of PCRT.

No legal title upon the completion of the Offering.

As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall.

Although PCRT is contractually entitled to acquire Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall in accordance with the terms of the respective framework agreement after the Listing Date (see "Overview of Acquisition of Properties in China and Acquisition of the Initial Portfolio"), there is no guarantee that the vendors would perform their obligations under the terms of the framework agreements. In the event that any of the vendors fails to perform its obligations under the terms of the framework agreements (including without limitation, failing to transfer the legal title to any of the Properties to PCRT or as the case may be, the relevant Property Company) and PCRT fails to satisfactorily enforce its rights under the relevant framework agreement, the business, financial condition, results of operations, cash flow and prospects of PCRT will be materially and adversely affected.

In addition, although Shenyang Red Star Macalline Furniture Mall has commenced operations, the Building Ownership Certificate in respect of Shenyang Red Star Macalline Furniture Mall has not been issued in the name of Shenyang Summit. While the Trustee-Manager believes that there will not be any legal impediments to Shenyang Summit obtaining the Building Ownership Certificate, certain construction planning, construction completion and civil defence checks will need to be completed before the relevant documents can be submitted to the PRC real estate authorities for the issuance of the Building Ownership Certificate to Shenyang Summit. The Trustee-Manager will make an announcement via SGXNET upon receiving the Building Ownership Certificate which is expected to be received by the end of the second quarter of 2011.

Prior to the commencement of the construction of Shenyang Red Star Macalline Furniture Mall, Shenyang Summit had obtained from the Shenyang Planning and State Land Resources Bureau all the approvals required to construct the mall designated for wholly commercial use (“**Approval Notice on the Planning Scheme**”) (规划设计方案审定通知书), no further approvals are required for the leasing out of the relevant property. However, PCRT will not be able to sell the property without the Building Ownership Certificate.

Exposure to contingent liabilities of Shenyang Summit and tax liabilities as a result of the Corporate Division.

The acquisition of the 50.0% stake in Shenyang Summit may expose PCRT to any contingent liabilities of Shenyang Summit from its previous operations prior to the Corporate Division (as defined herein) and any contingent tax liabilities resulting from the Corporate Division. The Trustee-Manager believes that the Corporate Division has been conducted in a manner that will likely satisfy all of the conditions for Special Reorganisation as stipulated in Article 5 and Article 6(5) of the Notice on Enterprise Income Tax Treatment of Enterprise Reorganisation Caishui [2009] No. 59 issued by the Ministry of Finance and China State Administration of Taxation (“**SAT**”), such that Shenyang Summit will not incur liability for enterprise income tax as a result. However, the application of Caishui [2009] No. 59 is subject to the interpretation and practice of the local tax authority on a case-by-case basis. In addition, as Caishui [2009] No. 59 only addresses the enterprise income tax treatment of enterprise reorganisation, it contains no statement as to the potential liability (if any) for land appreciation tax (“**LAT**”) or other taxes such as business tax and value-added tax. Although some local tax authorities have issued tax circulars to address the treatment of LAT and other taxes, there is no tax circular issued at the State level to clarify the treatment of these taxes associated with a corporate division. As such, the treatment of these taxes would be subject to the interpretation and practice of the local tax authority. If the Corporate Division was deemed to be an event that triggered LAT or any other taxes, the financial position of Shenyang Summit and PCRT may be adversely affected.

Each of the Summit Parties have represented and provided warranties that they will be responsible for any liabilities of Shenyang Summit that are not directly related to Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall or the Shenyang Longemont Offices. Mr Tong Jinquan has also undertaken to bear all taxes incurred in the PRC in connection with the Corporate Division. However, there can be no assurance that Shenyang Summit will be able to successfully make a claim against the Summit Parties for any breach of the representations and warranties or whether PCRT will have sufficient financial resources to meet such contingent liabilities of Shenyang Summit, the result of which may adversely affect PCRT’s business, financial condition and results of operations.

Joint and several liability of Shenyang Summit for liabilities under contracts entered into by Shenyang Summit prior to the Corporate Division.

Shenyang Summit and the new companies within the Summit Group which had been set up pursuant to the Corporate Division, being 沈阳景峰房地产开发有限公司, 沈阳畅峰房地产开发有限公司, 沈阳轩峰房地产开发有限公司, 沈阳霓峰房地产开发有限公司, 沈阳虹峰房地产开发有限公司, 沈阳瀚峰房地产开发有限公司(collectively, the “**New Summit Entities**”¹) had, as part of the Corporate Division,

¹ The New Summit Entities refer to the entities spun off from Shenyang Summit as part of the Corporate Division. These entities are a part of the Summit Group and will not be part of PCRT.

confirmed to the Administration for Industry and Commerce of Shenyang and issued a public notice that Shenyang Summit is jointly and severally liable with the New Summit Entities for the liabilities of Shenyang Summit incurred prior to the Corporate Division.

However, Shenyang Summit, the New Summit Entities, Mr Tong Jinqun and Shanghai Summit have separately signed a confirmation letter ("**Corporate Division Confirmation**") stating that if Shenyang Summit is liable for any liabilities that are not directly related to the Shenyang Properties, the New Summit Entities (which as at 31 December 2010 have a total net asset value of RMB2.334 billion based on their unaudited management accounts) will compensate Shenyang Summit accordingly, and Mr Tong Jinqun and Shanghai Summit will be jointly and severally liable for such obligations of the New Summit Entities. Mr Tong Jinqun has also undertaken to bear all taxes incurred in the PRC in connection with the Corporate Division.

In addition, Shenyang Summit, the New Summit Entities and the relevant third parties under some of the contracts Shenyang Summit had entered into prior to the Corporate Division (the "**Old Contracts**") have entered into novation agreements ("**Novation Agreements**"), pursuant to which the rights and obligations of Shenyang Summit under certain material contracts it had entered into prior to the Corporate Division that do not relate to the Shenyang Properties have been novated to the New Summit Entities. Certain Old Contracts have also been terminated and re-signed between the New Summit Entities. The contracts which have either been terminated and re-signed or in respect of which Novation Agreements have been signed together amount to more than 95.0% of the total value of all the Old Contracts. Commerce & Finance Law Offices, the PRC counsel to the Trustee-Manager as to PRC laws has advised that such duly signed Novation Agreements and termination and re-signing of the Old Contracts will legally remove all liabilities of Shenyang Summit under the relevant Old Contracts entered into between the third parties and Shenyang Summit before the Corporate Division.

However, not all of the Old Contracts that Shenyang Summit had previously entered into, including all construction and construction-related contracts entered into in relation to the construction of Shenyang Longemont Asia Pacific City were novated to the New Summit Entities or re-signed. Shenyang Summit may still be pursued together with the relevant New Summit Entity in the event of a breach of the relevant Old Contract. In the event that counterparties to the Old Contracts enforce any of the terms therein against Shenyang Summit, Shenyang Summit can seek compensation from the New Summit Entities, Mr Tong Jinqun and Shanghai Summit pursuant to the Corporate Division Confirmation. However, there is no assurance that Shenyang Summit will be adequately compensated by the New Summit Entities, Mr Tong Jinqun and Shanghai Summit. In the event that Shenyang Summit is not adequately compensated by the New Summit Entities, Mr Tong Jinqun and Shanghai Summit for any losses or damages that it may incur vis-à-vis the counterparties to the Old Contracts, Shenyang Summit's and consequently, PCRT's business, financial condition and results of operations may be materially and adversely affected.

The estimated GFA and NLA of the Properties are based on architectural plans on which construction was based, and may differ from the actual GFA and NLA of the relevant completed Properties.

The estimated GFA and NLA of each of the Properties which were adopted by the Independent Valuer and applied in "Profit Forecast and Profit Projection" are based on architectural plans, and may differ from the actual GFA and NLA of the relevant completed Properties. The GFA will only be finalised when the relevant Building Ownership Certificate is issued. Accordingly, the actual GFA of the Properties may vary from the relevant forecasts and projections in "Profit Forecast and Profit Projection" if the figures in the Building Ownership Certificate and the architectural plans differ.

In addition, the acquisition price and the subscription price of 50.0% of the total equity interest of Shenyang Summit under the Shenyang Summit Co-operative Framework Agreement are computed based on the actual GFA of Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont that is delivered. Although there is a cap on the amount that is payable in respect of the actual GFA delivered under the Shenyang Summit Co-operative Framework Agreement, there is no guarantee that PCRT will have sufficient funds from the proceeds of the Offering to fund the additional amount payable to the Summit Parties in the event that the actual GFA exceeds the expected GFA by a significant amount. Conversely, in the event that the actual NLA turns out to be significantly less than estimated, the rental proceeds which PCRT will receive from the relevant Property may be adversely affected, the result of which may adversely affect PCRT's business, financial condition and results of operations.

In addition, in the event that the actual GFA of the relevant completed Properties is lower than the estimated GFA on which the acquisition fee payable to the Trustee-Manager was computed and paid by more than 3.0% of the estimated GFA, there is no assurance that the Trustee-Manager will have the amount of Units and/or cash to return to PCRT in accordance with the Trust Deed.

The rental rates for Forecast Year 2011 and Projection Year 2012 do not reflect stabilised rental rates.

The Shenyang Properties have a limited operating history as Shenyang Red Star Macalline Furniture Mall commenced operations only on 30 September 2010. Shenyang Longemont Shopping Mall is expected to commence operations only in the third quarter of 2011, and the Shenyang Longemont Offices are expected to commence operations in the second quarter of 2012. Although Shenyang Red Star Macalline Furniture Mall is almost fully occupied with an occupancy rate of 96.1%¹ as at 31 December 2010, the leases are in the first lease cycle and rental rates have yet to stabilise. Likewise for Shenyang Longemont Shopping Mall which will be completed only in the second quarter of 2011 and is in the process of being leased, rental rates for Forecast Year 2011 and Projection Year 2012 would not reflect stabilised rental rates.

Accordingly, the actual rental rates may vary from the relevant forecasts and projections in "Profit Forecast and Profit Projection".

The land use reflected in the Land Use Right Certificate and the Land Use Right Grant Contract in respect of the land on which Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont (the "Shenyang Phase I Project") are constructed differs from the actual land use of the Shenyang Phase I Project.

Pursuant to the Land Administration Law of the People's Republic of China, the land user must use the land in compliance with the provisions under the Land Use Right Grant Contract and the Land Use Right Certificate and change of the land use has to be approved by the relevant competent land administrative authority.

The Shenyang Planning and State Land Resources Bureau has already given Shenyang Summit all the approvals required to construct buildings designated for wholly commercial use pursuant to the Approval Notice on the Planning Scheme, and the actual land use of the Shenyang Phase I Project is wholly commercial. However, the use of the land on which the Shenyang Phase I Project is situated is still stipulated as "urban mixed residential" (城镇混合住宅) in the Land Use Right Certificate for the Shenyang Phase I Project as the entire Shenyang Longemont Asia Pacific City (which the Shenyang Phase I Project is a part of) comprises other commercial and residential phases, and as such as a whole, was designated as "urban mixed residential".

¹ Inclusive of Committed Leases of 91.8% and Expected Leases of 4.3%.

Shenyang Summit will use its best endeavours to rectify the land use of the Shenyang Phase I Project in the Land Use Right Certificate but there is no assurance that the Shenyang Planning and State Land Resources Bureau will issue new Land Use Right Certificates reflecting the use as wholly commercial, or that the relevant government authorities will not impose any penalties (for example, requiring Shenyang Summit to pay an additional land premium) if Shenyang Summit fails to obtain such new Land Use Right Certificate which reflects the use as wholly commercial.

Shanghai Summit has also undertaken that it will use its best endeavours to procure a new Land Use Right Certificate reflecting the land to be of commercial use and that Mr Tong Jinquan will bear any additional charges (which shall include any penalty imposed) or land premium imposed by the Shenyang Planning and State Land Resources Bureau for rectifying the land use in the Land Use Right Certificate. However, the steps to procure such a Land Use Right Certificate cannot be undertaken yet as the Shenyang Planning and State Land Resources Bureau will require the Building Ownership Certificate to be issued before it issues such new Land Use Right Certificate. There can be no assurance that Shenyang Summit will be able to successfully make a claim against Mr Tong Jinquan and Shanghai Summit in a breach of the undertaking or that PCRT will have sufficient financial resources to satisfy any penalty imposed by the relevant competent land administrative authority, the result of which may adversely affect PCRT's business, financial condition and results of operations.

The Properties are located in the PRC and therefore will be subject to economic conditions in the PRC as well as any changes in PRC laws and regulations.

The Properties are situated in various cities across the PRC. As a result, PCRT's Gross Revenue and results of operations depend, to a large extent, on the performance of the PRC economy and the retail property market conditions in PRC as a whole. An economic downturn in the PRC could adversely affect PCRT's business, financial condition, results of operations and future growth.

The PRC property market is volatile and may experience oversupply and property price fluctuations. The central and local governments in the PRC may adjust monetary policy and implement other austerity measures from time to time to prevent and curtail the overheating of the PRC and local economies. Such economic adjustments may affect the property market in the regions where the Properties are located, as well as other parts of the PRC.

The central and local governments in the PRC may also make policy adjustments and adopt new regulatory measures from time to time in a direct effort to discourage speculation in the property market, control property prices and curb the oversupply of the property market in the PRC. Such policies may lead to changes in market conditions, including price instability and imbalance of supply and demand, which may materially and adversely affect the business, financial conditions and the results of operations of PCRT.

The Property Companies will be subject to PRC laws, regulations and policies. The Properties will also be subject to the laws, regulations and policies from time to time adopted by the respective local government authorities. Any amendment or change in the existing legal regime may adversely and directly affect the business, financial condition and results of operations of PCRT.

Various restrictive measures regarding construction plans and development timeframe for land granted to property developers by the PRC government may affect PCRT's property developments.

The PRC government has enacted a series of regulations imposing restrictions regarding construction plans and development timeframe for land granted to property developers. In particular, the 《国务院关于促进节约集约用地的通知(国发[2008]3号)》(Notice on Promoting Economisation of Land Use (Guo Fa [2008] No. 3)) promulgated on 3 January 2008 highlighted the PRC government's stance on strict enforcement of forfeiture of idle land rule. Pursuant to the Notice, an idle land fee equivalent to 20% of the land premium will be imposed on the user who had entered into the land use right grant contract

if construction does not commence within one year of the construction commencement date specified in a land grant contract, and the land may be subject to forfeiture if construction does not commence within two years of entering into a land grant contract. According to the “Measures on Disposal of Idle Land” 《闲置土地处置办法》, the land can also be classified as idle land even if the development and construction of the land has begun, if (i) the area of the development and construction is less than one-third of the total area to be developed and constructed or (ii) the invested amount is less than 25.0% of the total amount of stipulated investment and the development and construction has been continuously suspended for one year or more without government approval. There is no specified time from the commencement of construction within which the area of the development and construction must reach one-third of the total area to be developed and constructed and the invested amount must reach 25.0% of the total amount of stipulated investment.

The various restrictive regulations to property developers on idle land fee and forfeiture of idle land resulted in some companies having their land and land grant deposits forfeited. If PCRT or the vendors are unable to commence construction or completion of the Properties, PCRT and the vendors may be subject to the above sanctions imposed by the PRC government, and the business and financial performance of PCRT may in turn be adversely affected. Further, there is no assurance that the PRC government will not adopt additional and even tighter enforcement measures for forfeiture of idle land and/or imposing an idle land fee, which may further potentially adversely affect the flexibility in determining the pace of the development of the Properties.

There is a risk that the land on which Foshan Yicui Shijia Shopping Mall is being constructed could be deemed as idle land even though construction of the residential components had already begun in November 2009, before the date stipulated in the relevant land use right grant contract for commencement of construction (which was in respect of the land for both Foshan Yicui Shijia Shopping Mall and the residential developments) since the invested amount has not reached 25.0% of the total amount of stipulated investment and the area of the development and construction is less than one-third of the total area to be developed and constructed.

There is also a risk that the land on which Chengdu Qingyang Guanghua Shopping Mall will be constructed could be deemed as idle land because the construction of the shopping mall has not commenced even though the land use right grant contract in respect of the land on which Chengdu Qingyang Guanghua Shopping Mall will be constructed was signed on 2 January 2010 and stipulates 20 July 2010 as the date by which construction must commence. An extension of the date has been granted by the local government. However, the extension date has not been determined as the local authorities are currently assessing the proposed master plan for the entire project, including the other adjacent parcels of land belonging to Chengdu Railway. The local authorities will provide an extension date after the master plan is approved.

All of the Properties are subject to property taxes that may increase, or capital gains taxes that may be imposed or incurred in the future, and thereby adversely affect PCRT’s financial conditions and its capital growth.

The Properties are subject to various real (i.e. immovable) property taxes in China that may increase as tax rates increase or as the Properties are assessed or reassessed by relevant authorities. In addition, certain taxes such as the real estate tax are subject to the discretion or practice of local tax bureaus in China and thus the amount of taxes payable may vary. If PCRT’s tax liabilities in respect of the Properties increase, the real estate taxes included in the relevant forecast and projection in “Profit Forecast and Profit Projection” may increase and the distributions and the capital growth of PCRT could be adversely affected.

The loss of anchor tenants or a significant number of tenants of any of the Properties or a downturn in the businesses of anchor tenants or a significant number of tenants could have an adverse effect on PCRT's financial conditions and results of operations.

PCRT's financial condition and results of operations and capital growth may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more of the anchor tenants or a significant number of tenants of any of the Properties, as well as the decision by one or more of these tenants not to renew its lease or to terminate its lease before it expires. If an anchor tenant terminates its lease or does not renew its lease at expiry, it may be difficult to secure replacement tenants at short notice. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than the current leases.

The loss of anchor tenants in any one of PCRT's Properties, completed developments or future acquisitions could result in periods of vacancy, which could adversely affect the revenue and financial conditions of the relevant Property, consequently impacting the Property Companies and such other Holding Companies' ability to make dividends or distributions to PCRT.

Similarly, if a large number of tenants in the Properties do not renew their leases at the end of a lease cycle or a significant number of early terminations occur and replacement tenants cannot be found, this could adversely affect PCRT's business, financial condition and results of operations.

The market values of the Properties when completed may differ from their values obtained by the Independent Valuer.

The valuations were conducted using the capitalisation, direct comparison and residual cash flow methods of valuation. 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. In addition, the basis of the valuation of the Properties under development were on an "as if complete and fully leased" basis, based on the current market conditions. There can be no assurance that the relevant Properties can be leased out at the same or higher market rates once completed. The market values of the Properties when completed may therefore differ from the values of the Properties as determined by the Independent Valuer.

The values of the Properties (as determined by the Independent Valuer) 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 PCRT may sell a property may be lower than its value as determined by the Independent Valuer.

The Properties may be subject to risks associated with the acquisition of properties.

While the Trustee-Manager believes that reasonable due diligence investigations have been conducted with respect to Shenyang Red Star Macalline Furniture Mall prior to its acquisition, there can be no assurance that the mall will not have defects or deficiencies requiring repair or maintenance thereby incurring significant capital expenditures, or payment or other obligations to third parties, other than those disclosed in the Prospectus. Some of the Properties may be in breach of relevant laws and regulations, which the Trustee-Manager's due diligence investigations did not uncover. As a result, PCRT may incur additional financial or other obligations in relation to remedying such breaches or non-compliance defects or deficiencies.

In particular, the representations, warranties and indemnities made in favour of PCRT and its Property Companies by the respective vendors under the relevant framework agreements (see "Certain Agreements Relating to Perennial China Retail Trust and the Properties") are subject to limitations as to their scope and as to the amount and timing of claims which can be made thereunder. There can be no assurance that PCRT will be entitled to be reimbursed or compensated under such representations, warranties and indemnities for any or all losses or liabilities suffered or incurred by it as a result of its indirect acquisition and/or development of the Properties.

Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow.

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties, other than those disclosed in this Prospectus.

Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material and adverse effect on PCRT's earnings and cash flows.

Statutory or contractual representations, warranties and indemnities given by any developer or seller of real estate may not be able to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

PCRT's financial position, results of operations and prospects may be adversely affected by an increase in direct expenses and other operating expenses.

PCRT's financial position, results of operations and prospects could be adversely affected if direct expenses and other operating expenses increase without a corresponding increase in revenue.

Factors which could increase direct expenses and other operating expenses include and may not be limited to any:

- increase in costs associated with the development of properties;
- increase in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- increase in insurance premiums; and
- increase in cost of utilities.

The Properties may face increased competition from future retail developments in the PRC.

The retail property industry is competitive and may become increasingly so. Each of the Properties is located in an area that has other competing retail malls and may also face competition from retail malls in the PRC in general that may be developed in the future (see "Business and Properties"). The income from, and market value of, the Properties will be largely dependent on the ability of the Properties to compete against other retail properties in the PRC in attracting and retaining tenants. An increase in the number of competitive retail malls in the PRC, particularly in the areas where the Properties are located, could have a material adverse effect on the revenue and/or occupancy rates of the Properties, as such increased competition may adversely impact the tenants and consequently affect their ability to make rental payments.

Potential Conflicts of Interest with the Summit Group.

The Summit Group is engaged in the investment in, and the development and management of, among other things, other retail properties in China. The Summit Group does not presently own any retail projects in the vicinity of a similar nature which competes with the Shenyang Properties. The Trustee-Manager will put in place certain safeguards to address any potential conflicts of interests with the Summit Group in respect of the Shenyang Properties — see Corporate Governance — Potential Conflicts of Interest”. Notwithstanding this, there is however no assurance that there will not be any retail assets in the future owned by the Summit Group which could potentially compete with the Shenyang Properties.

Transportation amenities and infrastructure near the Properties may be closed, relocated or not built as planned.

The proximity of transportation amenities and infrastructure to the Properties such as metro stations and bus interchanges provide convenient access to the Properties and a constant flow of shopper traffic. Foshan Yicui Shijia Shopping Mall is expected to be directly connected to the proposed metro station Line 6 and Chengdu Qingyang Guanghua Shopping Mall is expected to be connected to the proposed metro station via an underground retail link. These expected connections are based on the latest government plans showing the location and accessibility of the metro station, but are subject to changes by the authorities. There is no assurance that the transportation amenities and infrastructure on which the Properties rely for accessibility will not be closed, relocated, terminated in the future or not built as planned, as may be the case with the expected connections for Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall. Such closure, relocation, termination or failure to build may adversely affect the accessibility of the Properties which will reduce the flow of shopper traffic to the Properties. This may have an adverse effect on the demand and the rental rates for the Properties and adversely affect the financial position of PCRT.

Renovation works or physical damage to the Properties may disrupt the operations of PCRT and collection of rental income or otherwise result in an adverse impact on the financial condition of PCRT.

The quality and design of the Properties have a direct influence over the demand for space in and the rental rates of the Properties, as well as the ability to continue attracting strong shopper traffic. The Properties may need to undergo renovation works from time to time to retain their attractiveness to tenants and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop over structural defects or other parts of buildings or because of new planning laws or regulations. The costs of maintaining a retail property and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. Furthermore, while the Trustee-Manager and the Property Managers will endeavour to keep any disruptions caused by such renovation works to a minimum, the business and operations of the Properties may still suffer some disruption and it may not be possible to collect the full rate of, or, as the case may be, any rental income on space affected by such renovation works. Shopper traffic may also be adversely affected by potential inconveniences resulting from such renovation works.

In addition, physical damage to the Properties resulting from fire, earthquakes or other acts of God may lead to a significant disruption to the business and operation of the Properties and together with the foregoing may result in an adverse impact on the financial condition and results of operations of PCRT and its capital growth.

PCRT may suffer material losses in excess of insurance proceeds.

The Properties face the risks of suffering physical damage caused by fire, earthquakes or other acts of God or other causes, as well as face potential public liability claims, including claims arising from the

operations of the Properties, all of which may result in losses (including loss of rent) and PCRT or the relevant Property Companies may not be fully compensated by insurance proceeds. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, Shenyang Red Star Macalline Furniture Mall is covered by insurance which includes property all risks and public liability insurance (including personal injury) policies, while Shenyang Longemont is covered under a construction insurance as the properties are still undergoing renovation or construction (as the case may be). A separate property insurance will be arranged for Shenyang Longemont Shopping Mall in the third quarter of 2011 upon the commencement of its operations. PCRT's insurance policies for Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont do not cover acts of war, outbreak of contagious diseases, contamination or other environmental breaches. Should an uninsured loss occur, PCRT could be required to pay compensation to claimants and/or lose capital invested in the affected Property as well as anticipated future revenue from such Property. PCRT will also remain liable for any debt or other financial obligation related to that Property.

There is no certainty in relation to the costs required to complete the construction of Chengdu Qingyang Guanghua Shopping Mall.

Unlike the Shenyang Properties and Foshan Yicui Shijia Shopping Mall where the construction costs are included in the total acquisition costs payable to the respective vendors, the construction cost of Chengdu Qingyang Guanghua Shopping Mall is separate from the agreed land value of Chengdu Qingyang Guanghua Shopping Mall and cannot be determined with certainty. Although an amount has been budgeted by the Trustee-Manager towards the construction of Chengdu Qingyang Guanghua Shopping Mall, there is no assurance that the actual construction cost of Chengdu Qingyang Guanghua Shopping Mall will not exceed the budgeted amount or that in the event the actual construction cost exceeds the budgeted amount, PCRT will have sufficient financial resources to meet the overrun in construction cost. Should the purchase of Chengdu Qingyang Guanghua Shopping Mall proceed down the pre-sale agreement route, there may be a risk of shortfall between the total amount comprising the Committed Facilities and the Uncommitted RCF (both as defined herein) and the pre-sale agreement purchase price. In the event of any shortfall in funding due to the above, construction will not be able to complete and PCRT may be required to reduce the scope of its development, forfeit its interests in some or all of the project, incur financial penalties and reduce or terminate its operations, which could adversely affect PCRT's business, financial condition and results of operations.

Performance of Shenyang Red Star Macalline Furniture Mall may be dependent on the expertise of Red Star Macalline.

In the event that Red Star Macalline no longer manages Shenyang Red Star Macalline Furniture Mall, there is no assurance that the Trustee-Manager will be able to find a replacement property manager for Shenyang Red Star Macalline Furniture Mall which has a comparable track record in the management of retail furniture malls in the PRC to Red Star Macalline.

There is no guarantee that Shenyang Red Star Macalline Furniture Mall will be able to perform as well without the expertise of Red Star Macalline and the loss of Red Star Macalline as property manager for Shenyang Red Star Macalline Furniture Mall may adversely affect the operations of Shenyang Red Star Macalline Furniture Mall and hence adversely affect PCRT's business, financial condition and results of operations.

Performance of PCRT's properties may be dependent on the performance of the other components in an integrated development.

As each of the Properties forms part of an integrated development, the performance of the Properties may be dependent on the performance of the other components within the integrated development, for example, whether the developers of the residential or office components within the integrated development can complete the developments on schedule and according to the overall expected planning specifications. Should there be a delay in the completion, or failure to complete, of the other components or if such components are not completed with the expected standards, there may be an adverse effect on the performance of the retail components of PCRT.

"Real estate development" is currently not included in the business scope of Shenyang Summit's business licence after the Corporate Re-organisation although the construction of Shenyang Longemont Offices is not completed.

"Real estate development" is currently not included in the business scope of Shenyang Summit's business licence after the Corporate Re-organisation as the commercial intent is not for Shenyang Summit to be an active real estate developer, but only to resume and complete the development of Shenyang Longemont Offices.

Although Shenyang Summit still maintains a valid "real estate development" qualification, its scope in the business licence must also include "real estate development" in order to resume and complete the development of Shenyang Longemont Offices. Currently, construction of Shenyang Longemont Offices has not continued since it stopped due to the onset of winter.

Shanghai Summit, Mr Tong Jinquan and Shenyang Summit have accordingly undertaken that following the listing of PCRT on the SGX-ST, they will immediately commence and take all necessary steps to expand the business scope of Shenyang Summit to include "real estate development". These steps include (but will not be limited to) arranging for the secondment to Shenyang Summit, or for Shenyang Summit to employ, the personnel with the relevant qualifications in real estate development.

Although Commerce & Finance Law Offices, the PRC counsel to the Trustee-Manager has advised that, according to PRC laws, there are no material legal obstacles for Shenyang Summit to include "real estate development" in its business scope in the manner described above, there is no assurance that the process of approval for expanding the business scope to include real estate development will not be delayed or that the reissued business licence of Shenyang Summit will be obtained in the expected time due to factors such as the constantly evolving real estate policies of the PRC government, the result of which may adversely affect PCRT's business, financial condition and results of operations.

In the event that Shenyang Summit is unable to obtain the business licence which includes "real estate development" in its business scope within 60 days after the Listing Date and Mr Tong Jinquan and Shanghai Summit are not able to find other viable solutions, Mr Tong Jinquan or Shanghai Summit or its subsidiary will acquire Shenyang Longemont Offices from Shenyang Summit at the price of RMB1,978,034,000, in a manner as permitted by then prevailing PRC laws. All taxes and expenses incurred in connection with the transfer of Shenyang Longemont Offices will be borne by the Shanghai Summit and its subsidiaries or Mr Tong Jinquan. See "Certain Agreements relating to Perennial China Retail Trust and the Properties — Shenyang Summit Confirmations".

RISKS RELATING TO PCRT'S OPERATIONS

PCRT and the Trustee-Manager are newly formed with no operating history or track record which may make it more difficult for investors to assess PCRT's future performance.

PCRT was constituted on 22 February 2011, and the Trustee-Manager was incorporated on 19 November 2010, under the laws of the Republic of Singapore. As such, the operating history of PCRT and track record of the Trustee-Manager are not sufficiently established for their past performance to be judged. This will make it difficult for investors to assess PCRT's future performance and prospects.

There can also be no assurance that PCRT will be able to achieve the forecast and projections or make the distributions set out in "Profit Forecast and Profit Projection".

PCRT operates in a capital intensive industry that relies on the availability of sizeable amounts of capital for the acquisition of or development of properties.

The acquisition and development of the Properties will be funded from a combination of the proceeds of the Offering and the Credit Facilities. The Trustee-Manager expects PCRT to have significant funding needs for its existing business operations, and to grow its business. PCRT intends to fund these requirements through a combination of its internal cash flows and resources, proceeds from the issue of new equity and borrowings.

There is no assurance that PCRT would be able to obtain financing, whether on a short-term or a long-term basis, on terms that are commercially acceptable. There is also no assurance that any additional financing will not be dilutive to Unitholders. Factors that could affect PCRT's ability to procure financing include the PCRT'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.

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 PCRT. 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 PCRT would be able to obtain new loans or refinance its existing debt and PCRT may be required to repay part of its loans.

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

Future credit facilities may contain covenants that require the creation of security interests over assets or limit PCRT's flexibility in its operations or financing activities. Such covenants may include negative pledges, restrictions on indebtedness, maintenance of certain financial ratios and prohibition of amendments to material documents, amongst others. Breach of these covenants could result in defaults under the relevant financing instruments. If PCRT defaults under its financing instruments and were unable to cure the default or obtain refinancing on favourable terms, it would have a material adverse effect on PCRT's financial position, results of operations, cash flows and prospects.

In the event of a breach of the terms of the Credit Facilities Agreement (subject to any grace period agreed by the Lenders) by PCRT, the Lenders (as defined herein) may accelerate repayment of the loans under the Credit Facilities and require immediate payment of all amounts accrued and owing to

the Lenders, and terminate the Credit Facilities. In default of payment and/or repayment, the Lenders may enforce the security in accordance with their terms.

There can be no assurance that PCRT will be able to obtain any refinancing or have sufficient financial resources to satisfy any payment and/or repayment obligations (including default interest payable in accordance with the terms of the Credit Facilities Agreement). The enforcement of the security by the Lenders may adversely affect PCRT's operations, business, assets and financial condition.

The terms of the Credit Facilities also provide for a restriction on PCRT incurring any further indebtedness (other than (i) subordinated debt, (ii) borrowings in addition to the Uncommitted RCF of up to an aggregate amount of not more than S\$130,000,000, which have maturity dates falling after the maturity date of the Credit Facilities or (iii) with the prior consent of the Lenders). There can be no assurance that PCRT will be able to obtain the consent of the Lenders to obtain financing or that it will be able to obtain subordinated debt on commercially acceptable terms, when financing is required, which may result in PCRT not having adequate funds to fund its operations, acquisitions or development of properties (other than Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall), or to service its financing obligations which would have a material adverse effect on PCRT's financial position, results of operations, cash flows and prospects.

(See "Use of Proceeds — Funding of the Purchase Price of Foshan Yicui Shijia Shopping Mall and the Total Development Cost of Chengdu Qingyang Guanghua Shopping Mall" for details of the terms of the Credit Facilities Agreement).

PCRT's ability to make distributions to Unitholders is dependent on the financial position of the Property Companies which hold the completed Properties. PCRT may not be able to make distributions to Unitholders or the level of distributions may fall.

In order for the Trustee-Manager to make distributions from the income of the completed Properties, PCRT has to rely on the receipt of dividends, interest or repayments (where applicable) from the Property Companies as well as intermediate Holding Companies. There can be no assurance that the Property Companies or such Holding Companies will have sufficient revenue in any future period to pay dividends, pay interest, or make repayments.

The level of revenue, distributable profits or reserves of the Property Companies or such Holding Companies available to pay dividends, pay interest or make repayments may be affected by a number of factors including, among other things:

- their respective business and financial positions;
- the availability of distributable profits;
- sufficiency of cash flows received by the Property Companies from the Properties;
- applicable laws and regulations which may restrict the payment of dividends by the Property Companies or such Holding Companies;
- operating losses incurred by the Property Companies or such Holding Companies in any Financial Year;
- losses arising from a revaluation of the Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the Property Companies may distribute dividends;
- changes in accounting standards (including standards in respect of depreciation policies relating to real estate investment properties), taxation laws and regulations, laws and regulations in respect of foreign exchange and repatriation of funds, corporation laws and regulations (including

laws and regulations in respect of statutory reserves required to be maintained by the Property Companies or such Holding Companies) in the PRC, Singapore and the other countries where the Holding Companies are located;

- potential onshore tax and/or legal liabilities through investing in the Property Companies;
- trapped cash in the Property Companies (as a result of depreciation of real estate being a mandatory accounting expense under PRC accounting standards) which cannot be effectively utilised; and
- the terms of agreements to which the Property Companies are, or may become, a party to.

In addition, no assurance can be given as to PCRT's ability to pay or maintain distributions or that the level of distributions will increase over time.

Future acquisitions and development projects may not yield the returns expected, and may result in dilution of holdings, straining of management resources and disruptions to PCRT's business.

PCRT's growth strategy, as well as its future acquisitions and development projects may not ultimately be successful and may not provide positive returns to Unitholders. Any new Units issued in connection with any new acquisition or development project could also be dilutive to Unitholders. Acquisitions and development projects may also divert the management's attention from and cause disruptions to its other day-to-day operations which may in turn affect the financial condition, results of operation or cash flow of PCRT.

PCRT may not be able to acquire all the assets that are set out in the pipeline of the Sponsor's strategic partners.

There can be no assurance that PCRT will be able to acquire all the assets stipulated in the pipeline of the strategic partners as such acquisitions are subject to various factors, including whether the relevant strategic partner has acquired the land use right for the relevant pipeline project in the public auction process in accordance with relevant PRC laws and regulations, the restrictions in the land use right grant contract or otherwise as imposed by the local governments, whether PCRT is able to reach an agreement with the strategic partners on the terms and conditions of the acquisition, whether PCRT is able to source funding for such acquisitions and whether PCRT is able to obtain the approvals of the relevant regulatory authorities for its investment. In addition, the strategic partners' own investment in the pipeline assets may be subject to a joint venture arrangement with the government authorities or other co-investors and PCRT's ability to invest will accordingly be subject to whether the strategic partner is able to procure the co-operation of the relevant government authority and/or co-investor to agree to an investment structure and/or a holding structure that will enable PCRT to co-invest in the retail component of the pipeline project. Although PCRPL has entered into the Option to Purchase Agreements, the investment by PCRPL is still subject to, *inter alia*, the entry into of the relevant legal documentation and the co-operation of the Summit Group to enable PCRPL to co-invest in the commercial component of the pipeline assets.

Unitholders may not be able to evaluate future projects or assets which PCRT may invest in, and will have to rely on the Trustee-Manager's ability to select suitable future investments.

This Prospectus only describes the parameters which the Trustee-Manager intends to use to identify projects which PCRT may invest in and the policies to be adopted in respect of the development of those investments. Investors must rely on the Trustee-Manager to identify and acquire suitable future investment assets or projects. In addition, except for situations in which the future acquisitions require

Unitholders' approval under the Listing Manual, Unitholders will not be able to participate in the decision-making process, and will not be able to evaluate the economic merit of particular projects prior to their acquisition.

PCRT currently relies on third parties to carry out its development projects.

The development work for PCRT's development projects will be performed by third-party contractors or sub-contractors. PCRT will not have direct control over the day-to-day activities of such contractors or sub-contractors and will be reliant on such contractors or sub-contractors to perform these services in accordance with the relevant development contracts. If the contractors fail to perform their obligations in a manner consistent with their contracts, PCRT's projects may not be completed as or when envisaged, if at all, thus leading to delays and unexpected costs. Even if the Trustee-Manager were to take any legal action against any third-party contractors or sub-contractors for any breach of their respective obligations, PCRT (or as the case may be, the relevant Property Company) may not recover all or any losses incurred. In addition, if a contractor or sub-contractors engaged to work on the development of properties becomes insolvent, it may not be possible to recover compensation for such defective work or materials and PCRT (or the relevant Property Company) may incur losses as a result of funding the repair of the defective work or paying damages to persons who have suffered loss as a result of such defective work.

PCRT may from time to time be subject to legal proceedings and government proceedings.

Legal proceedings against PCRT and/or its subsidiaries relating to property development and management and disputes over tenancies may arise from time to time. There can be no assurance that the PCRT Group will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operation or cash flow of PCRT.

PCRT's subsidiaries in the PRC are regulated by various government authorities and regulations. If any PRC government authority believes that PCRT's subsidiaries or any of their developers, suppliers or contractors are not in compliance with PRC regulations, it could shut down the relevant non-compliant entity or delay the development process, refuse to grant or renew development approvals or licences, institute legal proceedings to seize the properties, enjoin future action or (in the case of PCRT's subsidiaries not being in compliance with PRC regulations), assess civil and/or criminal penalties against PCRT, its officers or employees. Any such action by a PRC government agency would have a material adverse effect on the business, financial condition, results of operation or cash flow of PCRT.

PCRT may engage in hedging transactions, which may limit gains and increase exposure to losses. These could fail to protect PCRT or even adversely affect PCRT.

PCRT (or the Property Companies) may enter into hedging transactions to protect itself or its portfolio from, amongst other things, the effects of exchange rate fluctuations between its RMB denominated revenue and Singapore dollars or other currencies, exchange rate fluctuations between its borrowings under the Credit Facilities to finance the acquisition and development of Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall which are denominated in Singapore dollars and the payments under the relevant agreements which are stipulated in RMB, interest rate and currency exchange fluctuations on floating rate debt and interest rate and prepayment fluctuations. Hedging transactions may include entering into interest rate hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements.

However, these hedging activities may not have the desired beneficial impact on the results of operations or financial condition of PCRT, and may not completely insulate PCRT from the risks associated with changes in interest rates and exchange rates. In particular, PCRT's exposure to exchange rates will increase if RMB appreciates against Singapore dollars and there are delays to the construction schedule which will result in delays to the progressive payments required to be made

under the framework agreements for Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, respectively. In addition, hedging activities involve risks and costs, including transaction costs, which may reduce overall returns. The Trustee-Manager will regularly monitor the feasibility of engaging in such hedging transactions taking into account the cost of such transactions.

PCRT's investment objective of investing predominantly in retail properties located in the PRC may entail a higher level of risk compared to unit trusts that have a more diverse range of investments.

The risk of investing in PCRT, which focuses primarily on retail properties located in the PRC, could be higher compared to unit trusts that have a more diverse range of investments. The concentration of investments in retail real estate assets located in the PRC exposes PCRT to both a downturn in the retail real estate market and in the PRC economy. Any economic slowdown in the PRC could negatively affect the performance of the retail real estate market in the PRC as well as the financial condition or success of tenants, thereby adversely affecting the financial condition, results of operations or cash flow of PCRT. A prolonged economic downturn may cause higher levels of non-renewals of leases or vacancies as a result of failures or defaults by tenants. There can be no assurance that the tenants of PCRT's properties will renew their leases or that any new lease terms will be as favourable as the existing leases. In the event that a tenant does not renew its lease, a replacement tenant or tenants would need to be identified, which could subject PCRT's properties to periods of vacancy and/or costly refittings, resulting in a reduction in rental income.

The Trustee-Manager might have limited information regarding investment opportunities which are undertaken on an expedited basis.

Investment analyses and decisions by the Trustee-Manager may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Trustee-Manager at the time of making an investment decision may be limited, and the Trustee-Manager may not have access to detailed information regarding the investment property, such as its physical characteristics, environmental matters, zoning regulations, tax or other local conditions affecting such investment property. The Trustee-Manager may not have sufficient time to complete the due diligence process that would disclose all relevant information on the investment property. Therefore, no assurance can be given that the Trustee-Manager would have knowledge of all circumstances that may adversely affect an investment. In addition, the Trustee-Manager expects to rely upon independent consultants in connection with its evaluation of proposed investment properties, and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants.

The Trustee-Manager may change PCRT's investment strategy after three years as there is no restriction on changes in such investment and financing strategies. In addition, the Trust Deed grants the Trustee-Manager wide powers to invest and there is no guarantee that such investments will be successful.

As provided in the Listing Manual, the Trustee-Manager's investment strategy may not be changed for a period of three years commencing from the Listing Date unless the change is approved by Unitholders by way of an Extraordinary Resolution (as defined herein). However, after a period of three years from the Listing Date, the Trustee-Manager may change the investment strategy without Unitholders' approval. There is no assurance that the Trustee-Manager's investment strategy as described in this Prospectus will not be amended.

In addition, the Trust Deed grants the Trustee-Manager wide powers to invest in other types of assets, including any retail properties and development projects, retail-related assets, as well as listed and unlisted securities in Singapore and other jurisdictions, and such other investments permitted from time to time. However, if the Trust Deed is required to be amended as a result of a change in the investment strategy, Unitholders' approval by way of an Extraordinary Resolution will be required. There are risks

and uncertainties with respect to the selection of investments and with respect to the investments themselves. The methods of implementing PCRT's investment strategies and policies may also vary as new investment and financing techniques are developed or otherwise used. There can be no assurance that any investment, or that any new methods of implementing PCRT's investment strategies and policies, would be successful.

There may be difficulty in removing the Trustee-Manager.

Under the BTA, Unitholders may remove the trustee-manager of a registered business trust only if an Extraordinary Resolution is passed by Unitholders. Pursuant to the Trust Deed, in a vote to remove the Trustee-Manager, no Unitholder shall be disenfranchised. Given that an Extraordinary Resolution is a resolution proposed and passed by a majority consisting of 75.0% or more of the total number of votes cast at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed, it may be difficult for the Trustee-Manager to be removed.

PCRT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

PCRT's performance depends, in part, upon the continued service and performance of key personnel of the Trustee-Manager. These key personnel may leave the Trustee-Manager in the future and compete with the Trustee-Manager and PCRT. The loss of any of these individuals could have a material adverse effect on PCRT's operations.

PCRT may not have full control over the operations of all the Property Companies.

PCRT holds the Properties through the Property Companies. PCRT will hold 100.0% of the equity interests in the Property Companies in relation to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, but only 50.0% of the equity interest in Shenyang Summit which owns Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont, with the other 50.0% stake held by the Summit Parties.

Where a Property Company is an EJV (as in the case of Shenyang Summit), the joint venture partner holding an equity stake in the EJV will be represented on the board of the EJV. In such instances, PCRT will not have full control over the decision-making of the board of the relevant Property Company. PRC laws require unanimous approval of the board of the relevant Property Company which is an EJV in relation to matters such as the amendment of the relevant Property Company's Articles of Association, the increase or reduction or transfer of the equity interest of the relevant Property Company, the merger or division of the relevant Property Company and the winding up of the relevant Property Company. In addition, in a 50-50 joint venture as in the case of Shenyang Summit, the joint venture partners typically contractually agree in the equity joint venture agreement and the Articles of Association that certain material decisions will require the unanimous approval of the directors nominated by both joint venture partners.

As a result, PCRT may be prevented from implementing decisions which are beneficial to its business and financial condition at the Property Company level (if the relevant Property Company takes the form of an EJV).

PCRT faces risks associated with servicing and refinancing of existing and future debt facilities.

At Listing and assuming the existing RMB1.225 billion loan from the Agricultural Bank of China to Shenyang Summit is fully repaid, the Aggregate Leverage¹ of PCRT will be 1.4% of the value of the Trust Property. PCRT may, from time to time, require additional debt financing to achieve the Trustee-Manager's investment strategies. There can be no assurance that such financing will be available at that time, on acceptable terms.

PCRT's ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond its control. There is no guarantee that PCRT will generate sufficient cash flow to meet all of its debt obligations. If PCRT is unable to service its debt facilities, PCRT will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

If PCRT and/or the Property Companies (as the case may be) are unable to make payments due under such debt facilities, or if principal amounts due for repayment at maturity cannot be refinanced, extended or repaid with proceeds from other capital transactions, the financial condition, cash flows and prospects of PCRT would be materially and adversely affected. Further, in the event of non-payment, or failure to refinance or extend the debt facilities, the lenders may be able to declare an event of default and initiate enforcement proceedings in respect of any security provided in respect of such borrowings and/or call upon the guarantees provided. To the extent PCRT's properties are mortgaged to secure payment of debt facilities and the interest or principal payments under such debt facilities cannot be met, such mortgaged property could be foreclosed by the lender or the lender could require a forced sale of the mortgaged property and may materially and adversely affect the business, financial condition and results of operations and prospects of PCRT and may result in a reduction of the NAV of the Units.

If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make retail property loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting PCRT's cash flow and the amount of funds available for its development projects.

There is also the risk that movements in foreign currency exchange rates or changes to the interest rates may adversely affect repayments of borrowings by PCRT denominated in foreign currency.

The Trustee-Manager may not be able to successfully implement its investment strategy for PCRT.

There can be no assurance that the Trustee-Manager will be able to implement its investment strategy successfully or that it will be able to expand PCRT's portfolio, or at any specified rate or to any specified size.

The results of PCRT's operations will depend on many factors, including but not limited to, its ability to complete its development projects, the continued attractiveness of the PRC to investors and the general economic conditions in the PRC, all of which will in turn affect the demand for PCRT's

¹ As PCRT will hold only 50.0% of the aggregate equity interest in Shenyang Summit on the Listing Date, Shenyang Summit will be equity accounted for as an investment on the balance sheet of PCRT. Accordingly, the existing loan from the Agricultural Bank of China to Shenyang Summit will not be reflected on the balance sheet of PCRT and it is assumed to be repaid on the Listing Date.

The Aggregate Leverage is computed based on the estimated additional purchase consideration payable on the acquisition of Shenyang Summit of approximately S\$11,015,000 (being part of the amount under the Earn-out Deed) and total assets of approximately S\$764,025,000, giving rise to Aggregate Leverage of 1.4%.

properties, the availability of further opportunities for the acquisition or development of retail properties, and the availability of additional financing. PCRT will be relying on external sources of funding to expand its asset portfolio, which may not be available on favourable terms, or at all. Even if PCRT is able to successfully acquire additional assets or investments, there can be no assurance that PCRT will achieve its intended return on such acquisitions or investments.

PCRT's ability to acquire new assets under its acquisition growth strategy may be affected by competition for these assets from other retail property investors, including retail property development companies and private investment funds. There can be no assurance that PCRT will be able to compete effectively against such entities.

The amount PCRT may borrow is limited, which may affect the operations of PCRT.

Under the Trust Deed, PCRT is permitted to borrow up to 60.0% of the value of the Trust Property of PCRT at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units) of PCRT.

The limitation on the amount of borrowings that can be incurred by PCRT may result in adverse business consequences for PCRT including the following:

- an inability to fund capital expenditure requirements in relation to PCRT's existing asset portfolio or in relation to PCRT's future acquisitions and/or developments of additional retail properties located in the PRC to expand its portfolio; and
- cash flow shortages (including with respect to PCRT's development activities) which PCRT might otherwise be able to resolve by borrowing funds.

A decline in the value of the Trust Property of PCRT may also cause the borrowing limit to be exceeded, thus affecting PCRT's ability to make further borrowings.

PCRT's ability to borrow against the security of real estate assets in the PRC may also be subject to exchange control regulations in the PRC and may, in certain instances, require the prior approval of the PRC regulatory authorities.

PCRT may have a higher level of leverage than certain types of unit trusts.

PCRT may have a higher level of borrowings as compared to certain types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. Investment risk is known to increase with higher leverage. An increase in leverage will subject PCRT to higher risks in times of a changing economic climate. For example, in a climate of rising interest rates, the costs of financing of PCRT's investments (including indebtedness) will increase and this will adversely affect the NAV of the Units as well as the Trustee-Manager's ability to effectively carry out its strategies.

PCRT may be subject to liability in connection with any future disposal of investments.

PCRT may dispose of investments in certain circumstances and may be required to give representations and warranties to purchasers in connection with a disposal of such investments. In the event that any such representations or warranties are inaccurate, PCRT may be exposed to damages and other claims. Any liability in respect of any such representations or warranties may adversely affect PCRT's business, financial condition and results of operations.

The occurrence of any acts of God, war and terrorist attacks may adversely and materially affect the business and operations of PCRT.

Acts of God such as natural disasters are beyond the control of PCRT or the Trustee-Manager. PCRT's business and capital growth may be materially and adversely affected should such acts of God occur. In addition, there can be no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have a material and adverse effect on the operations of the Properties and hence PCRT's business, financial condition and results of operations.

Acquisition of Property Companies with contingent liabilities.

PCRT may acquire property companies in its ordinary course of business and may be subject to any underlying contingent liabilities which the property companies may have, which may then adversely affect PCRT's business, financial condition and results of operations.

Delay in obtaining required permits and certificates.

According to PRC laws, construction of a building can only commence after the land use right certificate, the construction land planning permit, the construction project planning permit and the construction permit have been obtained. The Property Company in relation to Chengdu Qingyang Guanghua Shopping Mall or any other developer of a Property may encounter delays in obtaining or may not be able to obtain, from different local governments, the construction land planning permit, the construction project planning permit, the construction permit and other necessary approvals from the relevant government departments. If there is a delay in obtaining such permits or approvals, administrative penalties may be imposed and/or the construction process may be delayed, consequently causing a delay to the issuance of legal title of the respective property to PCRT.

There may also be delays in the application for the building ownership certificate of the respective properties by PCRT's subsidiaries or jointly controlled entities, which may result in administrative penalties being imposed. Although this will not create material legal barriers for the leasing out of the relevant property, it will affect PCRT's ability to sell the property and may adversely affect PCRT's business, financial condition and results of operations.

Surrounding infrastructure development of PCRT's properties.

PCRT may acquire properties in its ordinary course of business whereby the surrounding infrastructure has been planned by local governments to be developed prior to or nearing the completion of such properties. There is no assurance that any planned infrastructural developments may be completed as proposed and any delay in the completion of the surrounding infrastructure of any of PCRT's properties may in turn adversely affect PCRT's business, financial condition and results of operations.

RISKS RELATING TO CHINA

The Hong Kong Holding Companies may not qualify as "beneficial owners" for purposes of tax treaty access and therefore may be denied treaty benefits in relation to their China-sourced dividends (and interest, if any) which will in turn affect the return to Unitholders.

The China tax authorities have issued a number of circulars on the procedures for seeking benefits under China's network of tax treaties and the circumstances in which a non-resident recipient of China-sourced income would qualify as "beneficial owner" for access to such tax treaties. In addition, with the introduction of the China General Anti-Avoidance ("GAA") Rules under China's corporate income tax regime, the China tax authorities are empowered to make adjustments using reasonable methods for any business arrangements that are entered into for the primary purpose of reducing, avoiding or deferring China tax payment. The China tax authorities will adopt a "substance over form"

approach to assess whether an enterprise has entered into tax avoidance arrangements and if so, it would deny any tax benefits associated with such arrangements.

In light of the above, there can be no assurance that the China tax authorities would grant tax relief to the Hong Kong Holding Companies in relation to dividends (and interest, if any) from the Property Companies under the China-Hong Kong Double Taxation Agreement (“**China-HK DTA**”). Should tax relief be denied, the dividends (and interest, if any) received by the Hong Kong Holding Companies from the relevant Property Company would be subject to China’s withholding income tax at the standard rate (currently 10.0%) and not the applicable reduced withholding tax rate of 5.0% (7.0% in the case of interest) as provided under the China-HK DTA. Accordingly, the return to Unitholders may be reduced as a result of the higher withholding tax rate.

The offshore holding companies (i.e. holding companies outside China) and PCRT may be classified as a “China tax resident enterprise” (“TRE”) for China Corporate Income Tax purposes, which could result in unfavourable China tax consequences to PCRT and Unitholders.

The China Corporate Income Tax Law provides that non-resident enterprises whose “de facto management bodies” are located in China are considered TREs and would be subject to the uniform corporate income tax rate, currently 25.0%, on their worldwide taxable income. Under the detailed Implementation Rules to the China Corporate Income Tax Law, a “de facto management body” is defined as a body that has substantive and overall management and control over the business operations, personnel, finance and assets of an enterprise.

The SAT has issued Guoshuifa [2009] 82 (“**Circular 82**”) to provide guidance on whether an offshore enterprise with China enterprise(s) as its primary controlling shareholder (“**China controlled offshore enterprise**”) is a TRE. Circular 82 sets forth four conditions for determining if a China controlled offshore enterprise has established effective management and control in China for TRE purposes. The TRE status is recognised only when confirmation from the SAT is obtained via self-application or if this is deemed by the in-charge tax authority. Circular 82 is targeted at China controlled offshore enterprise and it is uncertain if the prescribed conditions for determining TRE will be applicable to offshore enterprises controlled by non-China enterprises. It is possible that the SAT may make reference to the conditions used in Circular 82 when determining whether an offshore enterprise controlled by non-China enterprise(s) is a TRE.

If PCRT or the offshore holding companies of PCRT are deemed to be TREs, they will be subject to China corporate income tax (currently at the rate of 25.0%) on their worldwide taxable income. In addition, any dividends paid by the TRE to Unitholders or its foreign shareholders (as the case may be) and gains derived from the disposal of Units or equity interest in the TRE by Unitholders or (as the case may be) foreign shareholders would be subject to China withholding tax, currently 10.0%, subject to applicable tax treaty relief.

Therefore, if the offshore holding companies or PCRT is deemed to be a TRE, this may adversely affect their business, financial condition, results of operations, prospects and distributions to Unitholders.

Sale of real estate could result in the Property Company incurring substantial tax liabilities in China.

The Trustee-Manager intends to invest in its assets for the long term and it is unlikely for PCRT to sell its real estate assets directly, if at all. However, in the event that PCRT acquires an equity interest in a Property Company holding the real estate asset but disposes of the real estate asset directly, such as in the case where the Property Company is wound up, the Property Company will, among others, incur corporate income tax and LAT liability on the gains from disposal which would be computed by reference to the cost of the real estate assets to the Property Company and not the cost which PCRT paid for the acquisition of the shares in the Property Company. A sale of the real estate in such

circumstances may dilute the NAV per Unit relative to the NAV per Unit as set out in the unaudited pro forma consolidated balance sheet as at Listing Date.

Property austerity measures by the PRC government in relation to real estate.

Increasing speculation in the property market in the PRC may result in rapid increases in property prices. To discourage speculation in the property market in the PRC, the PRC government has, among other things, implemented the control measures below.

On 7 January 2010, the State Council issued the Notice of the State Council Office Regarding the Promotion of Stable and Healthy Development of the Property Market (国务院办公厅关于促进房地产市场平稳健康发展的通知), which requires local people's governments at all levels to strengthen the real estate credit risk management, to rectify the real estate market, and to intensify its efforts to promote the healthy development of the real estate market through supporting reasonable housing consumption, curbing speculative investment and increasing effective supply.

On 8 March 2010, the Ministry of Land and Resources issued the Notice Regarding Issues Relating to Strengthening the Supply and Supervision of Land for Property Development (国土资源部关于加强房地产用地供应和监管有关问题的通知), which requires execution of land grant contracts within 10 days from the land grant, payment of 50.0% of the land grant fees within one month from execution of the land grant contract, and payment of the remaining land grant fees no later than one year from execution of the land grant contract.

On 17 April 2010, the State Council issued the Notice of the State Council Regarding Curtailing the Excessively Prompt Increase in Property Prices in Certain Cities (国务院关于坚决遏制部分城市房价过快上涨的通知), which increased the minimum down-payment ratio for second homes from 40.0% to 50.0%. The State Council also required mortgage banks to strictly adhere to the policy of charging mortgage rates for second homes at no less than 110.0% of the corresponding benchmark lending rate. The State Council required banks in cities with significant property price increases to stop lending to buyers of third properties. Banks can also suspend mortgage lending to non-local residents who cannot provide tax returns or proof of social security contributions for more than one year. The State Council also authorised local governments to restrict the number of properties an individual can buy.

Although various control measures are intended to promote more balanced property developments in the long-term, these measures could adversely affect the development and sales of the Properties. In addition, there is no assurance that the PRC government will not introduce additional measures from time to time to regulate the growth of the property market in the PRC. The continuation of the existing measures and the introduction of any new measures may materially and adversely affect PCRT's business, financial condition and results of operations.

Delay by China tax authorities in assessing taxes could affect the amount of distributions.

In the event the Property Companies are unable to obtain tax clearance certificates from the China tax authorities in a timely manner, PCRT's ability to make distributions to the Unitholders will be adversely affected and PCRT may be required to take loan facilities to satisfy the payment of the distributions to the Unitholders. If PCRT is unable to obtain financing on terms that are acceptable or PCRT has reached its Aggregate Leverage limit as imposed by the Trust Deed, the amount of distributions could be adversely affected.

There is uncertainty on the quantum of land grant premium which PCRT will have to pay and additional conditions which may be imposed if the Trustee-Manager decides to seek an extension of the land use rights for the Properties.

The land upon which the Properties are situated are granted by the PRC government by way of land use rights. The term of the land use rights for retail use purposes is 40 years and for mixed-use purposes is 50 years. Upon the expiration of the terms of the land use rights, the land use rights will revert to the PRC government unless the land user applies for an extension of the term of such land use rights no later than one year prior to the expiration of the terms. If an application for extension is granted (such grant shall be given by the PRC government unless the land in issue shall be taken back for the purpose of public interests), the land user may be required to, among other things, pay a land grant premium. If no application is made, or such application is not granted, the Properties upon the land shall be disposed of in accordance with the land use right grant contracts. As none of the land use rights granted by the PRC government similar to those granted for the Properties has, as at the Listing Date, run its full term, there is no precedent to provide an indication of the quantum of land grant premium which the Property Companies will have to pay and the additional conditions which may be imposed if the Trustee-Manager decides to seek an extension of the term of such land use rights for the Properties upon the expiry thereof.

PRC regulatory limitations on borrowing for real estate companies onshore.

The PRC government has taken measures to tighten the requirements for lending to property developers, which, among other things:

- prohibit PRC commercial banks from granting project loans to property developers for funding the payment of land premiums;
- prohibit PRC commercial banks from granting project loans to a property developer for a project before the developer has obtained the land use right certificate, construction land planning permit, construction works planning permit and construction works commencement permit for that project;
- prohibit PRC commercial banks from granting project loans to a property developer for a project if the property developer's internal funds available for the project are less than 35.0% of the total estimated capital required for that project;
- prohibit property developers from using project loans obtained from any local banks to fund projects outside of that local region;
- restricts financing for property development projects of which, after one year from the commencement date stated on the land grant contract, the area of development and construction is less than one-third of the total area to be developed and constructed, or the invested amount is less than 25.0% of the total amount of stipulated investment;
- prohibits financing for loans used to develop land that has been idle for more than two years; and
- the amount of financing may not exceed 70.0% of the value of the collateral provided and the term of the loan may not exceed two years in normal circumstances.

The foregoing and other initiatives that may be introduced by the PRC government may limit PCRT's flexibility and ability to use bank loans or other forms of financing to finance its projects and therefore may require PCRT to maintain a relatively high level of internally sourced cash.

PRC regulatory limitations on the Property Companies raising foreign debt.

On 10 July 2007, the State Administration of Foreign Exchange (“SAFE”) issued the *Notice of the State Administration of Foreign Exchange on the Publication of the List for the First Batch of Foreign-Funded Real Estate Projects Fulfilled Filing with MOFCOM (Hui Zong Fa [2007] No. 130)* (《国家外汇管理局综合司关于下发第一批通过商务部备案的外商投资房地产专案名单的通知》(汇综发[2007]130号)). The notice stipulates, among other things, that SAFE will no longer process foreign debt registrations or applications for settlement of the foreign debt submitted by foreign-invested property developers who obtained authorisation certificates from the competent local branches of the Ministry of Commerce of the People’s Republic of China (“MOFCOM”) and registered with the MOFCOM on or after 1 June 2007, either for the new establishment of foreign-invested property development enterprises or for the increase of capital of existing foreign-invested property development enterprises. This new regulation restricts a foreign-invested property developer’s ability to raise capital through foreign debt. Although the Property Companies will be able to raise foreign capital through other means, for example, through capital injection into the WFOE or EJV as a shareholder, this new regulation would restrict the Property Companies’ ability to raise funds through foreign debt.

PRC regulatory limitations on foreign investment in real estate.

Pursuant to the “*Circular on Strengthening Administration of Approval and Filing of Foreign Investment in Real Estate Industry*” (*Shang Ban Zi Han [2010] No.1542*) (《商务部办公厅关于加强外商投资房地产业审批备案管理的通知》(商办资函[2010]1542号)) issued by the General Office of Ministry of Commerce of the People’s Republic of China on 22 November 2010 (hereinafter referred to as the “**New Regulation**”), real estate enterprises funded by foreign capital are not permitted to make profit by purchasing and reselling real properties in the PRC that are either completed or under construction. In addition, pursuant to PRC laws and regulations, if a non-PRC entity invests in a PRC real estate company, the PRC real estate company is required to apply to the relevant Department of Commerce for it to be established as a foreign investment enterprise and, typically, the relevant Department of Commerce then reports to the provincial commerce authority for the subsequent file recording formality of foreign invested real estate enterprises with the MOFCOM (“**Real Estate File Recording Formality**”).

The New Regulation is believed to be aimed at controlling inflow of foreign capital by curtailing the practices of reselling properties for profits adopted by some foreign investors. While such a practice is not part of PCRT’s investment or management strategy, the promulgation of the New Regulation is an indication that the PRC government has been imposing stricter policies on foreign investment in the real estate industry. There can be no assurance that the PRC government will not implement additional restrictions on foreign investment in the real estate industry and purchases and sales of real estate properties by foreign investors, as well as the incorporation of real estate foreign investment enterprises within the PRC which are funded by foreign capital. There can be no assurance that the PRC government will not deem any transaction of real properties or any transfer of equity in real estate companies as making profits through transaction of real estate. If the MOFCOM adopts further restrictive measures to implement the New Regulation, it may adversely affect PCRT’s investments as it might be difficult for PCRT to obtain approval from MOFCOM or its local counterparts with respect to matters concerning its PRC subsidiaries, and PCRT may experience difficulty in remitting profits generated from its PRC subsidiaries or residual income from liquidation of PRC subsidiaries to overseas. There may also be a material adverse effect on PCRT’s ability to acquire Foshan Yicui Shijia Shopping Mall, Chengdu Qingyang Guanghua Shopping Mall or invest in its pipeline of projects, which is contingent upon, among other things, receipt of all required approvals, licences, permits and authorisations, including, but not limited to the approval of MOFCOM or its local counterparts for the incorporation of local project companies in the form of foreign investment enterprises and completion of MOFCOM filing requirements. With respect to the foreign investment enterprise approval for Shenyang Summit, PCRT has obtained confirmation from the Bureau of Foreign Trade and Economic Cooperation of Dadong District that Real Estate File Recording Formality is not required for PCRT’s acquisition of Shenyang Summit. Based on such confirmation, Commerce & Finance Law Offices, the

PRC counsel to the Trustee-Manager as to PRC laws is of the view that all relevant approvals have been obtained. In the event that other regulatory authorities in the PRC take a different view, the foreign exchange registration of Shenyang Summit may be affected, resulting in Shenyang Summit not being able to process its foreign currency transactions, including remittance of dividends offshore. There can be no assurance that PCRT will not encounter hindrance or delays in obtaining such approvals or be able to satisfy the relevant filing requirements in relation to its investment in Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall. For example, although the Chengdu Qingyang WFOE has been incorporated, its business scope does not include real estate investment and real estate development, and it has not been converted into a foreign-invested real estate enterprise (all of which are required before it undertakes development of the Chengdu Qingyang Guanghua Shopping Mall) because the approval of the local Chengdu Department of Commerce required for the foregoing can be obtained only after the Real Estate Project Transfer Agreement is entered into. Such approval must also be obtained in order to obtain the relevant approvals from the local SAFE authority to convert Singapore dollars into RMB to pay for the land costs under the Real Estate Project Transfer Agreement for the acquisition of the work-in-progress development project. The approval of the local Foshan Department of Commerce is also required for the incorporation of the Foshan WFOE.

In the event that PCRT is unable to receive all of the necessary approvals, licences, permits and authorisations required for it to undertake the proposed acquisition of Foshan Yicui Shijia Shopping Mall, Chengdu Qingyang Guanghua Shopping Mall or invest in its pipeline of projects, its financial condition, results of operations, cash flow and prospects will be materially and adversely affected.

PCRT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations.

The Property Companies receive all their revenue in RMB, which will have to be converted to Singapore dollars for the distribution payments at PCRT's level. Accordingly, PCRT is exposed to risks associated with exchange rate fluctuations which may adversely affect PCRT's results of operations.

The amount of the distributions received by a Unitholder may be adversely affected by fluctuations in the exchange rates between RMB, Singapore Dollar and any other currencies which may be adopted from time to time. Significant fluctuations in the exchange rates between such currencies will also, among others, affect the NAV of the Units and the foreign currency value of the proceeds which a Unitholder would receive upon sale of the Units in Singapore. (See "Distributions" and "Exchange Rate Information".)

In addition, the amounts to be paid to Mr Tong Jinquan and Shenyang Summit for the acquisition of, and subscription for, the equity interest of Shenyang Summit are expressed in RMB but will be remitted to China in Singapore dollars and as time is required before (i) the Singapore dollars that are remitted to Shenyang Summit is converted into RMB and (ii) the Singapore dollars paid to Mr Tong Jinquan are received by Mr Tong Jinquan, there may be a shortfall in the amount of RMB received by Shenyang Summit and Mr Tong Jinquan after conversion and the amount in RMB which they are contractually entitled to receive under the terms of the Capital Increase Agreement (as defined herein) and the Share Transfer Agreement (as defined herein), due to fluctuations in the exchange rate between the RMB and Singapore dollars. In such an event, the capital verification report for the issuance of a business licence to reflect Shenyang Retail 1 Limited as a shareholder of Shenyang Summit in accordance with the terms of the Capital Increase Agreement cannot take place, thereby resulting in delays in the acquisition timeline. Shenyang Retail 2 Limited will not have rights to the distributions of its full 25.0% equity interest in Shenyang Summit and will only have all the rights as owner of the relevant amount of equity interest after it has paid Mr Tong Jinquan for his equity interest, as set out in the Shenyang Summit Co-operative Framework Agreement and under PRC laws and the relevant certificate is issued by Shenyang SAFE. Although an exchange rate of RMB/SGD of 5.2070 is assumed for the purposes of computing the payments in RMB to be made and the amount of funds to be raised at the Offering for making such payments. In the event of severe fluctuations in the RMB/SGD exchange rate, PCRT

may be required to remit additional Singapore dollars to make up the shortfall and the amount of proceeds from the Offering that are set aside for working capital will be reduced.

PCRT is also exposed to similar risks associated with exchange rate fluctuations in relation to the Credit Facilities which are denominated in Singapore dollars but which will have to be converted to RMB before payments can be made to the respective vendors.

Changes in foreign exchange regulations may also adversely affect PCRT's results of operations. For example, conversion of RMB is subject to strict government regulation in the PRC. Current foreign exchange regulations have already significantly reduced the government's foreign exchange control on routine transactions, including trade and service-related foreign exchange transactions and payment of dividends. Under the existing foreign exchange regulations in the PRC, the Property Companies will be able to pay dividends in foreign currencies to a foreign investor without prior approval from SAFE by complying with the procedural requirement of making an application to the relevant banks of the Property Companies for the dividends to be remitted to its foreign shareholders. The relevant amount of dividends would then be remitted to the foreign shareholders. However, there is no assurance that the said policies regarding payment of dividends in foreign currencies will continue in the future. If approvals are required in the future, delays in or a refusal to grant any such approval, a revocation or variation of consents granted prior to the investments being made, or the imposition of new restrictions may adversely affect PCRT's investments.

Interpretation of PRC laws and regulations involves uncertainty.

The real estate laws and in particular, the laws relevant to the rights of foreign investors and the entities through which they may invest are often unclear in the PRC.

The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and they may have different and varying applications and interpretations in different parts of the PRC. The PRC currently does not have any centralised register or official sources where legislation enacted by the central and local authorities is made available to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public. Accordingly, the Trustee-Manager may not be aware of the existence of certain new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation it holds available for inspection. Accordingly, there is a risk that entities or assets in the PRC acquired by PCRT may be subject to proceedings which may not have been disclosed.

Agreements which are governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for PCRT to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

The building standards and materials applicable in the PRC may not be as stringent as those in other jurisdictions.

The building standards applicable in the PRC when the Properties were built may not be as stringent as those in other jurisdictions. For example, the applicable PRC seismic load design requirements may be less than those required by other international standards. Where a developed property asset which was constructed prior to the entry into force of the latest PRC building standards is acquired, the risk that the building is not in conformity with international standards is increased. Compliance with amended building codes may be required retrospectively, which could entail significant costs for PCRT. Furthermore, construction materials deployed may not comply with international standards.

Where developments do not meet the most recent requirements for building standards and materials, they may be less desirable than developments which have been built in accordance with the latest standards, which may affect PCRT's ability to sell or let the Properties and consequently the business, financial condition and results of operations of PCRT.

The Properties or parts thereof may be acquired compulsorily.

The PRC government has the power to compulsorily acquire any land in the PRC for public interest pursuant to the provisions of the applicable legislation. In the event of any compulsory acquisition of property in the PRC, the amount of compensation to be awarded is based on the open market value of a property and is assessed on the basis prescribed in the relevant laws and regulations. If any of the Properties were to be acquired compulsorily by the PRC government, the level of compensation paid to PCRT through the relevant Property Companies pursuant to this basis of calculation may be less than the price which PCRT through the relevant Property Companies paid for such Properties or the valuation obtained by PCRT in respect of the Properties and may not take into account any perceived future loss.

The PRC's political policies and foreign relations could affect the Properties.

Investment in a selection of PRC properties entails risks of a nature and degree not typically encountered in property investments in other more developed markets. In the PRC, there is a high risk of nationalisation, expropriation, confiscation, punitive taxation, currency restriction, political changes, government regulation, political, economic or social instability or diplomatic developments which could adversely affect the value of investments made in the PRC, including the Properties, and for which PCRT may not be fairly compensated. Certain national policies may restrict foreigners investing in industries deemed sensitive to the national interest.

The PRC's economic reforms could affect PCRT's business.

The economy of the PRC differs from the economies of most developed countries in many respects, including its structure, its level of development, its growth rate, its control of foreign exchange and its allocation of resources. The economy of the PRC is still in the process of being transformed from a planned economy to a more market-oriented economy. For the past two decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of its economy. Although the Trustee-Manager believes these reforms will have a positive effect on its overall and long-term development, it cannot predict whether changes in the PRC's economic and other policies will have any adverse effect on PCRT's current or future business, financial condition and results of operations.

Epidemic diseases in Asia and elsewhere may adversely affect the business and operations of PCRT.

Several countries in Asia, including the PRC, have suffered from outbreaks of communicable diseases like severe acute respiratory syndrome, avian flu and swine flu. A new and prolonged outbreak of such diseases may have a material adverse effect on PCRT's business, financial condition and results of operations. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of such diseases had an adverse effect on the economies of those countries in which they were most prevalent.

An outbreak of a communicable disease in the PRC or in the particular region in which a property owned by PCRT is located may affect PCRT in a number of ways which could materially and adversely affect the business, financial condition and results of operations of PCRT.

RISKS RELATING TO INVESTING IN REAL ESTATE

The Gross Revenue earned from, and the value of, PCRT's properties may be adversely affected by a number of factors.

The Gross Revenue earned from, and the value of, PCRT's properties may be adversely affected by a number of factors, including:

- vacancies following expiry or termination of leases leading to reduced occupancy rates which, in turn, reduce Gross Revenue;
- the Trustee-Manager's ability to collect rent from tenants on a timely basis or at all;
- the amount and extent to which PCRT is required to grant rebates on rental rates to tenants due to market pressure;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rent payments, inability to collect rentals at all or delays in the termination of the tenant's lease, or which could hinder or delay the sale of a Property or the re-letting of the space in question;
- the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- the national and international economic climate and property market conditions (such as oversupply of, or reduced demand for, retail space, the release of land for retail development, changes in market rental rates and changes in operating expenses for PCRT's properties);
- the Trustee-Manager's ability to procure adequate management and maintenance or to purchase adequate insurance;
- competition for tenants from other similar properties which may affect rental levels or occupancy levels at PCRT's properties; and
- changes in laws and governmental regulations in relation to property, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant Properties may also be restricted by legislative actions, such as revisions to the building standards laws or the town planning laws, or the enactment of new laws related to condemnation and redevelopment.

PCRT will be subject to the operating risks inherent in the retail property industry.

PCRT is investing in real estate that is used for retail or predominantly-retail purposes. As such, PCRT will be subject to the operating risks inherent in the retail property industry. In addition to the specific conditions discussed in more detail in this section, the risks that PCRT faces include:

- cyclical downturns arising from changes in general and local economic conditions;
- periodic local oversupply of retail malls, which may adversely affect the results of operations of PCRT;
- the recurring need for renovation, refurbishment and improvement of the retail malls;
- changes in wages, prices, energy costs and construction and maintenance costs that may result from inflation, government regulations, changes in interest rates or currency fluctuations;
- availability of financing for operating or capital requirements;
- increases in operating costs due to inflation which may not necessarily be offset by corresponding increases in rental payments from the Properties; and
- other factors, including acts of terrorism, natural disasters, extreme weather conditions, labour shortages and work stoppages or disputes.

Delay in completion of the properties under development.

PCRT may be adversely affected by delays in the completion of its properties under development. Property developments typically require substantial capital outlay during the development and construction period and it may take an extended period of time to complete and to be occupied before a potential return can be generated. The time and costs required to complete a property development project may be subject to extensions and increases due to many factors, including 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. Any of these factors may lead to delays in, or prevent the completion of, a property development project and result in costs substantially exceeding those originally budgeted for which PCRT may not be adequately compensated by insurance proceeds (if any) and/or contractual indemnities (if any), as well as a delay in revenue. This will adversely affect the business and financial condition of PCRT and the ability of PCRT to make distributions to the Unitholders.

Further, if there are incumbent residents and businesses on sites of future projects, they will need to be relocated. If any incumbent resident or business is dissatisfied with the relocation compensation and refuses to move, such incumbent resident or business may (a) apply to the relevant government entity to resolve the dispute and the relevant government entity will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement, or (b) apply to the relevant land authority for its determination on whether the relocation compensation and relocation timetable is in compliance with PRC law. The relevant land authority will then make a decision as to the proper relocation compensation and timetable. There can be no guarantee that the relocation of incumbent residents or businesses will proceed smoothly or that they will agree to the compensation. In addition, the amount of compensation to be paid is subject to PRC government regulation and can be changed at any time. Accordingly, any delays in effecting such relocations of these incumbent residents or businesses may result in delays in the construction schedules and/or increase operating costs, any of which could have a material adverse effect on PCRT's business, financial condition and results of operations.

PCRT may be adversely affected by the illiquidity of real estate investments.

PCRT is established with the principal investment objective of developing and owning real estate and real estate-related assets. This involves a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which PCRT has invested, developed, or intends to invest or develop, are relatively illiquid. Such illiquidity may affect PCRT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. For instance, PCRT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, PCRT may face difficulties in securing timely and commercially favourable financing due to the illiquid nature of real estate assets. These factors may adversely affect PCRT's business, financial condition and results of operations.

Income from the Properties may be lower than expected, which may adversely affect the financial condition of PCRT.

Income from the Properties may be adversely affected by the general economic climate, local conditions such as over-supply of properties or reduction in demand for properties in the market in which PCRT operates, the attractiveness of PCRT's properties to tenants, management style, competition from other available properties, untimely collection of rent, changes in laws and increased operating costs and expenses. In addition, income from real estate may be affected by such factors as the cost of regulatory compliance, interest rate levels and the availability of financing. PCRT's income would be adversely affected if a significant number of tenants are unable to pay rent or its Properties cannot be rented out on favourable terms.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

The sale of Shanghai Summit Pte. Ltd.'s Units by the lender in the public market pursuant to an enforcement of security if Shanghai Summit breaches the terms of its facility agreement could have adverse effects on the market price for the Units.

If Shanghai Summit Pte. Ltd. breaches the terms of its facility agreement and is unable to cure the breach or obtain refinancing on favourable terms, and the lender sells all or a substantial number of its Units pursuant to the terms of the security, the market price for the Units could be adversely affected (see "Information concerning the Units — Subscription by the Cornerstone Investors — Shanghai Summit Pte. Ltd").

PCRT may not be able to ensure that it will achieve capital growth.

The net operating profit earned from real estate investments and real estate developments depends on, among other factors, the increase in value of the properties resulting from developments, the amount of rental income received, and the level of property, operating and other expenses incurred. If the Properties owned by PCRT do not generate sufficient net operating profit, PCRT's income, cash flow and capital growth will be adversely affected. In addition, if the Property Companies do not have sufficient cash flows or distributable profits or surplus, or the Property Companies do not make the expected level of distributions in any Financial Year or do not have sufficient funds to pay interest on or repay the principal amount of the shareholder's loans (if any), this will adversely affect PCRT's income, financial position, results of operations and cash flow.

Further, any change in the applicable laws in Singapore and the PRC may limit PCRT's capital growth or even diminish PCRT's capital.

No assurance can be given as to PCRT's rate of capital growth, or that there will be any. Neither is there any assurance that the rate of PCRT's capital growth will increase over time, that there will be

contractual increases in rent under the leases of the Properties or that the receipt of rental income in connection with the expansion of the properties or future acquisitions of properties will increase PCRT's cash flow available for reinvestment into future development projects.

Market and economic conditions may affect the market price and demand for the Units.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return compared to other investments.

The NAV per Unit may be diluted if further issues are priced below the current NAV per Unit.

The Trust Deed contemplates that new issues of Units may occur, and the issue price for which may be above, at or below the then current NAV per Unit. Where new Units, including Units which may be issued to the Trustee-Manager in payment of the Trustee-Manager's management fees, are issued at less than the NAV per Unit, the NAV of each existing Unit may be diluted.

The forward-looking information in this Prospectus may prove inaccurate.

This Prospectus contains forward-looking statements regarding, among other things, forecast and projected capital growth levels for Forecast Year 2011 and Projection Year 2012. These forward-looking statements are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside PCRT's control (see "Profit Forecast and Profit Projection — Assumptions"). Moreover, PCRT's revenue is dependent on a number of factors, including the receipt of dividends and distributions from the Property Companies, and the Property Companies' receipt of rent from the Properties. Such rent, dividends and distributions may decrease for a number of reasons, including the lowering of occupancy and rental rates, insolvency of tenants or delay in rent payment by tenants, which may adversely affect PCRT's ability to achieve the forecast and projected capital growth as some or all events and circumstances assumed may not occur as expected, or events and circumstances may arise which are not currently anticipated.

Actual results may be materially different from the forecast and projection. While the Trustee-Manager currently expects to meet the forecast and projected capital growth levels, no assurance can be given that the assumptions will be realised and the actual capital growth will be as forecast and projected.

The laws, regulations and/or accounting standards in Singapore, the PRC, Hong Kong and/or the BVI may change.

PCRT is a business trust constituted in Singapore while the Property Companies are incorporated in the PRC. The Holding Companies are incorporated in Hong Kong and the BVI, and PCRPL is incorporated in Singapore. The laws, regulations and/or accounting standards in Singapore, the PRC, Hong Kong and/or the BVI are subject to change. As a result, the financial statements of PCRT and the financial position and results of PCRT as reflected by the financial statements may be affected by these changes. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Trustee-Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not have a significant impact on the presentation of PCRT's financial statements or on PCRT's results of operations. In addition, such changes may adversely affect PCRT's capital growth. There can be no assurance that any such changes to laws, regulations and accounting standards will not materially and adversely affect PCRT's business, financial condition and results of operations.

PCRT may be unable to comply with the conditions for the Tax Ruling or the Tax Ruling may no longer apply.

PCRT may, from time to time, obtain various tax exemptions and/or tax rulings from the Inland Revenue Authority of Singapore (“IRAS”) or the Ministry of Finance, Singapore. The approvals for these tax exemptions and/or tax rulings may be subject to PCRT satisfying certain stipulated conditions. Where these conditions are not satisfied, or are no longer satisfied by PCRT, the tax exemptions and/or tax rulings may not apply. The approvals will also be granted based on the facts presented to the IRAS. Where the facts turn out to be different from those represented to the IRAS, or where there is a subsequent change in the tax laws or interpretation thereof, the tax exemptions and/or tax rulings may not apply.

In particular, PCRT has obtained a tax ruling from the IRAS (the “**Tax Ruling**”) to confirm that:

- (a) any direct remittance of PCRT’s foreign-sourced income from PCRT’s offshore bank account into CDP’s bank account in Singapore for the purpose of making distributions to Unitholders will not result in PCRT being regarded as having received or deemed to have received the said income in Singapore from outside Singapore; and
- (b) the payment of tax-exempt (one-tier) dividends by PCRPL out of its unremitted foreign-sourced income directly to PCRT’s bank account outside Singapore will not result in PCRPL being regarded as having received or deemed to have received the said foreign-sourced income in Singapore.

Foreign Unitholders may not be permitted to participate in future rights issues by PCRT.

The Trust Deed provides that in relation to any rights issue, the Trustee-Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore. Foreign Unitholders may be prejudiced should the Trustee-Manager elect not to do so, and their holdings in PCRT may face dilutive effects from such a rights issue.

The Trustee-Manager is not obliged to redeem Units.

Unitholders have no right to request the Trustee-Manager to redeem their Units while PCRT is listed on the SGX-ST. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. Accordingly, apart from selling their Units through trading on the SGX-ST, Unitholders may not be able to realise their investments in Units.

The Units have never been publicly traded and the Offering may not result in an active or liquid market for the Units.

Prior to the Offering, there has been no public market for the Units and an active public market for the Units may not develop or be sustained after the Offering. The Trustee-Manager has received in-principle approval from the SGX-ST to have the Units comprised in the Offering, the Sponsor Units, the Cornerstone Units, the Units which will be issued to the Trustee-Manager in payment of its acquisition fees and all the Units which will be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager’s fees, listed and quoted on the SGX-ST. Listing and quotation does not, however, guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders should view the Units as illiquid and must be prepared to hold their Units for an indefinite length of time. Further, it may be difficult to assess PCRT’s performance against either Singapore or international benchmarks.

There is no assurance that the Units will remain listed on the SGX-ST.

Although it is currently intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. PCRT may not continue to satisfy the listing requirements.

Certain provisions of the Singapore Code on Take-overs and Mergers could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of the Units.

Pursuant to the Singapore Code on Take-overs and Mergers, a Unitholder would be required to make a mandatory offer for all the Units not already held by him and/or parties acting in concert with him (as defined by the Singapore Code on Take-overs and Mergers) in the event that an increase in the aggregate unitholdings of such Unitholder and/or parties acting in concert with each of them, respectively, results in such aggregate unitholdings crossing certain thresholds as specified in the Singapore Code on Take-overs and Mergers. These provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

The Units of dissenting minority Unitholders may be compulsorily acquired by an offeror making a general offer for Units.

Pursuant to the Securities and Futures (Amendment) Act (Commencement) Notification 2010, certain provisions of the Securities and Futures (Amendment) Act 2009 relating to the regime for the compulsory acquisition of minority unitholdings in a registered business trust came into force on 29 March 2010.

Pursuant to such provisions, if an offeror who is making a general offer for Units has obtained acceptances in respect of more than 90.0% of the Units offered for, such offeror will be able to compulsorily acquire the Units of the dissenting minority. The dissenting minority Unitholders can also require the offeror to acquire their Units under similar circumstances.

The price of the Units may decline.

The trading price of the Units will depend on many factors, including:

- the perceived prospects of PCRT's business and investments and the market for retail properties located in the PRC;
- differences between PCRT's actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of PCRT's assets;
- the perceived attractiveness of the Units against those of other equity or debt securities, including those outside of the real estate sector;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Singapore business trust market;

- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore business trusts;
- the ability on the Trustee-Manager's part to implement successfully its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including increases in interest rates and weakness of equity and bond markets.

For these and other reasons, Units may trade at prices that are higher or lower than the NAV per Unit. To the extent that PCRT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on PCRT's part to meet market expectations with regard to future earnings and capital growth may adversely affect the market price for the Units.

In addition, the Units are not capital-safe products and there is no guarantee that Unitholders can regain the amount invested. If PCRT is terminated or liquidated, it is possible that investors may lose part or all of their investment in the Units.

USE OF PROCEEDS

Issue Proceeds

The Trustee-Manager intends to raise gross proceeds of S\$776,160,000 from the Offering and the issuance of the Sponsor Units as well as the Cornerstone Units.

Use of Proceeds

Below are the proceeds from the Offering, the issue of the Sponsor Units and the Cornerstone Units:

Sources	Amount (S\$'000)	Applications	Amount (S\$'000)
Offering	394,505	Finance the subscription for 50.0% of the equity interest of Shenyang Summit and the deposits under the Earn-out Deed ⁽¹⁾⁽²⁾	715,884
Sponsor Units	20,000	Finance acquisition related costs for the Properties ⁽³⁾	7,703
Cornerstone Units	361,655	Issue expenses and debt facilities costs ⁽⁴⁾	36,778
		General corporate and working capital purposes	15,795
Total	776,160	Total	776,160

Notes:

- (1) S\$79.5 million, being the equivalent of approximately RMB400.0 million, will be remitted to pay for at least 20.0% of the subscription proceeds of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited for its subscription of new equity interest in Shenyang Summit. Such amount will be paid by Shenyang Retail 1 Limited to Shenyang Summit on 27 May 2011 by drawing down on the Pre-Funding Facility. Accordingly, part of the proceeds of the Offering and the issuance of the Sponsor Units and the Cornerstone Units will be used to repay the outstanding loan under the Pre-Funding Facility plus the facility fee of S\$596,250. The remaining subscription proceeds payable by Shenyang Retail 1 Limited and the full acquisition proceeds payable by Shenyang Retail 2 Limited to Mr Tong Jinquan will be paid out of the proceeds from the Offering and the issuance of the Sponsor Units and the Cornerstone Units on the Listing Date.
- (2) Shenyang Summit has an existing RMB1.225 billion loan from the Agricultural Bank of China. Shortly after the Listing Date, Shenyang Retail 1 Limited, Shenyang Retail 2 Limited and the Summit Parties, as the shareholders of Shenyang Summit, intend to apply the subscription proceeds received by Shenyang Summit towards (i) the early repayment of the outstanding RMB1.225 billion under the Shenyang Summit Agricultural Bank of China Loan Facility, which will result in more debt headroom for Shenyang Summit, (ii) the repayment of interest outstanding on the principal amount which is prepaid, (iii) the payment of the remaining development costs of the Shenyang Longemont Shopping Mall and the Shenyang Longemont Offices, with any excess costs to be borne by the Summit Parties and (iv) repayment of shareholder's advance from Shanghai Summit which was advanced to Shenyang Summit for the construction of the Shenyang Properties. In addition, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will deposit on Listing Date, S\$34.6 million (RMB180.0 million) for the period from the Listing Date up to 31 December 2012 in respect of the Shenyang Properties and S\$12.5 million (RMB65.0 million) for the period from 1 January 2013 up to 31 December 2013 in respect of the Shenyang Longemont Offices (both from the proceeds of the Offering) in a bank account pursuant to the terms of the Earn-out Deed (see "Certain Agreements relating to Perennial China Retail Trust and the Properties — Earn-out Deed").
- (3) Includes the Shenyang Retail (BVI) 1 Limited, Shenyang Retail (BVI) 2 Limited, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited incorporation expenses, includes the expected Foshan WFOE incorporation expenses, the Perennial Qingyang Retail (BVI) Limited, Perennial Qingyang Retail Limited, Chengdu Qingyang WFOE incorporation expenses and PCRPL incorporation expenses.
- (4) Includes the facility fee and transaction costs relating to the Pre-Funding Facility and the upfront fee and transaction costs in relation to the Committed Facilities from DBS Bank Ltd. and Standard Chartered Bank.

For every dollar of the proceeds raised from the Offering, the Sponsor Units and the Cornerstone Units, approximately 92.2 Singapore cents will be applied to finance the subscription for 50.0% of the equity interest of Shenyang Summit and the deposits under the Earn-out Deed, approximately 1.0 Singapore cents will be applied to finance acquisition-related costs for the Properties, approximately 4.7

Singapore cents will be applied to the issue expenses and debt facilities costs and approximately 2.1 Singapore cents will be applied to general corporate and working capital purposes.

Assuming that there is no material difference between the expected GFA of the Properties based on the architectural plans and the actual GFA delivered, the proceeds raised from the Offering and the Cornerstone Units would be sufficient to fully finance (i) the acquisition of, and subscription for, 50.0% of the equity interest of Shenyang Summit and the deposits under the Earn-out Deed, (ii) certain transaction costs relating to the acquisition of Foshan Yicui Shijia Shopping Mall and (iii) certain transaction costs relating to the acquisition and development of Chengdu Qingyang Guanghua Shopping Mall.

(See “Overview of Acquisition of Properties in China and Acquisition of the Initial Portfolio” for the estimated milestones and timelines for payments to be made in connection with Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall.)

Funding of the Purchase Price of Foshan Yicui Shijia Shopping Mall and the total development cost of Chengdu Qingyang Guanghua Shopping Mall

The purchase price of Foshan Yicui Shijia Shopping Mall and the total project costs of Chengdu Qingyang Guanghua Shopping Mall will be funded by debt facilities.

The Trustee-Manager, on behalf of PCRT, had on 27 May 2011 entered into a facilities agreement (the “**Credit Facilities Agreement**”) with DBS Bank Ltd. and Standard Chartered Bank (the “**Lenders**”) for financing facilities (the “**Credit Facilities**”) in an aggregate amount of S\$325.0 million comprising (i) committed term loan facilities (the “**Committed Facilities**”) of S\$195.0 million to finance distributions to Unitholders, interest payments under the Credit Facilities and part of the progress payments by PCRT for the acquisition of Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall as well as the development cost of Chengdu Qingyang Guanghua Shopping Mall (the “**Acquisition and Development Costs**”) and (ii) an uncommitted revolving credit facility (the “**Uncommitted RCF**”) of S\$130.0 million to finance the remaining Acquisition and Development Costs.

The Credit Facilities Agreement will be governed by Singapore law. The availability of the Committed Facilities and the Uncommitted RCF is subject to the completion of documentation and satisfaction of conditions precedent. The Uncommitted RCF is subject to a right of review.

The Credit Facilities Agreement contains the following financial covenants, calculated (where relevant) on a proportional consolidated basis:

- (a) consolidated total assets of PCRT shall not be less than S\$700.0 million;
- (b) total PRC financial indebtedness shall not exceed 50.0% of the consolidated PRC assets of PCRT;
- (c) consolidated total liabilities of PCRT shall not exceed 50.0% of consolidated total assets of PCRT;
- (d) aggregate financial indebtedness (including unutilised bank facilities) is not to exceed 50.0% of the Group’s share of the properties measured at fair value which are owned either directly or indirectly by PCRT; and
- (e) a minimum interest service coverage ratio of 150.0% from Listing Date to 31 December 2013 and 175.0% at all times from 1 January 2014.

There will also be a restriction on incurring any further indebtedness (other than (i) subordinated debt, (ii) borrowings in addition to the Uncommitted RCF of up to an aggregate amount of not more than

S\$130,000,000, which have maturity dates falling after the maturity date of the Credit Facilities or (iii) with the prior consent of the Lenders).

The conditions precedent to the utilisation of the Credit Facilities shall include the:

- (I) the listing of PCRT on the Main Board of the SGX-ST;
- (II) satisfactory formal valuation reports on Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall, Shenyang Longemont Offices, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall; and
- (III) the perfection of security (subject to certain exceptions in relation to the PRC equity interest pledge agreements).

The Credit Facilities will be repayable in full at maturity (42 months after the Listing Date) although PCRT has the option to make prepayments. After the Listing of PCRT, the interest rate for the Credit Facilities will be 2.7% per annum above the relevant Swap Offer Rate.

The Credit Facilities are to be secured by:

- (A) share charges over all the shares in Perennial China Retail Pte. Ltd., Shenyang Retail (BVI) 1 Limited, Shenyang Retail (BVI) 2 Limited, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, Perennial Qingyang Retail Limited, Perennial Qingyang Retail (BVI) Limited, Sky Surpass Investments Limited and Best Field Holdings Limited (together, the “**Offshore Companies**”);
- (B) an equity pledge over 50.0% of the equity interests in Shenyang Summit;
- (C) equity pledges over all the equity interests in Foshan WFOE and Chengdu Qingyang WFOE;
- (D) assignments by PCRT and the Offshore Companies of all rights under inter-company loans to the Offshore Companies and WFOEs;
- (E) assignments by the Offshore Companies of all rights under inter-company loans to PCRT;
- (F) corporate guarantees from the Offshore Companies;
- (G) debentures over the Offshore Companies; and
- (H) subordination deeds to subordinate the repayment of all related party loans and interest on such loans made to PCRT.

Other Matters

Pending the deployment of the net proceeds of the Offering and the issue of the Sponsor Units and the Cornerstone Units, the funds will be placed in deposits with banks and institutions, or used for investment in short-term money market instruments or debt instruments, as the Trustee-Manager may deem fit. The Directors believe, in their reasonable opinion, that (i) as at the date of the lodgement of this Prospectus, the working capital available to the Trustee-Manager (acting in its capacity as trustee-manager of PCRT) is sufficient for the present requirements of PCRT and (ii) the amounts allocated to PCRT’s general corporate and working capital purposes from the proceeds of the Offering and the issue of the Cornerstone Units, will be sufficient for PCRT’s general corporate and working capital requirements over the next 12 months following the completion of the Offering.

Notwithstanding the above, the Trustee-Manager will also arrange for a revolving credit facility to serve as a standby credit line for PCRT’s general corporate and working capital requirements.

For the subscription proceeds that are paid to Shenyang Summit, the following representatives from PCRT and the Summit Group will be joint signatories of the bank accounts of Shenyang Summit:

	Representatives from PCRT	Representatives from Summit Group
1.	Mr Pua Seck Guan	Mr Tong Jinquan
2.	Ms Tan Ser Joo	Ms Tong Yuqing

Issue Expenses

The estimated amount of the expenses in relation to the Offering, the issuance of the Sponsor Units and the Cornerstone Units includes the Underwriting, Selling and Management Commission, professional and other fees and all other incidental expenses in relation to the Offering and the subscription of the Sponsor Units and the Cornerstone Units, which will be borne by PCRT. A breakdown of these estimated expenses is as follows⁽¹⁾:

	(S\$ million)	As a percentage of the proceeds from the Offering and the Issuance of the Sponsor Units and the Cornerstone Units
Professional and other fees ⁽²⁾	7.1	0.91%
Underwriting, Selling and Management Commission ⁽³⁾	21.0	2.70%
Miscellaneous Offering expenses ⁽⁴⁾	3.2	0.42%
Total estimated expenses of the Offering⁽⁵⁾	31.3	4.03%

Notes:

- (1) Amounts exclude Goods and Services Tax (“GST”), where applicable.
- (2) Includes financial advisory fees, solicitors’ fees and fees for the Independent Accountants, the Independent Tax Advisor¹, the Independent Valuer, the Independent Market Research Consultant and other professionals’ fees.
- (3) Such commission represents a maximum of 2.7% of the total amount of the Offering. The amount of total commission payable by the Trustee-Manager will be pegged to the Offering Price.
- (4) Includes cost of prospectus production, road show expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issuance of the Sponsor Units and the Cornerstone Units.
- (5) The total expenses in relation to the Offering will be ultimately borne by the investors subscribing for Units pursuant to the Offering.

The Trustee-Manager will make periodic announcements on the utilisation of the net proceeds from the Offering and the issuance of the Sponsor Units and the Cornerstone Units via SGXNET as and when such funds are materially utilised. The actual use of such proceeds will be disclosed in PCRT’s annual report.

¹ “Independent Tax Advisor” means Ernst & Young Solutions LLP.

INFORMATION CONCERNING THE UNITS

On 22 February 2011, upon the constitution of PCRT, two Units were issued to the Trustee-Manager. The issue price of these two Units was S\$1.00 per Unit. No other Units have been issued.

Principal Unitholders of PCRT and their Unitholdings

The following table sets out the principal Unitholders of PCRT and their unitholdings immediately upon completion of the Offering:

		Units owned after Offering	
		('000)	(%)
Sponsor⁽¹⁾		41,466	3.7
The Trustee-Manager ⁽²⁾		12,895	1.1
Cornerstone Investors	AEW	39,474	3.5
	Asdew	112,200	10.0
	CBRE GRES	26,316	2.3
	Cosmo Top	134,600	12.0
	Henderson	52,632	4.7
	PAM Singapore	80,000	7.2
	Shanghai Summit Pte. Ltd.	42,857	3.8 ⁽³⁾
	Vantage Up	28,571	2.6
Public and institutional investors		563,579	50.2
Total		1,121,695	100.0

Notes:

- (1) Immediately upon completion of the Offering, the Sponsor will directly hold 28,571,000 Units and through ownership of the total issued and paid-up share capital of the Trustee-Manager, it is deemed to have an interest in all the Units held by the Trustee-Manager.
- (2) Acquisition fees paid to the Trustee-Manager on the Listing Date in Units in relation to the acquisition of, and subscription for, 50.0% of the equity interest of Shenyang Summit, based on the acquisition price and the subscription price of RMB3.482 billion.
- (3) Includes the number of Units that Shanghai Summit Pte. Ltd. is subscribing for under the relevant Cornerstone Subscription Agreement, but excludes the 124,285,000 Units (amounting to 11.1% of the total number of issued Units immediately upon completion of the Offering) that Shanghai Summit will be subscribing for under the Placement Tranche. The total number of Units that Shanghai Summit Pte. Ltd. will own pursuant to its subscriptions under its Cornerstone Subscription Agreement and the Placement Tranche will be 167,142,000 Units and will amount to 14.9% of the total number of issued Units immediately upon completion of the Offering.

Subscription by the Sponsor

Concurrently with, but separate from the Offering, the Sponsor has entered into a subscription agreement dated 22 February 2011 (as amended) with the Trustee-Manager to subscribe for S\$20.0 million worth of Units, at the Offering Price and will, immediately after the completion of the Offering directly hold 28,571,000 Units (constituting approximately 2.5% of the total number of Units expected to be in issue after the Offering).

DBS Bank Ltd. will extend a loan of S\$18.2 million to the Sponsor for the purpose of the Sponsor subscribing for S\$18.2 million worth of Units at the Offering Price, and the Sponsor will fund the remaining S\$1.8 million of the subscription amount from its own resources. Such loan will be secured by, *inter alia*, a charge over all of the Sponsor's Units, 78.0% of the acquisition fee Units which are paid to the Trustee-Manager in relation to the Initial Portfolio and a charge over an interest service reserve amount. The terms of such security will be in compliance with the restrictions over the Sponsor's Units and the Trustee-Manager's Units and such security can only be enforced after the applicable lock-up period¹.

(See "Plan of Distribution — Lock-up Arrangements")

Subscription by the Cornerstone Investors

Each of the Cornerstone Investors has entered into subscription agreements with the Trustee-Manager to subscribe for an aggregate of 516,650,000 Cornerstone Units, at the Offering Price, conditional upon, *inter alia*, the Trustee-Manager, the Sponsor and the Joint Bookrunners entering into the Underwriting Agreement and the Underwriting Agreement not having been terminated pursuant to its terms on or prior to the Listing Date. The Cornerstone Investors are AEW, Asdew, CBRE GRES, Cosmo Top, Henderson, PAM Singapore, Shanghai Summit Pte. Ltd. and Vantage Up.

AEW

AEW, in its capacity as investment advisor, has entered into a cornerstone subscription agreement with the Trustee-Manager on behalf of various clients. AEW and its affiliates actively manage direct and listed property in North America, Europe and Asia, with primary offices in Boston, Los Angeles, London, Paris, Singapore and Hong Kong.

Asdew Acquisitions Pte Ltd

Asdew is an investment company incorporated in Singapore in 1999 which is predominantly owned by Mr Wang Yu Huei.

It invests mostly in Singapore in listed equities, fixed income products and real estate products.

Mr Wang was previously a director of Kim Eng Holdings Ltd from 1995 to 2004 and an independent director of Enzer Corporation Ltd from 2001 to 2005. When he was a stockbroker, he was also director of Kim Eng Securities Pte. Ltd. from 1992 to 1997.

A subscription agreement dated 11 May 2011 (as amended) has been entered into between, among others, the Trustee-Manager and Asdew, pursuant to which Asdew has agreed to subscribe for 112,200,000 Units at the Offering Price (the "**Asdew Subscription Agreement**").

In addition, the Asdew Subscription Agreement provides, among others, that subject to certain conditions, the Trustee-Manager (in its own capacity) shall on the Listing Date issue 13,000 of ordinary shares at an issue price of S\$1.00 per share to Asdew so that Asdew holds an interest of 10.0% in the Trustee-Manager.

¹ If the Sponsor breaches the terms of the facility agreement and is unable to cure the breach or obtain refinancing on favourable terms, the Sponsor's Units and the Trustee-Manager's Units which are subject to the security will be sold (subject to the applicable lock-up) and the Sponsor's direct and deemed unitholdings in PCRT will reduce and up to 100% of the Sponsor's Units and up to 78.0% of the Trustee-Manager's Units may be sold after the lock-up period. During the lock-up period, the Sponsor will be pursued directly for payments under the loan and it will source for funds or sell its assets in order to satisfy its payment obligations under the loan.

In order to demonstrate its commitment to hold Units, Asdew has also agreed that:

- (a) if the number of Units which Asdew holds falls below 89,800,000 Units but is equal to or exceeds 44,880,000 Units, Asdew's interest in the Trustee-Manager shall be reduced to 6.25%;
- (b) if the number of Units which Asdew holds falls below 44,880,000 Units, Asdew's interest in the Trustee-Manager shall be reduced to 0%; and
- (c) at any point in time, if the market capitalisation of PCRT exceeds S\$5.0 billion, the above sub-paragraphs (a) and (b) shall cease to apply.

CBRE GRES

CBRE GRES manages over US\$2.5 billion of global property securities on behalf of institutional investors around the world. CBRE GRES was established in 2004 and has dedicated REIT investment management offices in Baltimore Maryland (USA), London England, Sydney Australia, and Tokyo Japan. The firm's Global REIT Team has extensive experience in managing global property securities portfolios. CBRE GRES leverages the global platform and real-time, on the ground market knowledge of the firm's parent company, the CB Richard Ellis Group, Inc. (the "**CBRE Group**") which is the world's largest real estate services firm (as measured by 2009 revenues). CBRE GRES has represented to the Trustee-Manager that it is an independently operated subsidiary of the CBRE Group, and its management and operations are independent of, and its investment decisions are made independently from, the management and operations of CB Richard Ellis (Pte) Ltd, which is named as the Independent Valuer.

Cosmo Top

Cosmo Top is a wholly-owned subsidiary of the Nan Fung Group and its affiliates ("**Nan Fung**"), which are one of the largest privately-owned property developers in Hong Kong. Major activities of the group are real estate development/investments, construction/property management and shares/securities investment.

Nan Fung is a major real estate developer and investor in Mainland China and Hong Kong and has found PCRT to be an attractive retail real estate investment vehicle through which to gain more leveraged exposure to the China retail real estate sector. Given that there are few established retail operators in China, its current exposure in China is mainly to residential and commercial real estate classes.

Nan Fung has many years of real estate experience in various regions in China including Beijing, Shanghai, Guangzhou, Wuxi, Dalian and Sanya. Nan Fung's current investments in Mainland China include but are not limited to its direct holding of real estates and its indirect holding through its investments in a fund which it established with HSBC. Nan Fung does not have majority control of the general partner of the fund. Nan Fung also invests in China along with Sino Ocean Land, a Hong Kong-listed company and one of the largest developers in China ("**SOL**"). Nan Fung currently holds approximately 12.8% stake and is the second largest shareholder in SOL, with China Life as the largest shareholder. (See "The Sponsor and the Strategic Partners — The Strategic Partners — Nan Fung" for further details on Nan Fung.)

A subscription agreement dated 24 February 2011 (as amended) had been entered into between, among others, the Trustee-Manager, Cosmo Top and Ace Best, pursuant to which Cosmo Top has agreed to subscribe for 134,600,000 Units at the Offering Price (the "**Nan Fung Subscription Agreement**"). Both Cosmo Top and Ace Best are part of Nan Fung.

In addition, the Nan Fung Subscription Agreement provides, among other things, that:

- (i) subject to certain conditions, the Trustee-Manager (in its own capacity) shall on the Listing Date issue 15,600 of ordinary shares at an issue price of S\$1.00 per share to Ace Best so that Ace Best holds an interest of 12.0% in the Trustee-Manager; and
- (ii) within a period of three months from the Listing Date, a person nominated by Cosmo Top or Ace Best shall be appointed as a director of the Trustee-Manager.

In order to demonstrate its commitment to hold Units, Cosmo Top and Ace Best have also agreed that:

- (a) if the number of Units which Cosmo Top holds falls below 112,167,000 Units but is equal to or exceeds 56,083,000 Units, Ace Best's interest in the Trustee-Manager shall be reduced to 7.5%;
- (b) if the number of Units which Cosmo Top holds falls below 56,083,000 Units, Ace Best's interest in the Trustee-Manager shall be reduced to 0% and Cosmo Top or Ace Best shall also procure the resignation of its nominee director; and
- (c) at any point in time, if the market capitalisation of PCRT exceeds S\$5.0 billion, the above sub-paragraphs (a) and (b) shall cease to apply.

Henderson

Established in 1934 to administer the estates of Alexander Henderson, the first Lord Faringdon, Henderson is a leading independent global asset management firm. The company provides its institutional, retail and high net-worth clients access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private equity. With its principal place of business in London, Henderson is one of Europe's largest investment managers, with an estimated £61.6 billion assets under management (as at 31 December 2010) and employs around 989 people worldwide.

PAM Singapore

Prudential is a company incorporated and with its principal place of business in England. Together with its affiliated companies, Prudential constitutes one of the world's leading financial services groups. It provides insurance and financial services through its subsidiaries and affiliates throughout the world. It has been in existence for over 160 years and had £309.0 billion in assets under management as at 30 June 2010. PAM Singapore was set up as a company in 1994 and has been managing discretionary funds since 1995.

Shanghai Summit Pte. Ltd.

Shanghai Summit Pte. Ltd. is a wholly-owned entity of Mr Tong Jinquan, the founder of Shanghai Summit (Group) Co., Ltd.

Initially focusing on developing residential property, the Summit Group shifted its focus to developing and operating commercial real estate.

Besides growing its portfolio in Shanghai, the Summit Group expanded beyond Shanghai to acquire 557,500 sq m of land in Shenyang, the capital city of Liaoning province, which is located in north-eastern China. The piece of land is being developed as the Shenyang Longemont Asia Pacific City which the Shenyang Properties are a part of.

The Summit Group has a registered share capital of RMB100.0 million and its total assets stand at approximately RMB40.6 billion as at 31 December 2010. The Summit Group is headquartered in Shanghai.

Pursuant to the relevant Cornerstone Subscription Agreement, Shanghai Summit Pte. Ltd. will be subscribing for 42,857,000 Units for an aggregate subscription amount equal to S\$30.0 million. In addition, Shanghai Summit Pte. Ltd. will also be subscribing for 124,285,000 Units under the Placement Tranche. Upon such subscription under the relevant Cornerstone Subscription Agreement and the Placement Tranche, Shanghai Summit will hold 167,142,000 Units, amounting to 14.9% of the total number of issued Units immediately upon completion of the Offering.

Standard Chartered Bank will be extending a loan of up to S\$120.0 million to Shanghai Summit Pte. Ltd. for the purpose of Shanghai Summit Pte. Ltd. subscribing for 167,142,000 Units at the Offering Price for an aggregate subscription amount equal to S\$117.0 million. The loan will be secured by, *inter alia*, a charge over Shanghai Summit Pte. Ltd.'s Units, a cash collateral of approximately 67.0% of the principal amount of the loan, being approximately S\$80.4 million and a guarantee from Mr Pua Seck Guan¹.

Vantage Up

Vantage Up is wholly-owned by the owner of Nanhai Nenking (Holdings) Group Co., Ltd.

Nanhai Nenking (Holdings) Group Co., Ltd. was established in 1998 with its core business focused primarily on property development, property and hotel management, pharmaceutical and financial and investment services. Guangdong Nenking Real Estate Development Co., Ltd (**"Guangdong Nenking"**), a wholly-owned subsidiary of Nanhai Nenking (Holdings) Group Co., Ltd., was established in 1993 and focuses on real estate development and property sales.

The Nenking Group developed Nanhai Square, one of the first shopping centres in China that combines shopping, dining, entertainment, leisure and tourist attractions in one complex.

Guangdong Nenking was responsible for developing the "Yicui" brand which was awarded the "outstanding brand" by the Guangdong Association of Corporations. It is also active in the development of other residential properties. One of their current projects in the retail sector is Yicui Shijia, a residential and commercial project which is expected to be completed in 2014, as well as a land bank earmarked for development at Jihua Road for a 140,000 sq m shopping mall and service apartments.

In the event that any one or more of the Cornerstone Investors fail to subscribe for and pay for the Cornerstone Units which they have committed to subscribe, the Offering may still proceed and subscribers of the Units will still be required to pay for and complete their subscriptions pursuant to the Offering.

Subscription by the Directors

The Directors may subscribe for Units under the Public Offer and/or the Placement Tranche and in such cases, the Trustee-Manager will make announcements via SGXNET as soon as practicable. Save for the Trustee-Manager's internal policy which prohibits the Directors from dealing in the Units at certain times, there is no restriction on the Directors disposing of or transferring all or any part of their unitholdings. (See "The Trustee-Manager" and "Corporate Governance".)

¹ If Shanghai Summit Pte. Ltd. breaches the terms of the facility agreement and is unable to cure the breach or obtain refinancing on favourable terms, Shanghai Summit Pte. Ltd.'s Units will be sold and the cash collateral will be drawn down by the lender before the guarantee is enforced against Mr Pua Seck Guan. Accordingly, Shanghai Summit Pte. Ltd.'s unitholding in PCRT will reduce and all of its Units may be sold pursuant to the terms of the security. If the guarantee is enforced against Mr Pua Seck Guan, he will source for funds or sell his assets to satisfy his payment obligations under the guarantee.

Subscription for more than 5.0% of the Units

To the Trustee-Manager's knowledge, as at the date of this Prospectus, other than Shanghai Summit Pte. Ltd., no person intends to subscribe for more than 5.0% of the Units comprised in the Offering. If any person were to make an application for Units amounting to more than 5.0% of the Units in the Offering and were subsequently allotted or allocated such number of Units, the Trustee-Manager will make the necessary announcements at an appropriate time. In respect of the subscription of Cornerstone Units by the Cornerstone Investors, please refer to the table under "Principal Unitholders of PCRT and their Unitholdings" on page 85 of the Prospectus for further details on the Cornerstone Investors and their Unitholdings immediately upon completion of the Offering. The final allocation of Units will comply with the unitholding spread and distribution guidelines set out in Rule 210 of the Listing Manual.

Options on Units

No option to subscribe for Units has been granted to any of the Directors or to the Chief Executive Officer of the Trustee-Manager.

Moratorium

The Sponsor and the Trustee-Manager have agreed to certain lock-up arrangements. (See "Plan of Distribution — Lock-up Arrangements".)

DISTRIBUTIONS

The distribution of PCRT is substantially based on the cash flow generated from the underlying operations undertaken by the Property Companies, being the letting of completed and stabilised properties and the provision of property-related services. The cash flow will be received by PCRT in the form of:

- (i) dividend income received or receivable from PCRPL; and/or
- (ii) payment of the interest (net of any withholding tax) or repayment of principal (if any) on any shareholder's loans from PCRT to PCRPL or directly to the Holding Companies.

The dividend income from PCRPL will, in turn, be paid out of:

- (a) dividend income on ordinary or preference shares (if any) received or receivable from the Holding Companies;
- (b) payment of interest (net of any withholding tax) on any shareholder's loans from PCRPL to the Holding Companies;
- (c) repayment of principal (if any) on any shareholder's loans from PCRPL to the Holding Companies; and/or
- (d) redemption of preference shares (if any) which may be issued by the Holding Companies.

PCRT's distributable income in relation to a distribution period ("**Distributable Income**") comprises Net Income from Operations and Realised Gains (both as defined herein).

"**Net Income from Operations**" comprises the consolidated profit/(loss) for that distribution period adjusted for the following:

- adding back amortisation of capitalised transaction costs and depreciation of property, plant and equipment;
- deducting unrealised income (including unrealised exchange differences and fair value adjustments relating to financial instruments and investment properties);
- deducting accounting gains from the disposal of shares or investment properties (including strata sales);
- adding back unrealised expenses (including unrealised exchange differences and fair value adjustments relating to financial instruments and investment properties);
- deducting any income from uncompleted properties;
- adding back the portion of the Trustee-Manager's management fees paid or payable in Units;
- deducting general reserves required to be set aside under PRC law;
- adding deferred tax expense or deducting deferred tax credit, to the extent that such deferred tax expense or credit relates to items added back or deducted as described above; and
- adding back any non-recurring expenses and deducting any non-recurring income (as deemed appropriate by the Trustee-Manager).

“Realised Gains” are any gains in the distribution period from the disposal of shares or investment properties (including strata sales). Realised Gains for the purpose of distributions refers to net proceeds from disposal. The Trustee-Manager may distribute Realised Gains to Unitholders at its discretion after taking into consideration PCRT’s budget, operations and strategy.

The amount of Distributable Income that may be distributed may exceed the amount of cash that the Trustee-Manager may be able to repatriate back to Singapore in a distribution period for reasons including those listed below:

- (I) Dividends are made out of the operating profits of the Property Companies. However, the Property Companies may use the cash generated from their operations to repay third party borrowings at the Property Company level;
- (II) PRC dividend repatriation is subject to retained earnings being positive. Should a Property Company have an accumulated loss, it would prevent a dividend repatriation even if a profit was made in the most recent reporting year;
- (III) The Company Law of the PRC (中华人民共和国公司法) (the **“Company Law”**) requires an appropriation of net profit after tax to the general reserve;
- (IV) the Property Companies may not be able to pay all the cash generated from operations as dividends as a result of the Property Companies’ and/or Holding Companies’ accounting policies that require the depreciation of investment properties (see “Overview of Relevant Laws and Regulations in China” for further details);
- (V) PRC dividend repatriation is subject to tax clearance that may be obtained only after the current distribution period; and
- (VI) there may be restrictions under existing loans that must be satisfied before cash can be repatriated from the borrowing entity.

As a result, PCRT may not be able to receive all the cash generated from the operations of the Property Companies as Distributable Income in the current distribution period. The Trustee-Manager has put in place the Committed Facilities which is intended to, *inter alia*, (i) fund the amount of Distributable Income that exceeds the amount of cash that the Trustee-Manager is able to repatriate back to Singapore (for example, cash which may be trapped in China at the Property Company level due to the depreciation of investment properties) and (ii) bridge any time lag between the payment of distributions by PCRT and the recognition and receipt of dividend payment from the Property Companies, facilitating cash repatriations to PCRT.

PCRT has not made any distributions since its constitution.

Distribution Policy

The Trustee-Manager’s key objective is to provide Unitholders with (i) 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 (ii) regular distributions of the income of its completed and stabilised assets. The long-term distribution policy is intended to provide the Trustee-Manager with the flexibility to reinvest a portion of cash flow from underlying operations undertaken by the Property Companies into asset enhancement initiatives or as equity contributions for new acquisitions.

PCRT has adopted the following policy in respect of distributions to be made to Unitholders out of PCRT’s Distributable Income:

- (i) in respect of the Forecast Year 2011 and Projection Year 2012, the Trustee-Manager shall make distributions of at least 90.0% of PCRT’s Distributable Income to Unitholders; and

- (ii) in respect of FY2013 onwards, the Trustee-Manager shall make distributions of at least 50.0% of PCRT's income from its completed and stabilised assets to Unitholders.

The Shenyang Longemont Offices and development projects in Foshan and Chengdu are expected to be completed in the years 2011, 2013 and 2013 respectively. These properties would start to contribute to the Distributable Income in the years 2012, 2013 and 2014 respectively. The Trustee-Manager intends to distribute at least 50.0% of income from these properties when yields of these properties have stabilised.

As at the Listing Date, PCRT will only own one income-producing asset. However, the Trustee-Manager will seek to distribute at least 90.0% of its Distributable Income in order to provide its investors with a reasonable distribution return. In the longer term, as more assets become income-producing, it is the intention of the Trustee-Manager to adopt a lower percentage payment and seek to distribute at least 50.0% of its Distributable Income to retain the flexibility of retaining its cash flows for acquisition opportunities whilst allowing Unitholders to benefit from distribution payments.

It should be noted that the intention of the Trustee-Manager to distribute at least 50.0% of the Distributable Income is the minimum threshold and the Trustee-Manager may distribute a higher percentage of the Distributable Income, if it deems fit having regard to the prevailing circumstances.

PCRT will make distributions to Unitholders at half-yearly intervals or at such other intervals as the Trustee-Manager shall decide in its absolute discretion. After PCRT has been admitted to the Official List of the SGX-ST, PCRT will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. However, PCRT's first distribution from Net Income from Operations after the Listing Date will be for the period from the Listing Date to 31 December 2011 and will be paid by the Trustee-Manager on or before 31 March 2012. Subsequent distributions will take place on a semi-annual basis. Under the Trust Deed, the Trustee-Manager is required to pay distributions within 90 days after each of the said dates. Distributions payable to a Unitholder which remain unclaimed after a period of 12 months shall be accumulated in a special account from which the Trustee-Manager may, from time to time, make payments to such Unitholder claiming any such distributions which he is entitled to. The Trustee-Manager may, at its absolute discretion and if practicable, cause such sums, which represent monies remaining in the special account for five years after the date such monies were placed into the special account and interest, if any, earned thereon, to be paid into the courts of Singapore in accordance with the provisions of the Trust Deed.

PCRT's primary source of liquidity to fund distributions, payment of non-property expenses and other recurring capital expenditure will be from the receipts of Gross Revenue and any future borrowings.

In the event that there are gains arising from sales of the Properties, or part thereof, either directly or indirectly through the sales of the shares in the Holding Companies, and only if such gains are surplus to the business requirements and needs of PCRT, the Trustee-Manager may, at its discretion, distribute such gains. Such gains, if not distributed, will form part of the Trust Property of PCRT.

Unitholders will not be subject to Singapore income tax on distributions made by PCRT. There will also be no Singapore withholding tax on such distributions. (See "Taxation" and Appendix D, "Independent Taxation Report".)

Earn-out Arrangement

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited have, on 21 March 2011, entered into the Earn-out Deed with SingCo, a wholly-owned entity of Mr Tong Jinquan, which will take effect on the completion of the acquisition of, and subscription for, an aggregate of 50.0% of the total equity interest of Shenyang Summit ("**Shenyang Summit Completion**") by Shenyang Retail 1 Limited and Shenyang Retail 2 Limited.

Under the Earn-out Deed, PCRT will deduct (i) S\$34.6 million (RMB180.0 million) for the Relevant Periods (as defined herein) from the Listing Date up to 31 December 2012 in respect of the Shenyang Properties and (ii) S\$12.5 million (RMB65.0 million) for the Relevant Periods from 1 January 2013 up to 31 December 2013 in respect of the Shenyang Longemont Offices only, from the proceeds of the Offering and the issuance of the Sponsor Units and the Cornerstone Units and, on the Listing Date, deposit such amounts into a bank account (“**Bank Account**”) of either Shenyang Retail 1 Limited or Shenyang Retail 2 Limited and jointly operated by signatories from both PCRT and SingCo. The earn-out arrangement is a commercial arrangement arrived at after negotiations by the Trustee-Manager with the vendor of the Shenyang Properties for the benefit of Unitholders, without which the vendor would have required the earn-out deposit to be paid upfront as part of the purchase consideration for the equity interests of Shenyang Summit.

Under the earn-out arrangement, the deposits of RMB180.0 million and RMB65.0 million may be returned to Shenyang Retail 1 Limited and/or Shenyang Retail 2 Limited, in each case, depending on the performance of the Shenyang Properties between the Listing Date and 31 December 2012 or the Shenyang Longemont Offices between 1 January 2013 and 31 December 2013, as the case may be. In the event that the Net Property Income of the Shenyang Properties or, as the case may be, the Net Property Income of the Shenyang Longemont Offices in respect of a stipulated period (a “**Relevant Period**”) falls below the applicable Threshold Amount (as defined herein) for such Relevant Period, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will together drawdown from the Bank Account the Earn-out Amount applicable to that Relevant Period for distribution to Unitholders. If, however, the applicable Threshold Amount is met in respect of a Relevant Period, then no drawdown will be made on the earn-out deposit. (See “Certain Agreements Relating to Perennial China Retail Trust and the Properties — Earn-out Deed”).

The purchase consideration for 50.0% of the aggregate equity interests of Shenyang Summit is determined on the basis that the Shenyang Properties are purchased on a “completed” basis with rental cash flows in place. However, the Shenyang Properties have a limited operating history with Shenyang Red Star Macalline Furniture Mall having commenced operations only on 30 September 2010. Shenyang Longemont Shopping Mall is expected to commence operations only in the third quarter of 2011, and the Shenyang Longemont Offices are expected to commence operations in the second quarter of 2012. Although Shenyang Red Star Macalline Furniture Mall is almost fully occupied with an occupancy rate of 96.1%¹ as at 31 December 2010, the leases are in the first lease cycle and rental rates have yet to stabilise. Likewise for Shenyang Longemont Shopping Mall which will commence operations only in the third quarter of 2011 and is in the process of being leased, rental rates for Forecast Year 2011 and Projection Year 2012 would not reflect stabilised rates.

Given that cash flow of the Shenyang Properties will take time to build up, the Trustee-Manager has negotiated for SingCo to enter into the Earn-out Deed with Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, such that in the event the Net Property Income in respect of the Relevant Periods from the Shenyang Properties does not exceed the Threshold Amount during Forecast Year 2011, Projection Year 2012 and the year ending 31 December 2013 for the Shenyang Longemont Offices only, PCRT may drawdown from the earn-out deposit as additional distribution to Unitholders. The Trustee-Manager arrived at the Threshold Amount benchmark of 7.0% net property income yield after taking into consideration net property income yield market benchmark of 7.0%. The Earn-out Deed is valid until 31 December 2012 in respect of Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and the Shenyang Longemont Offices and 31 December 2013 in respect of the Shenyang Longemont Offices as the cash flows from the Shenyang Properties would have stabilised by the respective times. Accordingly, the Trustee-Manager believes that the arrangement under the Earn-out Deed is beneficial to Unitholders.

For the avoidance of doubt, the Threshold Amount and 7.0% net property income yield is based on the Shenyang Properties as a whole for the Relevant Periods from the Listing Date to 31 December 2012

¹ Inclusive of Committed Leases of 91.8% and Expected Leases of 4.3%.

and 7.0% net property income yield for the Shenyang Longemont Offices for the Relevant Periods from 1 January 2013 to 31 December 2013.

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall make a drawdown if the Net Property Income in respect of the first Relevant Period from the Listing Date to 30 June 2011 falls below the Threshold Amount in respect of the first Relevant Period which shall be calculated in accordance with the following formula:

$$\frac{A}{B} \times C$$

where:

- A = the number of days from and including the Listing Date to and including 30 June 2011;
- B = the number of days from and including 1 January 2011 to and including 30 June 2011; and
- C = RMB283,500,000.

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall make a drawdown if the Net Property Income in respect of each of the following Relevant Periods falls below the Threshold Amount, which shall be RMB283,500,000 in respect of each of the following Relevant Periods:

- (i) the period from and including 1 July 2011 to and including 31 December 2011;
- (ii) the period from and including 1 January 2012 to and including 30 June 2012; and
- (iii) the period from and including 1 July 2012 to and including 31 December 2012.

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall make a drawdown if the Net Property Income of the Shenyang Longemont Offices in respect of each of the following Relevant Periods falls below the Threshold Amount, which shall be RMB70,090,000 in respect of each of the following Relevant Periods:

- (1) the period from and including 1 January 2013 to and including 30 June 2013; and
- (2) the period from and including 1 July 2013 to and including 31 December 2013.

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall make a drawdown in respect of each Relevant Period where the Net Property Income or, as the case may be, the Net Property Income of the Shenyang Longemont Offices in respect of the Relevant Period falls below the applicable Threshold Amount.

The earn-out amount (the “**Earn-out Amount**”) in respect of each Relevant Period shall be the lower of (i) the difference between the actual Net Property Income or, as the case may be, the Shenyang Longemont Offices Net Property Income plus the Excess Amount (as defined herein), and the Threshold Amount in respect of each Relevant Period and (ii) the relevant amount in respect of each Relevant Period as follows:

- (a) in respect of the Relevant Period from and including the Listing Date to and including 30 June 2011, RMB28.0 million;
- (b) in respect of the Relevant Period from and including 1 July 2011 to and including 31 December 2011, RMB57.5 million;
- (c) in respect of the Relevant Period from and including 1 January 2012 to and including 30 June 2012, RMB56.0 million;

- (d) in respect of the Relevant Period from and including 1 July 2012 to and including 31 December 2012, RMB38.5 million;
- (e) in respect of the Relevant Period from and including 1 January 2013 to and including 30 June 2013, RMB32.5 million; and
- (f) in respect of the Relevant Period from and including 1 July 2013 to and including 31 December 2013, RMB32.5 million.

In respect of each six-month Relevant Period referred to in the above (e) or (f), should the Shenyang Longemont Offices Net Property Income be less than RMB70,090,000, but the Net Property Income for Shenyang Longemont Shopping Mall and Shenyang Red Star Macalline Furniture Mall (the “**Shenyang Malls Net Property Income**”) for the corresponding six-month Relevant Period exceed RMB213,410,000, such amount in excess of RMB213,410,000 (the “**Excess Amount**”) will be added to the Shenyang Longemont Offices Net Property Income for such Relevant Period, and if such aggregate sum of the Excess Amount and the Shenyang Longemont Offices Net Property Income is less than RMB70,090,000, then the Earn-out Amount in respect of such Relevant Period will be drawn in accordance with the provisions of the Earn-out Deed.

In the event that Shenyang Retail 1 Limited and Shenyang Retail 2 Limited draw on the Bank Account, distribution would be made to the BVI Holding Companies via:

- (i) dividend income on ordinary or preference shares (if any);
- (ii) payment of interest (net of any withholding tax) on any shareholder’s loans;
- (iii) repayment of principal (if any) on any shareholder’s loans; and/or
- (iv) redemption of preference shares (if any) which may be issued by the Hong Kong Holding Companies.

EXCHANGE RATE INFORMATION

The table below sets forth, for the period from 2007 to the Latest Practicable Date, information concerning the exchange rates between (i) RMB and Singapore dollars (in RMB per Singapore dollar) and (ii) US dollars and RMB (in RMB per US dollar). The exchange rates were based on the average between the bid and offer rates of the currency as obtained from Bloomberg⁽¹⁾. No representation is made that (i) the RMB amounts actually represent such Singapore dollar amounts or could have been or could be converted into Singapore dollars or (ii) the US dollar amounts actually represent such RMB amounts or could have been or could be converted into RMB at the rates indicated, at any other rate, or at all.

Period ended	RMB/Singapore dollar ⁽¹⁾		
	Average	High	Low
2007	5.049	5.168	4.938
2008	4.919	5.176	4.464
2009	4.705	4.949	4.399
2010	4.970	5.196	4.794
January 2011	5.132	5.156	5.113
February 2011	5.164	5.190	5.139
March 2011	5.178	5.206	5.123
April 2011	5.241	5.302	5.189
May 2011 ⁽²⁾	5.255	5.308	5.203

Period ended	RMB/US dollar ⁽¹⁾		
	Average	High	Low
2007	7.607	7.816	7.304
2008	6.950	7.304	6.811
2009	6.832	6.852	6.819
2010	6.767	6.834	6.607
January 2011	6.601	6.635	6.583
February 2011	6.589	6.597	6.584
March 2011	6.566	6.635	6.548
April 2011	6.529	6.548	6.492
May 2011 ⁽²⁾	6.496	6.508	6.492

Notes:

- (1) Bloomberg has not provided its consent, for purposes of Section 282L of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trustee-Manager, the Sole Financial Advisor and the Joint Bookrunners have taken reasonable actions to ensure that the information from the relevant report published by Bloomberg is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.
- (2) As at the Latest Practicable Date.

Exchange Controls

Restrictions on Conversion of RMB into Foreign Currency

The principal regulation governing foreign currency exchange in the PRC is the *Foreign Currency Administration Rules* (《外汇管理条例》) which was issued by the State Council in January 1996, became effective in April 1996 and was amended in January 1997 and August 2008. Under these rules, Renminbi is freely convertible for payments of current account items, including trade and service related foreign exchange transactions and dividend payments, but not for capital account expenses, including direct investment, loan or investment in securities outside the PRC. Renminbi may only be converted for capital account expenses once the prior approval of SAFE has been obtained. Under the Foreign Currency Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. They may also retain foreign exchange (subject to a cap approved by SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC government authorities, which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and retain foreign currencies in the future. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside the PRC are subject to limitations and require approvals from SAFE.

CAPITALISATION

The following table sets forth the pro forma capitalisation of PCRT as at the Listing Date and after application of the total proceeds from the Offering and the issuance of the Cornerstone Units and the Sponsor Units. The information in the table below should be read in conjunction with “Use of Proceeds”.

S\$'000	Pro forma
Borrowings	0⁽¹⁾⁽²⁾
Units in issue	785,187
Total borrowings and capitalisation	785,187

Notes:

- (1) As PCRT will hold only 50.0% of the aggregate equity interest in Shenyang Summit on the Listing Date, Shenyang Summit will be accounted for as an investment on the balance sheet of PCRT as at the Listing Date. Accordingly, the existing RMB1.225 billion loan from the Agricultural Bank of China to Shenyang Summit will not be reflected on the Unaudited Pro Forma Consolidated Balance Sheet of PCRT and it is assumed to be repaid on the Listing Date.
- (2) The amounts outstanding under the Pre-Funding Facility will be repaid on the Listing Date using part of the proceeds from the Offering and the issuance of the Sponsor Units and the Cornerstone Units. Accordingly, the amounts outstanding under the Pre-Funding Facility are not reflected as borrowings of PCRT. The Credit Facilities which are for the Trustee-Manager to (i) finance distributions to Unitholders, (ii) finance interest payments by PCRT under these facilities and (iii) finance the progress payments payable by PCRT for the acquisition of Foshan Yicui Shijia Shopping Mall and the acquisition and development cost of Chengdu Qingyang Guanghua Shopping Mall, will not be drawn down on the Listing Date. The Trustee-Manager has put in place the Committed Facilities which is intended to, *inter alia*, (i) fund the amount of Distributable Income that exceeds the amount of cash that the Trustee-Manager is able to repatriate back to Singapore (for example, cash which may be trapped in China at the Property Company level due to the depreciation of investment properties) and (ii) bridge any time lag between the payment of distributions by PCRT and the recognition and receipt of dividend payment from the Property Companies, facilitating cash repatriations to PCRT.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AS AT THE LISTING DATE

The Trustee-Manager is unable to prepare the pro forma consolidated income statement, consolidated statement of cash flows and consolidated balance sheet to show the pro forma historical financial performance of the PCRT Group and the PCRT Group's interest in a jointly controlled entity because relevant information for the preparation of meaningful pro forma historical financial information does not exist. This is due to the following reasons:

- the assets are newly acquired by PCRT's subsidiaries and do not have historical financial information available;
- the assets acquired do not have a meaningful track record as they are either newly opened or under development; and
- PCRT's subsidiaries are also similarly newly set up, and thus do not have historical financial information available.

For the reasons stated above, the MAS has granted PCRT an exemption from the requirement to prepare historical pro forma financial statements conditional upon the inclusion of the following information in this Prospectus:

- an unaudited pro forma consolidated balance sheet setting out the assets and liabilities of the PCRT Group as at the Listing Date;
- the profit forecast and profit projection for the period from 22 February 2011 (being the date of the constitution of PCRT) to 31 December 2011 and the financial year from 1 January 2012 to 31 December 2012; and
- a full explanation as to why pro forma financial information for PCRT based on historical results of PCRT, as required under paragraphs 23 to 34 of Part X of the Fourth Schedule to the Securities and Futures (Offer of Investments) (Business Trusts) (No. 2) Regulations 2005, cannot be provided in this Prospectus.

Accordingly, the Trustee-Manager has prepared the unaudited pro forma consolidated balance sheet below setting out the assets and liabilities of the PCRT Group as at the Listing Date (the "**Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date**"), upon completion of the Offering, the completion of the acquisition of a 50.0% equity interest in Shenyang Summit (which owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices) and assuming the completion of the acquisition of the contractual rights and obligations to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall.

BASIS OF PREPARATION OF PRO FORMA CONSOLIDATED BALANCE SHEET

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been prepared for illustrative purposes only and on the basis of the assumptions and accounting policies set out in Appendix C, "Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date". The assumptions have been reviewed and the computations have been checked by the Independent Accountants, whose report is set out in Appendix B, "Independent Accountants' Report on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date". The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date should be read together with these assumptions and accounting policies.

The objective of the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is to show what the financial position of PCRT Group would have been on the Listing Date, upon completion of the

Offering, the completion of the acquisition of a 50.0% equity interest in Shenyang Summit (which holds Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices), and assuming the completion of the acquisition of the contractual rights and obligations to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall.

However, the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is not necessarily indicative of the actual financial position that would have been attained by the PCRT Group as at the Listing Date. The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date, because of its nature, may not give a true picture of the PCRT Group's financial position.

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT THE LISTING DATE**

	Unaudited Pro Forma Balance Sheet as at Listing Date⁽¹⁾ S\$'000
Non-current assets	
Jointly controlled entity ⁽²⁾	691,442
Current assets	
Other asset ⁽³⁾	4,595
Cash and cash equivalents ⁽⁴⁾	67,988
	72,583
Total assets	764,025
Non-current liabilities	
Other payables ⁽⁵⁾	11,163
Net assets attributable to Unitholders	752,862
Unitholders' funds	
Units in issue	785,187
Issue costs	(31,287)
Unappropriated profits ⁽⁶⁾	(1,038)
	752,862
Units in issue ('000)	1,121,695
NAV per unit (S\$)	0.67

Notes:

- (1) Based on an assumed foreign exchange rate of S\$1.00: RMB5.2070 and the Offering Price of S\$0.70.
- (2) This relates to PCRT's 50.0% equity interest in Shenyang Summit, comprising an assumed purchase consideration of S\$668.6 million (RMB3,481.6 million), estimated additional consideration of S\$11.0 million (RMB57.3 million) under the Earn-out Deed which has been assumed by the Trustee-Manager to be payable to the Vendor and estimated acquisition related costs of S\$2.6 million (RMB13.6 million). Please see note 3 to the Unaudited Pro Forma Consolidated Balance Sheet in Appendix C for further details in relation to the Earn-out Deed.
- (3) This relates to transaction costs incurred on the undrawn committed term loan facilities of S\$195.0 million.
- (4) This includes an amount of S\$47.1 million (RMB245.0 million) (from the proceeds of the Offering) in relation to the Earn-out Deed which is classified as restricted cash. Restricted cash relates to funds deposited into bank accounts of PCRT which are jointly operated by PCRT and the vendor of Shenyang Summit under the Earn-out Deed. Please see notes 3 and 5 to the Unaudited Pro Forma Consolidated Balance Sheet in Appendix C for further details.
- (5) This relates to the estimated additional consideration payable to the Vendor under the Earn-out Deed and the acquisition fee payable to the Trustee-Manager thereon.
- (6) This relates to transaction costs of S\$0.9 million on bank borrowings to be repaid on the Listing Date and incorporation expenses of subsidiaries of S\$0.1 million.

Pro Forma NAV per Unit for illustrative purposes

The pro forma NAV per Unit as set out below is not intended to be a forecast and is for illustrative purposes only.

The NAV per unit based on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is S\$0.67.

The pro forma NAV per Unit as at the Listing Date of S\$0.67 is computed after incorporating adjustments to reflect PCRT's acquisition of 50.0% equity interest in Shenyang Summit.

Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall are not recognised as assets in the Unaudited Pro Forma Consolidated Balance Sheet because PCRT does not have legal title to these properties at the time of listing. In addition, the 50.0% equity interest in Shenyang Summit is carried at PCRT's cost of investment (including acquisition fees and related costs) which is more than 50.0% of the net assets of Shenyang Summit after taking into consideration deferred tax liability.

The deferred tax liability will only crystallise in the event the real estate is sold. Given that PCRT intends to hold the assets for the long term, the Trustee-Manager wishes to illustrate the effect of excluding deferred tax liability from the pro forma NAV. For illustrative purposes, the Trustee-Manager believes that the exclusion of deferred tax reflects the Trustee-Manager's intention more accurately.

At the Listing Date, Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall are valued on an "as if complete and fully leased"¹ basis.

The Trustee-Manager has performed a calculation of the adjusted pro forma NAV per Unit (after excluding deferred tax) assuming that:

- PCRT is able to successfully acquire legal title to both Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall, and that their valuation upon completion will remain unchanged from the valuation by the Independent Valuer as at 31 December 2010 (on an "as if complete and fully leased" basis for both assets as of that date); and
- the Shenyang Longemont Offices are successfully completed and fully leased and PCRT's 50.0% equity interest in Shenyang Summit is valued at NAV based on the valuation by the Independent Valuer as at 31 December 2010.

On the above basis, the Trustee-Manager believes from its calculations that the adjusted pro forma NAV per Unit will increase to S\$0.82 (excluding deferred tax) (from S\$0.67 as at the Listing Date).

The Trustee-Manager's calculation of the adjusted pro forma NAV per Unit reflecting the above two assumptions has been computed based on the pro forma NAV as at the Listing Date, after incorporating the following key adjustments, and excluding deferred tax:

¹ The "as if complete and fully leased" basis of valuation provides the value of a proposed development project assuming it has already been completed, and utilises market information prevailing as at the date of valuation. The critical assumptions adopted are:

- (i) Construction of the property had already been completed according to the development schemes and plans made available to the valuer.
- (ii) All necessary licences, permits or grants to act, to build, use and occupy have been obtained, with no future payment needed to ensure this position.
- (iii) The property is fully leased under leasing and occupational arrangement typical of the market as at date of valuation.
- (iv) Revenue and property outgoings are based on prevailing economic and market conditions.
- (v) Net property income is capitalised for the balance lease term at the prevailing market-derived capitalisation rates.

This valuation basis is to be distinguished from the "as is" or "existing condition" bases.

- Adjustment to reflect PCRT's issuance of 2.4 million Units at the Offering Price of S\$0.70 each to the Trustee-Manager as payment of the acquisition fee for the acquisition of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall.
- Adjustment to reflect PCRT's total development cost of Chengdu Qingyang Guanghua Shopping Mall which comprises land premium, estimated construction and construction-related costs, capitalised borrowing costs and estimated acquisition related costs and acquisition fees totalling RMB738.3 million (S\$141.8 million), and start-up costs of RMB12.1 million (S\$2.3 million) which are recognised in profit or loss as incurred.
- Adjustment to reflect PCRT's total acquisition costs of Foshan Yicui Shijia Shopping Mall which comprises the purchase price, and estimated acquisition costs and fees totalling RMB630.0 million (S\$121.0 million), and start-up costs of RMB27.4 million (S\$5.3 million) which are recognised in profit or loss as incurred.
- Adjustment to record the change in fair value of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall on an "as if complete and fully leased" basis according to the values estimated by the Independent Valuer as at 31 December 2010 and as set out below:

	"As if complete" Value as at Listing Date	
	RMB'000	S\$'000
Chengdu Qingyang Guanghua Shopping Mall	849,000	163,050
Foshan Yicui Shijia Shopping Mall	795,000	152,679

The change in fair value of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall is RMB110.7 million (S\$21.3 million) and RMB165.0 million (S\$31.7 million) respectively.

- Adjustment to recognise PCRT's 50.0% share of the change in fair value of the properties held by Shenyang Summit based on the values estimated by the Independent Valuer as at 31 December 2010 and as set out below:

	"As if complete" Value as at Listing Date	
	RMB'000	S\$'000
Shenyang Red Star Macalline Furniture Mall ⁽¹⁾	2,904,000	557,711
Shenyang Longemont Shopping Mall ⁽¹⁾	3,450,000	662,570
Shenyang Longemont Offices ⁽¹⁾	2,154,000	413,674

Note:

(1) Based on 100.0% ownership.

PCRT's 50.0% share of the change in fair value of the properties held by Shenyang Summit is RMB653.9 million (S\$125.6 million).

The Trustee-Manager has further considered the impact on the adjusted pro forma NAV per Unit by using an estimate of future value as at 31 December 2014 instead of the valuation by the Independent Valuer as at 31 December 2010. The valuation of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall by the Independent Valuer as at 31 December 2010 is on an "as if complete and fully leased" basis because the two malls were not completed then. By 31 December 2014, the Trustee-Manager expects the two malls to be completed and leased. (See "Estimated future values of the Properties in 2014" below for the bases used to arrive at the estimated future values of the Properties in 2014.) Accordingly the Independent Valuer has been requested to provide a possible value for all of PCRT's properties as at 31 December 2014. On this basis, the pro forma NAV per Unit as calculated by the Trustee-Manager would be S\$0.99 per Unit (excluding deferred tax).

The adjusted pro forma NAV per Unit of S\$0.99 (excluding deferred tax) has been computed based on the pro forma NAV as at the Listing Date, after incorporating the following key adjustments and assumptions, and excluding deferred tax:

- Adjustment to reflect PCRT's issuance of 2.4 million Units at the Offering Price of S\$0.70 each to the Trustee-Manager as payment of the acquisition fee for the acquisition of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall.
- Adjustment to reflect PCRT's total development cost of Chengdu Qingyang Guanghua Shopping Mall which comprises land premium, estimated construction and construction-related costs, capitalised borrowing costs and estimated acquisition related costs and acquisition fees totalling RMB738.3 million (S\$141.8 million), and start-up costs of RMB12.1 million (S\$2.3 million) which are recognised in profit or loss as incurred.
- Adjustment to reflect PCRT's total acquisition costs of Foshan Yicui Shijia Shopping Mall which comprise the purchase price, estimated acquisition costs and acquisition fees totalling RMB630.0 million (S\$121.0 million), and start-up costs of RMB27.4 million (S\$5.3 million) which are recognised in profit or loss as incurred.
- Adjustment to recognise the change in fair value of the following investment properties according to the estimated future values in 2014 provided by the Independent Valuer. The estimated future values in 2014 are as set out below:

	Estimated Future Value in 2014	
	RMB'000	S\$'000
Chengdu Qingyang Guanghua Shopping Mall	983,000	188,784
Foshan Yicui Shijia Shopping Mall	927,000	178,030

The change in fair value of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall is RMB244.7 million (S\$47.0 million) and RMB297.0 million (S\$57.0 million) respectively.

- Adjustment to recognise PCRT's 50.0% share of the revaluation gains on the properties held by Shenyang Summit according to the estimated future values in 2014 provided by the Independent Valuer. The estimated future values in 2014 are as set out below:

	Estimated Future Value in 2014	
	RMB'000	S\$'000
Shenyang Red Star Macalline Furniture Mall ⁽¹⁾	3,370,000	647,206
Shenyang Longemont Shopping Mall ⁽¹⁾	4,061,000	779,912
Shenyang Longemont Offices ⁽¹⁾	2,470,000	474,361

Note:

(1) Based on 100.0% ownership.

PCRT's 50.0% share of the change in fair value of the properties held by Shenyang Summit is RMB942.2 million (S\$180.9 million).

Apart from the above adjustments, no other adjustments have been made.

The adjusted pro forma NAV per Unit of S\$0.99 (excluding deferred tax) is to illustrate the effect on NAV if the estimated future values of the Properties in 2014 is used. This is the most material factor affecting the NAV in the Trustee-Manager's opinion. Other adjustments have not been made because:

- (i) they are not material. For example, adjustment is not made for the payments of the earn-out amount as this is not material and will expire on 31 December 2013; or

- (ii) they will require the Trustee-Manager to make assumptions for which the Trustee-Manager will have no reasonable basis. For example, adjustments would have to be made for undistributed results of PCRT beyond the Forecast Year 2011 and Projection Year 2012 and up to the year ending 31 December 2014. In addition, the payment of the Trustee-Manager's management fees in Units will require the Trustee-Manager to make an assumption of what the price of the Units at each point such Units are issued from Listing Date until the year 2014.

For the avoidance of doubt, the adjusted pro forma NAV per Unit of S\$0.99 (excluding deferred tax) is for illustrative purposes only, and should not be construed as a forecast or prediction by the Trustee-Manager of what the NAV will be in 2014. The Trustee-Manager has thus not made any adjustments arising from the effects of any actions that the Trustee-Manager may take from the Listing Date until the year 2014, which may increase or decrease the NAV at that point in time.

Estimated future values of the Properties in 2014

The above estimated future value¹ of each of the Properties in 2014 are for illustrative purposes only and are not a forecast, prediction or valuation, and are an extrapolation of the valuations of the Properties as at 31 December 2010 based on prevailing market and economic conditions as at the date of the valuation. The extrapolation is based on the current capitalisation rate, and is not to be misconstrued as a valuation into the future and takes into account the level of income and rental escalation which has historically been achieved within the retail sector in China.²

(See Appendix E, "Independent Property Valuation Summary Report" for the estimated future value of the Properties and the basis for arriving at such values of the Properties.)

In no way should the Trustee-Manager's adjusted pro forma NAV calculation be interpreted as reflecting the underlying NAV per Unit of PCRT as at the Listing Date. The calculation is a purely theoretical one, in that it assumes that Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall have been acquired, completed and leased.

¹ The estimated future value (which is not to be construed as a valuation at a future date) was estimated by extrapolating the revenue and property outgoings with certain assumptions made on rental growth, operating costs escalation, renewals & lease up periods, vacancy/bad debt allowances, etc. The net property income in the extrapolation is then capitalised using an appropriate rate for the balance lease term in Year 2014. It is not a forecast or prediction or valuation and the extrapolation is based on prevailing market and economic conditions as at the date of valuation.

The fundamental consideration in this extrapolation exercise is that each of the assets has an appropriate tenancy mix and asset management strategy to achieve its full income potential. It also takes into account the level of income/rental escalation which has historically been achieved within the retail sector in China.

² The following assumptions were taken into account in the extrapolation:

- (i) Rate of urbanisation in the PRC will continue at the current pace.
- (ii) The working age population (20 to 49) is at its peak now and will stay above 600 million until the years 2035-2040 before the proportion of old age group overtakes the working age group, thereby underpinning key sectors in the PRC economy, the retail sector included.
- (iii) The government's efforts to stimulate domestic consumption will support if not further fuel retail growth which is at circa 15% per annum.
- (iv) Yields for institutional commercial real estate will firm over the next 5 to 10 years as the PRC further develops an extensive domestic institutional platform.

Additionally, the Independent Valuer has assumed that the management team possesses the necessary experience and expertise to achieve the full income potential of the assets through appropriate tenancy mix and asset management strategies.

Barring any unforeseen negative events or major catastrophe, the above assumptions and observations are considered fair and reasonable.

PROFIT FORECAST AND PROFIT PROJECTION

Statements contained in the Profit Forecast and Profit Projection section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section of the Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners, the Sponsor, the strategic partners or any other person, nor that these results will be achieved or are likely to be achieved. (See “Forward-looking Statements” and “Risk Factors”.) Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this Prospectus.

None of PCRT, the Trustee-Manager, the Sole Financial Advisor, the Joint Bookrunners, the Sponsor or the strategic partners guarantees the performance of PCRT, the repayment of capital or the capital growth of the Units. The forecast and projected income statement stated in the following table are based on:

- ***the Offering Price; and***
- ***the assumption that the Listing Date is 1 June 2011.***

The forecast and projected income statement and forecast and projected yields will vary accordingly if the Listing Date is not 1 June 2011, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The financial year end of PCRT is 31 December. PCRT’s first accounting period is for the period from 22 February 2011, being the date of its constitution, to 31 December 2011 with the Forecast Year 2011 being the period from 1 January 2011 to 31 December 2011 and its next accounting period and the Projection Year 2012 from 1 January 2012 to 31 December 2012. The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the Independent Accountants, and should be read together with the report set out in Appendix A, “Independent Accountants’ Report on the Profit Forecast and Profit Projection”, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

The following table shows PCRT's forecast and projected income statement for the Forecast Year 2011 and the Projection Year 2012.

	Forecast and Projected Income Statement ⁽¹⁾			
	Forecast Year 2011 (Full year from 1 January 2011 to 31 December 2011)		Projection Year 2012 (Full year from 1 January 2012 to 31 December 2012)	
	(RMB'000)	(S\$'000)	(RMB'000)	(S\$'000)
Finance income	153	29	167	32
Finance expense	(5,777)	(1,109)	(15,796)	(3,033)
Net finance costs	(5,624)	(1,080)	(15,629)	(3,001)
Trustee-Manager fees	(20,697)	(3,975)	(26,036)	(5,000)
Other expenses	(10,984)	(2,110)	(13,411)	(2,576)
Results from operating activities	(37,305)	(7,165)	(55,076)	(10,577)
Share of profit of jointly controlled entity ⁽²⁾	91,282	17,531	156,165	29,991
Profit before income tax	53,977	10,366	101,089	19,414
Income tax expense	(2,917)	(560)	(5,029)	(966)
Profit after income tax	51,060	9,806	96,060	18,448
<u>Reconciliation of profit after income tax to total distribution</u>				
Profit after income tax	51,060	9,806	96,060	18,448
Add/(less)				
— Trustee-Manager's management fee paid in Units ⁽³⁾	19,506	3,746	24,720	4,747
— Undistributed results of certain subsidiaries	1,884	362	6,559	1,260
— Amortisation of transaction costs on borrowings	3,970	763	5,294	1,017
Distributable income	76,420	14,677	132,633	25,472
— Additional return ⁽⁴⁾	85,500	16,420	94,500	18,149
Total distribution	161,920	31,097	227,133	43,621

The following table illustrates the distribution yield for the Forecast Year 2011 and the Projection Year 2012.

	Forecast Year 2011	Projection Year 2012
Number of Units in issue ('000)⁽⁵⁾	1,125,011	1,134,200
Distribution per Unit (Singapore cents)⁽⁶⁾	2.37	3.86
Offering price (S\$)	\$0.70	\$0.70
Annualised distribution yield ⁽⁷⁾	5.30%	5.51%

The income statement for Forecast Year 2011 presented above shows the forecast results of the PCRT Group had the PCRT Group been in place and completed its acquisition of 50.0% of the total issued capital of Shenyang Summit on 1 January 2011. Unitholders who have subscribed for the Units

pursuant to the Offering will be entitled to distributions made for the period from the Listing Date to 31 December 2011 (inclusive) for the Forecast Year 2011 (see “Distribution per Unit” in the table above and Note 6 below).

Notes:

- (1) Based on an assumed foreign exchange rate of S\$1.00: RMB5.2070.
- (2) Share of profit of jointly controlled entity relates to the PCRT Group’s 50.0% equity interest in Shenyang Summit which owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices.
- (3) This relates to the Trustee-Manager’s management fees which will be fully paid in Units.
- (4) This relates to distributions arising from the Earn-out Deed (see “Certain Agreements relating to Perennial China Retail Trust and the Properties”). Please refer to Profit Forecast and Profit Projection — Assumptions — (G) Additional Return for the annualised yields excluding the additional return for the period from the assumed Listing Date to 31 December 2011 and Projection Year 2012.
- (5) This includes approximately 13.0 million Units issued for the acquisition fee payable to the Trustee-Manager on the Listing Date and the increase in the number of Units in issue as a result of the assumed payment of the Trustee-Manager’s management fees for the relevant period in the form of Units issued at the Offering Price.
- (6) Unitholders who have subscribed for the Units pursuant to the Offering will not be entitled to any distributions made for the period from 1 January 2011 and ending on the day immediately preceding the Listing Date. (See “Distributions — The Distribution Amount” for further details.) For the avoidance of doubt, the amount available for distribution attributable to Unitholders for the period from the assumed Listing Date to 31 December 2011 is 2.37 cents per Unit.
- (7) The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distributable Income for the period from Listing Date to 31 December 2011.

Assumptions

The Trustee-Manager has prepared the Profit Forecast and Profit Projection on the following assumptions. The Trustee-Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the Profit Forecast and Profit Projection and make their own assessment of the future performance of PCRT.

(A) Finance Income

It has been assumed that interest will be earned on the SGD cash balances held by PCRT and the Holding Companies at the rate of 0.15% per annum, calculated quarterly, for the Forecast Year 2011 and the Projection Year 2012.

(B) Finance Expense

Finance expense comprises interest incurred on amounts drawn down under the Credit Facilities and amortisation of the upfront fees and transaction costs relating to the Committed Facilities from the Lenders. The Credit Facilities will be used to finance distributions to Unitholders, interest payments under the Credit Facilities and the Acquisition and Development Costs.

The assumed effective interest rate on the Credit Facilities for both the Forecast Year 2011 and the Projection Year 2012 is 6.00% per annum (which includes notional interest on the Committed Facilities of between 3.55% and 4.00%, notional interest on the Uncommitted RCF to finance part of the Acquisition and Development Costs of 7.50% and amortisation of upfront fees and transaction costs).

Finance expense is recognised in the forecast and projected income statement, except to the extent, that they relate to a self-constructed investment property in which case they are capitalised as part of the cost of that asset. It has been assumed that finance expense capitalised

in the Forecast Year 2011 and the Projection Year 2012 will be RMB2.9 million (S\$0.6 million) and RMB12.5 million (S\$2.4 million) respectively.

An additional commitment fee of 1.0% per annum is payable on the unutilised portion of the Committed Facilities if the actual amounts drawn down differ from those set out in the drawdown schedule of the Committed Facilities. It has been assumed that no commitment fee will be incurred in the Forecast Year 2011 and Projection Year 2012.

(C) Trustee-Manager Fees

Under the Trust Deed, the Trustee-Manager is entitled to receive for its own account out of the Trust Property the Base Fee calculated at a rate in accordance with the following formula: (i) if the value of the Trust Property is less than or equal to S\$10.0 billion, the Base Fee will be 0.35% per annum of the value of the Trust Property; and (ii) if the value of the Trust Property is greater than S\$10.0 billion, the Base Fee will be (a) 0.35% per annum of the value of the Trust Property up to S\$10.0 billion; plus (b) 0.30% per annum of the value of the Trust Property which exceeds S\$10.0 billion. The Trustee-Manager is also entitled to receive for its own account out of the Trust Property a Performance Fee calculated at a rate not exceeding 4.5% per annum of the Net Property Income of the real estate held by PCRT, whether directly or indirectly, in the relevant Financial Year (calculated based on the currency in which the property income of such real estate is received and before accounting for the management fee in that Financial Year). The Trustee-Manager's Base Fee and the Performance Fee are payable in the form of cash and/or Units (as the Trustee-Manager may elect), except that where the issue price (which is equal to the Market Price) of each Unit is below the NAV per Unit at such point of time, the Trustee-Manager shall elect to receive the Base Fee and the Performance Fee wholly in cash. Such fees are accrued daily and paid quarterly based on the value of PCRT's Trust Property and Net Property Income of the real estate held by PCRT as at the end of and for each month.

It has been assumed that 100.0% of the management fees for the Forecast Year 2011 and the Projection Year 2012 will be paid in the form of Units. It is also assumed that these Units are issued at the Offering Price.

(See "The Trustee-Manager — Management Fees" for further details.)

The Trustee-Manager is also entitled to a trustee's fee presently charged at up to 0.03% per annum of the value of PCRT's Trust Property, excluding out of pocket expenses and GST. The fee is payable quarterly in arrears, and the calculation is based on the value of PCRT's Trust Property at the end of each month in accordance with the provisions of the Trust Deed.

(See "The Trustee-Manager — Trustee Fee" for further details.)

(D) Other Expenses

Other expenses of PCRT include recurring trust expenses such as escrow fees, annual listing fees, valuation fees, legal fees, registry and depository charges, audit and tax advisor's fees, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor relations costs and other miscellaneous expenses. It also includes annual operating expenses of the Holding Companies and Property Companies.

The annual operating expenses of the Holding Companies and Property Companies comprise fees for corporate secretarial services, auditing services, and tax returns filing services.

Other expenses are estimated to be RMB11.0 million (S\$2.1 million) per annum and RMB13.4 million (S\$2.6 million) per annum for the Forecast Year 2011 and the Projection Year 2012, respectively.

(E) Share of Profit of Jointly Controlled Entity

Share of profit of jointly controlled entity relates to the PCRT Group's 50.0% equity interest in Shenyang Summit which owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices. It is assumed that Shenyang Longemont Shopping Mall and Shenyang Longemont Offices will commence operations in the third quarter of Forecast Year 2011 and the second quarter of Projection Year 2012, respectively.

An analysis of the contribution of Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices to Shenyang Summit's forecast and projected results is set out below:

	Shenyang Red Star Macalline Furniture Mall (50.0% Stake)		Shenyang Longemont Shopping Mall (50.0% Stake)		Shenyang Longemont Offices ⁽¹⁾ (50.0% Stake)		Total	
	(RMB'000)	(S\$'000)	(RMB'000)	(S\$'000)	(RMB'000)	(S\$'000)	(RMB'000)	(S\$'000)
Forecast Year 2011								
Gross Revenue	115,512	22,184	54,153	10,400	N.A.	N.A.	169,665	32,584
Net Property Income	87,305	16,767	37,473	7,197	N.A.	N.A.	124,778	23,964
Net Profit after Tax	63,172	12,132	28,110	5,399	N.A.	N.A.	91,282	17,531
Projection Year 2012								
Gross Revenue	124,634	23,936	119,899	23,027	44,516	8,549	289,049	55,512
Net Property Income	94,548	18,158	84,490	16,226	29,090	5,587	208,128	39,971
Net Profit after Tax	70,944	13,624	63,399	12,176	21,822	4,191	156,165	29,991

Note:

(1) Shenyang Longemont Offices is forecast to commence operations in second quarter of Projection Year 2012.

A summary of the assumptions which have been used to derive the share of profit of a jointly controlled entity is set out below.

(i) Gross Revenue

Gross Revenue is the aggregate of Gross Rental Income and other operating income generated from the Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices (collectively, the "**Completed and Completing Properties**"), net of business tax. A summary of the assumptions which have been used in calculating the Gross Revenue is set out below.

(a) Gross Rental Income

Gross Rental Income refers to the base rental income (after rent rebates, refunds, credits or discounts and rebates for rent free periods, where applicable), turnover rental income and service charges where applicable. For the Profit Forecast and Profit Projection, the Trustee-Manager has projected that the Gross Rental Income in the Forecast Year 2011 and the Projection Year 2012 will be RMB176.9 million (S\$34.0 million) and RMB302.7 million (S\$58.1 million), respectively. The Trustee-Manager has used rents and turnover rents receivable under the Committed Leases as at 31 December 2010 to forecast and project the Gross Rental Income.

On the turnover rental income to be received from Committed Leases, the Trustee-Manager has adopted two approaches in its forecast for the Forecast Year 2011 and Projection Year 2012. First, the sales volume expected to be achieved by each trade is benchmarked against the sales of either the same committed tenants or other tenants of similar trades and size in other retail developments in the vicinity. Second,

the turnover rental rate to be applied to the sales volume is also benchmarked against the types of trades in the Shenyang retail industry. With the analysis on these sales volume and applicable turnover rental rate on different trades, the Trustee-Manager has prepared its forecast for the Forecast Year 2011 and Projection Year 2012 based on the following assumptions:

- (i) the turnover rental rate is reduced by 2.0%-3.0% from the general Shenyang retail industry benchmark; and
- (ii) the sales volume where the turnover rental rate will be applied is further reduced from the benchmarks by 15.0%-25.0%.

The forecast and projected Gross Rental Income is as follows:

	Forecast Year 2011		Projection Year 2012	
	(RMB'000)	(S\$'000)	(RMB'000)	(S\$'000)
Shenyang Red Star Macalline Furniture Mall	119,799	23,007	128,995	24,773
Shenyang Longemont Shopping Mall ⁽¹⁾	57,116	10,969	126,512	24,297
Shenyang Longemont Offices ⁽²⁾	N.A.	N.A.	47,157	9,056
	176,915	33,976	302,664	58,126

Notes:

- (1) Shenyang Longemont Shopping Mall is forecast to commence operations in third quarter of Forecast Year 2011.
- (2) Shenyang Longemont Offices is forecast to commence operations in second quarter of Projection Year 2012.

The percentage of forecast and projected Gross Rental Income attributable to Committed Leases and Expected Leases (including for the Completed and Completing Properties) as at 31 December 2010, are estimated as follows:

Percentage of total Gross Rental Income attributable to Committed Leases and Expected Leases	Forecast Year 2011	Projection Year 2012
Gross Rental Income attributable to Committed Leases and Expected Leases (as a percentage to Gross Rental Income) ^{(1) (2)}	62.9%	15.5%

Notes:

- (1) Shenyang Longemont Shopping Mall is forecast to commence operations in third quarter of Forecast Year 2011.
- (2) Shenyang Longemont Offices is forecast to commence operations in second quarter of Projection Year 2012.

In relation to Shenyang Red Star Macalline Furniture Mall, Red Star Macalline, the Property Manager as at 31 December 2010 has leased 96.1%¹ of the NLA on a one-year lease term expiring in the third quarter of Forecast Year 2011 to be in line with its nation-wide strategy. As part of the marketing effort by Red Star Macalline, the shop units were leased to the current tenants without service charge payable during the current lease term. Upon the expiry of the current lease term, the tenants of this Property will be required to pay service charge under the new leases. The Trustee-Manager has not factored the service charge revenue in the Profit Forecast and the Profit Projection and therefore believes that the Property is exposed to potential upside from the service charge receivable.

In addition, the Trustee-Manager has assumed in the Forecast Year 2011 and the Projection Year 2012 the following lease terms:

- Shenyang Longemont Shopping Mall is scheduled to commence operations in the third quarter of Forecast Year 2011 and leasing activities have already commenced. As at 31 December 2010, 185 leases (which relate to 51.8% of the total NLA) have been committed based on the following tenures:

Tenant Type	Lease Term
Anchors	20 years
Mini Anchors	5-10 years
Food & Beverage	3-15 years
Specialties	1-3 years

For leases that are uncommitted as at 31 December 2010, the Trustee-Manager has assumed a three-year lease term for all leases.

- Shenyang Longemont Offices will offer a typical lease term of three years to all tenants.

Following the expiry of a Committed Lease or an Expected Lease during the Forecast Year 2011 and the Projection Year 2012, the Trustee-Manager has used the following process to forecast and project the Gross Rental Income for the periods following such expiry:

- the Trustee-Manager has assessed the market rent for each portion of the lettable area of each of the property as at 31 December 2010. The market rent is the rent which the Trustee-Manager believes could be achieved if each lease was renegotiated as at 31 December 2010 and is estimated with reference to the rental payable pursuant to comparable leases for the tenancies that have recently been negotiated, the effect of competing shopping centres/furniture malls, assumed tenant retention rates on lease expiry, likely market conditions, inflation and level of tenant demand; and
- if a Committed Lease or an Expected Lease expires in the Forecast Year 2011 or the Projection Year 2012, the Trustee-Manager has assumed that the rental rate for a new lease (or a lease renewal) which commences in the Forecast Year 2011 or the Projection Year 2012 is the market rent, increased by the projected growth rate in accordance with the methodology set out in paragraph (b) below or the actual rent (if the lease agreement or letter of offer has been entered into).

¹ Inclusive of Committed Leases of 91.8% and Expected Leases of 4.3%.

Occupancy

The committed occupancy as at 31 December 2010 and the estimated average occupancy for the Forecast Year 2011 and the Projection Year 2012 are set out in the table below:

	Occupancy (based on Committed Leases and Expected Leases as at 31 December 2010)⁽¹⁾	Forecast Year 2011⁽¹⁾	Projection Year 2012⁽¹⁾
Shenyang Red Star Macalline Furniture Mall	96.1% ⁽²⁾	92.6%	95.0%
Shenyang Longemont Shopping Mall ⁽³⁾	51.8%	70.0% ⁽⁴⁾	78.0%
Shenyang Longemont Offices ⁽⁵⁾	N.A	N.A	50.0% ⁽⁶⁾

Notes:

- (1) Based on the total leased area divided by total NLA for the Forecast Year 2011 and the Projection Year 2012 respectively.
- (2) Inclusive of Committed Leases of 91.8% and Expected Leases of 4.3%.
- (3) Shenyang Longemont Shopping Mall is forecast to commence operations in third quarter of Forecast Year 2011.
- (4) The committed occupancy as at 31 December 2010 (a) based on executed tenancy agreements is 51.8% and (b) based on executed tenancy agreements and tenancy agreements that have been sent out but yet to be returned, is 56.6%. It is forecast that by the target opening date in the third quarter of 2011, the expected committed occupancy rate will be approximately 70.0%.
- (5) Shenyang Longemont Offices is forecast to commence operations in second quarter of Projection Year 2012.
- (6) As at the third quarter of 2010, the citywide office occupancy rate was 87.0%. Shenyang Longemont Offices is expected to complete construction at the end of 2011 and become fully operational in 2012. Even with the new supply of offices in 2011/2012, the expected citywide office occupancy is 81.0%. As such, the Trustee-Manager believes that its estimated occupancy rate of 50.0% is conservative compared to the expected citywide occupancy rate, and is therefore achievable and justifiable.

(b) Projected Growth Rates in Market Rent

The table below summarises the rental growth assumptions applied in the Profit Forecast and the Profit Projection. The following growth assumptions were arrived at by the Trustee-Manager with the assistance of independent research analysis by the Market Research Consultant:

- the projected inflation level in China;
- the outlook for the general economy including growth in China's GDP;
- the level of demand for retail and office space in the Completed and Completing Properties;
- the outlook of the retail and office sector in China; and
- the supply and demand of similar retail and office properties in China.

The market rent growth rates have been used to forecast and project the Gross Rental Income payable under the assumed new leases (or lease renewals) signed in the Forecast Year 2011 and the Projection Year 2012. The market rent growth rates are annual growth figures but have been assumed to be applied to the relevant Gross Rental Income compounded on a monthly basis.

	Forecast Year 2011	Projection Year 2012
Market rent growth rates	6.0%	6.0%

(c) Lease Renewals and Vacancy Allowances

For leases expiring in the Forecast Year 2011 and the Projection Year 2012, the Trustee-Manager has assumed that leases representing 50.0% of the Gross Rental Income derived from such leases will be renewed and will not experience any vacancy period and the remaining 50.0% of the Gross Rental Income derived from other leases will experience a one-month vacancy period before the rental becomes payable under a new lease¹. After stabilisation of each Property, the Trustee-Manager has assumed a vacancy allowance of 1.0% for Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall and 3.0% for Shenyang Longemont Offices. These assumptions are based on the experience of the management of the Trustee-Manager, having managed comparable retail properties in the PRC.

(d) Other Operating Income

Other operating income, comprising advertising and promotion revenue from signage licensing, casual leasing and other miscellaneous income, including car park income, derived from the Properties where applicable, is forecast and projected to be as follows:

	Forecast Year 2011		Projection Year 2012	
	(RMB'000)	(\$'000)	(RMB'000)	(\$'000)
Shenyang Red Star Macalline Furniture Mall	2,566	493	3,032	582
Shenyang Longemont Shopping Mall ⁽¹⁾	250	48	500	96
Shenyang Longemont Offices ⁽²⁾		N.A.	—	—
	<u>2,816</u>	<u>541</u>	<u>3,532</u>	<u>678</u>

Notes:

- (1) Shenyang Longemont Shopping Mall is forecast to commence operations in the third quarter of Forecast Year 2011.
- (2) No other operating income has been assumed for Projection Year 2012.

¹ The Trustee-Manager believes that this is a conservative estimate as most malls will renew at least 75.0% of the leases with no rent free downtime. A one-month vacancy period is the standard amount of time to replace the tenant and for the incoming tenant to fit out the premises.

(e) Business Tax

The assumptions on the computation of business tax (including education surcharge (3.0% of business tax payable), city construction tax (7.0% of business tax payable) and local education surcharge (2.0% of business tax payable)) are set out in the table below:

	% of Gross Revenue
<i>Shenyang Red Star Macalline Furniture Mall</i>	5.6%
<i>Shenyang Longemont Shopping Mall</i>	5.6%
<i>Shenyang Longemont Offices</i>	5.6%

(ii) **Net Property Income**

Net Property Income consists of Gross Revenue less Property Expenses (as defined herein) which consists of China land use tax (“LUT”), real estate tax, property management fees, and Other Property Operating Expenses (as defined herein) but excluding depreciation of real properties.

(a) Land Use Tax

The annual LUT rate per sq m of land area is assumed to be RMB21.00.

(b) Real Estate Tax

The assumptions on real estate tax for the Completed and Completing Properties are set out in the table below.

	Basis for computation of real estate tax
<i>Shenyang Red Star Macalline Furniture Mall</i>	1.2% per annum based on 90.0% of the original book cost of the Completed and Completing Property
<i>Shenyang Longemont Shopping Mall</i>	
<i>Shenyang Longemont Offices</i>	

(c) Property Management Fee

The assumptions on property management fee in respect of the Completed and Completing Properties are set out in the table below, with the exception of Shenyang Red Star Macalline Furniture Mall which has signed a 20-year property management agreement with Red Star Macalline.

Under the terms of the Red Star Macalline Property Management Agreement, Red Star Macalline is entitled to a base fee of RMB8.0 million (S\$1.5 million) per annum plus an incentive fee calculated based on the terms detailed in the table below.

	Basis for computation of property management fee		
Shenyang Red Star Macalline Furniture Mall	Base fee: RMB8.0 million per annum		
	Management Period	Average monthly revenue per sq m of GFA (excluding car park areas)	% of outperformance as incentive fee
	Incentive fee First 10 years (Oct 2008 ⁽¹⁾ — Oct 2018)	Between RMB80.0 and RMB100.0	10.0% of revenue above RMB80.0 per sq m of GFA
		Above RMB100.0	20.0% of revenue above RMB100.0 per sq m of GFA
	Incentive fee Second 10 years (Oct 2018 — Oct 2028)	Between RMB80.0 and RMB100.0	5.0% of revenue above RMB80.0 per sq m of GFA
		Above RMB100.0	15.0% of revenue above RMB100.0 per sq m of GFA
Shenyang Longemont Shopping Mall	2.0% of the monthly Gross Revenue + 2.0% of the monthly Net Property Income + 0.5% of the monthly Net Property Income of the relevant property in lieu of leasing commissions otherwise payable to the Development and Property Managers and/or third party agents.		
Shenyang Longemont Offices	2.0% of the monthly Gross Revenue + 2.0% of the monthly Net Property Income + 0.5% of the monthly Net Property Income of the relevant property in lieu of leasing commissions otherwise payable to the Development and Property Managers and/or third party agents.		

Note:

(1) The Shenyang Red Star Macalline Property Management Agreement was entered into, and took effect from 16 October 2008.

(d) Other Property Operating Expenses

“Other Property Operating Expenses” consists of utility expenses, maintenance expenses, advertising and promotion, salary and related expenses, as well as general and administrative expenses. Utilities, maintenance, salary and related expenses as well as general and administrative expenses are forecast to increase by 5.0% per annum.

Utility expenses are based on or benchmarked against typical levels of routine repair and average electricity, water and gas rates for each category of mechanical and electrical equipment as well as lighting equipment. Utility expenses are estimated to be RMB17.2 million (S\$3.3 million) and RMB31.1 million (S\$6.0 million) in Forecast Year 2011 and the Projection Year 2012, respectively.

Maintenance expenses are benchmarked against typical levels of routine maintenance expenses including the security and cleaning costs of comparable operating malls. Typically, the security and cleaning functions are out-sourced. However, for Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and

Shenyang Longemont Offices, both the security and cleaning teams are employed by their respective property managers to enjoy economies of scale. Maintenance expenses are estimated to be RMB4.2 million (S\$0.8 million) and RMB8.0 million (S\$1.5 million) in Forecast Year 2011 and the Projection Year 2012, respectively.

Advertising and promotion expenses are based on approximately 0.5% to 0.6% of Gross Revenue (excluding business tax) and benchmarked against comparable operating malls. Advertising and promotion expenses are estimated to be RMB0.3 million (S\$0.1 million) and RMB0.7 million (S\$0.1 million) for Forecast Year 2011 and Projection Year 2012.

Salary and related expenses are estimated to be RMB6.5 million (S\$1.3 million) and RMB12.1 million (S\$2.3 million) for the Forecast Year 2011 and the Projection Year 2012, respectively. Salary and related expenses are determined based on the following organisation structure (comprising the centre manager, leasing team, marketing and communications team, operations team (which includes the security and cleaning team which is normally out-sourced in a typical mall), finance, IT and human resource personnel):

Shenyang Properties	No. of Personnel
Shenyang Red Star Macalline Furniture Mall	193
Shenyang Longemont Shopping Mall	192
Shenyang Longemont Offices	115

General and administrative expenses comprise expenses such as statutory fees, printing and stationery, travel, communication, entertainment and insurance. General and administrative expenses are estimated to be RMB2.1 million (S\$0.4 million) and RMB3.8 million (S\$0.7 million) in the Forecast Year 2011 and the Projection Year 2012, respectively.

(iii) Net Profit After Tax

Net profit after tax is the aggregate of Net Property Income, interest income, interest expense and corporate income tax.

(a) Interest Income

It has been assumed that interest will be earned on the cash balance of the jointly controlled entity at the rate of 0.15% per annum, calculated quarterly, for the Forecast Year 2011 and the Projection Year 2012.

(b) Interest Expense

Shenyang Summit has an existing loan from the Agricultural Bank of China of RMB1,225.0 million (S\$235.3 million). For the purpose of this Forecast and Projected Income Statement, it has been assumed that the loan will be fully repaid shortly after the Listing Date.

The interest expense on PCRT's stake of the loan is estimated to be RMB3.1 million (S\$0.6 million) for Forecast Year 2011.

(c) Corporate income tax

A corporate income tax rate of 25.0% is applied to the net profit before tax.

(F) Income Tax Expense

This relates to China dividend withholding tax.

(G) Additional Return

Depending on the performance of the Shenyang Properties between the Listing Date up to the Relevant Period ending 31 December 2012, up to RMB180.0 million of the proceeds from the Offering will be returned to the Unitholders under the Earn-out Deed. In the event that the Net Property Income of the Shenyang Properties in respect of a Relevant Period falls below the applicable Threshold Amount for such Relevant Period, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will together draw on the RMB180.0 million as additional distribution to Unitholders.

(See “Certain Agreements relating to Perennial China Retail Trust and the Properties — Earn-out Deed”)

Based on 100.0% of the net property income of the Shenyang Properties, the Threshold Amount for each semi-annual period would be RMB283.5 million. This Threshold Amount represents a 7.0% net property income yield on the Shenyang Properties acquired on a completed and stabilised basis. As the Shenyang Properties are newly completed or completing in the Forecast Year 2011 and the Projection Year 2012, the net property income of these properties will not have reached a stabilised state and, accordingly, the forecast and projected net property income of the Shenyang Properties accruing from PCRT’s 50.0% stake is approximately 44.0% and 73.4% of the Threshold Amount of RMB283.5 million per annum for the Forecast Year 2011 and Projection Year 2012, respectively.

As a result, S\$16.4 million (RMB85.5 million) and S\$18.1 million (RMB94.5 million) (i.e. the amounts required at the distributable income level to compensate for the shortfall at the net property income level) will be drawn down by Shenyang Retail 1 Limited and/or Shenyang Retail 2 Limited for the Forecast Year 2011 and the Projection Year 2012 pursuant to the Earn-out Deed and returned to the Unitholders. The annualised yields for the period from the assumed Listing Date to 31 December 2011 and Projection Year 2012, excluding the additional return, would be 2.23% and 3.22% respectively.

With the Earn-out Deed arrangement in place, the respective yields for the period from the assumed Listing Date to 31 December 2011 and Projection Year 2012 would be 5.30% and 5.51% respectively.

(H) Capital Structure

The capital structure of PCRT comprises a combination of Unitholders’ equity and external borrowings (financed at both the jointly controlled entity and trust levels).

The Trustee-Manager, on behalf of PCRT, had on 27 May 2011 entered into the Credit Facilities Agreement with the Lenders for the Credit Facilities in an aggregate amount of S\$325.0 million comprising (i) Committed Facilities of S\$195.0 million to finance distributions to Unitholders, interest payments under the Credit Facilities and part of the Acquisition and Development Costs and (ii) the Uncommitted RCF of S\$130.0 million to finance the remaining Acquisition and Development Costs not financed by the Committed Facilities.

The Credit Facilities are not expected to be drawn down at Listing and the existing RMB1.225 billion loan from the Agricultural Bank of China to Shenyang Summit is assumed to be repaid on the Listing Date. Total borrowings as at the Listing Date is S\$NIL. The Aggregate Leverage¹ as at the Listing Date will be 1.4% of the value of the Trust Property .

The Credit Facilities will be repayable in full at maturity (42 months after Listing Date) although PCRT has the option to make prepayments. After the Listing of PCRT, the interest rate for the Credit Facilities will be 2.7% per annum above the relevant Swap Offer Rate.

(I) Capital Expenditure

As Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices are newly completed or will still be under construction in the Forecast Year 2011 and the Projection Year 2012, the Trustee-Manager expects to incur minimal capital expenditure in the Forecast Year 2011. The Group's share of the capital expenditure in the Projection Year 2012 is expected to be RMB1.5 million (S\$0.3 million).

Capital expenditure incurred is capitalised as part of the Trust Property and will have no impact on the Distributable Income.

(J) Investment Properties Held by the PCRT Group through a Jointly Controlled Entity

The Group's share of the aggregate value of the Completed and Completing Properties as at the Listing Date is RMB4,167.8 million (S\$800.4 million). For the purposes of the Profit Forecast and Profit Projection, the Trustee-Manager has assumed that the value of the Completed and Completing Properties will only increase by the amount of forecast and projected capital expenditure described in paragraph I above and the construction costs incurred for the Forecast Year 2011 and the Projection Year 2012.

(K) Accounting Standards

Significant accounting policies adopted by the Trustee-Manager in the preparation of the Profit Forecast and the Profit Projection are set out in Appendix B — "Independent Accountants' Report on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date".

The Trustee-Manager has assumed that there is no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected profit after tax during the Forecast Year 2011 and the Projection Year 2012.

(L) Other Assumptions

The Trustee-Manager has made the following additional assumptions in preparing the Profit Forecast and Profit Projection:

- that the GFA of certain Properties (on which the assumed purchase price of these properties is computed) and NLA of the Properties remain unchanged;

¹ As PCRT will hold only 50.0% of the aggregate equity interest in Shenyang Summit on the Listing Date, Shenyang Summit will be equity accounted for as an investment on the balance sheet of PCRT. Accordingly, the existing loan from the Agricultural Bank of China to Shenyang Summit will not be reflected on the balance sheet of PCRT and it is assumed to be repaid on the Listing Date.

The Aggregate Leverage is computed based on the estimated additional purchase consideration payable on the acquisition of Shenyang Summit of approximately S\$11,015,000 (being part of the amount under the Earn-out Deed) and total assets of approximately S\$764,025,000, giving rise to Aggregate Leverage of 1.4%.

- that the Initial Portfolio remains unchanged for the Forecast Year 2011 and the Projection Year 2012;
- that 235,000 Units will be issued at the Offering Price of S\$0.70 per Unit in satisfaction of the acquisition fees on Chengdu Qingyang Guanghua Shopping Mall in the second quarter of Projection Year 2012 and 2,172,000 Units will be issued at the Offering Price of S\$0.70 per Unit in satisfaction of the acquisition fees on Foshan Yicui Shijia Shopping Mall in the third quarter of Projection Year 2012 (see “The Trustee-Manager — Acquisition Fee/Divestment Fee” for further details);
- that no further capital will be raised for PCRT during the Forecast Year 2011 and the Projection Year 2012;
- that the development of Shenyang Longemont Shopping Mall and Shenyang Longemont Offices will progress as scheduled and will commence operations in the third quarter of 2011 and second quarter of 2012 respectively;
- that all leases in relation to the Completed and Completing Properties as at 31 December 2010 are or will be enforceable and will be performed in accordance with their terms during the Forecast Year 2011 and the Projection Year 2012;
- that all letters of offer and Expected Leases as at 31 December 2010 are followed up with signed lease agreements;
- that there will be no pre-termination of any Committed Leases or Expected Leases;
- that the Tax Ruling remains in force and that the terms and conditions of the Tax Ruling are complied with;
- that PCRT will be fully indemnified for any tax liabilities arising out of the Corporate Division (see “Certain Agreements relating to Perennial China Retail Trust and the Properties — Capital Increase Agreement between Shenyang Retail 1 Limited, Mr Tong Jinquan and Shanghai Summit” for further details);
- that there will be no changes in the applicable tax legislation for the Forecast Year 2011 and the Projection Year 2012;
- that at least 90.0% of PCRT’s Distributable Income is distributed for the Forecast Year 2011 and the Projection Year 2012;
- the foreign exchange rates for the Forecast Year 2011 and the Projection Year 2012 are assumed as follows:

S\$1 to RMB	5.2070;
S\$1 to HKD	6.2234; and
S\$1 to USD	0.8003; and
- that there will be no change in the fair value of all investment properties, option to purchase 50.0% equity interest in the holding companies of the commercial component of the Chengdu Longemont Railway Commercial Development and Xi’an Longemont Railway Commercial Development, and financial instruments (including those held by a jointly controlled entity) throughout the Forecast Year 2011 and the Projection Year 2012.

Sensitivity Analysis

The forecast and projected distribution yield included in this Prospectus is based on the assumptions that have been outlined above. The forecast and projected distribution yield is also subject to the risks as set out in "Risk Factors".

Investors should be aware that future events cannot be predicted with certainty and deviations from the forecast or projection in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the profit forecast and profit projection, a series of tables demonstrating the sensitivity of the distribution yield to changes in the principal assumptions are set out as follows.

The sensitivity analysis is intended to serve as a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Gross Rental Income Growth

Changes in growth of the Gross Rental Income will impact the profit after income tax of PCRT and, consequently, the distribution yield. The assumptions for the growth of the Gross Rental Income have been set out earlier in this section.

The effects of variations in the Gross Rental Income growth on the annualised distribution yield in Forecast Year 2011 and distribution yield in Projection Year 2012 are set out below:

	Distribution yield ⁽¹⁾ pursuant to changes in Gross Rental Income growth (%)	
	Forecast Year 2011	Projection Year 2012
4.0%	5.29	5.47
Base case ⁽²⁾ — 6.0%	5.30	5.51
8.0%	5.32	5.55

Note:

- (1) The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distributable Income for the period from the Listing Date to 31 December 2011.
- (2) Sensitivity is only tested for Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall leases.

Vacancy Allowance

Changes in vacancy allowances will impact the profit after income tax of PCRT and, consequently, the distribution yield. The assumptions for vacancy allowance have been set out earlier in this section.

The effects of variations in the vacancy allowance on the annualised distribution yield in Forecast Year 2011 and distribution yield in Projection Year 2012 is set out below:

	Distribution yield pursuant to changes in vacancy allowance (%)	
	Forecast Year 2011	Projection Year 2012
75.0% of expiring leases incur one month vacancy period	5.23	5.46
Base case ⁽¹⁾	5.30	5.51
25.0% of the expiring leases incur one month vacancy period	5.38	5.56

Notes:

- (1) The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distributable Income for the period from the Listing Date to 31 December 2011.
- (2) Assuming 50.0% of expiring leases incur one month vacancy period. Sensitivity is only tested for Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall leases.

Other Property Operating Expenses

Changes in Other Property Operating Expenses will impact the Net Property Income of PCRT and, consequently, the distribution yield. The assumptions for Other Property Operating Expenses have been set out earlier in this section.

The effects of variations in Other Property Operating Expenses on the annualised distribution yield in Forecast Year 2011 and distribution yield in Projection Year 2012 are set out below:

	Distribution yield ⁽¹⁾ pursuant to changes in Other Property Operating Expenses (%)	
	Forecast Year 2011	Projection Year 2012
5.0% above estimate	5.24	5.43
Base case	5.30	5.51
5.0% below estimate	5.36	5.59

Note:

- (1) The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distributable Income for the period from the Listing Date to 31 December 2011.

Foreign Exchange Rate

Changes in foreign exchange rate will impact the Distributable Income of PCRT and, consequently, the distribution yield.

The effects of variations in foreign exchange rate on the annualised distribution yield in Forecast Year 2011 and distribution yield in Projection Year 2012 are set out below:

	Distribution yield⁽¹⁾ pursuant to changes in foreign exchange rate (%)	
	Forecast Year 2011	Projection Year 2012
25.0% above estimate	4.24	4.41
Base case	5.30	5.51
25.0% below estimate	7.07	7.35

Note:

(1) The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distributable Income for the period from the Listing Date to 31 December 2011.

Interest Rate

Changes in the notional interest rate of the Credit Facilities will impact the Distributable Income of PCRT and, consequently, the distribution yield.

The effects of variations in interest rate on the annualised distribution yield in Forecast Year 2011 and distribution yield in Projection Year 2012 is set out below:

	Distribution yield pursuant to changes in interest rate (%)	
	Forecast Year 2011	Projection Year 2012
25.0% above estimate	5.29	5.47
Base case	5.30	5.51
25.0% below estimate	5.31	5.53

Note:

(1) The annualised distribution yield for Forecast Year 2011 is based on (i) the Earn-out for the period from the Listing Date to 30 June 2011, (ii) the annualised Earn-out for the period from 1 July to 31 December 2011 and (iii) the annualised Distributable Income for the period from the Listing Date to 31 December 2011.

STRATEGY

Investment Policy

PCRT is a Singapore-based business trust constituted in Singapore and registered by the MAS.

PCRT's principal investment objectives are to invest in, own and develop land, uncompleted developments and income-producing real estate in the PRC and other real estate-related assets in relation to the foregoing. PCRT may also invest in the listed securities of real estate companies which invest in retail or predominantly-retail real estate located in the PRC.

In accordance with the requirements of the Listing Manual, the Trustee-Manager's investment strategy for PCRT will be adhered to for at least three years following the Listing Date, unless otherwise agreed by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. However, if the Trust Deed is required to be amended as a result of a change in the investment strategy, Unitholders' approval by way of an Extraordinary Resolution will be required.

Key Strategies

The Trustee-Manager plans to achieve its objectives through the following strategies:

- (a) Acquire, develop and own retail and predominantly-retail mixed-use real estate assets in high growth cities in the PRC and in close proximity to transportation nodes;
- (b) Grow the portfolio through actively sourcing new assets by leveraging on the fully integrated retail real estate capabilities of the Sponsor and utilising PCRPL's and the Sponsor's options under the Option to Purchase Agreements and the Sponsor's ROFR over the development pipeline of its strategic partners;
- (c) Assess investment opportunities according to a disciplined process to ensure development projects and asset acquisitions generate attractive returns by leveraging on the fully integrated retail real estate capabilities of the Sponsor;
- (d) Actively manage the asset planning and design phases of development projects and proactive asset management of completed assets to maximise income and capital values; and
- (e) Manage the capital base prudently to optimise Unitholders' returns over time.

Acquire, develop and own retail and predominantly-retail mixed-use real estate assets in high growth cities in the PRC and in close proximity to transportation nodes

The Trustee-Manager's focus will be on retail properties located in suburban areas of high growth cities and/or close proximity to rail or high-speed rail stations:

- (a) *Suburban areas of high growth cities*

These properties, positioned as mid-end malls, are typically located in densely populated residential areas with a good catchment of between 250,000 to 500,000 people and have good transport links (well-served by metro and bus lines) with the majority of shoppers expected to be residents from the precinct.

- (b) *Close proximity to rail or high-speed railway stations*

These properties, positioned as mid to upper-mid-end malls, are typically directly linked or are in close proximity to rail or high-speed railway stations. They serve not only the residents in the precinct, but also cater to shoppers (i.e. tourists) from the nearby provincial cities.

PCRT will also invest in predominantly-retail mixed-use real estate. Retail malls which are effectively integrated with office, hotel and other commercial uses benefit from the added activity and traffic flow associated with the office tenants and hotel guests. All five assets under the Initial Portfolio are part of larger mixed-use developments.

Retail investment and development in the PRC is increasingly broadening beyond the tier one cities of Shanghai, Beijing and Guangzhou to fast-growing tier two and tier three cities with substantial population bases enjoying relatively high purchasing power. There are 20 tier two cities with populations exceeding 2.5 million with other tier three cities also rapidly increasing in size due to urbanisation. PCRT's initial portfolio focuses on three tier two cities. In 2009, Foshan had a population of 6.0 million and GDP per capita of RMB80,250, Shenyang had a population of 7.9 million and GDP per capita of RMB55,458 and Chengdu had a population of 11.4 million and GDP per capita of RMB39,500.

PCRT will focus on selecting assets located in close proximity to major transportation nodes such as high-speed railway stations and areas benefiting from high levels of investment in infrastructure, which is expected to result in high traffic flow to the mall.

PCRT will invest across a variety of retail formats to best cater to shoppers' existing and future spending patterns in the catchment area. This will include traditional one-stop suburban shopping malls including a supermarket and/or department store, food and beverage outlets, entertainment and specialty stores as well as themed retail outlets and furniture malls catering to the significant spending associated with furnishing new households in developing areas.

Grow the portfolio through actively sourcing new assets by leveraging on the fully integrated retail real estate capabilities of the Sponsor and utilising PCRPL's and the Sponsor's options under the Option to Purchase Agreements and the Sponsor's ROFR over the development pipeline of its strategic partners

The Sponsor's integrated retail real estate platform, which involves dealings with developers and real estate-owners provide PCRT with access to development projects and completed malls.

The Trustee-Manager intends to leverage on PCRPL's and the Sponsor's options under the Option to Purchase Agreements and the Sponsor's ROFR coupled with the strategic partnerships established with connected local developers to provide PCRT with a pipeline of acquisition opportunities. These opportunities include development projects in key target cities with many of these assets sited within new government-planned centres of activity and commerce. As such, they are expected to enjoy strong local government support, good transportation links and proximity to residential catchments.

PCRPL, a wholly-owned subsidiary of PCRT and the Sponsor have secured options to invest in commercial development projects which are directly connected to high-speed railway stations in Chengdu and Xi'an, and a right of first refusal to acquire a similar high-speed railway commercial development site in Changsha, collectively of at least S\$3.0 billion and measuring at least 1.5 million sq m (assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space per project and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis)¹.

(See "The Sponsor and the Strategic Partners", "Risk Factors" and "Certain Agreements relating to Perennial China Retail Trust and the Properties" for further details on the strategic partners, their

¹ Assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space in respect of each of the Chengdu, Xi'an and Changsha sites and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis. Pursuant to the Option to Purchase Agreements, PCRT has the option to acquire a 50.0% stake of at least 1.0 million sq m of GFA of the commercial component in each of the prime high-speed railway development sites at a price of RMB10,000 per sq m (on a "completed" basis) for the Chengdu site and between RMB8,000 and RMB10,000 per sq m (on a "completed" basis) for the Xi'an site. Pursuant to the Summit Strategic Agreement and the Sponsor's ROFR, PCRT also has a right of first refusal to acquire at least a 50.0% interest of up to 1.0 million sq m of GFA in the commercial component of a development site which is directly connected to the high-speed railway station in Changsha, at a price of RMB8,000 to RMB10,000 per sq m (on a "completed" basis).

pipeline projections, the Option to Purchase Agreements and various conditions which PCRT's investment opportunities are subject to.)

Assess investment opportunities according to a disciplined process to ensure development projects and asset acquisitions which will generate attractive return augmented by the Sponsor's excellent development knowledge and on-the-ground presence

The Trustee-Manager will employ a disciplined investment process that leverages on the Sponsor's expertise on matters including:

- analysis of appropriate investment returns and how to achieve them through effective asset planning and capital management;
- in-depth knowledge of the PRC real estate market, pertaining to appropriate entry price levels, land availability/scarcity, location attractiveness for retail, catchment demographics and potential competition;
- the choice of investment deal structure most suitable for each potential project, taking into account transaction completion risks;
- realistic estimations of revenue and achievable rental levels, construction, financing and other costs, leveraging on its extensive on-the-ground knowledge; and
- knowledge of regulatory and planning approval requirements, and how to fulfill them effectively.

This rigorous process combined with the on-the-ground presence of the Sponsor will ensure that investment decisions are made with the benefit of the Sponsor's knowledge of the market to generate attractive returns.

Actively manage the asset planning and design phases of development projects and proactive asset management of completed assets to maximise income and capital values

The Trustee-Manager, through the Sponsor's platform, will actively manage the planning and design phases of development. The Trustee-Manager will be actively involved in the overall design, optimal tenancy mix, efficient shopper circulation, effective linkages to transportation and integration with surrounding areas.

Additionally the Trustee-Manager will proactively manage completed assets to optimise the tenancy mix, maintain high levels of occupancy and seek to maximise rental levels.

The Trustee-Manager intends to undertake the following initiatives in managing the assets:

- leverage on the local and international tenant relationships of both the Sponsor and the Sponsor's partners;
- targeted leasing programmes to achieve an optimal tenancy mix, and maintain high occupancy rates through negotiating lease renewals well in advance of expiries;
- seek opportunities to enhance the malls' competitive positioning and appeal;
- increase value of the properties through asset enhancement initiatives;
- actively maintain the malls to a high standard;

- seek to extract benefits from economies of scale from managing a large mall portfolio including opportunities to lower Property Expenses such as maintenance, cleaning and security without compromising on the quality of services provided; and
- engage in active marketing, branding and promotion of the malls.

Manage the capital base prudently to optimise Unitholders' returns over time

Under the Trust Deed, PCRT is permitted to borrow up to 60.0% of the value of the Trust Property of PCRT at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units) of PCRT. The Trustee-Manager believes that this will allow for an appropriate enhancement of Unitholders' returns and provides flexibility for acquisition financing without materially increasing re-financing or other borrowing risks.

At Listing and assuming the existing RMB1.225 billion loan from the Agricultural Bank of China to Shenyang Summit is fully repaid, the Aggregate Leverage¹ of PCRT will be 1.4% of the value of the Trust Property. The total costs and expenses of acquiring and developing the Properties will be fully funded by proceeds of the Offering and the Credit Facilities. This will position PCRT with more debt headroom for utilisation to finance the acquisition of investment opportunities which may include the retail and predominantly-retail properties currently under planning or development by the Sponsor's strategic partners.

The Trustee-Manager will source debt in the onshore market (within the PRC) and may also consider sourcing debt in offshore markets (outside of the PRC).

The Trustee-Manager intends to adopt an active interest rate management policy to manage the risks associated with changes in interest rates on the facilities while also seeking to ensure that PCRT's ongoing cost of debt capital remains competitive.

To manage the foreign exchange volatility associated with PCRT's cash flows, the Trustee-Manager may, as appropriate, use currency hedging instruments like forward exchange contracts. The Trustee-Manager will actively monitor and manage foreign exchange fluctuations in order to enhance the stability and certainty of its cash flows. The Trustee-Manager may enter into hedging instruments to hedge the Singapore Dollars (which it will be drawing down under the Credit Facilities for the acquisition and development payments relating to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall) for RMB at a fixed rate, after taking into account prevailing market conditions. It may also source debt in the onshore market (within the PRC) to finance part of the development payments relating to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall which will benefit Unitholders by, *inter alia*, reducing the foreign exchange exposure. The Trustee-Manager will regularly evaluate the feasibility of implementing the appropriate level of foreign exchange hedges, after taking into account prevailing market conditions.

¹ As PCRT will hold only 50.0% of the aggregate equity interest in Shenyang Summit on the Listing Date, Shenyang Summit will be equity accounted for as an investment on the balance sheet of PCRT. Accordingly, the existing loan from the Agricultural Bank of China to Shenyang Summit will not be reflected on the balance sheet of PCRT and it is assumed to be repaid on the Listing Date.

Based on the Offering Price, the Aggregate Leverage is computed based on the estimated additional purchase consideration payable on the acquisition of Shenyang Summit of approximately S\$11,015,000 (being part of the amount under the Earn-out Deed) and total assets of approximately S\$764,025,000, giving rise to Aggregate Leverage of 1.4%.

OVERVIEW OF ACQUISITION OF PROPERTIES IN CHINA AND ACQUISITION OF THE INITIAL PORTFOLIO

NOTICE: *The information contained in this section in relation to the overview of the different methods of acquiring real estate in China by a foreign entity is provided for the purpose of assisting investors to understand the process taken for the acquisition of the Properties. The different methods of acquiring real estate in China as reflected in this section are not exhaustive and are subject to change if there are changes to the laws, regulations and policies governing the acquisition of real estate in China by a foreign entity, and may vary depending on the circumstances and terms and conditions of each proposed acquisition.*

Overview

This section sets out an overview of the four common methods of acquiring a property in China by a foreign entity, in order to assist investors to understand the key steps required to acquire the relevant Property. Completed properties in China may generally be acquired directly or indirectly pursuant to the terms of an agreement to purchase. Properties under development may generally be acquired when it is partly under construction if the foreign purchaser intends to obtain a developer’s licence to continue with the development or on a “completed” basis if the vendor will be carrying out the construction.

Acquiring a property indirectly through the acquisition of property-owning companies

(i) Overview of the Key Steps

Key Steps	Description of the Key Steps
<p>Step 1 —</p> <p>Entry into Framework Agreement</p>	<p>The purchaser and the vendor will enter into a legally binding framework agreement which will typically set out the entire acquisition process.</p> <p>The various forms of the agreements to be entered into by the relevant parties at the various points in time of the acquisition process (which will typically include the forms of the relevant share transfer agreement or capital increase agreement) will be appended to the framework agreement so that the terms of the acquisition are agreed upfront among the relevant parties when the framework agreement is entered into.</p>
<p>Step 2 —</p> <p>Entry into Share Transfer Agreement and/or Capital Increase Agreement</p>	<p>The relevant parties will enter into the share transfer agreement and/or the capital increase agreement in accordance with the terms of the framework agreement. As a foreign purchaser is involved, the share transfer agreement and/or capital increase agreement, the equity joint venture agreement (in the case of a joint venture) and the amended Memorandum and Articles of Association must be approved by the relevant foreign investment department (being either the Department of Commerce or other local regulatory authorities) and the relevant certificates of approval must be obtained.</p> <p>In the case of a jointly owned holding company, the equity joint venture agreement governing the rights and obligations of each joint venture partner in relation to the holding company will also be entered into.</p>
<p>Step 3 —</p> <p>Completion of Share Transfer and/or Capital Increase</p>	<p>Upon all the conditions precedent for the share transfer and/or share subscription being fulfilled, which include obtaining the approvals for the transfer/subscription process, obtaining the relevant certificates of approval and obtaining the relevant business licence, the completion of the transfer of, and/or subscription for, the equity interest of the holding company can take place.</p>

(ii) Subscription for new equity interest, and acquisition of existing equity interest, in Shenyang Summit

Step 1 — Entry into Framework Agreement

Shanghai Summit (Group), Shanghai Summit, Shenyang Summit, the Sponsor, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited have entered into the Shenyang Summit Co-operative Framework Agreement which sets out the process in relation to the subscription for, and acquisition of, equity interest of Shenyang Summit by Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, respectively.

(See “Certain Agreements relating to Perennial China Retail Trust and the Properties — Agreements relating to Shenyang Summit Real Estate Development Co., Ltd. — Shenyang Summit Co-operative Framework Agreement”.)

Corporate Re-organisation

In connection with the initial public offering and in order for PCRT to acquire a 50.0% stake in Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices, Shenyang Summit had undergone a corporate re-organisation (“**Corporate Re-organisation**”) which involved, *inter alia*, (i) a transfer of 99.0% of the equity interest of its sole shareholder, Shanghai Summit, to Mr Tong Jinqun and (ii) a corporate division (公司分立) of Shenyang Summit under PRC laws (“**Corporate Division**”) to enable Shenyang Summit, being the successor to the original company after the completion of the Corporate Division, to transfer to new entities established by the Shanghai Summit (Group), the assets and liabilities relating to all other assets apart from the three real estate assets that PCRT is seeking to invest in, being Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices after the completion of the Corporate Division. The rights and obligations of Shenyang Summit under certain material Old Contracts it had entered into prior to the Corporate Division that do not relate to the Shenyang Properties have been novated to the New Summit Entities. Certain Old Contracts have also been terminated and re-signed between the New Summit Entities. Such contracts together amount to more than 95.0% of the total value of all the Old Contracts it had entered into prior to the Corporate Division. The New Summit Entities, Shanghai Summit and Mr Tong Jinqun have executed the Corporate Division Confirmation in favour of Shenyang Summit. In the event that counterparties to the Old Contracts which Shenyang Summit had entered into prior to the Corporate Division enforce any of the terms of the Old Contracts against Shenyang Summit, Shenyang Summit can seek compensation from the New Summit Entities, Mr Tong Jinqun and Shanghai Summit pursuant to the Corporate Division Confirmation.

(See “Risk Factors — Risks Relating to the Properties — Joint and several liability of Shenyang Summit for liabilities under contracts entered into by Shenyang Summit prior to the Corporate Division”.)

Step 2 — Entry into the Share Transfer and Capital Increase Agreements

Pursuant to the terms of the Shenyang Summit Co-operative Framework Agreement, Shenyang Retail 1 Limited, Shenyang Summit and Mr Tong Jinqun entered into the Capital Increase Agreement and Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Shenyang Summit and Mr Tong Jinqun entered into the Share Transfer Agreement, pursuant to which Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will together own 50.0% of the total equity interest of Shenyang Summit and the Summit Parties will own the other 50.0%.

The First Equity Joint Venture Agreement (as defined herein) governing the rights and obligations of Shenyang Retail 1 Limited, Mr Tong Jinqun and Shanghai Summit will be entered into upon

the entry into the Capital Increase Agreement. The Second Equity Joint Venture Agreement (as defined herein) governing the rights and obligations of Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit will be entered into upon the entry into the Share Transfer Agreement.

Shenyang Summit has submitted the relevant documents, which include the Capital Increase Agreement, the Share Transfer Agreement, the First Equity Joint Venture Agreement, the Second Equity Joint Venture Agreements and the amended Articles of Association of Shenyang Summit and obtained the approval of the local Department of Commerce for the subscription by Shenyang Retail 1 Limited for new equity interest in Shenyang Summit and the transfer by Mr Tong Jinquan of his existing equity interest in Shenyang Summit to Shenyang Retail 2 Limited on 14 January 2011. Such approval is valid for 30 days within which the registration with the relevant administration for industry and commerce must be completed. However, Shenyang Summit has obtained an extension from the foreign investment department of the local Department of Commerce on 15 February 2011 for the approval in respect of the capital increase to be valid until 30 June 2011.

Step 3 — Obtain legal ownership of 50.0% of the total equity interest in Shenyang Summit

Prior to the Listing Date, the steps set out below will be undertaken in order for Shenyang Retail 1 Limited and Shenyang Retail 2 Limited to obtain legal ownership of 50.0% of the total equity interest in Shenyang Summit.

S\$79.5 million, being the equivalent of approximately RMB400.0 million, will be remitted on 27 May 2011 to pay for at least 20.0% of the subscription proceeds of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited for its subscription of new equity interest in Shenyang Summit. Such amount will be paid into Shenyang Summit's bank account with the Agricultural Bank of China by drawing down on the Pre-Funding Facility. A capital verification report confirming the amount paid into Shenyang Summit's bank account will be issued by an auditor and submitted to the Industry and Commerce Administration Bureau of Shenyang. The Industry and Commerce Administration Bureau of Shenyang will then issue a business licence reflecting the increase in the registered capital of Shenyang Summit to at least RMB533.0 million, of which approximately at least RMB427.1 million is paid-up share capital, and Shenyang Retail 1 Limited, Mr Tong Jinquan and Shanghai Summit as shareholders of Shenyang Summit.

After the issuance of the business licence in respect of the capital increase, Shenyang Summit will obtain an extension from the foreign investment department of the local Department of Commerce for the approval in respect of the share transfer. Thereafter, the Industry and Commerce Administration Bureau of Shenyang will issue a second business licence in respect of the transfer of Mr Tong Jinquan's equity interest in Shenyang Summit to reflect Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit as shareholders of Shenyang Summit. This will take place on or before the Listing Date.

Step 4 — Payment of the remaining subscription price and the full acquisition price

On the Listing Date, and only after the second business licence has been issued to reflect Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit as shareholders of Shenyang Summit, part of the proceeds from the Offering will be:

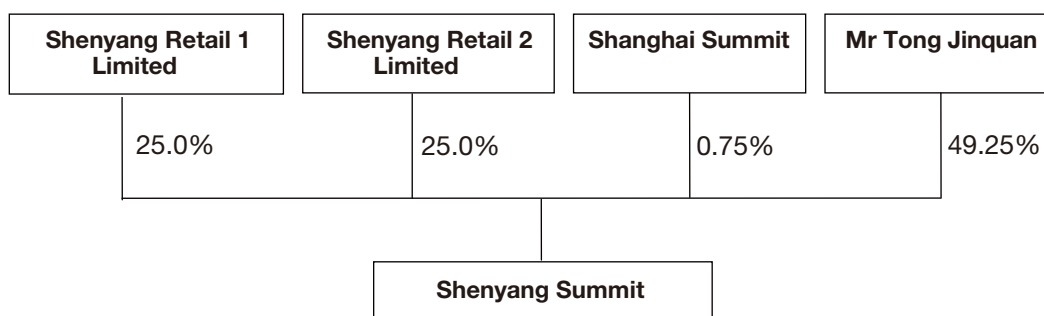
- (i) remitted to Shenyang Summit's bank account with Agricultural Bank of China as payment of the remaining subscription price of approximately RMB1,565.0 million (of which RMB1.0 billion will be paid into a supervised account) to be paid to Shenyang Summit under the Capital Increase Agreement; and

- (ii) remitted to a bank account as directed by Mr Tong Jinquan as deferred payment of the acquisition price of RMB1,507.0 million for the transfer of his equity interest in Shenyang Summit to Shenyang Retail 2 Limited under the Share Transfer Agreement.

Of the remaining up to 80.0% of the subscription amount in respect of the increase in capital, approximately up to RMB1,458.8 million will be applied towards the capital reserve account of Shenyang Summit and approximately up to RMB106.2 million will be applied towards the registered capital account of Shenyang Summit. Under PRC laws, the total amount of registered capital must be at least half of the total investment amount of the company. In the case of Shenyang Summit, the total investment amount means the book value of all the assets that it owns. Accordingly, as the book value of all the assets is RMB2.4 billion, the total registered capital must be at least RMB1.2 billion. Therefore, to comply with this requirement, RMB666,666,667 will be transferred from the capital reserve account to the registered capital account so that the total amount in the registered capital account will be RMB1.2 billion.

Under the Shenyang Summit Co-operative Framework Agreement, RMB1.0 billion of the total subscription price of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited may be placed into an account supervised by Shenyang Retail 1 Limited pending the satisfaction of certain conditions precedent. However, Shenyang Retail 1 Limited, Shenyang Retail 2 Limited and the Summit Parties, as the shareholders of Shenyang Summit, intend to apply such amount which is placed into the supervised account towards (i) the early repayment of the principal amount outstanding under the Shenyang Summit Agricultural Bank of China Loan Facility, which will result in more debt headroom for Shenyang Summit, (ii) the repayment of interest outstanding on the principal amount which is prepaid, (iii) the payment of the remaining development costs of the Shenyang Longemont Shopping Mall and the Shenyang Longemont Offices, with any excess costs to be borne by the Summit Parties and (iv) repayment of shareholder's advance from Shanghai Summit which was advanced to Shenyang Summit for the construction of the Shenyang Properties.

The holding structure after the completion of the capital increase and transfer of equity interest is as set out below:

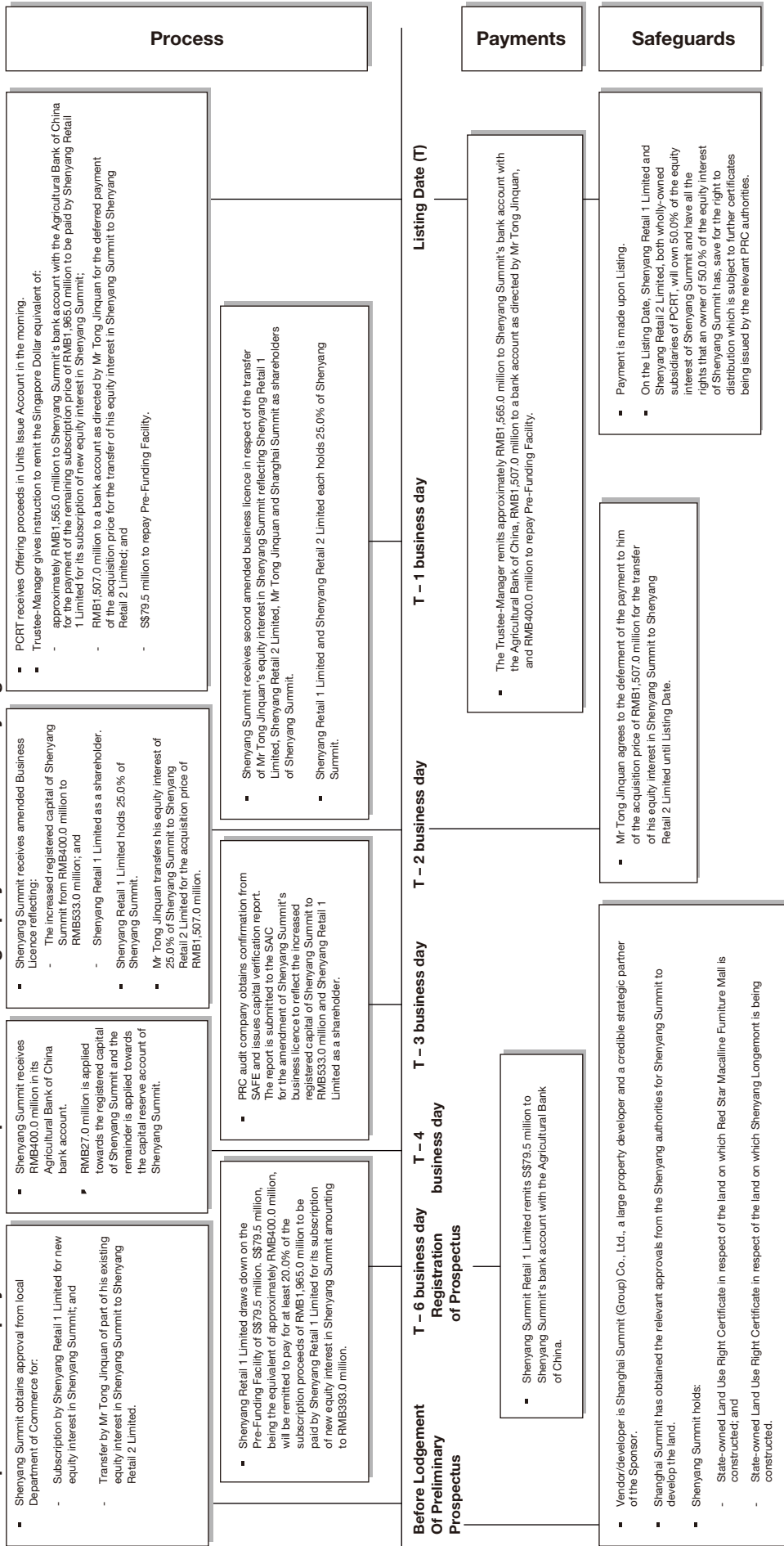


On the Listing Date, upon payment of the remaining subscription price and the full acquisition price, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, both wholly-owned subsidiaries of PCRT, will own in aggregate 50.0% of the equity interest of Shenyang Summit and have all the rights (save for the right to distributions on the equity interest) that an owner of 50.0% of the equity interest of Shenyang Summit has. Under relevant PRC laws, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will have the right to distributions on the equity interest after certain certificates have been issued by the relevant PRC authorities. Pursuant to the *Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, Shenyang Retail 1 Limited will have the right to distributions only after a capital verification report confirming the amount paid into Shenyang Summit's bank account is issued and the Industry and Commerce Administration Bureau of Shenyang registers the modification of capital and issues the revised business licence, such business licence to be obtained about five business days in China after the remaining subscription proceeds are paid by Shenyang Retail 1 Limited and the relevant capital verification report is completed. Pursuant to the *Provisions on Mergers and Acquisitions of*

Domestic Enterprises by Foreign Investors, Shenyang Retail 2 Limited will have the right to distributions only after obtaining from Shenyang SAFE, the certificate on registration of foreign exchange earnings from foreign investment by share transfers (转股收汇外资外汇登记), which may be up to 20 business days in China after RMB1,507 million is received at the bank account directed by Mr Tong Jinqun. However, no legal impediments are expected in respect of the issue of such certificates and any proposed distribution on the equity interest of Shenyang Summit will require the approval of the directors nominated by the Trustee-Manager to the board of Shenyang Summit.

The key steps to be undertaken for the capital increase and transfer of equity interest, together with the corresponding steps undertaken by the Trustee-Manager to safeguard the interests of PCRT are set out below.

Subscription of New Equity Interest and Acquisition of Existing Equity Interest in Shenyang Summit



The information presented in the flow chart have been prepared to provide an overall view of the acquisition process relating to the respective Property and is not meant to be exhaustive of all information that may be relevant to the acquisition process. The information presented involve known and unknown risks, uncertainties and other factors which may cause the actual acquisition process to be materially different from the acquisition process expressed or implied by the flow chart. Such information presented are based on numerous assumptions regarding the acquisition process, including without limitation, the implementation of, and there being no changes to the applicable laws. As the information reflects the current views of the Trustee-Manager and the Sponsor concerning future events, the information necessarily involve risks, uncertainties and assumptions. The actual acquisition process could differ materially from the information presented in the flow chart, and there is no assurance that the Trustee-Manager will be able to complete the acquisition of the Property based on the information presented or at all.

(iii) Shortfall in GFA

The expected GFA of each of the Shenyang Properties is based on architectural plans on which construction was based, and may differ from the actual GFA of the relevant properties.

However, under the Shenyang Summit Co-operative Framework Agreement, the financial exposure of PCRT having to pay for any extra GFA is limited to 3.0% of the agreed transaction value, i.e. RMB3.482 billion, and PCRT would be refunded for any shortfall in GFA by the vendor.

Acquiring a completed property directly

(i) Overview of the Key Steps

Key Steps	Description of the Key Steps
Step 1 — Entry into Framework Agreement	<p>The purchaser and the vendor will enter into a legally binding framework agreement which will typically set out the entire acquisition process.</p> <p>The various forms of the agreements to be entered into by the relevant parties at the various points in time of the acquisition process (which will typically include the form of the sale and purchase agreement) will be appended to the framework agreement so that the terms of the acquisition are agreed upfront among the relevant parties when the framework agreement is entered into.</p>
Step 2 — Setting up a project company	<p>The purchaser will commence the setting up of a project company, a WFOE to acquire the property. The setting up of a WFOE shall require the approval of the relevant foreign investment department.</p>
Step 3 — Entry into Sale and Purchase Agreement	<p>The project company and the local vendor will enter into the sale and purchase agreement in accordance with the terms of the framework agreement. As this is a sale and purchase agreement in relation to the property between a foreign and a local company, an approval from the foreign investment department is not required.</p>
Step 4 — Handover of the Property	<p>Inspection will be conducted for final acceptance of the property by the purchaser.</p>
Step 5 — Building Ownership Certificate and Land Use Right Certificate	<p>After the handover of the property, the vendor will make arrangements for the purchaser to obtain the building ownership certificate and the land use right certificate in its own name, which will only take place one year or more from the handover of the property.</p> <p>The purchaser may only submit the application for the building ownership certificate and the land use right certificate to be issued in its name after the vendor has obtained the building ownership certificate in its own name. In certain cities, although the purchaser may not be able to apply for a land use right certificate in its own name, its ownership over the land will not be affected.</p> <p>Acceptance checks and tests shall be performed by the contractor, vendor and surveyor and the record-filing procedures shall be done at the competent construction authority followed by the separate acceptance checks and tests organised by the relevant competent authority in charge of environmental protection, fire prevention, civil defence and urban planning, after which the vendor will have to apply to the construction authority for the building ownership certificate to be issued to it.</p>

None of the Properties will be acquired using this method.

Acquiring a development project on a “completed” basis through a pre-sale agreement

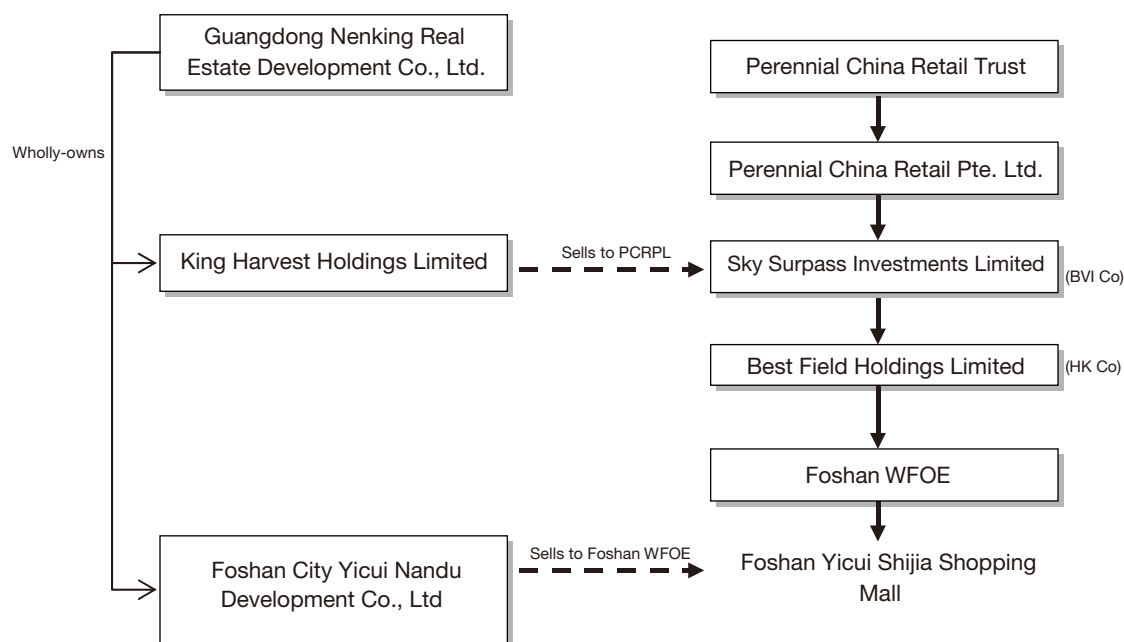
(i) Overview of the Key Steps

Key Steps	Description of the Key Steps
Step 1 — Entry into Framework Agreement	<p>The purchaser and the vendor will enter into a legally binding framework agreement which will typically set out the entire acquisition process.</p> <p>The various forms of the agreements to be entered into by the relevant parties at the various points in time of the acquisition process (which will typically include the form of the pre-sale agreement) will be appended to the framework agreement so that the terms of the acquisition are agreed upfront among the relevant parties when the framework agreement is entered into.</p>
Step 2 — Obtain five Required Permits (五证)	<p>The vendor will obtain approvals from different local governmental authorities to obtain the land use right certificate, the construction land planning permit, the construction project planning permit, the construction permit and the pre-sale permit.</p>
Step 3 — Setting up a project company	<p>The purchaser will commence the setting up of a project company, a WFOE to acquire the property. The setting up of a WFOE shall require the approval of the relevant foreign investment department.</p>
Step 4 — Entry into Pre-Sale Agreement	<p>Upon the vendor/developer obtaining the pre-sale permit, the project company will enter into the pre-sale agreement which will be in the form appended to the framework agreement entered into earlier. The purchaser’s contractual rights under the pre-sale agreement are registrable with the relevant authorities. Under the terms of the pre-sale agreement, after the physical handover of the property, the purchaser will typically have the contractual rights to the use and income of the property even though it has not received the land use right certificate and the building ownership certificate in respect of the property.</p>
Step 5 — Handover of the Property	<p>Inspection will be conducted for final acceptance of the property by the purchaser.</p>
Step 6 — Building Ownership Certificate and Land Use Right Certificate	<p>The vendor will first obtain the building ownership certificate in its name, after which the purchaser will obtain the building ownership certificate and land use right certificate in its own name. This may take place one year or more from the handover of the property.</p> <p>The purchaser may only submit the application for the building ownership certificate and the land use right certificate to be issued in its name after the vendor has obtained the building ownership certificate in its own name. In certain cities, although the purchaser may not be able to apply for a land use right certificate in its own name, its ownership over the land will not be affected.</p> <p>Acceptance checks and tests shall be performed by the contractor, vendor and surveyor and the record-filing procedures shall be done at the competent construction authority followed by the separate acceptance checks and tests organised by the relevant competent authority in charge of environmental protection, fire prevention, civil defence and urban planning, after which the vendor will have to apply to the construction authority for the building ownership certificate to be issued.</p>

(ii) **Acquisition of Foshan Yicui Shijia Shopping Mall on a “completed” basis**

Step 1 — Entry into Framework Agreement

The Sponsor, Guangdong Nenking, Yicui Nandu and King Harvest Holdings Limited (“**King Harvest**”) have entered into the Foshan Yicui Co-operative Framework Agreement which sets out the entire process in relation to the acquisition of Foshan Yicui Shijia Shopping Mall from Yicui Nandu and the acquisition of Sky Surpass Investments Limited from King Harvest. Yicui Nandu and King Harvest are wholly-owned subsidiaries of Guangdong Nenking and Sky Surpass Investments Limited wholly-owns Best Field Holdings Limited. The Trustee-Manager will set up the Foshan WFOE, which will be wholly-owned by Best Field Holdings Limited to purchase the shopping mall from the vendor, Yicui Nandu, as illustrated below.



The total consideration is based on 69,000 sq m at RMB8,500 per sq m which amounts to RMB586,500,000 (the “**Foshan Total Consideration**”). The purchase price as stated in the pre-sale agreement in relation to the Foshan Yicui Shijia Shopping Mall development project (the “**Pre-Sale Agreement**”) is based on 59,000 sq m at RMB8,500 per sq m, which amounts to RMB501,500,000 (the “**Foshan Purchase Price**”).

(See “Certain Agreements relating to Perennial China Retail Trust and the Properties — Agreements in relation to Foshan Yicui Shijia Shopping Mall”.)

Although the original conditions have been met for the payment of the Escrow Amount (as defined herein) (being the first instalment of RMB58.65 million, comprising 10.0% of the Foshan Total Consideration less the consideration of the share transfer cost of USD1) into an offshore escrow account maintained by a third party escrow agent, PCRPL and *inter alia*, King Harvest have entered into supplemental agreements pursuant to which King Harvest agreed to defer this payment to within six months of the Listing Date by the addition of the Listing of PCRT as a condition precedent to the payment of the first instalment.

Step 2 — Obtain four required permits

The vendor has obtained all of the four approvals from the different local governmental authorities, being the land use right certificate, the construction land planning permit, the construction project planning permit and the construction permit.

Although construction of the mall has already commenced, the vendor will only be able to obtain the pre-sale permit after the construction of the mall has completed the “super structure” stage, in accordance with the Construction Department of Guangdong Province’s *Notice on the Adjustment of the Progress Condition of Project Applying for Pre-Sale* 《关于调整我省商品房预售专案工程形象进度条件的通知》.

Step 3 — Setting up a project company

The Trustee-Manager will indirectly through Best Field Holdings Limited, set up a project company, the Foshan WFOE, to acquire Foshan Yicui Shijia Shopping Mall. The Foshan WFOE will be a wholly-owned subsidiary of Best Field Holdings Limited.

Step 4 — Entry into Pre-Sale Agreement

The Trustee-Manager expects that the development will reach “super structure” stage in accordance with the Construction Department of Guangdong Province’s *Notice on the Adjustment of the Progress Condition of Project Applying for Pre-Sale* 《关于调整我省商品房预售专案工程形象进度条件的通知》 by the end of the first quarter of 2012 and the vendor is accordingly expected to apply for and receive the pre-sale permit in the second quarter of 2012.

Thereafter, the Foshan WFOE and the vendor will enter into the Pre-Sale Agreement, after which the Foshan WFOE’s interest under the Pre-Sale Agreement becomes registrable and will entitle it to the use and rental income upon the physical handover of the mall. After the signing of the Pre-Sale Agreement, the Foshan WFOE must apply for and receive the foreign exchange settlement permit¹ for the second instalment of RMB200.6 million due under the Foshan Yicui Co-operative Framework Agreement, being 40.0% of the Foshan Purchase Price. The second instalment will be paid over to the vendor and is expected to be paid in the third quarter of 2012.

The completion of the construction of the mall is expected to take place by the first quarter of 2013 and, in any case, shall take place no later than June 2013 under the terms of the Foshan Yicui Co-operative Framework Agreement. Thereafter, the Foshan WFOE must apply for and receive the foreign exchange settlement permit for the third instalment of RMB150.45 million due under the Foshan Yicui Co-operative Framework Agreement, being 30.0% of the Foshan Purchase Price. The third instalment will be paid over to the vendor and is expected to be paid in the first quarter of 2013.

Step 5 — Handover of Property

The Trustee-Manager expects that the handover of the mall will take place by the end of the second quarter of 2013. Thereafter, the Foshan WFOE must apply for and receive the foreign exchange settlement permit for the fourth instalment of RMB125.375 million due under the Foshan Yicui Co-operative Framework Agreement, being 25.0% of the Foshan Purchase Price. The fourth instalment will be paid over to the vendor and is expected to be paid by the end

¹ As the Foshan WFOE will be a wholly foreign-owned company of PCRT, PCRT can only inject capital into the Foshan WFOE after the Foshan WFOE has obtained the foreign exchange settlement permit. The Foshan WFOE can then convert its registered capital subscribed by PCRT into RMB and pay the instalment to the vendor.

of the third quarter of 2013. The remaining RMB25.075 million, being 5.0% of the Foshan Purchase Price is paid to the vendor when the quality assurance period of the pre-sale contract expires (one year upon transfer of the property) and the Foshan WFOE must also apply for and receive the foreign exchange settlement permit for this fifth instalment.

Step 6 — Land use right certificate and Building Ownership Certificate

The Trustee-Manager expects to obtain the land use right certificate and building ownership certificate to be issued in the name of the Foshan WFOE within one year after the handover of the mall. Prior to that, if the vendor is able to obtain approval for additional GFA of more than 59,000 sq m and up to 69,000 sq m and the building ownership certificate (the “**Additional GFA Conditions**”), then the Escrow Amount will be released to the vendor.

If, however, the vendor is unable to obtain approval for the additional GFA, then the Escrow Amount will be returned to PCRT.

The sixth instalment for the additional GFA, being RMB8,500 for each additional sq m of GFA will be paid offshore. Such instalment will be paid out of the Escrow Amount and if the Escrow Amount is insufficient, the Foshan WFOE will pay for such additional amount. Assuming the full 10,000 sq m of GFA is approved, this additional amount is expected to be RMB26.35 million after deducting the Escrow Amount.

(iii) Safeguards under the Foshan Yicui Co-operative Framework Agreement

Under the terms of the Foshan Yicui Co-operative Framework Agreement, PCRT will only make one instalment payment to the offshore escrow account, and only after the entry into the Pre-Sale Agreement, online registration and advanced notice registration in relation to the development project, when PCRT is obligated to make the second instalment payment of an amount equal to 40.0% of the Foshan Purchase Price. In the event the vendor becomes insolvent before the payment of the second instalment, the safeguard to PCRT is the release of the first instalment payment in the offshore escrow account and the payback of such first instalment payment together with the interest accrued thereon to PCRT.

Pursuant to relevant PRC laws, once the advance notice registration has been completed, transfer of the property by the vendor to any third parties would not have any legal effect without the consent of the purchaser registered in the advance notice registration.

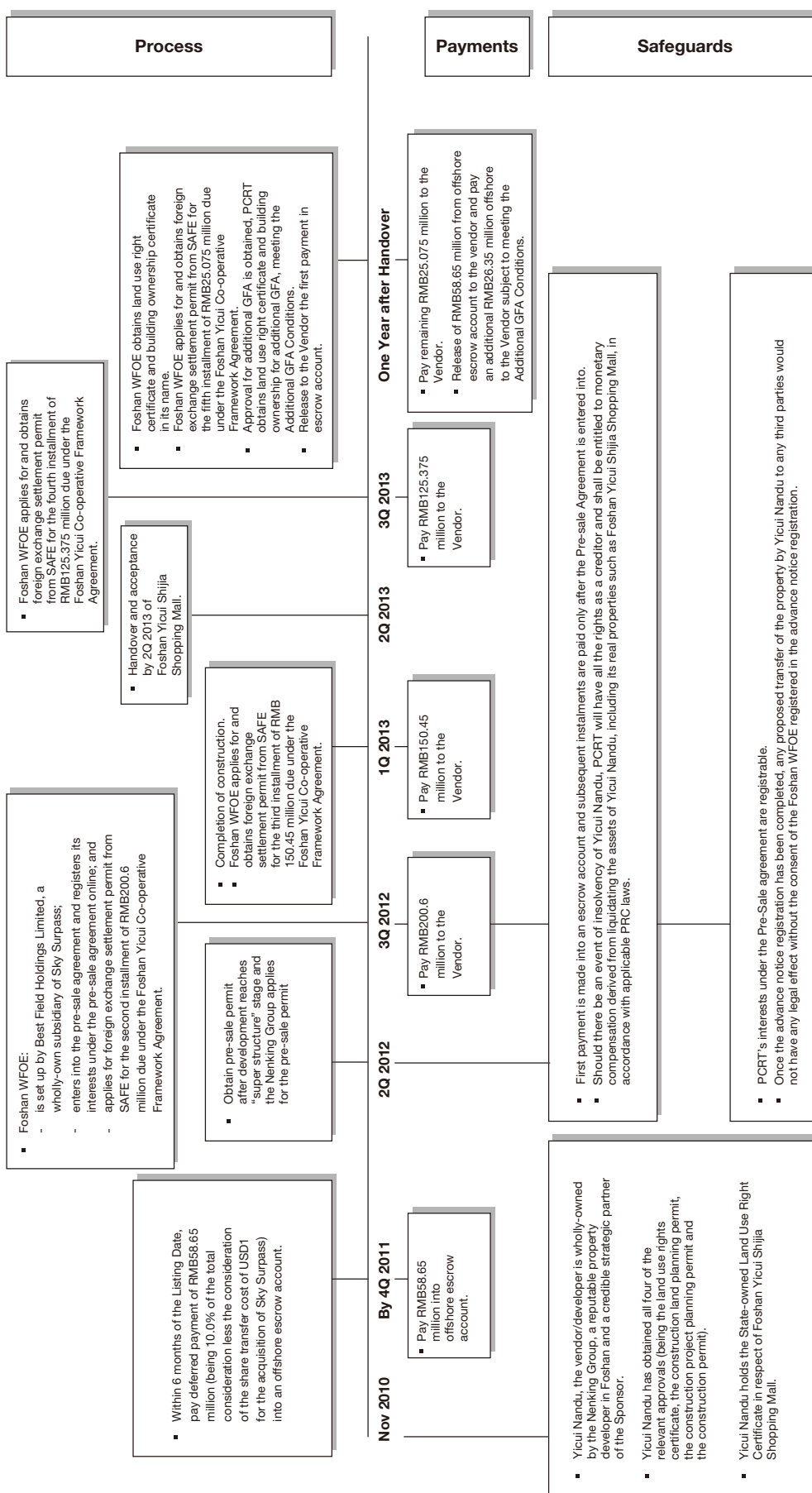
(iv) Shortfall in GFA

The expected GFA of Foshan Yicui Shijia Shopping Mall is based on architectural plans on which construction will be based, and may differ from the actual GFA of the relevant mall.

However, under the Foshan Yicui Co-operative Framework Agreement, the purchase price payable to the vendor is calculated based on an agreed GFA at an agreed-upon rate per sq m. Accordingly, if the actual GFA of the mall is lower than the expected GFA, the amounts due to the vendor from the fifth instalment onwards can be adjusted to reflect the purchase price payable by PCRT to the vendor for the actual GFA.

The key steps to be undertaken for the acquisition of the Foshan Yicui Shijia Shopping Mall on a “completed” basis and the corresponding steps undertaken by the Trustee-Manager to safeguard the interests of PCRT are set out below.

Acquisition of Foshan Yicui Shijia Shopping Mall



The information presented in the flow chart have been prepared to provide an overall view of the acquisition process relating to the respective Property and is not meant to be exhaustive of all information that may be relevant to the acquisition process. The information presented involve known and unknown risks, uncertainties and other factors which may cause the actual acquisition process to be materially different from the acquisition process expressed or implied by the flow chart. Such information presented are based on numerous assumptions regarding the acquisition process, including without limitation, the implementation of, and there being no changes to the applicable laws. As the information reflects the current views of the Trustee-Manager and the Sponsor concerning future events, the information necessarily involve risks, uncertainties and assumptions. The actual acquisition process could differ materially from the information presented in the flow chart, and there is no assurance that the Trustee-Manager will be able to complete the acquisition of the Property based on the information presented or at all.

Acquiring a partly completed development project

(i) Overview of the Key Steps

Key Steps	Description of the Key Steps
Step 1 — Entry into Framework Agreement	<p>The purchaser and the vendor will enter into a legally binding framework agreement which will typically set out the entire acquisition process.</p> <p>The various forms of the agreements to be entered into by the relevant parties at the various points in time of the acquisition process (which will include the form of the work-in-progress transfer agreement) will be appended to the framework agreement so that the terms of the acquisition are agreed upfront among the relevant parties when the framework agreement is entered into.</p>
Step 2 — Obtain four Required Permits (四证)	<p>The vendor will obtain approvals from different local governmental authorities to obtain the land use right certificate, the construction land planning permit, the construction project planning permit and the construction permit.</p>
Step 3 — Setting up a project company	<p>The purchaser will commence the setting up of a project company, a WFOE to acquire the property. The setting up of a WFOE shall require the approval of the relevant foreign investment department.</p>
Step 4 — Reaching more than 25.0% of the Total Investment Amount in the Land	<p>Upon the investment of construction exceeding 25.0% of the total investment amount in the project (excluding land cost), the vendor developer will have the right to sell the land use rights and the development to the purchaser pursuant to the terms of a work-in-progress transfer agreement. The construction costs to be incurred in order to exceed 25.0% of the total investment amount in the project (excluding land cost) would typically be agreed between the purchaser and the vendor in the framework agreement and the development project transfer agreement.</p> <p>The requirement for a development to exceed 25.0% of the total investment amount in the project (excluding land cost) before the vendor is able to sell the land use rights and the development is governed under the Law of the People's Republic of China on Urban Real Estate Administration 《中华人民共和国城市房地产管理法》 in relation to the sale of land in China. Under the relevant regulations, a piece of land can only be sold after it has reached 25.0% of total investment amount in the project (excluding land cost). The minimum level of construction required could be higher in the various cities.</p>
Step 5 — Development Project Transfer Agreement	<p>The project company will enter into the development project transfer agreement with the vendor which will be in the form appended to the framework agreement entered into earlier, and the transfer will be conditional upon, <i>inter alia</i>, the construction exceeding 25.0% of the total investment amount in the project (excluding land cost) and the project company obtaining the developer's licence to continue with the construction of the project.</p>
Step 6 — Handover of the Property	<p>The construction must have exceeded 25.0% of the total investment amount in the project (excluding land cost), and the inspection will have been completed for final acceptance of the property by the purchaser.</p> <p>The purchaser will also have received the four required permits as mentioned in Step 2 above, including the land use right certificate in its own name.</p>
Step 7 — Construction of Property	<p>The purchaser will continue with construction and obtain the building ownership certificate in its own name after completing the property.</p>

(ii) Acquisition of Chengdu Qingyang Guanghua Shopping Mall

Step 1 — Entry into Framework Agreement

The Sponsor, Brilliance International Investment Co., Ltd. (“**Brilliance International**”) and Chengdu Railway have entered into the Chengdu Qingyang Guanghua Co-operative Framework Agreement (as defined herein) which sets out the entire process in relation to the acquisition of Chengdu Qingyang Guanghua Shopping Mall. Brilliance International is the developer of the other components of the integrated development which Chengdu Qingyang Guanghua Shopping Mall is a part of, and the property consultant through which the Sponsor entered into the Chengdu Qingyang Guanghua Co-operative Framework Agreement. Chengdu Railway is the owner and vendor of the land on which Chengdu Qingyang Guanghua Shopping Mall will be situated.

(See “Certain Agreements relating to Perennial China Retail Trust and the Properties — Agreements in relation to Chengdu Qingyang Guanghua Shopping Mall — Chengdu Qingyang Guanghua Co-operative Framework Agreement”.)

Step 2 — Setting up of WFOE

The Trustee-Manager has set up the Chengdu Qingyang WFOE, which is wholly-owned by Perennial Qingyang Retail Limited. It will apply for the foreign exchange settlement permits for the payment of the construction materials required by Chengdu Railway for the construction of Chengdu Qingyang Guanghua Shopping Mall. As the land use right certificate has been issued, a mortgage can be taken by the Chengdu Qingyang WFOE to secure the obligations of Chengdu Railway under the Chengdu Qingyang Guanghua Co-operative Framework Agreement. Before a mortgage is created, Chengdu Railway will furnish a banker’s guarantee in lieu of the mortgage.

Under the terms of the Chengdu Qingyang Guanghua Co-operative Framework Agreement, the Chengdu Qingyang WFOE will apply for and receive the foreign exchange settlement permit for the collective instalment payment of RMB20.0 million, comprising the first and second instalments of RMB10.0 million each, to be made to Chengdu Railway in the second quarter of 2011 after, *inter alia*, the Chengdu Municipal Government and the relevant authorities formally approves the Sponsor’s development project plan.

Although the Chengdu Qingyang WFOE has been incorporated, its business scope does not include real estate investment and real estate development. Only after entering into the Real Estate Project Transfer Agreement will the Chengdu Qingyang WFOE apply to the local Chengdu Department of Commerce to change the business scope of the Chengdu Qingyang WFOE to include real estate investment and real estate development, as the Chengdu Qingyang WFOE can only include such activities within its business scope with the entry into of the Real Estate Project Transfer Agreement.

Step 3 — Obtain four required permits

The vendor has not obtained three out of the four approvals from the different local governmental authorities, being the construction land planning permit, the construction project planning permit and the construction permit. The vendor has received the land use right certificate on 26 April 2011. The vendor is expected to receive the remaining three approvals by the fourth quarter of 2011 when construction of the mall will commence.

After Chengdu Railway receives the construction land planning permit, the construction project planning permit and the construction permit in relation to the Chengdu Qingyang Guanghua Shopping Mall development project, the Chengdu Qingyang WFOE will apply for and receive the foreign exchange settlement permit for the third instalment of RMB35.0 million to be made to Chengdu Railway.

Step 4 — 25.0% of Total Investment Amount in the Project (excluding Land Cost) and Entry into Transfer Agreement

The Trustee-Manager expects the construction to exceed 25.0% of the total investment amount of the project (excluding land cost) by the second quarter of 2012, after which the Chengdu Qingyang WFOE and Chengdu Railway will enter into the Real Estate Project Transfer Agreement pursuant to which the Chengdu Qingyang WFOE will acquire the land use rights relating to Chengdu Qingyang Guanghua Shopping Mall and the construction thereon (being the construction of the Chengdu Qingyang Shopping Mall). Prior to the Chengdu Qingyang WFOE's entry into the Real Estate Project Transfer Agreement, the Chengdu Qingyang WFOE will pay for the construction and construction-related costs by paying for the construction materials.

After entering into the Real Estate Project Transfer Agreement, the Chengdu Qingyang WFOE will apply to the local Chengdu Department of Commerce to change the business scope of the Chengdu Qingyang WFOE to include real estate investment and real estate development, as the Chengdu Qingyang WFOE can only include such activities within its business scope with the entry into of the Real Estate Project Transfer Agreement.

Pursuant to the completion of the transfer of the Chengdu Qingyang Guanghua Shopping Mall development project to the Chengdu Qingyang WFOE which is expected to be in the third quarter of 2012, the Sponsor will submit and register its registered share capital exchange application to the relevant authorities and apply for and receive the foreign exchange settlement permit for the fourth instalment of RMB8.4 million to be made to Chengdu Railway.

The Chengdu Qingyang WFOE will take up the construction of the mall upon obtaining its developer's licence and, in such a case, the Chengdu Qingyang WFOE will enter into a new construction contract. Otherwise, Chengdu Railway will continue with the development of the project. All construction costs incurred in connection with the development of the project (regardless of whether the Chengdu Qingyang WFOE or the vendor continues with the construction) will be borne by the Chengdu Qingyang WFOE. The Trustee-Manager expects the completion of construction of Chengdu Qingyang Guanghua Shopping Mall to be in the fourth quarter of 2013.

In the event that the Chengdu Qingyang WFOE does not receive the relevant approvals to include "real estate investment and real estate development" within its business scope, the acquisition of Chengdu Qingyang Guanghua Shopping Mall will proceed on a "completed" basis pursuant to a pre-sale agreement. In such a situation, the Chengdu Qingyang WFOE is only required to include "real estate operation" within its business scope which is expected to be obtained with more ease as compared to "real estate investment and real estate development" and Chengdu Railway will continue with the development of the project and the Chengdu Qingyang WFOE will continue to bear the construction costs incurred in connection with the development.

(iii) Safeguards under the Chengdu Qingyang Guanghua Co-operative Framework Agreement

A mortgage over the land will be created in favour of the Chengdu Qingyang WFOE, to secure the obligations of Chengdu Railway under the Chengdu Qingyang Guanghua Co-operative Framework Agreement.

In the event the vendor becomes insolvent after the completion of mortgage registration but prior to the transfer of land use right, such land use right under mortgage shall be excluded from the vendor's assets under insolvency disposal, and PCRT has the right to receive compensation from the proceeds of the sale of the land use right.

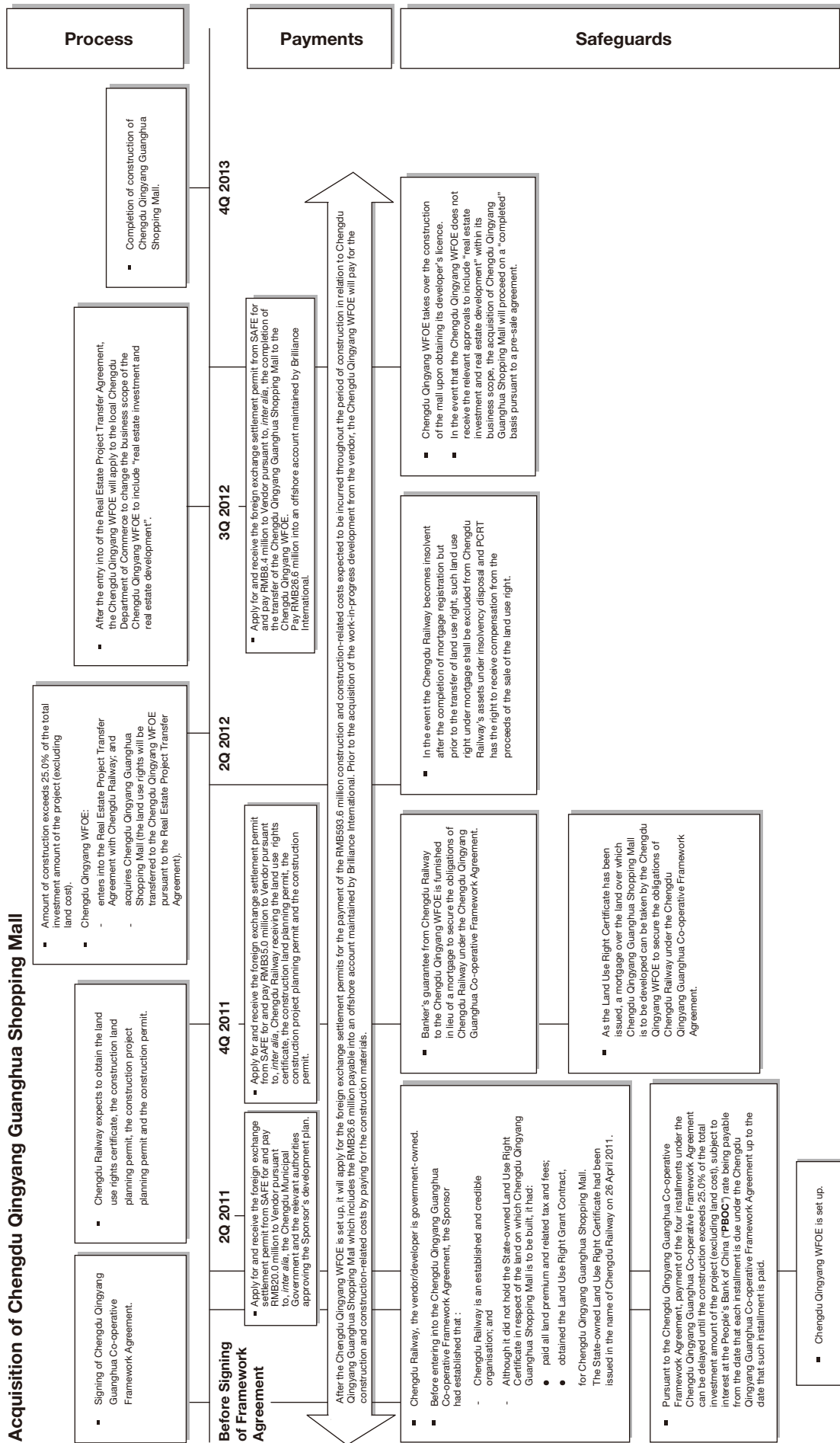
(iv) Shortfall in GFA

The expected GFA of Chengdu Qingyang Guanhua Shopping Mall is based on architectural plans on which construction will be based, and may differ from the actual GFA of the relevant mall.

However, under the Chengdu Qingyang Guanhua Co-operative Framework Agreement, PCRT will be taking over the construction of the mall from the vendor after the development has exceeded 25.0% of the total investment amount in the project (excluding land cost). In addition, as PCRT will bear all the costs of developing the shopping mall and is not purchasing the mall on a “completed” basis, there is no issue of the vendor compensating PCRT for any shortfall in the GFA.

The key steps to be undertaken for the acquisition of Chengdu Qingyang Guanhua Shopping Mall on a partly “completed” basis and the corresponding steps undertaken by the Trustee-Manager to safeguard the interests of PCRT are set out below.

Acquisition of Chengdu Qingyang Guanghua Shopping Mall



The information presented in the flow chart have been prepared to provide an overall view of the acquisition process relating to the respective Property and is not meant to be exhaustive of all information that may be relevant to the acquisition process. The information presented involve known and unknown risks, uncertainties and other factors which may cause the actual acquisition process to be materially different from the acquisition process expressed or implied by the flow chart. Such information presented are based on numerous assumptions regarding the acquisition process, including without limitation, the implementation of, and there being no changes to the applicable laws. As the information reflects the current views of the Trustee-Manager and the Sponsor concerning future events, the information necessary involve risks, uncertainties and assumptions. The actual acquisition process could differ materially from the information presented in the flow chart, and there is no assurance that the Trustee-Manager will be able to complete the acquisition of the Property based on the information presented or at all.

BUSINESS AND PROPERTIES

Unless otherwise specified, all information relating to the Properties in the Prospectus are as at 31 December 2010.

PCRT is Singapore's first pure-play PRC retail development trust listed on the Main Board of the SGX-ST.

The Trustee-Manager's key objective is to provide Unitholders with (i) 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 (ii) regular distributions from the income of its completed and stabilised assets.

PCRT's principal investment objectives are to invest in, own and develop land, uncompleted developments and income-producing real estate in the PRC and other real estate-related assets in relation to the foregoing. PCRT may also invest in the listed securities of real estate companies which invest in retail or predominantly-retail real estate located in the PRC.

PCRT's Initial Portfolio is valued at RMB5,898.0 million¹ and comprises five properties which are expected to comprise an aggregate GFA² of approximately 960,899.0 sq m. The Initial Portfolio includes a 50.0% stake³ in three of most prime assets within the strategically located Shenyang Longemont Asia Pacific City (with their well-sited location along Shenyang's First Ring Road and direct connectivity to two metro lines and a bus interchange with 56 bus lines). Shenyang Longemont Asia Pacific City is expected to comprise over 4.3 million sq m of total floor area and is to be the largest mixed-use development in Liaoning Province. In addition, PCRT will have the right to acquire a 100.0% stake in Foshan Yicui Shijia Shopping Mall located in Foshan and Chengdu Qingyang Guanghua Shopping Mall located in Chengdu⁴, both of which are expected to enjoy direct connectivity to metro stations⁵.

PCRT has secured the option to invest in a strong pipeline of prime commercial development sites which are directly connected to high-speed railway stations in Chengdu and Xi'an and a right of first refusal to invest in a similar high-speed railway commercial development site in Changsha, collectively of at least S\$3.0 billion and measuring at least 1.5 million sq m (assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space per project and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis)⁶.

¹ The Initial Portfolio was valued by the Independent Valuer as at 31 December 2010. See "Appendix E — Independent Property Valuation Summary Report".

² The GFA is based on architectural plans prepared by the relevant architects and, in the case of the completed buildings, on which construction was based. This GFA may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the relevant Building Ownership Certificate is issued. Based on its 50.0% stake in Shenyang Summit and its 100.0% stake in Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, the GFA attributable to PCRT is 559,866 sq m.

³ PCRT, through its wholly-owned subsidiaries Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, is expected to own 50.0% of the total equity interest of Shenyang Summit on the Listing Date (see "Summary — Initial Property Portfolio" for further details of PCRT's interest in Shenyang Summit).

⁴ As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall and will only have the contractual rights and obligations to acquire them.

⁵ Based on the latest government plans showing the location and accessibility of the metro stations, but subject to changes by the authorities.

⁶ Assuming that PCRT invests in 50.0% of at least 1.0 million sq m of GFA of commercial space in respect of each of the Chengdu, Xi'an and Changsha sites and at an assumed price of RMB10,000 per sq m of GFA on a "completed" basis. Pursuant to the Option to Purchase Agreements, PCRT has the option to acquire a 50.0% stake of at least 1.0 million sq m of GFA of the commercial component in each of the prime high-speed railway development sites at a price of RMB10,000 per sq m (on a "completed" basis) for the Chengdu site and between RMB8,000 and RMB10,000 per sq m (on a "completed" basis) for the Xi'an site. Pursuant to the Summit Strategic Agreement and the Sponsor's ROFR, PCRT also has a right of first refusal to acquire at least a 50.0% interest of up to 1.0 million sq m of GFA in the commercial component of a site which is directly connected to the high-speed railway station in Changsha, at a price from RMB8,000 to RMB10,000 per sq m (on a "completed" basis).

PCRT is sponsored by Perennial Real Estate Pte. Ltd., a Singapore-registered company founded by retail real estate veteran Mr Pua Seck Guan. PCRT is managed by Perennial China Retail Trust Management Pte. Ltd, which will be a joint venture between the Sponsor, Ace Best, which is part of the Nan Fung Group, one of the largest privately-owned property developers in Hong Kong, and Asdew, a privately-owned Singapore investment company in the proportions of 78.0%, 12.0% and 10.0%, respectively.

The initial portfolio of PCRT will comprise:

- a 50.0% stake⁽¹⁾ in **Shenyang Red Star Macalline Furniture Mall** (红星美凯龙全球家居生活Mall 龙之梦店) located in Shenyang, a newly completed nine-level furniture mall comprising eight retail levels from basement one to level seven and a basement car park housing 1,065 lots and 41 heavy vehicle lots, which commenced operations on 30 September 2010. The remaining 50.0% stake of the mall will be owned by the Summit Parties.

Shenyang Red Star Macalline Furniture Mall, together with Shenyang Longemont Shopping Mall and Shenyang Longemont Offices are three of the most prime assets within the strategically located Shenyang Longemont Asia Pacific City (沈阳龙之梦亚太中心)⁽²⁾ (with their well-sited location along Shenyang's First Ring Road and direct connectivity to two metro lines and a bus interchange with 56 bus lines), the largest mixed-use commercial hub in Liaoning province with a development site area of 557,500 sq m and expected total floor area of more than 4.3 million sq m. Shenyang Longemont Asia Pacific City will be directly served by two metro lines (Line 1 has commenced operations since October 2010 and Line 10 is expected to be operational in 2013) and a transit hub designed to support 56 bus lines which run both inter-city and intra-city.

With GFA of approximately 276,474 sq m⁽³⁾, Shenyang Red Star Macalline Furniture Mall boasts approximately 830 stores across its eight retail levels in the mall. Each retail level is further segregated into distinct zones specialising in a variety of thematic furniture and home furnishings, as well as fittings and fixtures, making Shenyang Red Star Macalline Furniture Mall a complete one-stop furniture centre for all home needs.

Shenyang Red Star Macalline Furniture Mall is managed by Red Star Macalline, which has extensive experience in the management of retail furniture malls in China. Red Star Macalline has been managing furniture malls in China for more than 10 years and currently operates numerous malls in various cities across China, including Beijing, Shanghai, Changzhou and Tianjin. Shenyang Red Star Macalline Furniture Mall is currently one of the largest integrated furniture malls managed by Red Star Macalline;

- a 50.0% stake⁽¹⁾ in **Shenyang Longemont** (沈阳龙之梦), which will comprise a 10-level shopping mall under development, **Shenyang Longemont Shopping Mall** (龙之梦购物中心) and two adjoining quality 56-level office towers under development, **Shenyang Longemont Offices** (龙之梦写字楼), within Shenyang Longemont Asia Pacific City. The remaining 50.0% stake of Shenyang Longemont will be owned by the Summit Parties. Shenyang Longemont Shopping Mall is expected to commence operations in the third quarter of 2011 and Shenyang Longemont Offices are expected to commence operations in the second quarter of 2012.

With an expected GFA of approximately 327,789 sq m^{(3) (4)}, and as a key component of Shenyang Longemont Asia Pacific City, Shenyang Longemont Shopping Mall is expected to be one of the largest integrated shopping malls in Shenyang upon completion. The mall will provide an array of retail and entertainment choices, which include a large-scale indoor rooftop theme park with expected NLA of approximately 29,990 sq m, an indoor ice-skating rink with expected NLA of approximately 5,777 sq m, a supermarket with expected NLA of approximately 20,000 sq m and one of the largest food plazas in Shenyang with expected NLA of approximately 2,200 sq m. Public transport access to Shenyang Longemont Shopping Mall will be convenient, with both metro lines and the transit hub connecting directly to its basement.

Being part of Shenyang Longemont Asia Pacific City, Shenyang Longemont Offices are easily accessible by both metro and bus. The two office towers, each expected to measure 245 m in height, are expected to have a combined GFA of approximately 197,803 sq m⁽³⁾. Shenyang Longemont Offices and Shenyang Longemont Shopping Mall are expected to complement each other. The Shenyang Longemont Offices will provide a natural catchment of shoppers for Shenyang Longemont Shopping Mall, while the mall will provide the office towers with easy access to amenities and services that are generally attractive to office tenants;

- the contractual rights and obligations to acquire a 100.0% stake⁽⁵⁾ in **Foshan Yicui Shijia Shopping Mall** (佛山怡翠世嘉商场), a development project located in Foshan with an expected GFA of approximately 68,833 sq m⁽³⁾. The mall will be part of an integrated development, which is expected to have an aggregate GFA of approximately 383,815 sq m, that will comprise residential towers, a kindergarten, underground car parks and amenities.

Foshan Yicui Shijia Shopping Mall will be surrounded by numerous residential developments which are expected to provide Foshan Yicui Shijia Shopping Mall with a strong local catchment. The mall will be well-served by public transport, and is expected to be directly connected to the metro station⁽⁶⁾, served by Line 6 and is in close proximity to bus lines.

Foshan Yicui Shijia Shopping Mall will offer retail, food and beverage, services and entertainment to cater to the residents in the vicinity; and

- the contractual rights and obligations to acquire a 100.0% stake⁽⁷⁾ in **Chengdu Qingyang Guanghua Shopping Mall** (成都青羊光华商场), a development project located in Chengdu which will comprise an expected GFA of approximately 90,000 sq m⁽³⁾. The mall will be part of a large mixed-use development of expected aggregate GFA of approximately 158,400 sq m that will comprise a five-star hotel, an office block and SOHOs. Chengdu Qingyang Guanghua Shopping Mall will be a one-stop destination offering food and beverage, fashion, supermarket and/or department store, leisure and entertainment and services.

Chengdu Qingyang Guanghua Shopping Mall will be located in close proximity to the metro station⁽⁶⁾ and is expected to be connected to the metro station via an underground retail link. The mall is expected to benefit from the growing number of residential developments within its primary trade area which are expected to provide Chengdu Qingyang Guanghua Shopping Mall with a strong local catchment.

Notes:

- (1) PCRT, through its wholly-owned subsidiaries Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, is expected to own 50.0% of the total equity interest of Shenyang Summit on the Listing Date and will only have all the rights (save for the right to distributions on the equity interest) as owners of 50.0% of the equity interest of Shenyang Summit after Shenyang Retail 1 Limited has fully paid the subscription proceeds and Shenyang Retail 2 Limited has fully paid the acquisition proceeds on the Listing Date. Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will have the right to distributions on the equity interest after certain certificates have been issued by the relevant PRC authorities. However, no legal impediments are expected in respect of the issue of such certificates and any proposed distribution on the equity interest of Shenyang Summit will require the approval of the directors nominated by the Trustee-Manager to the board of Shenyang Summit. Shenyang Summit owns Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont.
- (2) PCRT will own a 50.0% stake in Shenyang Summit which only holds Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont and not the rest of Shenyang Longemont Asia Pacific City. The development site of 557,500 sq m and the expected total floor area of more than 4.3 million sq m relating to Shenyang Longemont Asia Pacific City include areas which PCRT will not own.
- (3) The relevant GFA is based on architectural plans on which construction was based, and may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the Building Ownership Certificate is issued.
- (4) After Listing, PCRT will have a right but not the obligation, to purchase an additional basement floor space of 8,964 sq m located in the Shenyang Phase I Project, adjacent to both the transportation hub and Shenyang Longemont Shopping Mall, at a transaction price of RMB44,820,000, based on RMB10,000 per sq m of actual GFA, subject to adjustments. Such transaction (if at all) must be completed within 12 months from the Listing Date or prior to the completion acceptance of the Shenyang Phase I Project (whichever is earlier). Such purchase is expected to be fully funded by debt financing.

- (5) As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall and will only have the contractual rights and obligations to acquire it.
- (6) Based on the latest government plans showing the location and accessibility of the metro station, but subject to changes by the authorities.
- (7) As at the Listing Date, PCRT will not have legal title to Chengdu Qingyang Guanghua Shopping Mall and will only have the contractual rights and obligations to acquire it.

Percentage of Commercial Properties which are Expected to be in Operation

As at Listing Date and the end of years 2011, 2012 and 2013, the percentage of commercial properties comprised in PCRT's portfolio which would be in operation (based on GFA) is expected to be as follows:

As at	Percentage of commercial properties which are expected to be in operation (based on GFA)
Listing Date	28.8%
End of 2011	62.9%
End of 2012	83.5%
End of 2013	90.6%
End of 2014	100.0%

The Trustee-Manager intends to maintain an exposure of at least 25.0% of the value of the Trust Property to completed and income producing properties to provide a recurring income base for payment of distributions.

Operations of Property Companies

Shenyang Summit will have staff to provide day-to-day property maintenance and operational services in relation to the Shenyang Properties, which will include:

- regular maintenance of mechanical and electrical equipment;
- provision of security and cleaning services;
- administration of leases, licences and concessions; and
- administration of collections and receipts, relating to the relevant property.

The Trustee-Manager believes that Shenyang Summit will enjoy economies of scale in employing these personnel due to the scale of the Shenyang Properties, allowing it to keep operating costs low for PCRT.

The Chengdu Qingyang WFOE does not currently have any employees.

As at the date of this Prospectus, the Foshan WFOE has not been incorporated.

Marketing and Leasing Activities

The Properties will be actively marketed by the Property Managers to prospective tenants in desired target groups. The Property Managers will also undertake property tours of the premises for prospective tenants on a regular basis to market the vacant units. The Trustee-Manager may also explore opportunities for joint marketing efforts with the original vendors of the Properties by drawing upon their established network in China, as well as exploring mutually beneficial opportunities and initiatives. The Trustee-Manager believes that such a proactive leasing approach and strategy will assist PCRT to attract quality tenants to the Properties.

Lease Agreements and Lease Management

Shenyang Red Star Macalline Furniture Mall

The lease agreements entered into for Shenyang Red Star Macalline Furniture Mall contain terms and conditions, including those relating to duration of the lease, provision of security deposit, as well as alteration and improvement works, generally found in most retail lease agreements in China. The Trustee-Manager believes that the terms are in line with generally accepted market practice and procedures. All the leases in the mall are committed based on a one-year lease term in line with the property manager, Red Star Macalline's nation-wide strategy.

Under the terms of the lease, a cash security deposit in the range of RMB10,000 to RMB30,000 (depending on the trade as well as the area leased by the tenant) is typically payable upon a prospective tenant committing to a lease. The tenant will typically take possession of the premises after it has formally executed the lease agreement and made the requisite payments. Rent is payable in advance either quarterly or semi-annually.

Shenyang Longemont

The lease agreements entered or to be entered into for Shenyang Longemont Shopping Mall and Shenyang Longemont Offices contain terms and conditions generally found in most retail and office lease agreements in China, and include terms relating to the duration of the lease, the provision of a security deposit, as well as alteration and improvement works in relation to the mall. The Trustee-Manager believes that the terms are in line with generally accepted market practice and procedures. In certain instances, these terms have been modified to accommodate the specific needs of major tenants, such as right to space expansion, rent-free fitting out period, subletting and assignment rights.

When a prospective tenant has committed to a lease, a security deposit in the form of cash or banker's guarantee equal to three months' gross rent is payable, which is in line with a typical three-year lease term. The tenant will normally take possession of the premises after it has formally executed the lease agreement and has made the requisite payments. Rent and service charges are payable monthly.

As tenant retention is critical to minimising the turnover of leases, the property managers will seek to maintain close communication and a good working relationship with the existing tenants. Dialogues and meetings for lease renewal will be held with tenants in advance of the expiry of their leases. Arrears management procedures will also be enforced to ensure timely payment of rent. The Trustee-Manager believes that these proactive steps to retain tenants and reduce rental in arrears will help maintain a stable income stream for PCRT.

Insurance

Shenyang Red Star Macalline Furniture Mall is covered by insurance that the Trustee-Manager believes is consistent with industry practice in China, which includes property all risks and public liability insurance (including personal injury) policies. There is no significant or unusual excess or deductible amounts required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including acts of war and acts of terrorism.

Shenyang Longemont has insurance that the Trustee-Manager believes is consistent with industry practice in China. Shenyang Longemont is covered under a construction insurance as the properties are still undergoing renovations/constructions (as the case may be). A separate property insurance will be arranged for Shenyang Longemont Shopping Mall in the third quarter of 2011 upon the commencement of its operations which will include property all risks and public liability insurance (including personal injury) policies. There are no significant or unusual excess or deductible amounts

required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including acts of war and acts of terrorism.

(See “Risk Factors — Risks relating to the Properties — PCRT may suffer material losses in excess of insurance proceeds”.)

Capital Expenditure

As Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall are, or would have been newly completed in the Forecast Year 2011, and are within the defects liability period, the Trustee-Manager believes there will be minimal capital expenditure during the Forecast Year 2011 and estimates the amount to be RMB3.0 million in Projection Year 2012 of which the Group’s share of the capital expenditure in the Projection Year 2012 is expected to be RMB1.5 million (S\$0.3 million).

(See “Profit Forecast and Profit Projection — Assumptions — Capital Expenditure” for details regarding capital expenditure.)

Encumbrances

Shenyang Summit has in place the Shenyang Summit Agricultural Bank of China Loan Facility agreement with the Agricultural Bank of China on 9 June 2010 for a RMB1.6 billion loan for the purpose of financing the first phase of the construction of Shenyang Longemont Asia Pacific City of which RMB1.225 billion has been drawn down. The loan has a term of 10 years at a floating rate of interest pegged to the PBOC rate less a 10.0% discount.

Shenyang Summit has executed two mortgages, both dated 9 June 2010 over the land use right of Shenyang Longemont’s underlying land, the construction process as well as the real estate available after the construction is completed as security for the Shenyang Summit Agricultural Bank of China Loan Facility.

Yicui Nandu has executed a mortgage with China Construction Bank, Foshan Branch on 1 June 2010 over the state-owned construction land use rights of the Foshan Yicui development for an RMB200.0 million loan for the purpose of financing the construction of Foshan Yicui Shijia Shopping Mall. The tenure of the loan is from 1 June 2010 to 31 May 2013.

For the Shenyang Properties, the encumbrance will not be released until all amounts outstanding under the Shenyang Summit Agricultural Bank of China Loan Facility are fully paid. For Foshan Yicui Shijia Shopping Mall, it is a condition that all encumbrances must have been discharged before entering into the Pre-Sale Agreement. There is no encumbrance over the Chengdu Qingyang Guanghua Shopping Mall site.

On 23 May 2011, the Trustee-Manager, on behalf of PCRT, entered into the Pre-Funding Facility, being a S\$79,500,000 short-term pre-funding facility agreement with S\$10,000,000 being made available by Citibank N.A., Singapore branch and the remainder made available on an equal basis by DBS Bank Ltd., Goldman Sachs Foreign Exchange (Singapore) Pte and Standard Chartered Bank. The Pre-Funding Facility has a final maturity date falling on the earlier of (a) the Listing Date or (b) 10 business days from the date of the loan under the Pre-Funding Facility. A facility fee of S\$596,250 is payable by the Trustee-Manager on the final maturity date. (See “Certain Agreements relating to Perennial China Retail Trust and the Properties — Agreements relating to Shenyang Summit Real Estate Development Co., Ltd. — Pre-Funding Facility Agreement” for details of the Pre-Funding Facility.)

The Pre-Funding Facility is to be secured by share charges over all the shares in Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, owned by Shenyang Retail (BVI) 1 Limited and Shenyang Retail (BVI) 2 Limited respectively. In support of the obligations of the Trustee-Manager pursuant to the Pre-Funding Facility, Shenyang Retail 1 Limited has given undertakings in favour of the security agent to exercise its rights under the Shenyang Summit Co-operative Framework Agreement in relation to certain of its rights thereunder in relation to its acquisition of the equity interest in Shenyang Summit in accordance with instructions of the security agent. The security and the undertaking provided will be released and discharged upon repayment of the loans on its final maturity date.

The Trustee-Manager, on behalf of PCRT, had on 27 May 2011 entered into the Credit Facilities Agreement with the Lenders for the Credit Facilities in an aggregate amount of S\$325.0 million comprising (i) Committed Facilities of S\$195.0 million to finance distributions to Unitholders, interest payments under the Credit Facilities and part of the Acquisition and Development Costs and (ii) the Uncommitted RCF of S\$130.0 million to finance the remaining Acquisition and Development Costs not financed by the Committed Facilities.

The Credit Facilities are to be secured by:

- (A) share charges over all the shares in the Offshore Companies;
- (B) an equity pledge over 50.0% of the equity interests in Shenyang Summit;
- (C) equity pledges over all the equity interests in Foshan WFOE and Chengdu Qingyang WFOE;
- (D) assignments by PCRT and the Offshore Companies of all rights under inter-company loans to the Offshore Companies and WFOEs;
- (E) assignments by the Offshore Companies of all rights under inter-company loans to PCRT;
- (F) corporate guarantees from the Offshore Companies;
- (G) debentures over the Offshore Companies; and
- (H) subordination deeds to subordinate the repayment of all related party loans and interest on such loans made to PCRT.

Legal Proceedings

Neither PCRT nor the Trustee-Manager is currently involved in any material legal proceedings. To the best of the Trustee-Manager's knowledge, there are no material legal proceedings currently being contemplated or threatened against PCRT or the Trustee-Manager.

Information regarding the Title and the Status and Relevant Approvals of the Properties

Shenyang Red Star Macalline Furniture Mall

The State-owned Land Use Right Certificate (国有土地使用证) in respect of Shenyang Red Star Macalline Furniture Mall is held in the name of Shenyang Summit, which is also the developer of Shenyang Red Star Macalline Furniture Mall. It was granted by the Shenyang Plan & Land Resources Bureau on 19 February 2009. This confers on Shenyang Summit the right to use the land up to 20 January 2059.

The table below sets out some particulars of the State-owned Land Use Right Certificate.

No. of State Land Use Right Certificate:	Shenyang Guo Yong (2009) No. 0027 (沈阳国用 (2009) 第 0027号)
Issuer:	Shenyang Plan and Land Resources Bureau
Issue Date:	19 February 2009
User:	Shenyang Summit
Location:	East of Dongbiancheng Street, Dadong District, Shenyang
Type of Use Right:	Granted
Land Area:	44,845.4 sq m
Land Use:	Urban mixed residential
Term of Land Use:	Until 20 January 2059 (till 20 January 2049 for commercial component)

The Building Ownership Certificate (房产证) for Shenyang Red Star Macalline Furniture Mall has not been issued to Shenyang Summit. Certain construction planning, construction completion and civil defence checks will need to be completed before the relevant documents can be submitted to the PRC real estate authorities for the issuance of the Building Ownership Certificate to Shenyang Summit, which is expected to be issued by the end of the second quarter of 2011.

Not obtaining the Building Ownership Certificate will not affect the use of Shenyang Red Star Macalline Furniture Mall since the land use right certificates and relevant construction documents and permits can prove Shenyang Summit to be the owner of Shenyang Red Star Macalline Furniture Mall. However, without the Building Ownership Certificate which is the direct proof of Shenyang Summit's ownership of Shenyang Red Star Macalline Furniture Mall, Shenyang Summit cannot sell Shenyang Red Star Macalline Furniture Mall.

However, Shenyang Summit has the right to rent Shenyang Red Star Macalline Furniture Mall to third parties for business operations despite not obtaining the building ownership certificate. In such instances, the tenant may require Shenyang Summit to provide supplemental documentary proof to confirm Shenyang Summit's ownership or the relevant State Administration for Industry and Commerce ("SAIC") may require Shenyang Summit to provide supplemental documentary proof to confirm Shenyang Summit's ownership when the tenant intends to register the unit in Shenyang Red Star Macalline Furniture Mall that the tenant intends to rent as the tenant's statutory address for its business operation.

Shenyang Longemont

The State-owned Land Use Right Certificate in respect of Shenyang Longemont is held in the name of Shenyang Summit, which is also the developer of Shenyang Longemont Shopping Mall. It was granted by the Shenyang Plan and Land Resources Bureau on 19 February 2009. This confers on Shenyang Summit the right to use the land up to 20 January 2059.

The table below sets out some particulars of the State-owned Land Use Right Certificate.

No. of State Land Use Right Certificate:	Shenyang Guo Yong (2009) No. 0028 (沈阳国用 (2009) 第 0028号)
Issuer:	Shenyang Plan & Land Resources Bureau
Issue Date:	19 February 2009
User:	Shenyang Summit
Location:	East of Dongbiancheng Street, Dadong District, Shenyang
Type of Use Right:	Granted
Land Area:	53,328.2 sq m
Land Use:	Urban mixed residential
Term of Land Use:	Until 20 January 2059 (till 20 January 2049 for commercial component)

The Building Ownership Certificate for Shenyang Longemont has not been issued to Shenyang Summit as construction has not been completed for the Shenyang Longemont Offices. The land area of Shenyang Longemont also includes part of a transportation hub adjacent to Shenyang Longemont Shopping Mall covering an area of 27,000 sq m (of which 12,000 sq m is within the land area of Shenyang Longemont Shopping Mall) although this transportation hub is not owned by PCRT. Pursuant to the Shenyang Summit Co-operative Framework Agreement, Shanghai Summit (or one of the New Summit Entities formed pursuant to the Corporate Re-organisation) will be responsible for the construction and operation of the transportation hub and will receive all the income generated from it. Any fees and expenses in respect of any future division land division for the transportation hub as well as a reissuing of the building ownership certificate and the land use right certificate in the names of both Shenyang Summit and Shanghai Summit (or one of the New Summit Entities formed pursuant to the Corporate Re-organisation) shall be borne by Shanghai Summit (or one of the New Summit Entities formed pursuant to the Corporate Re-organisation).

Foshan Yicui Shijia Shopping Mall

The State-owned Land Use Right Certificate in respect of Foshan Yicui Shijia Shopping Mall is held in the name of Yicui Nandu, which is also the developer of Foshan Yicui Shijia Shopping Mall. It was granted by the Foshan Land and Resources Bureau on 13 September 2009. This confers on Yicui Nandu the right to use the land up to 20 May 2049.

The table below sets out some particulars of the State-owned Land Use Right Certificate.

No. of State Land Use Right Certificate:	Fo Fu Nan Guo Yong (2009) No.0110933 (佛府南国用 (2009) 第 0110933号)
Issuer:	Foshan Land and Resources Bureau
Issue Date:	13 September 2009
User:	Yicui Nandu
Location:	Land A, D11 Street, Guicheng, Nan Hai District, Foshan City
Type of Use Right:	Granted
Land Area:	34,411.6 sq m
Land Use:	Commodity housing, commerce (i.e. wholesale, retail, accommodation, catering, financial business)
Term of Land Use:	70 years for commodity housing; 40 years for commerce and service until 20 May 2049

Yicui Nandu has obtained all the four approvals from the different local governmental authorities, being the land use right certificate, the construction land planning permit, the construction project planning permit and the construction permit.

Chengdu Qingyang Guanghua Shopping Mall

The State-owned Land Use Right Certificate in respect of Chengdu Qingyang Guanghua Shopping Mall is held in the name of Chengdu Railway, which is also the vendor and initial developer of Chengdu Qingyang Guanghua Shopping Mall. It was granted by the People's Government of Chengdu Municipality on 26 April 2011. This confers on Chengdu Railway the right to use the land up to 19 January 2050.

No. of State Land Use Right Certificate:	Cheng Guo Yong (2011) No.275 (成国用(2011)第275号)
Issuer:	People's Government of Chengdu Municipality
Issue Date:	26 April 2011
User:	Chengdu Railway Rongfeng Real Estate Co., Ltd
Location:	8–10th Group of Peifeng Village and 5–6th Group of Wan Jia Wan Village in Qingyang District
Type of Use Right:	Granted
Land Area:	52,823.04 sq m
Land Use:	Commercial, cultural and entertainment
Term of Land Use:	Until 19 January 2050

Chengdu Railway has not obtained three out of the four approvals from the different local governmental authorities, being the construction land planning permit, the construction project planning permit and the construction permit. The vendor has received the land use right certificate on 26 April 2011. The vendor is expected to receive them by the fourth quarter of 2011 when construction of the mall will commence.

The Building Ownership Certificate for Chengdu Qingyang Guanghua Shopping Mall has not been issued as construction of the mall has not commenced.

SHENYANG RED STAR MACALLINE FURNITURE MALL AND SHENYANG LONGEMONT

红星美凯龙全球家居生活MALL龙之梦店与沈阳龙之梦

Address: Pangjiang Street, Dadong District, Shenyang, Liaoning Province

The following information about Shenyang and China were extracted from Appendix F, the “Independent China Retail Market Research Report” prepared by the Independent Market Research Consultant.

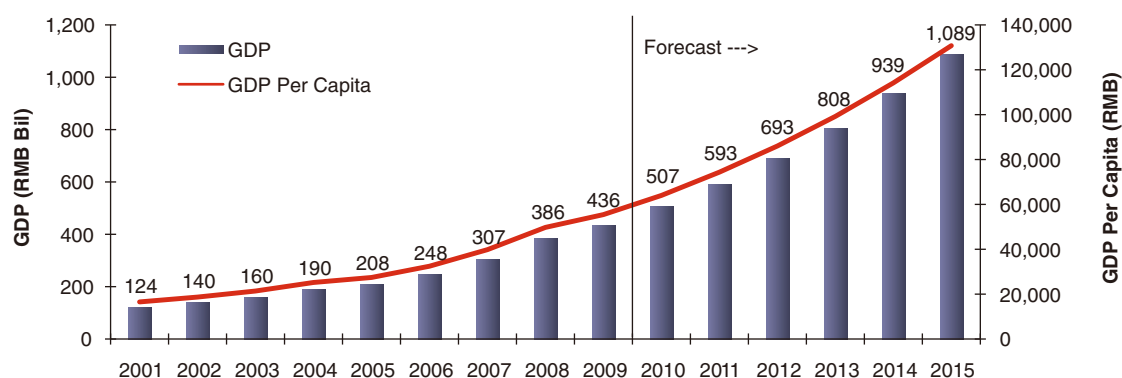
Shenyang Profile

Shenyang is the capital city of Liaoning province, which is located in north-eastern China. There are good transportation links by road and rail to a number of surrounding industrial cities of significant size, such as Anshan, Benxi, Fushun, Tieling and Yinkou. Shenyang’s Taoxian International Airport is the largest in north-eastern China, handling 7.5 million passengers in 2009 and providing links to 132 other cities, including 27 outside of China.

Shenyang currently has a registered population of 7.2 million, with an additional transient population of approximately 0.7 million as at the end of 2009. About 4.7 million of the population live within the urban area. Annual population growth has been approximately 0.6% between 2001 and 2009, with all the growth occurring in the city. As a significant economic magnet for workers outside the city and with the continuing trend of rapid urbanisation, Shenyang is expected to maintain strong population growth in the future.

Shenyang’s real GDP growth has outpaced the national average over the past decade, averaging 14.8% from 2001 to 2009, compared to 10.1% for China as a whole. The size of the economy is expected to double, with a GDP per capita of RMB130,753 by 2015.

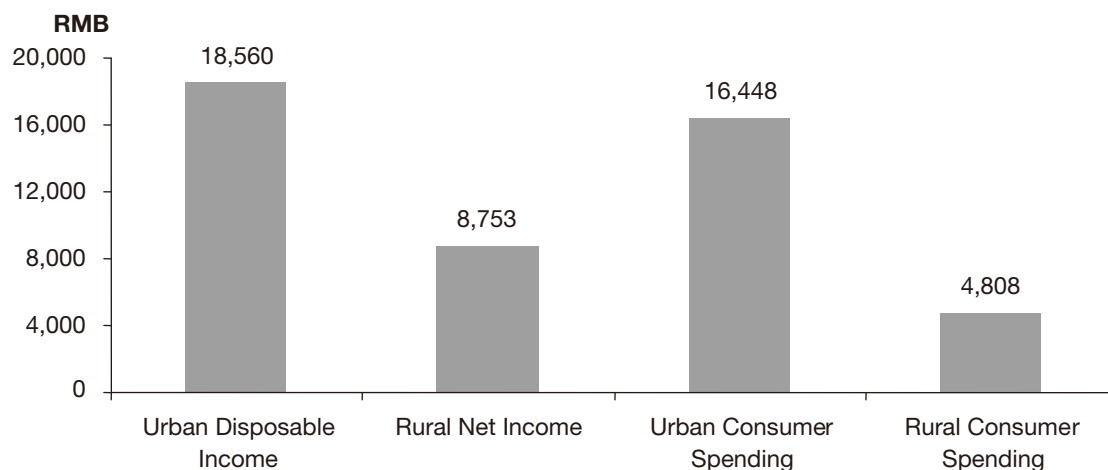
Shenyang Nominal GDP and GDP Per Capita, 2001-2015



Source: Shenyang Bureau of Statistics, Urbis

Strong retail demand in Shenyang in recent years has been driven primarily by rising disposable income in the urban area and growth in tourism, matched by an increase in retail floor space and an improvement in retail quality. Based on official government measures, retail sales growth reached 18.1% in 2009, with this growth trend likely to continue into the future.

Shenyang Urban vs Rural Income and Consumption Per Capita, 2009 (RMB)



Retail stock in Shenyang has experienced accelerated growth over the past 10 years. The total stock of retail space in Shenyang is estimated to be approximately 5.3 million sq m of NLA as at end of 2010. Department stores and malls account for an estimated 1.4 million sq m or 26.0% of the total retail stock. Most of the floor space growth can be attributed to the opening of new shopping malls and this is especially prevalent over the past five years.

Stock by Retail Area (as at September 2010)

Area in Shenyang	Stock (sq m)	Stock (%) of total
Zhongjie	542,700	18%
Taiyuanjie	775,000	26%
Golden Corridor	525,000	18%
East Zhongjie	340,000	12%
Hunnan	450,000	15%
Others	302,000	10%
Total	2,934,700	100%

(See Appendix F, "Independent China Retail Market Research Report".)

Shenyang Longemont Asia Pacific City (沈阳龙之梦亚太中心)



Note:

* The picture on this page is an artist's impression of Shenyang Longemont Asia Pacific City and may differ from the actual view of the completed Shenyang Longemont Asia Pacific City.

Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices are key components within Shenyang Longemont Asia Pacific City, which is expected to be one of the largest single commercial developments undertaken in China and will be a vibrant and popular destination for both locals in Shenyang as well as visitors from the nearby cities.

Shenyang Longemont Asia Pacific City is located on Pangjiang Street, in the district of Dadong. This street is a major arterial road serving as an inner ring road around the centre of Shenyang. The site is also located in very close proximity to the major intersection of Pangjiang Street and Zhulin Road, which provides strong east-west linkages into the centre of Shenyang and along the Hunhe River to the east. This road network provides Shenyang Longemont Asia Pacific City with strong exposure and accessibility from all over Shenyang.

Shenyang Longemont Asia Pacific City will be a major mixed-use commercial hub in Shenyang, with a development site area of 557,500 sq m and expected total floor area of more than 4.3 million sq m, approximately a quarter of which will be underground. Shenyang Longemont Asia Pacific City will have approximately 25,000 car park lots and enjoy strong public transport access as it will be directly serviced by two metro lines (Line 1 has commenced operations since October 2010 and Line 10 is expected to be operational in 2013) and a transit hub designed to support 56 bus lines which run both inter-cities and intra-city. Both metro lines and the transit hub will connect directly to the basement of Shenyang Longemont Shopping Mall.

The various components in Shenyang Longemont Asia Pacific City will open in phases, with Shenyang Red Star Macalline Furniture Mall having commenced operations on 30 September 2010 and Shenyang Longemont Shopping Mall expected to commence operations in the third quarter of 2011.

The major components in Shenyang Longemont Asia Pacific City include:

- Shenyang Red Star Macalline Furniture Mall;
- Shenyang Longemont Shopping Mall;
- Shenyang Longemont Offices, comprising two office towers of 245 m;
- seven luxury hotels, including a six-star hotel;
- a large exhibition centre;
- a large department store;
- a large electronics retail centre;
- a large cinema and aquarium, amongst the other entertainment components;
- an office and hotel tower of 430 m with 100 levels above ground and three basement levels; and
- about 1.1 million sq m of residential development.



Shenyang Red Star Macalline Furniture Mall

红星美凯龙全球家居生活Mall龙之梦店



Description of Shenyang Red Star Macalline Furniture Mall

Shenyang Red Star Macalline Furniture Mall (红星美凯龙全球家居生活Mall龙之梦店) is a newly completed nine-level furniture mall comprising seven retail levels above ground, one retail level below ground and a basement car park housing 1,065 lots. The mall commenced operations on 30 September 2010 and is a major component within Shenyang Longemont Asia Pacific City.

With GFA of approximately 276,474 sq m⁽¹⁾, Shenyang Red Star Macalline Furniture Mall boasts approximately 830 stores spread across the eight retail levels in the mall. Each retail level is further segregated into distinct zones specialising in a variety of thematic furniture and home furnishings, fittings and fixtures, making Shenyang Red Star Macalline Furniture Mall a complete one-stop furniture centre for all home needs.

The table below sets out a summary of selected information on Shenyang Red Star Macalline Furniture Mall.

Property⁽¹⁾	Shenyang Red Star Macalline Furniture Mall
Completion of acquisition and development	Completed and commenced operations
Commencement of Operations	30 September 2010
Expiry of Land Use Rights	50 years, expiring 20 January 2059 40 years, expiring 20 January 2049 for the commercial component
Occupancy Rate as at 31 December 2010 (based on Committed Leases and Expected Leases)	Based on Committed Leases and Expected Leases — 96.1% Based on Committed Leases — 91.8%
Land Area (sq m)	44,845.4
GFA (sq m)⁽²⁾	276,474
NLA (sq m)⁽²⁾	181,595

Number of tenancies as at 31 December 2010 (based on Committed Leases and Expected Leases)	Committed Leases and Expected Leases — 815 Committed Leases — 794
Car Park Lots⁽²⁾	1,065 car park lots and 41 heavy vehicle lots
Net Property Income (RMB million)⁽³⁾	Forecast Year 2011: RMB87.3 Projection Year 2012: RMB94.5
Valuation as at 31 December 2010 (RMB million)⁽⁴⁾	RMB1,452.0
Purchase Price (RMB million)⁽⁵⁾	1,284.6 ⁽⁶⁾

Notes:

- (1) Save for the Net Property Income, valuation and the purchase price which are reflected on the basis of PCRT's 50.0% stake, all information set out in this table assumes 100.0% of Shenyang Red Star Macalline Furniture Mall.
- (2) The relevant GFA, NLA and information on the car park lots are based on architectural plans prepared by the relevant architects and on which construction was based for the completed buildings and the properties under development. These areas may differ from the actual GFA, NLA and information on the car park lots of the relevant completed Properties. The GFA and information on the car park lots will be finalised when the relevant Building Ownership Certificate is issued.
- (3) The information is extracted from "Profit Forecast and Profit Projection" and is based on the various assumptions set out therein.
- (4) The basis of the valuation of Shenyang Red Star Macalline Furniture Mall is on an "as is condition" (see Appendix E, "Independent Property Valuation Summary Report").
- (5) Shenyang Red Star Macalline Furniture Mall is acquired on a "completed" basis and the total purchase price set out in the relevant framework agreement is the "all-in" costs paid to the respective vendors and comprises the agreed land values and all construction and construction-related costs.
- (6) The total purchase price of the Shenyang Properties is computed based on the aggregate GFA of the Shenyang Properties, in accordance with the terms of the Shenyang Summit Co-operative Framework Agreement. The relevant GFA is based on architectural plans prepared by the relevant architects and, in the case of the completed buildings, on which construction was based. This GFA may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the relevant Building Ownership Certificate is issued.

Shenyang Red Star Macalline Furniture Mall Property Manager

Shenyang Red Star Macalline Furniture Mall is managed by Red Star Macalline, which has extensive experience in the management of retail furniture malls in China. Established more than 24 years ago by Mr Che Jianxin (车建新) who is also the Chief Executive Officer, the chain furniture mall operator is one of China's leading furniture companies.

Red Star Macalline has been managing furniture malls in China for more than 10 years and currently operates numerous malls in various cities across China, including Beijing, Shanghai, Changzhou and Tianjin. Shenyang Red Star Macalline Furniture Mall in Shenyang is currently one of the largest integrated furniture malls managed by Red Star Macalline.

Red Star Macalline's management strategy includes:

- operating in a "big store" format to offer a comprehensive selection of products under one roof;
- careful selection in their comprehensive tenancy mix to ensure product and service quality;
- strong relationship with tenants who often also take up leases in the other retail furniture malls managed by Red Star Macalline;
- good after-sales service, for example, by offering product guarantees; and
- signing a one-year lease term with tenants to facilitate capitalisation of any rental uplift. In the case of Shenyang Red Star Macalline Furniture Mall, the Trustee-Manager believes that there is potential for rental growth as the other components of Shenyang Longemont Asia Pacific City are completed and occupancy of such components stabilise. In addition, one-year leases will allow Red Star Macalline to:
 - (i) replace underperforming tenants to improve sales and overall rental income; and
 - (ii) constantly reinforce and strengthen tenancy mix.

Under the terms of the Red Star Macalline Property Management Agreement, Red Star Macalline may be removed as the property manager (i) if it does not achieve average monthly revenue of not less than RMB70 per sq m of GFA within two consecutive financial years from, or (ii) three accumulated financial years after the commencement of operations of Shenyang Red Star Macalline Furniture Mall.

The average rent achieved currently is RMB72.4 per sq m per month. The Trustee-Manager believes that the fee structure for Red Star Macalline will provide the incentives for Red Star Macalline to achieve the target average monthly revenue of RMB70 per sq m of GFA as set out under the Red Star Macalline Property Management Agreement.

In addition to the base fee of RMB8.0 million per annum, Red Star Macalline is incentivised to achieve higher revenue by way of an incentive fee provision in the Red Star Macalline Property Management Agreement under which Red Star Macalline will share in the revenue which exceeds the benchmark by way of an incentive fee as set out in the table below.

Management period	Average monthly revenue per sq m of GFA (excluding car park areas)	Incentive fee paid to Red Star Macalline
First 10 years (Oct 2008 ⁽¹⁾ — Oct 2018)	Between RMB80.0 and RMB100.0	10.0% of revenue above RMB80.0 per sq m of GFA
	Above RMB100.0	20.0% of revenue above RMB100.0 per sq m of GFA
Second 10 years (Oct 2018 — Oct 2028)	Between RMB80.0 and RMB100.0	5.0% of revenue above RMB80.0 per sq m of GFA
	Above RMB100.0	15.0% of revenue above RMB100.0 per sq m of GFA

Note:

(1) The Shenyang Red Star Macalline Property Management Agreement was entered into, and took effect from 16 October 2008.

The Trustee-Manager believes that given the experience and operating track record of Red Star Macalline, it is well placed to optimise and enhance the value of Shenyang Red Star Macalline Furniture Mall.

Location and Trade Area Analysis

Located within Shenyang Longemont Asia Pacific City, Shenyang Red Star Macalline Furniture Mall is well poised to benefit from the strong public transport access.

(See “Business and Properties — Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont — Shenyang Longemont Asia Pacific City” for details of the accessibility of Shenyang Longemont Asia Pacific City.)

As at 2009, the population of the main trade area stands at approximately 1.51 million people, comprising the population of the primary trade area which is estimated at 462,000 and the population of the secondary trade area which is estimated at 1,050,000. This is a substantial trade area reflecting the scale of the shopping mall and its location within a major commercial precinct.

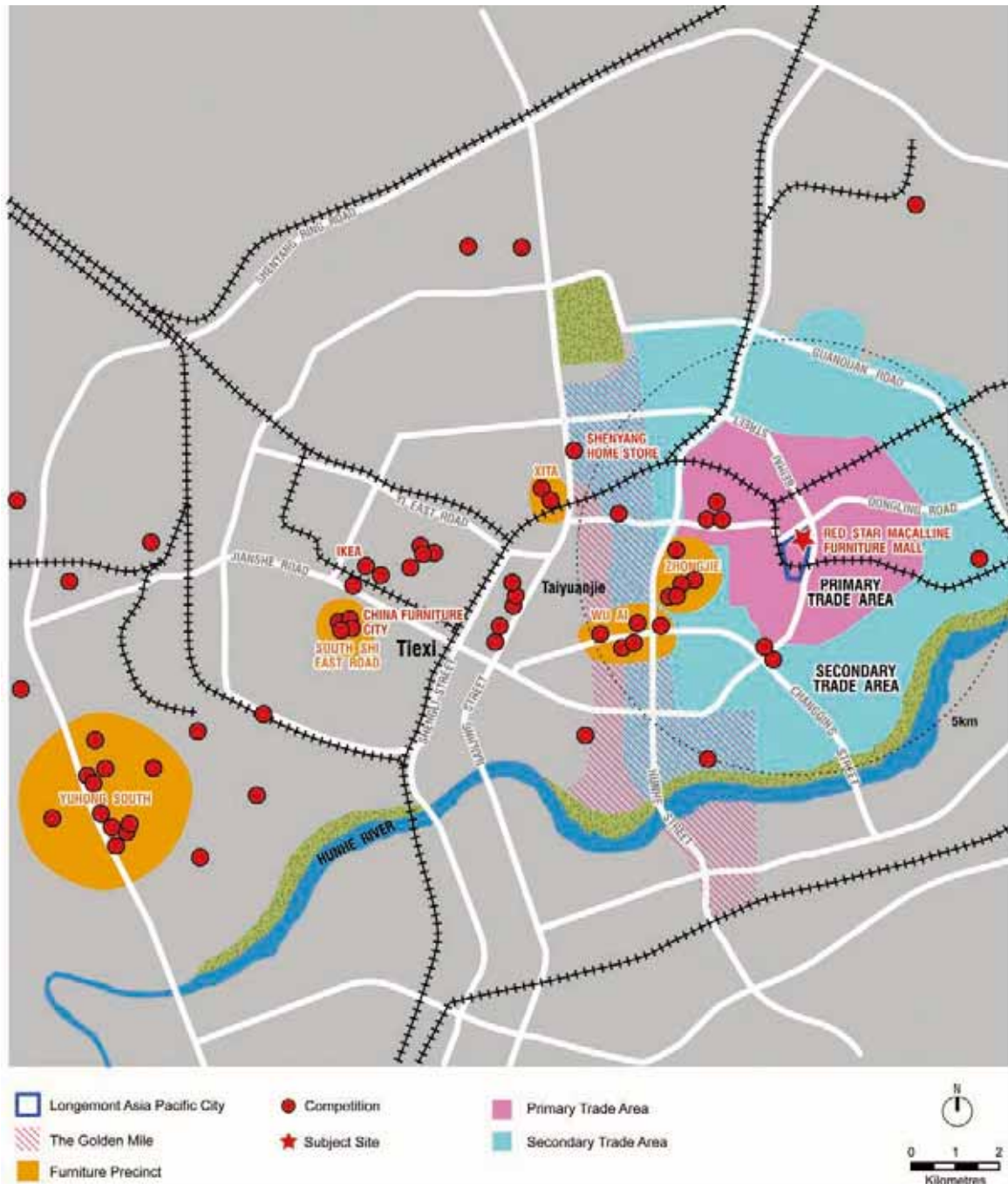
Population growth in the main trade area has averaged around 0.8% per annum since 2005. With the anticipated ongoing strong growth of the Shenyang economy and the significant amount of residential development occurring in the Shenyang inner city, the population growth rate is expected to continue through to 2014. Hence, the population of the main trade area is expected to increase from its current level of 1.51 million in 2009 to 1.58 million in 2014 at a growth rate of 0.9% per annum.

Urban residents of Shenyang generate an estimated retail expenditure per capita of RMB8,926 annually. The total primary sector retail market is estimated at RMB4.1 billion, while the main trade area retail market is estimated to be approximately RMB13.5 billion. The per capita expenditure is expected to continue its growth at just under 10.0% CAGR over the next few years, which will result in the primary sector retail market increasing to more than RMB6.9 billion and the main trade area retail market increasing to RMB22.7 billion by 2014.

As a major retail centre, and being part of a large commercial centre, Shenyang Red Star Macalline Furniture Mall is expected to draw customers from throughout the Shenyang urban region. This retail market is estimated to be worth approximately RMB32.1 billion in 2009 and is expected to grow to RMB54.2 billion in 2014 (representing a growth rate of 10.9% per annum).

(See Appendix F, “Independent China Retail Market Research Report”.)

Location Map of Shenyang Red Star Macalline Furniture Mall



Tenant Profile

As at 31 December 2010, Shenyang Red Star Macalline Furniture Mall had 815 tenants based on Committed Leases and Expected Leases, with 676 having signed leases and 76 having signed security deposit letters and 42 tenants who have yet to execute their leases but were operating out of their lease units or in the midst of renovating their units. 21 tenants are pending landlord's works to be completed before commencing renovations. The tenant profile of Shenyang Red Star Macalline Furniture Mall comprises a diversified and comprehensive range of furniture tenants.

All the leases are for a one-year term which makes Shenyang Red Star Macalline Furniture Mall well-positioned to benefit from possible rental escalation strategies by Red Star Macalline if these leases are renewed or if new tenants move in and sign new leases. The objective of having the one-year term leases is to provide Red Star Macalline with the opportunity to replace underperforming tenants and constantly reinforce and strengthen the tenancy mix which is part of Red Star Macalline's nation-wide strategy.

(See “ — Shenyang Red Star Macalline Furniture Mall Property Manager” above for details of Red Star Macalline's management strategy.)

The table below set out information on the 10 largest tenants of Shenyang Red Star Macalline Furniture Mall based on Committed Leases and Expected Leases as at 31 December 2010 by Gross Rental Income and NLA.

Tenant	Business sector	Expiry date	Percentage of total Gross Rental Income based on Committed Leases and Expected Leases as at 31 December 2010 (%)	Percentage of total NLA based on Committed Leases and Expected Leases as at 31 December 2010 (%)
菲林格尔	Home Furnishings — Ceiling Related Accessories	September 2011	0.90	0.87
圣象地板	Materials — Wooden Flooring	September 2011	0.79	0.75
马可波罗	Materials — Tiles	September 2011	0.72	0.69
南洋胡氏	Home Furnishings — Hardwood Furniture	September 2011	0.65	0.74
诺贝尔/塞尚印象	Materials — Tiles	September 2011	0.60	0.58
浪鲸/普乐美/法勒/贝加尔/箭牌	Home Furnishings — Bathroom Accessories	September 2011	0.56	0.54
楷模拿铁	Home Furnishings — Hardwood Furniture	September 2011	0.48	0.49
红苹果	Home Furnishings — Cabinets	September 2011	0.40	0.39
东鹏瓷砖/LD/蒙娜丽莎	Materials — Tiles	September 2011	0.39	0.37
顾家工艺	Home Furnishings	September 2011	0.38	0.37
10 largest tenants			5.87	5.79
Other tenants			94.13	94.21
Total			100.00	100.00

Competitor Analysis

There are a range of furniture shops and centres throughout Shenyang, such as Ikea, Shenyang Home Store and China Furniture City. However, with Shenyang Red Star Macalline Furniture Mall's large size, extensive range of tenants and products, strong location in terms of ease of access and exposure, the Trustee-Manager believes that it will become a key destination for shoppers looking for furniture, furnishing and other home-related products and services.

(See Appendix F, “Independent Market Review.”)

Shenyang Longemont — Shenyang Longemont Shopping Mall and Shenyang Longemont Offices

沈阳龙之梦 — 沈阳龙之梦购物中心与沈阳龙之梦写字楼



Note:

* The picture on this page is an artist's impression of Shenyang Longemont and may differ from the actual view of the completed Shenyang Longemont.

Description of Shenyang Longemont

Shenyang Longemont will comprise Shenyang Longemont Shopping Mall (沈阳龙之梦购物中心) and Shenyang Longemont Offices (沈阳龙之梦写字楼) and will be one of the focal points within Shenyang Longemont Asia Pacific City.

Shenyang Longemont Shopping Mall is a 10-level shopping mall under development which is expected to be completed in the second quarter of 2011 and commence operations in the third quarter of 2011. With an expected GFA of approximately 327,789 sq m¹, the mall is expected to be one of the largest integrated shopping malls in Shenyang upon its completion and a key component of Shenyang Longemont Asia Pacific City.

Shenyang Longemont Shopping Mall will provide an array of retail and entertainment choices, which include a large-scale indoor rooftop theme park of expected NLA of approximately 29,990 sq m, an indoor ice skating rink of expected NLA of approximately 5,777 sq m, a supermarket of expected NLA of approximately 20,000 sq m and one of the largest food plazas in Shenyang of expected NLA of approximately 2,200 sq m. The Summit Group has committed to lease the space for the indoor rooftop theme park, the indoor ice skating rink, the supermarket and some food and beverage outlets.

¹ The relevant GFA is based on architectural plans on which construction was based, and may differ from the actual GFA of Longemont Shopping Mall. The GFA will be finalised when the Building Ownership Certificate is issued.

Shenyang Longemont Shopping Mall is positioned as a one-stop mall with a diverse base of approximately 800 tenants. Each of the 10 levels is themed and will include a central core of retailers operating in a manner similar to that of a department store with a central cashiering system. Regular retail specialty shops have been planned to surround these quasi department stores.

The Trustee-Manager believes that Shenyang Longemont Shopping Mall will provide a holistic shopping experience to shoppers and their families as a significant amount of space within the mall has been dedicated towards purposes other than retail, such as leisure and entertainment purposes, distinguishing the mall from, and providing a competitive advantage over, other competing malls. The strong public transport access to the mall is expected to result in it being a focal point for local and regional residents as well as tourists visiting Shenyang. (See Appendix F, "Independent China Retail Market Research Report".)

The table below sets out a summary of selected information on Shenyang Longemont Shopping Mall:

Property⁽¹⁾	Shenyang Longemont Shopping Mall
Completion of acquisition and development	Construction is expected to be completed in the second quarter of 2011
Commencement of Operations	Expected to be third quarter 2011
Expiry of Land Use Rights	50 years, expiring 20 January 2059 and 40 years, expiring 20 January 2049 for the commercial component
Occupancy Rate as at 31 December 2010 (based on Committed Leases)	51.8%
Land Area (sq m)⁽²⁾	53,328.2
GFA (sq m)⁽³⁾	327,789
NLA (sq m)⁽³⁾	209,292
Number of tenancies as at 31 December 2010 (based on Committed Leases)⁽⁴⁾	185
Net Property Income (RMB million)⁽⁵⁾	Forecast Year 2011: RMB37.5 Projection Year 2012: RMB84.5
Valuation as at 31 December 2010 (RMB million)⁽⁶⁾	RMB1,725.0
Purchase Price (RMB million)⁽⁷⁾	1,523.0 ⁽⁸⁾

Notes:

- (1) Save for the Net Property Income, valuation and the purchase price which are reflected on the basis of PCRT's 50.0% stake, all information set out in this table assumes 100.0% of Shenyang Longemont Shopping Mall.
- (2) Includes both Shenyang Longemont Shopping Mall and Shenyang Longemont Offices as they share the same land title. This also includes part of a transportation hub adjacent to Shenyang Longemont Shopping Mall covering an area of 27,000 sq m (of which 12,000 sq m is within the land area of Shenyang Longemont Shopping Mall) although this transportation hub is not owned by PCRT.
- (3) The relevant GFA and NLA are based on architectural plans prepared by the relevant architects and on which construction was based for the completed buildings and the properties under development. These areas may differ from the actual GFA and NLA of the relevant completed Properties. The GFA and NLA will be finalised when the relevant Building Ownership Certificate is issued.
- (4) Based on committed tenants from pre-leasing and marketing for Shenyang Longemont Shopping Mall which commenced in January 2010.

- (5) The information is extracted from “Profit Forecast and Profit Projection” and is based on the various assumptions set out therein.
- (6) The basis of the valuation of Shenyang Longemont Shopping Mall is on an “as if complete and fully leased” based on current market conditions (see Appendix E, “Independent Property Valuation Summary Report”).
- (7) Shenyang Longemont Shopping Mall is acquired on a “completed” basis and the total purchase price set out in the relevant framework agreement is the “all-in” costs paid to the respective vendors and comprises the agreed land values and all construction and construction-related costs.
- (8) The total purchase price of the Shenyang Properties is computed based on the aggregate GFA of the Shenyang Properties, in accordance with the terms of the Shenyang Summit Co-operative Framework Agreement. The relevant GFA is based on architectural plans prepared by the relevant architects and, in the case of the completed buildings, on which construction was based. This GFA may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the relevant Building Ownership Certificate is issued.

Shenyang Longemont Offices comprise two quality 56-level office towers under development and are expected to commence operations in second quarter 2012. The two office towers will have a combined expected GFA of 197,803 sq m¹ and will be directly linked to Shenyang Longemont Shopping Mall.

Shenyang Longemont Offices offers the following benefits to its office tenants:

- **Connectivity**

Direct access to the transportation hub (through Shenyang Longemont Shopping Mall) that is directly serviced by two metro lines (Line 1 has commenced operations since October 2010 and Line 10 is expected to be operational in 2013) and a transit hub designed to support 56 bus lines which run both inter-city and intra-city.

- **Quality asset in the east of the Shenyang commercial hub**

The quality offices in Shenyang are mostly located in The Golden Corridor, while the Shenyang Longemont Offices are strategically located east of the Shenyang commercial hub where there is less competition for such offices.

- **Complementary co-usage of Shenyang Longemont Asia Pacific City**

Shenyang Longemont Offices is expected to be well complemented by other future development such as the hotels and the retail developments within the Shenyang Longemont Asia Pacific City.

In addition, the municipal government has plans to make Shenyang the financial centre of north-eastern China and has been promoting the development of office space in anticipation of future demand arising from the successful implementation of its financial centre development plans.

The table below sets out a summary of selected information on Shenyang Longemont Offices

Property⁽¹⁾	Shenyang Longemont Offices
Completion of acquisition and development	Construction is expected to be completed in the fourth quarter of 2011
Commencement of Operations	Expected to be second quarter 2012
Expiry of Land Use Rights	50 years, expiring 20 January 2059 40 years, expiring 20 January 2049 for the commercial component
Land Area (sq m)⁽²⁾	53,328.2

¹ The relevant GFA is based on architectural plans on which construction was based, and may differ from the actual GFA of Longemont Offices. The GFA will be finalised when the Building Ownership Certificate is issued.

GFA (sq m)⁽³⁾	197,803
NLA (sq m)⁽³⁾	177,590
Net Property Income (RMB million)⁽⁴⁾	Forecast Year 2011: Not applicable Projection Year 2012: 29.1
Valuation as at 31 December 2010 (RMB million)⁽⁵⁾	RMB1,077.0
Purchase Price (RMB million)⁽⁶⁾	919.0 ⁽⁷⁾

Notes:

- (1) Save for the Net Property Income, valuation and the purchase price which are reflected on the basis of PCRT's 50.0% stake, all information set out in this table assumes 100.0% of Shenyang Longemont Offices.
- (2) Includes both Shenyang Longemont Shopping Mall and Shenyang Longemont Offices as they share the same land title. This also includes part of a transportation hub adjacent to Shenyang Longemont Shopping Mall covering an area of 27,000 sq m (of which 12,000 sq m is within the land area of Shenyang Longemont Shopping Mall) although this transportation hub is not owned by PCRT.
- (3) The relevant GFA and NLA are based on architectural plans prepared by the relevant architects and on which construction was based for the completed buildings and the properties under development. These areas may differ from the actual GFA and NLA of the relevant completed Properties. The GFA and NLA will be finalised when the relevant Building Ownership Certificate is issued.
- (4) The information is extracted from "Profit Forecast and Profit Projection" and is based on the various assumptions set out therein.
- (5) The basis of the valuation of Shenyang Longemont Offices, is on an "as if complete and fully leased" based on current market conditions (see Appendix E, "Independent Property Valuation Summary Report").
- (6) Shenyang Longemont Offices is acquired on a "completed" basis and the total purchase price set out in the relevant framework agreement is the "all-in" costs paid to the respective vendors and comprises the agreed land values and all construction and construction-related costs.
- (7) The total purchase price of the Shenyang Properties is computed based on the aggregate GFA of the Shenyang Properties, in accordance with the terms of the Shenyang Summit Co-operative Framework Agreement. The relevant GFA is based on architectural plans prepared by the relevant architects and, in the case of the completed buildings, on which construction was based. This GFA may differ from the actual GFA of the relevant completed Properties. The GFA will be finalised when the relevant Building Ownership Certificate is issued.

Shenyang Longemont will be managed by an EJV to be named Perennial-Summit (Shenyang) Property Management Co., Ltd, which will be a 51-49 joint venture between the Sponsor and the Summit Group.

(See "Certain Agreements relating to Perennial China Retail Trust and the Properties".)

Location and Trade Area Analysis

Located within Shenyang Longemont Asia Pacific City, Shenyang Longemont is well poised to benefit from the strong public transport access.

(See "Business and Properties — Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont — Shenyang Longemont Asia Pacific City" for details of the accessibility of Shenyang Longemont Asia Pacific City.)

There is currently a total of 2,934,700 sq m of mid-to-high-end retail stock in Shenyang. Currently, most of the established and good quality large-scale shopping centres in the urban area achieve an occupancy rate of 95.0% to 100.0%. Vacancy is expected to be concentrated in the poorer quality centres, with tenants choosing to locate in the best shopping centres at the best locations.

The supply in shopping centre floor space is growing strongly, responding to an economy that is growing and continued population growth in the city. A total of 1.61 million sq m of GFA of retail space is expected to be completed over the next two years. Such strong growth in supply is expected to result in increased market competition, with the weaker shopping centres (in terms of quality, offer and location) likely to feel the most pressure on occupancy and rents. Given the expectation for continued strong economic growth and growth in personal incomes, the Independent Market Research Consultant believes that the impact of any “oversupply” is likely to be reasonably short, with the market adjusting over the following couple of years. The Independent Market Research Consultant expects that the majority of the impact will be felt by poorer centres who fail to sustain their competitive position and that strong, highly competitive centres should still be in a position to sustain high levels of occupancy.

The successful establishment of Shenyang Longemont Asia Pacific City as a vibrant destination for workers, shoppers and tourists will help support the ongoing performance of the Shenyang Longemont Shopping Mall. The Independent Market Research Consultant believes that this, coupled with the competitive advantages the shopping mall will have in terms of scale, road and public transport access, should allow the shopping mall to perform relatively well over the longer term.

(See Appendix F, “Independent China Retail Market Research Report”.)

Shenyang Longemont Offices and Shenyang Longemont Shopping Mall are expected to complement each other. The Shenyang Longemont Offices will provide a natural catchment of shoppers for Shenyang Longemont Shopping Mall, while the mall will provide the office towers with easy access to amenities and services that are generally attractive to office tenants. The direct link from Shenyang Longemont Offices to Shenyang Longemont Shopping Mall will serve to strengthen their complementary relationship.

There are currently 18 Grade ‘A’ office buildings in Shenyang, with total GFA of approximately 803,410 sq m. The new supply of the Shenyang Longemont Offices will be equivalent to about 25.0% of the existing Grade ‘A’ office stock. However as the market continues to grow and mature, other stock will also come on-line over the next couple of years. On completion, the Shenyang Longemont Offices are likely to make up a smaller proportion of the market.

Shenyang citywide Grade ‘A’ office occupancy rates registered at 84.9% and 84.5% in 2008 and 2009, respectively. At the end of the third quarter of 2010, occupancy rates had improved to 87.0%. A peak period of new office supply is expected in 2011 to 2012 when more than 350,000 sq m of Grade ‘A’ office space could be released into the market.

The impact of the new supply is likely to result in lower occupancy rates. While the actual outcome will be driven by the actual level of supply, it is estimated that occupancy could decline to around 81% in 2012.

The impact on individual developments will be different depending on their location and quality, with vacancy likely to be concentrated in the poorer quality buildings and locations. The Shenyang Longemont Offices will benefit from being newly built to a high standard, having strong access from road and rail, and being part of what is expected to be a vibrant commercial zone. Over the long term, the Independent Market Research Consultant believes that the successful establishment of Shenyang Longemont Asia Pacific City as a vibrant and easily accessible commercial centre should help support high levels of occupancy.

There are a number of office developments in the pipeline, with the market responding to strong economic growth and improving occupancy rates. However some of these developments are only being mooted, and are unlikely to go ahead. The Independent Market Research Consultant's best estimate of total Grade 'A' office stock is as follows:

Year	Total Stock (sq m)
2009	540,062
2010	803,410
2011	978,410
2012	1,118,410

(See Appendix F, "Independent China Retail Market Research Report".)

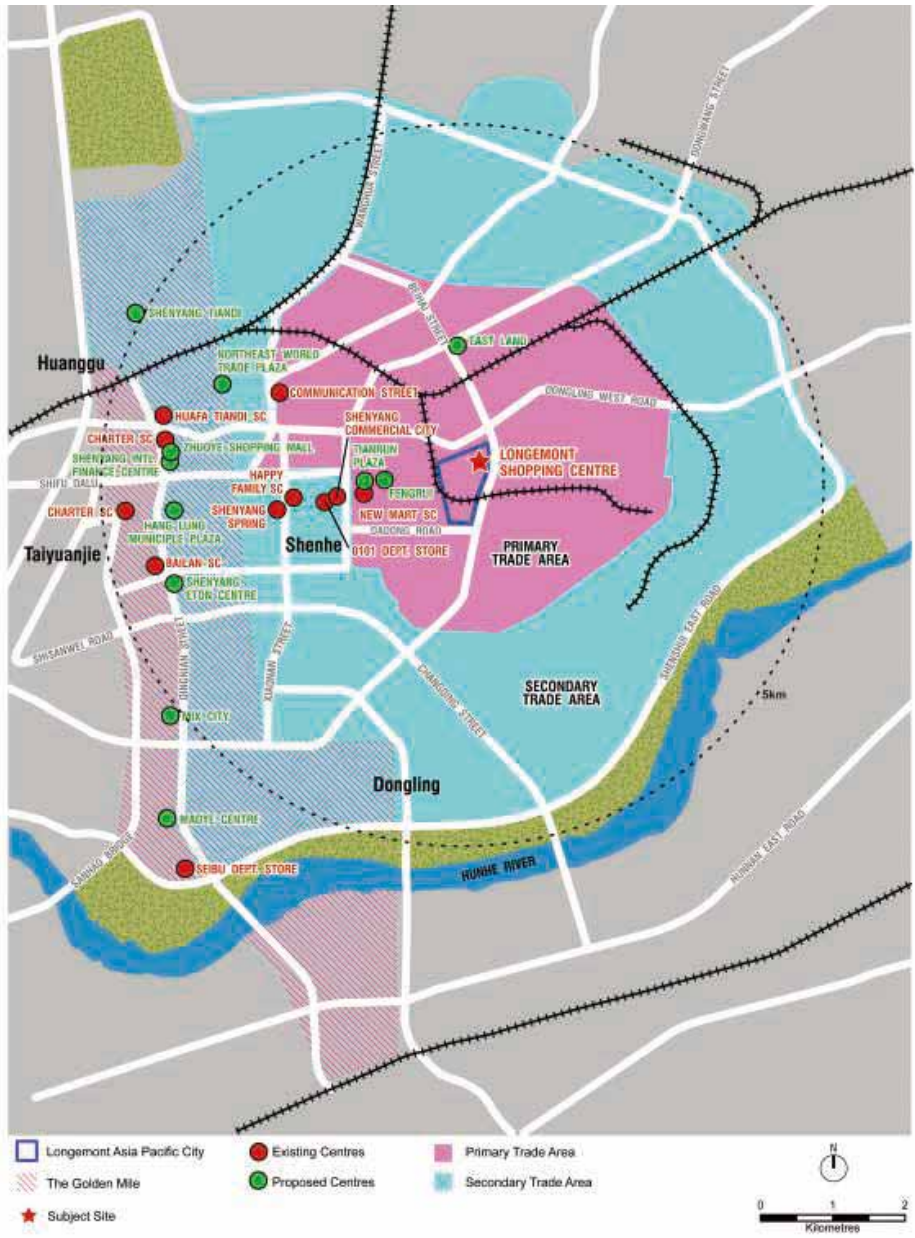
Shenyang Longemont Asia Pacific City will enjoy strong public transport access as it will be directly serviced by two metro lines (Line 1 has commenced operations since October 2010 and Line 10 is expected to be operational in 2013) and a transit hub designed to support 56 bus lines which run both inter-city and intra-city. Both metro lines and the transit hub will connect directly to the basement of Shenyang Longemont Shopping Mall.

(See Appendix F, "Independent China Retail Market Research Report".)

The Trustee-Manager believes that due to the scale and location of the Shenyang Longemont Shopping Mall, it is expected to have a very broad appeal throughout the whole of urban Shenyang.

(See "Business and Properties — Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont — Shenyang Red Star Macalline Furniture Mall — Location and Trade Area Analysis" for details of the catchment population.)

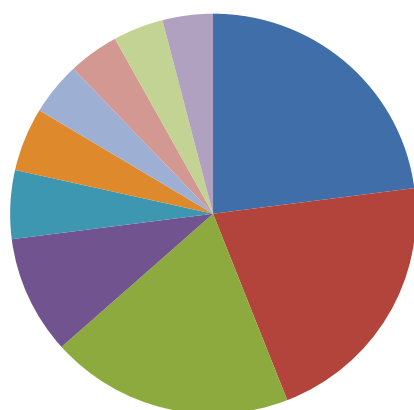
Location Map of Shenyang Longemont



Tenant Profile

As at 31 December 2010, based on Committed Leases, Shenyang Longemont Shopping Mall has 185 tenants and 51.8% of the total NLA has been committed, with 30.7% of the total NLA committed by entities within the Summit Group. Based on the leasing plans of the Perennial-Summit Development and Property Manager, the indicative trade sector analysis of Longemont Shopping Mall is as follows:

Longemont Shopping Mall Indicative Trade Sector Analysis (by NLA)



Trade sub sector	Contribution %
Food & Beverage / Food Court	22.9%
Leisure & Entertainment	21.1%
Fashion & Related	19.4%
Supermarket / Hypermarket	9.6%
Services	5.6%
Specialty	5.1%
Education / School	4.2%
Home Furnishing	4.1%
Sports & Fitness	4.0%
Children	4.0%

Leasing Status as at 31 December 2010	% of NLA
Committed Leases ⁽¹⁾	51.8%
Pending return of tenancy agreements from tenants	4.8%
Pending issue of tenancy agreements to tenants	17.9%
Total	74.5%

Note:

(1) Includes the four leases taken up by the Shanghai Summit (Group) relating to the 29,990 sq m indoor rooftop theme park, the 20,000 sq m supermarket, the 5,777 sq m ice skating rink and the 8,393 sq m food and beverage outlets.

No lease agreements or letters of offer have been signed in respect of Shenyang Longemont Offices, which are expected to complete construction in end 2011.

Competitor Analysis

As Shenyang Longemont Shopping Mall is likely to draw shoppers not just from its immediate trade area but also from the rest of Shenyang, it is expected to compete to some degree with all major shopping malls throughout the city including within Shenyang Longemont Asia Pacific City. However, the Trustee-Manager is of the opinion that with its size, amenities (such as the entertainment options within the mall), ease of access and complementary offerings from other components of the large scale integrated development, Shenyang Longemont Asia Pacific City, the mall will be a strong draw to shoppers and will remain attractive and relevant, even if other competing malls were to open in the future.

Shenyang Longemont Offices is also expected to compete with an office and hotel tower within Shenyang Longemont Asia Pacific City, which is expected to be completed in 2015 and approximately 430 metres tall with 100 levels above ground and three basement levels. However, the Trustee-Manager believes that being part of the larger Shenyang Longemont Asia Pacific City with strong public transport network will provide Shenyang Longemont Offices with a competitive advantage over many other developments.

(See Appendix F, "Independent China Retail Market Research Report".)

FOSHAN YICUI SHIJIA SHOPPING MALL

佛山怡翠世嘉商场

Address: No. 45 Guilan South Road, Nanhai District, Foshan, Guangdong Province



Note:

* The pictures on this page are artist's impressions of Foshan Yicui Shijia and may differ from the actual view of the completed Foshan Yicui Shijia Shopping Mall.

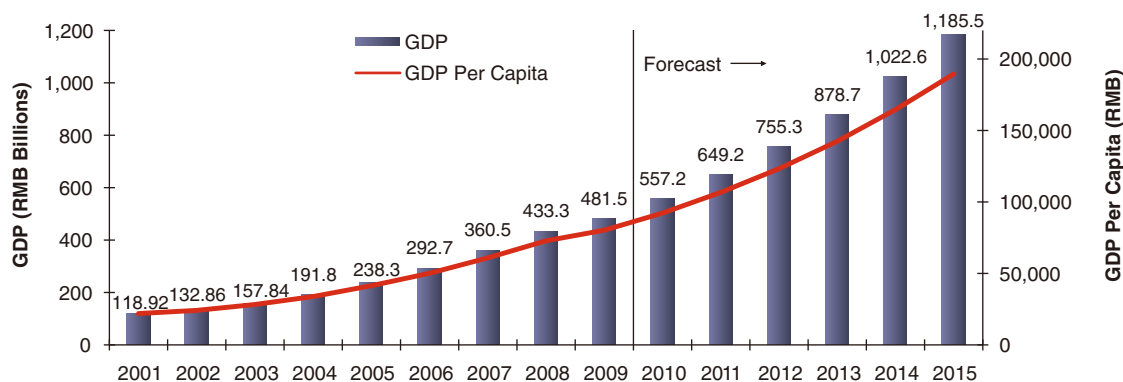
The following information about Foshan and China were extracted from Appendix F, the "Independent China Retail Market Research Report" prepared by the Independent Market Research Consultant.

Foshan Profile

Foshan is located in the heart of the Pearl River Delta region in Guangdong province, and is in close proximity to its provincial capital, Guangzhou. The two cities signed a series of agreements in 2009 to tighten and formalise integration in the areas of transport infrastructure, urban planning, industrial cooperation and environmental protection. Being in such close proximity, Foshan shares a number of important transportation resources with Guangzhou. Its new metro system is now directly linked to Guangzhou's existing metro system via the recently-opened Guangzhou-Foshan inter-city metro line. Foshan is a one-hour drive away from Guangzhou's major transportation nodes, including the New Baiyun Airport, Nansha Seaport and the Guangzhou Railway Station. It is approximately two hours by road to Hong Kong and Macau.

Foshan has a registered population of 3.7 million with an additional transient population of approximately 2.3 million as at the end of 2009. It is a major industrial centre and the largest producer of household appliances in China. The real GDP growth of Foshan averaged almost 15.0% per annum from 2001 to 2005 and on current trends will have averaged more than 16.0% per annum from 2006 to 2010, outpacing the national average of 10.1% per annum as a whole. GDP per capita in Foshan is estimated to have almost quadrupled between 2001 and 2009, from RMB21,941 to RMB80,250.

Foshan Nominal GDP and GDP Per Capita, 2001-2015



Source: Foshan Municipal Bureau of Statistics, Urbis

Retail sales have quadrupled from 2001 to 2009, and grew 18.5% year-on-year in the first seven months of 2010, based on government statistics. Urban disposable income per capita in 2009, estimated at RMB24,300, which was comparable to Guangzhou (RMB27,610) and Beijing (RMB26,738). With strong growth in both population and urban disposable income per capita, Foshan retail sales are expected to continue its upward trend.

(See Appendix F, “Independent China Retail Market Research Report”.)

Description of Foshan Yicui Shijia Shopping Mall

Foshan Yicui Shijia Shopping Mall (佛山怡翠世嘉商场) is a development project which will be part of an integrated development in Foshan city (佛山市) by Nanhai Nenking (Holdings) Group Co., Ltd. (南海能兴(控股)集团有限公司). The mall is expected to comprise GFA of approximately 68,833 sq m¹.

The integrated development which spans a land area of approximately 92,890 sq m will have total GFA of approximately 383,815 sq m and will comprise Foshan Yicui Shijia Shopping Mall, 16 high-rise residential towers of which all but two are at least 32 levels tall, a three-level kindergarten, underground car parks and amenities. The development will be completed in four phases, with the shopping mall to be built in the final phase. Once the first three phases are complete, all 16 high-rise residential towers will be complete, providing a ready shopper catchment when the shopping mall opens in the third quarter of 2013.

The mall will comprise two basement levels and three levels above ground, with the retail levels spanning basement one to level three and the car parks on basement two. There will be 600 basement car park lots and at least 230 surface car park lots. The major tenants include a large supermarket, a cineplex, retail shops and approximately 200 specialty shops. The mall will offer retail, food and beverage, services and entertainment to cater to the needs of the residents in the vicinity.

¹ The relevant GFA is based on architectural plans on which construction was based, and may differ from the actual GFA of the completed mall. The GFA will be finalised when the Building Ownership Certificate is issued.

The table below sets out a summary of selected information on Foshan Yicui Shijia Shopping Mall:

Property	Foshan Yicui Shijia Shopping Mall
Completion of acquisition and development	Pre-sale Agreement expected to be entered into in the third quarter of 2012 Construction is expected to be completed in the first quarter of 2013
Commencement of Operations	Expected to be third quarter 2013
Expiry of Land Use Rights	40 years, expiring 20 May 2049
Land Area (sq m)	34,412
GFA (sq m)⁽¹⁾	68,833
NLA (sq m)⁽¹⁾	47,410
Car Park Lots⁽¹⁾	600 in the basement, 230 above ground
Valuation as at 31 December 2010 (RMB million)⁽²⁾	RMB795.0
Purchase Price (RMB million)⁽³⁾	RMB586.5

Notes:

- (1) The relevant GFA, NLA and information on the car park lots are based on architectural plans prepared by the relevant architects and on which construction was based for the properties under development. These areas may differ from the actual GFA, NLA and information on the car park lots of the relevant completed Properties. The GFA and information on the car park lots will be finalised when the relevant Building Ownership Certificate is issued.
- (2) The basis of the valuation of Foshan Yicui Shijia Shopping Mall is on a “as if complete and fully leased” based on current market conditions (See Appendix E, “Independent Property Valuation Summary Report”).
- (3) Foshan Yicui Shijia Shopping Mall is acquired on an “completed” basis and the total purchase price set out in the relevant framework agreement is the “all-in” costs paid to the respective vendors and comprises the agreed land values and all construction and construction-related costs.

Location and Trade Area Analysis

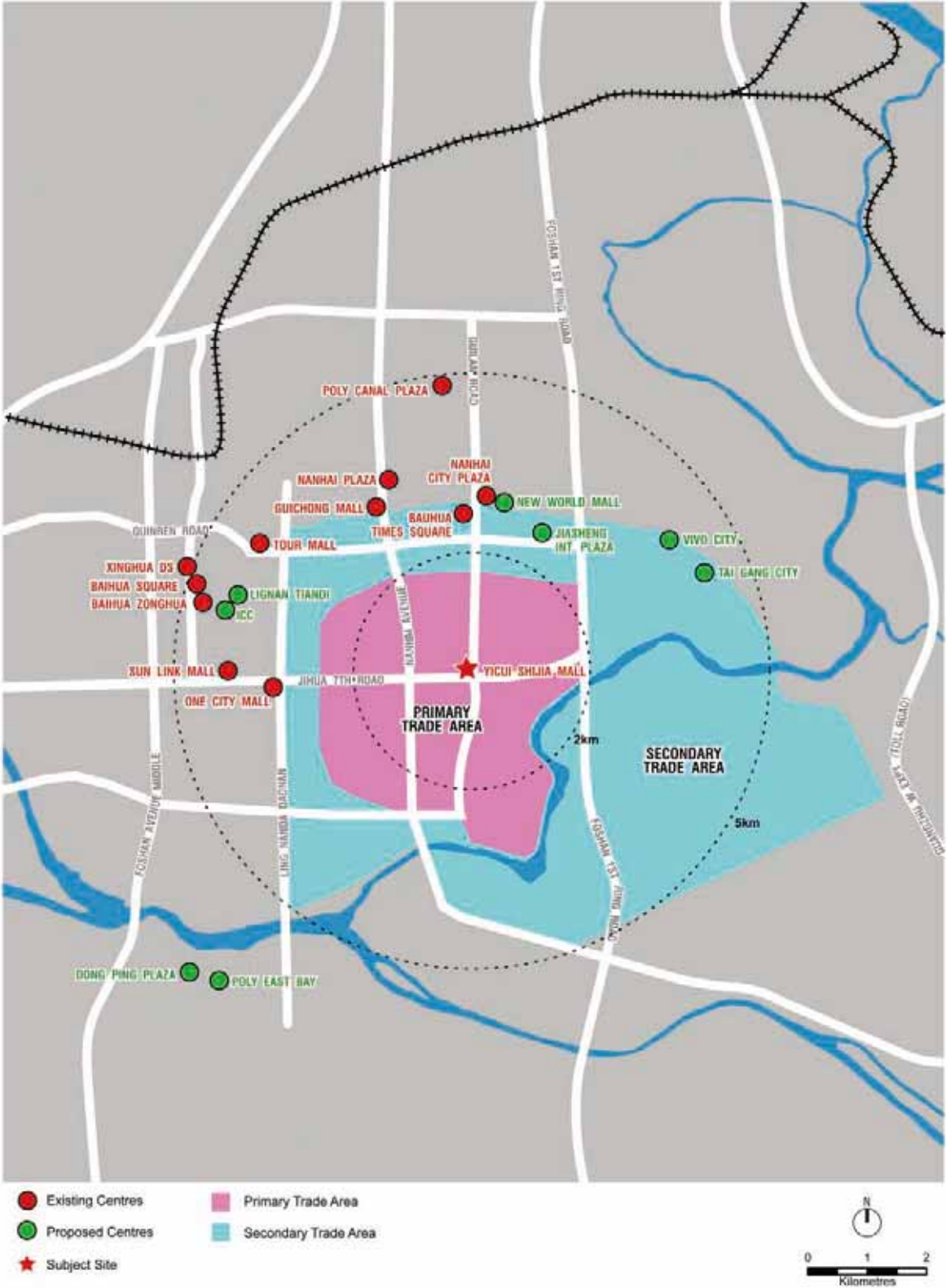
Foshan Yicui Shijia Shopping Mall will be located at the intersection of Guilan Road and Jihua Road in the Nanhai District of Foshan. Jihua Road is the major east-west traffic artery for Foshan and the main Central Business District (“**CBD**”) area is located some four km to the west in Chancheng. The mall will also be easily accessible from the north and southern areas of Foshan with Jihua Road intersecting with the First Ring Road some two km to the east. The mall will be well served by public transport, being expected to be directly connected to the metro station¹, served by Line 6 and is in close proximity to bus lines.

The mall is located in Nanhai District, which is a key affluent district in Foshan City. The main trade area population is 408,000 people (within seven km of the mall). The estimated population growth over the last five years for this trade area has been 1.5% per annum. Average incomes for the trade area residents are above the urban average for Foshan. Total retail spending by these residents is estimated to grow from RMB4.7 billion in 2009 to RMB8.0 billion in 2014, representing a growth rate of 11.3% per annum.

(See Appendix F, “Independent China Retail Market Research Report”).

¹ Based on the latest government plans showing the location and accessibility of the metro station, but subject to changes by the authorities.

Location Map of Foshan Yicui Shijia Shopping Mall



Competitor Analysis

There are no competing malls within its primary trade area of two km. As the mall is positioned to primarily serve the residential catchment within its immediate vicinity, the Trustee-Manager believes that Foshan Yicui Shijia Shopping Mall will not face significant competition from other malls.

CHENGDU QINGYANG GUANGHUA SHOPPING MALL

成都青羊光华商场

Address: Guanghua Avenue, Qingyang District, Chengdu, Sichuan Province



Note:

- * The picture on this page is an artist's impression of Chengdu Qingyang Guanghua Shopping Mall and may differ from the actual view of the completed Chengdu Qingyang Guanghua Shopping Mall.

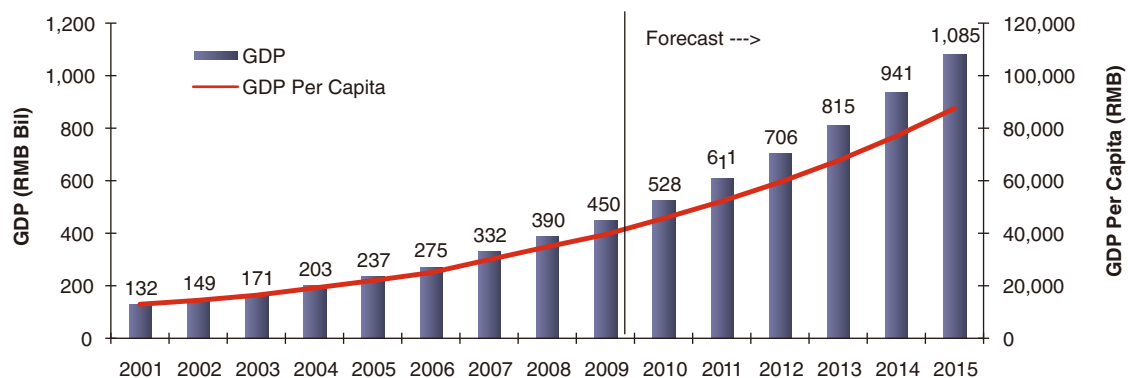
The following information about Chengdu and China were extracted from Appendix F, the "Independent China Retail Market Research Report" prepared by the Independent Market Research Consultant.

Chengdu Profile

Chengdu is the capital of Sichuan province and the largest city in southwest China. Strategically located between east and west China, it is a major railway junction with a new high-speed train connection to Chongqing. Chengdu is also the terminal for a number of inter-city highways, including major routes to Chongqing and Xi'an. The city is served by Chengdu Shuangliu International Airport, which is one of the busiest in China.

Chengdu's population reached 11.4 million in 2009, with an estimated 4.8 million people living in urban areas. Besides being an important tourist destination with its popular historical sites, Chengdu is also a major manufacturing, electronics and information technology centre, attracting a substantial inflow of foreign investment amounting to US\$2.8 billion in 2009. Its real GDP growth outpaced the national average over the last decade from 2001-2009 at a growth rate of 13.5% per annum compared to the national average of 10.1% per annum. The size of its economy is expected to double in nominal terms with a GDP per capita of RMB87,536 by 2015.

Chengdu Nominal GDP and GDP Per Capita, 2001-2015



Source: Chengdu Statistical Bureau, Urbis

Chengdu retail sales grew at an annual rate of 13.3% between 2001 to 2009, reaching RMB85.4 billion in 2009. This is driven by the rising disposable income per capita which grew at an annual average rate of 10.9% per annum, continued urban population growth at about 3.0% per annum and increasing tourist visits. Retail sales are expected to more than double to RMB191.2 billion by 2015.

(See Appendix F, “Independent China Retail Market Research Report”).

Description of Chengdu Qingyang Guanghua Shopping Mall

Chengdu Qingyang Guanghua Shopping Mall is a development project located in Chengdu with an expected GFA of approximately 90,000 sq m. This will comprise two basement levels and three levels above ground, with the retail levels spanning basement one to level three and the car park on basement two with about 728 parking spaces. It will be part of a large mixed development which will include a five-star hotel, an office block and SOHOs.

The mall will have good street frontage and is located in a park-like setting with the five-star hotel, office block and SOHO units located around the periphery. The entire mixed development will have a futuristic appearance and is expected to look distinctive from the other buildings in the vicinity, many of which are dense residential estates. Chengdu Qingyang Guanghua Shopping Mall will be a one-stop shop offering food and beverage, fashion, department store, supermarket, services and entertainment options. The tenants are likely to include a large supermarket on basement one, a cineplex and smaller retail shops on levels one to three, and approximately 280 specialty shops and food and beverage units.

The table below sets out a summary of selected information on Chengdu Qingyang Guanghua Shopping Mall.

Property	Chengdu Qingyang Guanghua Shopping Mall
Completion of acquisition and development	Real Estate Project Transfer Agreement is expected to be entered into in the second quarter of 2012 Construction is expected to be completed in the fourth quarter of 2013
Commencement of Operations	Expected to be the second quarter of 2014
Expiry of Land Use Rights	40 years, expiring 19 January 2050
Land Area (sq m)	52,823.0

GFA (sq m)⁽¹⁾	90,000
NLA (sq m)⁽¹⁾	58,500
Car Park Lots⁽¹⁾	728
Valuation as at 31 December 2010 (RMB million)⁽²⁾	RMB849.0
Total Project Costs (RMB million)⁽³⁾	RMB657.0

Notes:

- (1) The relevant GFA, NLA and information on the car park lots are based on architectural plans prepared by the relevant architects, and on which construction was based for the properties under development. These areas may differ from the actual GFA, NLA and information on the car park lots of the relevant completed Properties. The GFA and information on the car park lots will be finalised when the relevant Building Ownership Certificate is issued.
- (2) The basis of the valuation of Chengdu Qingyang Guanghua Shopping Mall is on an “as if complete and fully leased” based on current market conditions (See Appendix E, “Independent Property Valuation Summary Report”).
- (3) Chengdu Qingyang Guanghua Shopping Mall will be acquired on a “work-in-progress” basis and the total project costs comprise the agreed land value and all estimated construction and construction-related costs but exclude the development management fees payable to Perennial (Shanghai) Retail Management Co., Ltd in its capacity as the Perennial Development and Property Manager.

Location and Trade Area Analysis

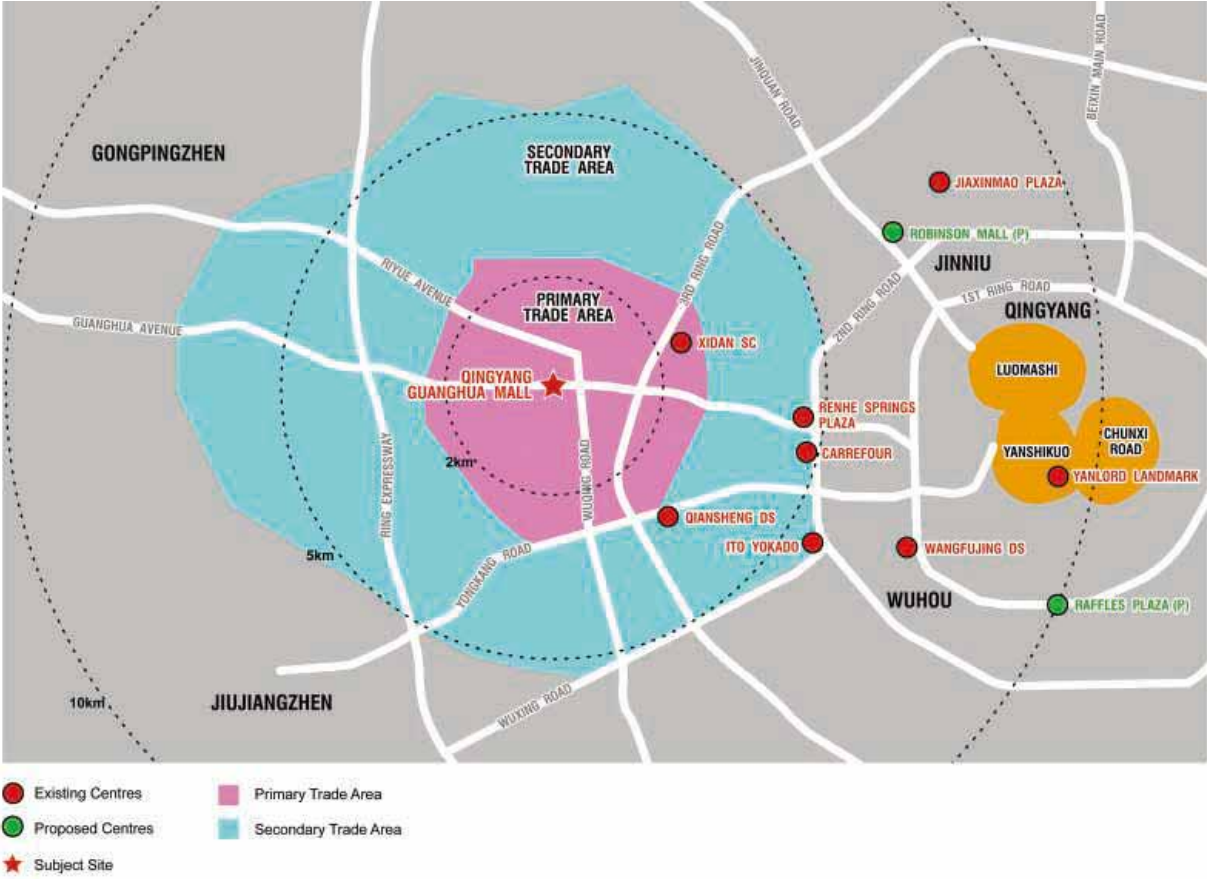
Chengdu Qingyang Guanghua Shopping Mall will be located along Guanghua Avenue, approximately one km to the west of the Third Ring Road and nine km to the west of the Chengdu CBD.

The mall will be located in close proximity to the metro station and is expected to be connected to it via an underground retail link. The mall is expected to benefit from the growing number of residential developments within its primary trade which are expected to provide Chengdu Qingyang Guanghua Shopping Mall with a strong local catchment.

The main trade area population is approximately 641,000 people (within seven km of the mall). This area is experiencing a considerable amount of new residential development and population is forecast to grow at 2.1% per annum. Residents within the immediate primary trade area of two km are predominantly locals earning above average income, with an estimated average annual retail spend per capita about 25.0% above the overall Chengdu urban average. The total retail spending by the main trade area residents is estimated to grow at a CAGR of 12.6%.

(See Appendix F, “Independent China Retail Market Research Report”.)

Location Map of Chengdu Qingyang Guanghua Shopping Mall



Competitor Analysis

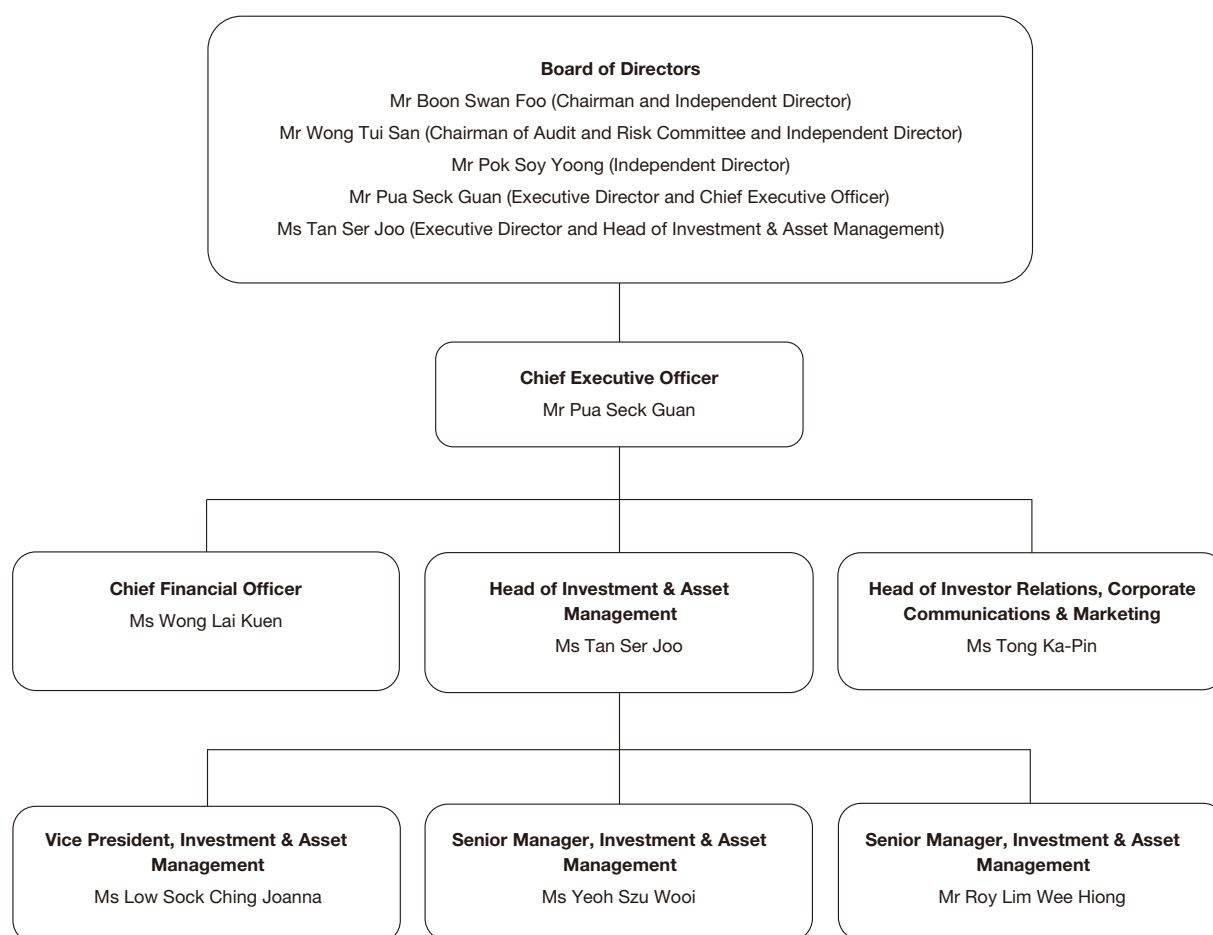
The mall will have limited competition from within its main trade area. There may be new retail spaces located nearby in the future, but these are expected to be dispersed and not positioned as one-stop shopping destinations. There are a few malls located primarily to the East, but these are at the periphery of the mall’s main trade area. As such, the Trustee-Manager does not expect the Chengdu Qingyang Shopping Mall to face significant competition.

THE TRUSTEE-MANAGER

THE TRUSTEE-MANAGER OF PCRT

The Trustee-Manager, Perennial China Retail Trust Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 19 November 2010. It has an issued and paid-up share capital of S\$100,000. Its registered office is located at 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore 038986, and its telephone and facsimile numbers are +65 6602 6800 and +65 6602 6801, respectively. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. Mr Pua Seck Guan in turn owns 100.0% of the total issued share capital of the Sponsor. On the Listing Date, the issued and paid-up share capital of the Trustee-Manager will be increased to S\$130,000, with the Sponsor, Ace Best (which is part of the Nan Fung Group) and Asdew, a privately-owned Singapore investment company owning 78.0%, 12.0% and 10.0% of the total issued and paid-up share capital of the Trustee-Manager, respectively.

Management Reporting Structure of the Trustee-Manager



Board of Directors of the Trustee-Manager

The Board is entrusted with the responsibility for the overall management of the Trustee-Manager, and comprises five Directors. The following table sets forth information regarding the Directors:

Name	Age	Address	Position
Mr Boon Swan Foo	55	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Chairman, Independent Director and member of the Audit and Risk Committee ²
Mr Wong Tui San	68	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Independent Director and Chairman of the Audit and Risk Committee
Mr Pok Soy Yoong	57	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Independent Director and member of the Audit and Risk Committee
Mr Pua Seck Guan	47	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Executive Director and Chief Executive Officer
Ms Tan Ser Joo	43	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Executive Director and Head of Investment & Asset Management

Each of the directors of the Trustee-Manager has served as a director of a public-listed company and/or director of a manager of a public-listed trust, save for Mr Wong Tui San and Ms Tan Ser Joo, for whom appropriate arrangements have been made to orientate each of them in acting as a director of the manager of a public-listed trust. The Board collectively has the appropriate experience to act as the directors of the Trustee-Manager and is familiar with the rules and responsibilities of a director of a public-listed company and/or manager of a public-listed trust.

As at the Latest Practicable Date, none of the Directors has any family relationship with one another, with any Executive Officers, with any employee of the Trustee-Manager upon whose work PCRT is dependent, with any substantial shareholder of the Trustee-Manager or with any person expected to be a Substantial Unitholder¹ as at the Listing Date.

Experience and Expertise of the Board of Directors

Information on the business and working experience of the Directors is set out below:

Mr Boon Swan Foo is the Chairman and an Independent Director of the Trustee-Manager as well as a member of the Audit and Risk Committee. Mr Boon Swan Foo is also currently Chairman of Global Investments Limited, a mutual fund company domiciled in Bermuda and listed on the SGX-ST, and Chairman of ST Asset Management Ltd. He serves on the board of China-Singapore Suzhou Industrial Park Devt Co Ltd, Shin Corporation Plc, a telecommunications and satellite company listed on the Stock Exchange of Thailand and MIH Holdings (S Africa). Mr Boon is a Senior Advisor to Temasek Holdings (Private) Limited and an Advisor to Singapore Technologies Engineering Ltd. He is a board member of the following Temasek-related corporations: Singbridge International Singapore Pte. Ltd., Aspen Holdings Ltd and Cypress Holdings Ltd.

¹ "Substantial Unitholders" refers to any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue.

² "Audit and Risk Committee" refers to the audit and risk committee of the Trustee-Manager comprising Mr Wong Tui San, Mr Boon Swan Foo and Mr Pok Soy Yoong.

Mr Boon was previously the Managing Director of the Agency for Science, Technology and Research (A*STAR) and concurrently Executive Chairman of Exploit Technologies Private Limited. Prior to this, he was the Deputy Chairman and CEO of Singapore Technologies Engineering Ltd (ST Engineering) as well as concurrently the Chief Financial Officer, and Board and ExCo Member of Singapore Technologies Pte Ltd - the parent company of the Singapore Technologies group of companies.

Mr Boon has also in the past served on the boards of various companies. He was Chairman of both Singapore Changi Airport Enterprise Pte Ltd and Changi Airport Managers & Partners (Singapore) Pte Ltd, Deputy Chairman of Orangestar Investment Holdings Pte Ltd, a holding company that operates two low cost carriers — Jetstar Asia and Valuair, and Director of Vertex Venture Holdings Ltd, a venture capital company. He was also Chairman of the Audit Committee of NTUC Income Insurance Cooperative Limited; Deputy Chairman and Chairman of the Executive Committee of Singapore Computer Systems Limited and Director of Neptune Orient Lines.

In addition, Mr Boon was an advisor to the following institutions in various capacities: Member, Dean's Council of Harvard's Kennedy School of Government, U.S.A., Member of Motorola Inc Research Visionary Board, U.S.A., Member of Commercialisation of Imperial College (UK) Advisory Board, U.K. and Member of Advisory Panel of the Advanced Institute of Science & Technology, Japan. Mr Boon also held an Adjunct Professorship at the Faculty of Engineering of the National University of Singapore and was awarded an Honorary Doctorate by the University of Bradford, U.K.

Mr Boon is a member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Chartered Association of Certified Accountant (UK)-ACCA. He holds an MBA from the National University of Singapore, and has completed Harvard's Advanced Management Program. Presently, he holds an Adjunct Professorship at the Nanyang Technological University. Mr Boon was awarded the Singapore Business Award for Outstanding CEO in 2000, one of Singapore's most prestigious business awards.

Mr Wong Tui San is the Chairman of the Audit and Risk Committee and an Independent Director of the Trustee-Manager.

Mr Wong has over 40 years of experience in auditing and corporate business advisory services.

He joined Ernst & Young Singapore in 1967, became an audit partner in 1976 and headed the firm's Corporate Advisory Services practice for over 15 years till his retirement in 1998. After this time, the main areas of his professional work have been the provision of litigation support services in accounting and auditing matters as well as rendering business valuation advisory services to various parties and organisations.

He was a director on the National Library Board.

Mr Wong graduated from the University of Singapore with a Bachelor of Accountancy degree in 1968 and is currently a non-practicing member of the Institute of Certified Public Accountants of Singapore.

Mr Pok Soy Yoong is an Independent Director of the Trustee-Manager and a member of the Audit and Risk Committee.

Mr Pok joined Ernst & Young in 1988 and was the Head of Tax when he retired from professional practice on 31 December 2008. As the Head of Tax, he was responsible for managing the entire taxation practice. He had also from 1 July 2002 until his retirement served as a member of the management committee of Ernst & Young Singapore. He also served as the Chief Operating Officer of the Ernst & Young Far East Area's Tax Practices, covering 15 countries.

Mr Pok's tax career spanned 32 years in the areas of Singapore direct tax and international tax. He is among the leading tax experts in Singapore on complex tax transactions and issues, and is particularly noted for his leading role in the creation of the taxation framework for REITs.

In addition, Mr Pok is a member on the board of the IRAS, an independent director of Mapletree Logistics Trust Management Ltd. and an independent director and chairman of the audit committee of UE E&C Ltd. Mr Pok was a member on the Board of the Tax Academy of Singapore.

Mr Pua Seck Guan is both an Executive Director and the Chief Executive Officer of the Trustee-Manager.

Mr Pua is also the founder and Chief Executive Officer of the Sponsor.

He has over 20 years of real estate experience in property investment, development and management across various asset classes, as well as in the creation and management of both private and listed real estate funds. Specifically in the retail real estate asset class, Mr Pua has an extensive track record and experience in China, India, Japan, Hong Kong, Malaysia and Singapore. Since 2002, Mr Pua has been involved in the acquisition, development and management of over 110 retail malls in Asia, of which 70 were in more than 45 cities in China. The private retail property funds which Mr Pua was involved in creating include CapitaRetail China Incubator Fund, CapitaRetail China Development Funds I and II, CapitaRetail India Development Fund and CapitaRetail Japan Fund. The REITs which Mr Pua was instrumental in establishing include CapitaMall Trust, Singapore's first and largest REIT by asset size and market capitalisation and CapitaRetail China Trust, Singapore's first pure-play China retail REIT.

Before founding the Sponsor in November 2009, Mr Pua held the position of Chief Executive Officer of DLF International Holdings Pte. Ltd., the international business arm of DLF Limited ("**DLF**"), India's largest real estate company, from November 2008 to October 2009. He was the Chief Executive Officer of CapitaLand Retail Limited (now known as CapitaMalls Asia Limited), the retail real estate business unit of CapitaLand Limited from October 2004 to October 2008. He was concurrently the Chief Executive Officer of CapitaMall Trust Management Limited, the manager of CapitaMall Trust from July 2002 to October 2008, and the Chief Executive Officer of CapitaLand Financial Limited and the Managing Director and Deputy Chief Executive Officer of CapitaLand Commercial Limited, the office and commercial business unit of CapitaLand Limited from July 2002 to September 2004 and was concurrently the Managing Director of CapitaLand Financial Limited. Mr Pua was the Managing Director, Commercial at DBS Land from October 2000 to November 2000 and the same at CapitaLand Commercial Limited (a wholly-owned subsidiary of CapitaLand Limited, which was formed by the merger of DBS Land Limited and Pidemco Land Limited) from December 2000 to June 2002.

Mr Pua was also a director of CapitaRetail China Trust Management Limited, the manager of CapitaRetail China Trust, director of The LINK Management Limited, the manager of The LINK REIT, Hong Kong's first and largest REIT, and held senior positions and directorships in a number of listed and private real estate companies, including Lend Lease (an Australian-listed real estate company) from September 1998 to September 2000 and HPL Properties (a Singapore-listed real estate company).

Mr Pua has a Master of Science degree in Civil Engineering from the Massachusetts Institute of Technology, USA and a Bachelor of Science degree in Building (First Class Honours) from the National University of Singapore.

Ms Tan Ser Joo is both an Executive Director and the Head of Investment & Asset Management of the Trustee-Manager.

Ms Tan is concurrently Senior Vice President, Investment & Asset Management of the Sponsor.

Ms Tan has over 18 years of real estate experience including property investment, asset management, property development, property management, leasing, marketing & property taxation and valuation. Prior to joining the Sponsor as Senior Vice President, Investment & Asset Management in December 2009, Ms Tan was Head of Investment & Asset Management/Senior Vice President of CapitaLand Retail Limited (now known as CapitaMalls Asia Limited) from January 2007 to September 2009, during which, she was involved in the management of a portfolio of overseas retail properties in India and China. She was also concurrently Investment Manager of CapitaMall Trust Management Limited, the manager of CapitaMall Trust from January 2007 to December 2008.

Earlier, Ms Tan was seconded to The LINK Management Limited for about 2.5 years from September 2004 to January 2007 to assist in the listing, investment and asset management of The LINK REIT. Separately, Ms Tan was also seconded to VivoCity as Development Director for over 10 months from October 2003 to August 2004, where she oversaw the mall's development, investment, retail planning, positioning, leasing and marketing.

Prior to joining CapitaLand Limited, Ms Tan was Investment Manager of Lend Lease Real Estate Investments Pte Ltd. from March 2002 to April 2003, where she was responsible for the performance of a portfolio of retail assets owned by Asia Pacific Investment Corporation. She was also involved in the acquisition, repositioning and enhancement of Lend Lease's retail assets since October 1999.

Ms Tan holds a Bachelor of Science (Estate Management) (Honours) from the National University of Singapore.

List of Present and Past Principal Directorships of Directors

A list of the present and past directorships of each Director over the last five years preceding the Latest Practicable Date is set out in Appendix H, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Independence of the Board of Directors

The Board will adhere to requirements of the BTA with regard to the independence of the independent directors of the Trustee-Manager (the "**Independent Directors**"). Under the Business Trusts Regulations 2005, an independent director is either:

- a person who is considered to be independent from management and business relationships with the trustee-manager as well as independent from a substantial shareholder of the trustee-manager pursuant to definitions used in the Business Trusts Regulations 2005; or
- a person whom, notwithstanding that he has the relationships described above, the board of directors of the trustee-manager is satisfied that his independent judgment and ability to act with regard to the interests of all the unitholders of the registered business trust as a whole will not be interfered with, despite such relationships.

Key Roles of the Board of Directors

The key roles of the Board are to:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and
- oversee the proper conduct of the Trustee-Manager.

The Board comprises five directors. The Audit and Risk Committee comprises Mr Wong Tui San, Mr Boon Swan Foo and Mr Pok Soy Yoong. Mr Wong Tui San will assume the position of Chairman of the Audit and Risk Committee.

The Board will meet to review the key activities and business strategies of the Trustee-Manager. The Board intends to meet regularly, at least once every three months to deliberate the strategic policies of PCRT, including acquisitions and disposals, approve the annual budget and review the performance of

PCRT. The Board will also review PCRT's key financial risk areas, and the outcome of these reviews will be disclosed in PCRT's annual report or, where the findings are material, immediately announced via SGXNET.

Each Director has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of PCRT. The Directors will contribute in different ways, including using their personal networks to further the interests of PCRT.

The Board has approved a set of internal controls which sets out approval limits for capital expenditure, investments and divestments and bank borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Changes to regulations and accounting standards are monitored closely by the members of the Audit and Risk Committee (see "Corporate Governance — Corporate Governance of the Trustee-Manager — Audit and Risk Committee"). To keep pace with regulatory changes, where these changes have an important bearing on the Trustee-Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving the relevant professionals.

Management also provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

Three of the five Directors, which comprise the majority of the Board, are non-executive Directors and are independent of the management. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the Chief Executive Officer, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board is Mr Boon Swan Foo while the Chief Executive Officer is Mr Pua Seck Guan.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans while the Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate. As at the date of this Prospectus, the Company Secretary is Ms Wong Lai Kuen.

Executive Officers of the Trustee-Manager

The Executive Officers are entrusted with the responsibility for the daily operations of the Trustee-Manager.

Name	Age	Address	Position
Mr Pua Seck Guan	47	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Executive Director and the Chief Executive Officer
Ms Tan Ser Joo	43	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Executive Director and Head of Investment & Asset Management
Ms Wong Lai Kuen	46	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Chief Financial Officer and the Company Secretary
Ms Tong Ka-Pin	39	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Head of Investor Relations, Corporate Communications & Marketing
Ms Low Sock Ching Joanna	35	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Vice President, Investment & Asset Management
Ms Yeoh Szu Wooi	35	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Senior Manager, Investment & Asset Management
Mr Roy Lim Wee Hiong	31	6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986	Senior Manager, Investment & Asset Management

Experience and Expertise of the Executive Officers

Information on the working experience of the Executive Officers is set out below:

Mr Pua Seck Guan is both an Executive Director and the Chief Executive Officer of the Trustee-Manager. Mr Pua is concurrently the Executive Director and the Chief Executive Officer of the Sponsor. Details of his working experience are set out in the section “The Trustee-Manager — The Trustee-Manager of PCRT — Board of Directors of the Trustee-Manager — Experience and Expertise of the Board of Directors”.

Ms Tan Ser Joo is both an Executive Director and the Head of Investment & Asset Management of the Trustee-Manager. Ms Tan is concurrently the Head of Investment & Asset Management of the Sponsor and will resign from her position as the Head of Investment & Asset Management of the Sponsor on the Listing Date.

Details of her working experience are set out in the section “The Trustee-Manager — The Trustee-Manager of PCRT — Board of Directors of the Trustee-Manager — Experience and Expertise of the Board of Directors”.

Ms Wong Lai Kuen is both the Chief Financial Officer and the Company Secretary of the Trustee-Manager.

Ms Wong is concurrently the Chief Financial Officer of the Sponsor and will resign from her position as the Chief Financial Officer of the Sponsor on the Listing Date.

Ms Wong has more than 23 years of experience in finance, business development and general management. She has extensive experience in the property, hotel, retail and manufacturing industries. The businesses that she oversaw spanned across Asia-Pacific, America and Europe.

Prior to joining the Sponsor as the Chief Financial Officer in February 2010, Ms Wong was the Chief Financial Officer of various Singapore-listed companies from September 2004 to February 2010, including Popular Holdings Limited from August 2009 to February 2010, Gems TV Holdings Limited from August 2006 to February 2009 and Raffles Holdings Limited from September 2004 to December 2005. She was also previously with companies in the GT Group, which has businesses in Greater China, South East Asia, Europe and America, from February 1999 to February 2004. Her various positions in the GT Group include the position of General Manager — Finance and Accounting at Tuan Sing Holdings Limited from November 2002 to February 2004 and the position of Executive Director, Finance, Administration and Management at Habitat Properties Pte Ltd from February 1999 to October 2002.

As the Chief Financial Officer and Executive Director of the above mentioned companies, Ms Wong was responsible for all finance-related and other matters, including corporate finance, financial planning, accounting, budgetary control, treasury, tax, audit, compliance reporting, internal controls, investor relations, management information system, human resource and administrative matters. In addition, Ms Wong was also heading various business development projects and general management positions.

Ms Wong holds a Bachelor of Accountancy Degree (Honours) from the National University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore.

The Audit and Risk Committee is of the opinion, after considering Ms Wong's 23 years of experience in finance, business development and general management, her extensive experience in the property, hotel, retail and manufacturing industries, and in particular, her prior appointment as the Chief Financial Officer of various Singapore-listed companies between September 2004 and February 2010 and her exposure to Greater China during her time with the GT Group from February 1999 to February 2004, that Ms Wong is suitable to perform her role as the Chief Financial Officer.

Ms Tong Ka-Pin is the Head of Investor Relations, Corporate Communications & Marketing of the Trustee-Manager.

Ms Tong is concurrently the Senior Vice President, Investor Relations & Corporate Marketing of the Sponsor.

Ms Tong has close to 10 years of investor relations, corporate communications, corporate marketing, branding and events management experience. Prior to joining the Sponsor as Senior Vice President, Investor Relations & Corporate Marketing in November 2009, Ms Tong was Head, Investor Relations & Corporate Communication of CapitaMall Trust Management Limited, the manager of CapitaMall Trust from April 2004 to March 2009. She was responsible for developing and executing strategic communication programmes to enhance key stakeholders' and investment and media communities' perception and understanding of CapitaMall Trust via various communication platforms, including media and analyst financial results briefings, annual/extraordinary general meetings and institutional investors road shows (deal and non-deal). Ms Tong also managed media relations and communications for CapitaMall Trust.

Concurrently, Ms Tong was Head, Investor Relations, Corporate Communications & Marketing of CapitaLand Retail Limited (now known as CapitaMalls Asia Limited). She played a key role on the marketing front in the listing of CapitaRetail China Trust on the SGX-ST in 2006 and also in the official opening and ground-breaking ceremonies for the Singapore and China malls of CapitaLand Retail Limited.

Prior to joining CapitaLand Limited, Ms Tong was Assistant Vice-President, Investor Relations of United Overseas Bank Limited from 2001 to 2003. Ms Tong holds a Master of Commerce (Advanced Finance) from the University of New South Wales, Australia and a Bachelor of Arts from the National University of Singapore. Ms Tong has completed the Executive Development Program at Wharton, University of Pennsylvania, USA.

Ms Low Sock Ching Joanna is the Vice President, Investment & Asset Management of the Trustee-Manager.

Ms Low is concurrently the Vice President, Mall and Asset Management of Perennial (Beijing) Retail Investment Consultancy Co., Ltd. where she is responsible for the investment management and asset management of its real estate and real estate related activities. Ms Low will resign from her position as the Vice President, Mall and Asset Management of Perennial (Beijing) Retail Investment Consultancy Co., Ltd. on the Listing Date.

Ms Low has over 10 years experience in the real estate industry, of which over eight years were in real estate investment and asset management and close to two years in property management. Prior to joining the Sponsor as Vice President, Mall and Asset Management in November 2009, Ms Low was the General Manager of Raffles City Singapore from July 2008 to July 2009. As General Manager, she not only oversaw the mall's day-to-day operations, spanning leasing, marketing, tenancy design, projects and technical operation, she was also responsible for the mall's overall financial performance and returns. Preceding her transfer to Raffles City Singapore, Ms Low was part of the Investment and Asset Management team of CapitaMall Trust Management Limited, the manager of CapitaMall Trust from June 2003 to July 2008. During her stint with CapitaMall Trust Management Limited, she was involved in various major asset enhancement initiatives, including the revamp of IMM Building, Bukit Panjang Plaza and Lot One Shoppers' Mall in Singapore, and Mines Shopping Fair in Malaysia. In addition, she participated in multiple greenfield tender projects, reviewed and assessed the commercial viability of several investment opportunities in Singapore.

Before joining CapitaLand Limited, Ms Low served as an Asset Analyst with Lend Lease Asia Holding Pte Ltd, where she was actively involved in analytical work on new investment opportunities from October 2000 to June 2003.

Ms Low holds a Master of Commerce (Advanced Finance) from the University of New South Wales, Australia, and a Bachelor of Business from the Queensland University of Technology, Australia.

Ms Yeoh Szu Wooi is the Senior Manager, Investment & Asset Management of the Trustee-Manager.

Ms Yeoh is concurrently the Senior Manager, Investment & Asset Management of the Sponsor where she undertakes investment and asset management related activities and reports to the Head of Investment & Asset Management.

Ms Yeoh spent ten years in corporate finance-related fields in Singapore and Malaysia. Prior to joining the Sponsor as Senior Manager, Investment & Asset Management in April 2010, Ms Yeoh served in the corporate finance department of Mitsubishi UFJ Securities (Singapore), Limited from May 2007 to April 2010. During her stint with Mitsubishi UFJ Securities (Singapore), Limited, she was actively involved in marketing initiatives and execution of various corporate finance projects, including cross-border mergers & acquisitions transactions, initial public offers and corporate advisory related transactions. Prior to that, she was a Manager with the corporate advisory team of Nikko Merchant Bank (Singapore) Ltd between December 2005 and April 2007.

Ms Yeoh also spent five years working in a corporate finance-related field in Malaysia, of which close to two years was spent working in HwangDBS Investment Bank Bhd from September 2003 to July 2005 and another three years working in Alliance Investment Bank Berhad from May 2000 to September 2003.

Ms Yeoh holds a Bachelor of Science in Finance from The Queen's University of Belfast, United Kingdom.

Mr Roy Lim Wee Hiong is the Senior Manager, Investment & Asset Management of the Trustee-Manager.

Mr Lim is concurrently the Senior Manager, Investment & Asset Management of the Sponsor and will resign from his position as Senior Manager, Investment & Asset Management of the Sponsor on the Listing Date.

Mr Lim has about three years of real estate experience. Prior to joining the Sponsor as Senior Manager, Investment & Asset Management in September 2010, Mr Lim was Manager, Investment and Asset Management, CapitaMall Trust Management Limited, the manager of CapitaMall Trust from July 2008 to August 2010. He had profit-and-loss responsibility for three Singapore malls; Junction 8, Bugis Junction and Funan DigitalLife Mall. In this capacity, he was involved in overseeing leasing, operations and marketing functions. In order to improve each asset's productivity, Mr Lim conceived and implemented various asset enhancement initiatives. He also carried out feasibility studies on various investments and potential mall acquisitions, using cash flow and asset modelling.

Prior to joining CapitaMall Trust Management Limited, he spent four years in the Singapore Government with the Ministry of Law and the Ministry of Information, Communications and the Arts from June 2004 to July 2008, dealing with legal policy issues and creative industries. In the Ministry of Law, he was involved in the formulation of intellectual property policies focusing on copyright and enforcement, as well as professional IP services, including the development of Singapore's international arbitration industry and the creation of a new tax incentive. In the Ministry of Information, Communications and the Arts, he was involved in promoting design as a competitive business advantage through industry engagement.

Mr Lim holds a Master of Engineering and a Bachelor of Arts from the University of Cambridge, United Kingdom.

List of Present and Past Principal Directorships of Executive Officers

A list of the present and past directorships of each executive officer of the Trustee-Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Key Roles of the Executive Officers

The **Chief Executive Officer** will work with the Board to determine the strategy for PCRT. He will also work with the other members of the Trustee-Manager's management team, such as the investment, asset management, financial and compliance personnel, in meeting the stated strategic, investment, and operational objectives of PCRT. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development and the day-to-day operations of PCRT.

The **Chief Financial Officer** of the Trustee-Manager will work with the Chief Executive Officer and other members of the Trustee-Manager's management team to formulate strategic plans for PCRT in accordance with the Trustee-Manager's stated investment strategy. The Chief Financial Officer will be responsible for applying the appropriate capital management strategy, overseeing implementation of PCRT's short-term and medium-term business plans and financial condition, as well as coordinating fund management activities. The Chief Financial Officer will also be responsible for preparing the consolidated accounts of PCRT. As PCRT's assets are currently all located in the PRC, the Chief Financial Officer will be assisted by the financial controller of the Property Managers in relation to the preparation of the accounts of the Property Companies.

The **Head, Investment & Asset Management** is responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing PCRT's portfolio, or divestments where a property is no longer strategic, fails to enhance the value of PCRT's portfolio or fails to be NAV-accretive. In order to support these various initiatives, financial models will have to be developed to test the financial impact of different courses of action. These findings will be research-driven to help develop and implement the proposed initiatives. The Head, Investment and Asset Management is also responsible for formulating the business plans in relation to PCRT's properties with short, medium and long-term objectives, and with a view to maximising the rental income of PCRT and will ensure that the asset managers work closely with the respective property manager to implement PCRT's strategies to maximise the income generation potential and minimise the expense base of the properties without compromising their marketability. The Head, Investment and Asset Management will also focus on the operations of PCRT's properties, the implementation of the short to medium-term objectives of PCRT's portfolio and supervise the property managers in the implementation of PCRT's property-related strategies including analysing and recommending asset enhancement initiatives.

The **Head, Investor Relations, Corporate Communications & Marketing** reports to the Chief Executive Officer and is responsible for all investor relations, corporate communications & marketing with Unitholders, regulators and the investment community. This includes producing the annual reports to Unitholders. The Head, Investor Relations, Corporate Communications & Marketing is focused on formulating strategic communication plans to create value for Unitholders and will be responsible for the corporate marketing and branding of PCRT as well as the promotion of PCRT to Unitholders, prospective investors and the media through its marketing communications. In addition to this, the Head, Investor Relations, Corporate Communications & Marketing seeks to ensure adherence to corporate governance standards and provides a service to Unitholders by maintaining continuous disclosure and transparent communications with Unitholders and the market.

Remuneration of the Directors and Executive Officers of the Trustee-Manager

The estimated compensation to be paid to the Directors and the Executive Officers for services rendered to the Trustee-Manager on an individual basis in FY2011, and in remuneration bands, is as follows:

	Estimated Remuneration for FY2011^{(1), (2)}
Directors	
Mr Boon Swan Foo	A
Mr Wong Tui San	A
Mr Pok Soy Yoong	A
Mr Pua Seck Guan ⁽³⁾	C
Ms Tan Ser Joo	B
Executive Officers	
Ms Wong Lai Kuen	B
Ms Tong Ka-Pin ⁽⁴⁾	A
Ms Low Sock Ching Joanna	A
Ms Yeoh Szu Wooi ⁽⁵⁾	A
Mr Roy Lim Wee Hiong	A

Notes:

- (1) Includes directors' fees and any benefits in kind.
- (2) "A" refers to remuneration below the equivalent of S\$250,000. "B" refers to remuneration between S\$250,000 and S\$500,000. "C" refers to remuneration between S\$1,750,000 and S\$2,000,000.
- (3) Mr Pua Seck Guan will dedicate at least 70.0% of his time to the business of PCRT.
- (4) Ms Tong Ka-Pin is not a dedicated Executive Officer.
- (5) Ms Yeoh Szu Wooi is not a dedicated Executive Officer.

All remuneration and compensation payable to the Directors and the Executive Officers in respect of services rendered to the Trustee-Manager will be paid by the Trustee-Manager, and not out of the Trust Property of PCRT.

The Trustee-Manager has not set aside or accrued any amounts for its employees to provide for pension, retirement or similar benefits.

No compensation is payable to any Director or Executive Officer in the form of options in Units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement under the service contracts.

Employees of the Trustee-Manager

On the Listing Date, the Trustee-Manager will have 11 employees, including the seven Executive Officers listed in “The Trustee-Manager — The Trustee-Manager of PCRT — Executive Officers of the Trustee-Manager” above. The majority of employees of the Trustee-Manager will either be nominated by the Sponsor or be seconded from the Sponsor as this will allow the Sponsor to effectively manage the staffing and resources of the Trustee-Manager to ensure that the Trustee-Manager is staffed with personnel who have the skill sets and experience required.

Out of the seven Executive Officers, four will be dedicated to their positions in the Trustee-Manager. The Trustee-Manager is of the view that with the Chief Financial Officer, a key officer performing a key function being dedicated to the business of the Trustee-Manager and three senior Executive Officers who are performing a key function of investment and asset management (being the Head, the Vice President and the Senior Manager) fully dedicated to their roles in the Trustee-Manager, there are adequate resources to manage the business of PCRT. Coupled with the experience and track record of all the Executive Officers, the Trustee-Manager is of the view that the interests of Unitholders are sufficiently safeguarded in terms of the staffing and resources of the Trustee-Manager.

Mr Pua Seck Guan has committed to dedicate at least 70.0% of his time to the business of PCRT, which takes into account Mr Pua’s obligations to three existing projects in Singapore secured by the Sponsor earlier, being the new Katong Mall, Chinatown Point and the Capitol Site.

In addition, Mr Pua has agreed to the following:

- (i) For the new Katong Mall where Mr Pua is currently the chief executive officer of both the asset manager and the property manager, Mr Pua will step down as chief executive officer and that function will be assumed by Ms Annie Lee. Mr Pua will be re-designated as the executive chairman of the board of directors of these two companies.
- (ii) For Chinatown Point where Mr Pua is the chief executive officer of the property manager (being the same property manager as the property manager for Katong Mall), Mr Pua will step down as chief executive officer and that function will be assumed by Ms Annie Lee. Mr Pua will be re-designated as the executive chairman of the board of directors of this company. There is an asset manager for this project, which currently does not have any chief executive officer, and Mr Pua is one out of four executive directors.
- (iii) For the Capitol project, it will be structured such that Mr Pua will not be a chief executive officer of any of the entities under the project.
- (iv) For Perennial Real Estate Pte. Ltd., the Sponsor, Mr Pua will step down as chief executive officer and be re-designated as the executive chairman of the board of directors of the company. There will be an executive director for this company.

The reason for Mr Pua having or retaining a position as an executive chairman in the abovementioned companies is that many of the investors and financiers of the abovementioned projects expect his continued involvement in the abovementioned companies given his depth of experience and extensive network of relationships in the retail industry.

The Audit and Risk Committee has noted Mr Pua’s appointment as executive chairman in the abovementioned companies and is satisfied that, notwithstanding this, he will be able to devote sufficient time and resources to the business of PCRT, for the following reasons:

- (a) in all the abovementioned companies, there will be a chief executive officer or executive officer assisting in the day-to-day management of these companies, and hence the involvement of Mr Pua in these companies is limited to a supervisory and advisory role, and is not expected to be material;
- (b) the Sponsor is primarily an investment holding company and does not engage in active business activities; and
- (c) the new Katong Mall, Chinatown Point and the Capitol Site projects are not evergreen projects, and expected to be completed by fourth quarter 2011, second quarter 2013 and fourth quarter 2014 respectively.

Upon the completion of the development or, as the case may be, redevelopment and repositioning of the above-mentioned projects, Mr Pua will, as the Chief Executive Officer of the Trustee-Manager, be fully dedicated to the business of PCRT and will step down from his executive appointments. If he decides to remain as a director of the abovementioned companies when he is also the Chief Executive Officer of the Trustee-Manager, he will do so on a non-executive basis and will furnish reasons to the Audit and Risk committee on how he may maintain his directorship in a non-executive role while being fully dedicated to the business of PCRT.

In respect of the Executive Officers who are concurrently holding positions with the Sponsor, the Chief Executive Officer undertakes to monitor the allocation of their time in their positions with the Sponsor and the Trustee-Manager, and will submit a report of their proposed allocation of time to the Trustee-Manager to the Independent Directors together with the annual budget, setting out details of how, based on the portfolio of PCRT, the scope of the responsibilities and obligations of such Executive Officers and the number of full-time Executive Officers who are performing the similar function, their proposed allocation of time is sufficient for each of such Executive Officers to effectively and adequately perform his or her role. The Chief Executive Officer will continuously monitor the staffing and resources of the Trustee-Manager and will employ full-time employees to support such Executive Officers, when needed.

The table below sets out the breakdown of the number of employees of the Trustee-Manager on the Listing Date by function:

Function	Number of Employees on the Listing Date
Chief Executive Officer	1
Finance	3
Investment and Asset Management	4
Investor Relations, Corporate Communications and Marketing	2
Corporate Secretariat	1
Total	11

In addition to the Executive Officers, the Trustee-Manager will tap into the Sponsor and its related corporations for support from time to time, where needed. The Trustee-Manager will increase its management team as it sources for, acquires additional properties and manages a larger portfolio.

As at the Latest Practicable Date, the employees of the Trustee-Manager are not unionised.

As at the Latest Practicable Date, the Executive Directors and key Executive Officers of the Trustee-Manager are concurrently holding portfolios with the Sponsor and its associates. (See “The Trustee-Manager”.)

Given the dedication of the two Executive Directors to their positions in the Trustee-Manager and that four out of seven Executive Officers will be dedicated to their positions in the Trustee-Manager, the Trustee-Manager believes that each of the Executive Directors and the key Executive Officers will be able to dedicate sufficient time to perform his duties and responsibilities at the Trustee-Manager. (See “The Trustee-Manager — Employees of the Trustee-Manager”.)

In addition, to demonstrate the Sponsor’s commitment to PCRT and to mitigate any potential conflict of interests, the Sponsor had entered into the Sponsor’s ROFR, pursuant to which the Sponsor granted a right of first refusal to the Trustee-Manager over future retail and predominantly-retail real estate assets located in the PRC which are offered to it or any of its subsidiaries or a proposed offer of sale by the Sponsor or any of its subsidiaries to dispose of any interest in such assets.

(See “Certain Agreements relating to Perennial China Retail Trust and the Properties — Right of First Refusal” for further details.)

The Trustee-Manager believes that the Sponsor’s ROFR will complement PCRT’s acquisitions growth strategy by providing PCRT with a future pipeline of potential assets for acquisition. PCRT will also be the sole listed vehicle investing in PRC retail real estate assets which the Sponsor will establish and manage.

To demonstrate the commitment of Mr Pua and the Sponsor to PCRT, Mr Pua has also undertaken to the Trustee-Manager that (i) he will continue to own at least 51.0% of the total issued share capital of the Sponsor for at least five years from the Listing Date and (ii) the Sponsor will continue to own at least 78.0% of the total issued share capital in the Trustee-Manager for at least five years from the Listing Date.

The Sponsor has also entered into a subscription agreement dated 22 February 2011 (as amended) with the Trustee-Manager to subscribe for S\$20.0 million worth of Units, at the Offering Price and will, immediately after the completion of the Offering directly hold 28,571,000 Units (constituting approximately 2.5% of the total number of Units expected to be in issue).

Service Agreements

None of the Directors has entered, or proposes to enter, into service agreements with the Trustee-Manager or any subsidiary or subsidiary entity of PCRT which provides for benefits upon termination of employment.

Constituent Documents of the Trustee-Manager

Certain key provisions of the Memorandum and Articles of Association of the Trustee-Manager are set out below.

The power of a Director to vote on a proposal, arrangement or contract in which he is interested

The Director has to, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors. Subject to such disclosure, as well as Section 156 of the Companies Act and the BTA, the Director is entitled to vote on transactions in which he is interested and he shall be taken into account in ascertaining whether a quorum is present.

The borrowing powers exercisable by the Trustee-Manager (acting in its capacity as trustee-manager of the relevant business trust) and how such borrowing powers may be varied

Pursuant to the Memorandum of Association of the Trustee-Manager, the Trustee-Manager has all full rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction subject to the provisions of the Companies Act, the BTA and any other written law, in this case, the business of acting as trustee-manager of PCRT.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of PCRT unless the power of borrowing is conferred upon it by the Trust Deed. Clause 9.10 of the Trust Deed empowers the Trustee-Manager to, whenever it considers it desirable in the interests of Unitholders to do so or for the purpose of enabling the Trustee-Manager to meet any contractual obligations or liabilities under or in connection with the trusts of the Trust Deed or with any investment of PCRT or for the purpose of financing the conduct, carrying on or furtherance of any Authorised Investment (as defined herein) acquired by PCRT or for the purpose of financing or facilitating any distributions to Unitholders or financing the repurchase and/or redemption of Units by the Trustee-Manager or for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment acquired by PCRT or any asset of PCRT, lend, borrow or raise moneys (upon such terms and conditions as it thinks fit, including, without limitation, raising moneys by the issue of securities or the incurrence of borrowings involving the charging, mortgaging or creating security over all or any of the investments, assets or rights of PCRT or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of PCRT) and enter into swap derivative transactions for the management of foreign exchange and/or interest rate risks and as otherwise permitted under the Trust Deed. The Trustee-Manager may secure the repayment of such moneys and interest costs and other charges and expenses in such manner and upon such terms and conditions as the Trustee-Manager may think fit and provide such priority, subordination or sharing of any liabilities owing to PCRT in such manner and upon such terms and conditions as the Trustee-Manager may think fit provided that the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the lending, borrowing or raising of moneys which (in its opinion) would render PCRT's liability to extend beyond it being limited to the Trust Property.

PCRT has in the Trust Deed voluntarily adopted an Aggregate Leverage limit of 60.0% of the value of the Trust Property.

Any variation of the borrowing powers as contained in the Trust Deed would require the approval of the Unitholders by way of an Extraordinary Resolution held at a Unitholders' general meeting convened in accordance with the Trust Deed and such other regulatory approvals as may be required to vary the terms of the Trust Deed.

The retirement or non-retirement of a Director under an age limit requirement

The Memorandum and Articles of Association of the Trustee-Manager do not specify an age limit beyond which a Director shall retire.

The number of Units, if any, required for the qualification of a Director

A Director is not required to hold any Units to qualify as a Director.

Retirement of Directors

The appointment of the Directors will continue until such time as they resign, are required to vacate their office as directors, or are removed by way of an ordinary resolution of the shareholder(s) of the Trustee-Manager, in each case, in accordance with the Articles of Association of the Trustee-Manager.

Roles and Responsibilities of the Trustee-Manager

The Trustee-Manager has the dual responsibilities of safeguarding the interests of Unitholders, and managing the business conducted by PCRT. The Trustee-Manager has general powers of management over the business and assets of PCRT and its main responsibility is to manage PCRT's assets and liabilities for the benefit of Unitholders as a whole.

The Trustee-Manager will set the strategic direction of PCRT and decide on the acquisition, divestment or enhancement of assets of PCRT in accordance with its stated investment strategy. Additionally, the Trustee-Manager will undertake active management of PCRT's assets to enhance the performance of the portfolio. It will also undertake capital and risk management strategies in order to maintain a strong balance sheet for PCRT.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a registered business trust ("**Due Care**") to comply with the applicable provisions of all relevant legislation, as well as the Listing Manual, and is responsible for ensuring compliance with the Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of PCRT.

Furthermore, the Trustee-Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of PCRT's properties.

The Trustee-Manager, in exercising its powers and carrying out its duties as PCRT's trustee-manager, is required to:

- treat Unitholders who hold Units in the same class fairly and equally;
- ensure that all payments out of the Trust Property of PCRT are made in accordance with the BTA and the Trust Deed;
- report to the Authority any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 by any other person that:
 - relates to PCRT; and
 - has had, has or is likely to have, a material adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;

- ensure that the Trust Property of PCRT is properly accounted for; and
- ensure that the Trust Property of PCRT is kept distinct from the property held in its own capacity.

The Board will meet regularly to review PCRT's business activities and strategies pursuant to its then prevailing investment strategy. Such regular review is aimed at ensuring adherence to the Trust Deed and compliance with any applicable legislation, regulations and guidelines.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as PCRT's trustee-manager in accordance with the BTA and the Trust Deed;
- act in the best interests of all Unitholders as a whole and give priority to the interests of all Unitholders as a whole over its own interests in the event of a conflict between the interests of all the Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as PCRT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Unitholders; and
- hold the Trust Property of PCRT on trust for all Unitholders as a whole in accordance with the terms of the Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it shall be:

- liable to all Unitholders as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all Unitholders as a whole as a result of the contravention; and
- guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000.

While the Trustee-Manager is required to be dedicated to the conduct of the business of PCRT, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be subject to as trustee-manager, to have recourse to the Trust Property of PCRT or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care. The Trustee-Manager may, in managing PCRT and in carrying out and performing its duties and obligations under the Trust Deed, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, and shall not be liable for all acts and omissions of such persons provided that the Trustee-Manager had exercised Due Care in selecting as well as monitoring such persons.

Fees payable to the Trustee-Manager

The fees payable to the Trustee-Manager in respect of its services to PCRT are set out below. The Trustee-Manager may direct that all or a portion of any fees payable to the Trustee-Manager be paid directly to the Property Managers or any other third parties.

Management Fees

The Trustee-Manager is entitled under the Trust Deed to the following management fees:

- a Base Fee calculated at a rate in accordance with the following formula: (i) if the value of the Trust Property is less than or equal to S\$10.0 billion, the Base Fee will be 0.35% per annum of the value of the Trust Property; and (ii) if the value of the Trust Property is greater than S\$10.0 billion, the Base Fee will be (a) 0.35% per annum of the value of the Trust Property up to S\$10.0 billion; plus (b) 0.30% per annum of the value of the Trust Property which exceeds S\$10.0 billion; and
- a Performance Fee calculated at a rate not exceeding 4.5% per annum of the Net Property Income of the real estate held by PCRT, whether directly or indirectly, in the relevant Financial Year (calculated based on the currency in which the property income of such real estate is received and before accounting for the management fee in that Financial Year),

to be paid quarterly.

Any increase in the rates set out above or any change in the formula for calculation of the Trustee-Manager's management fees must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The Base Fee and the Performance Fee are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect), except that where the issue price (which is equal to the Market Price (as defined in the Trust Deed)) of each Unit is below the NAV per Unit at such point of time, the Trustee-Manager shall elect to receive the Base Fee and the Performance Fee wholly in cash.

Acquisition Fee/Divestment Fee

The Trustee-Manager is entitled to:

- (i) an acquisition fee of 1.35% of:
 - (a) in the case of an acquisition of real estate, the acquisition price of such real estate purchased by PCRT, whether directly or indirectly through one or more special purpose vehicles (plus any other payments in addition to the acquisition price made by PCRT or its special purpose vehicles to the vendor in connection with the purchase of the real estate) (pro-rated, if applicable, to the proportion of PCRT's interest);
 - (b) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of such real estate which is taken into account when computing the acquisition price payable for the equity interests of such vehicle holding directly or indirectly the real estate purchased by PCRT, whether directly or indirectly (plus any additional payments made by PCRT or its special purpose vehicles to the vendor through one or more special purpose vehicles in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of PCRT's interest); or
 - (c) the acquisition price of any other asset forming a part of the Trust Property acquired by the Trustee-Manager on behalf of PCRT; and
- (ii) a divestment fee of 0.5% of:
 - (a) the sale price of real estate sold or divested, whether directly or indirectly through one or more special purpose vehicles, by PCRT (plus any other payments in addition to the sale

price received by PCRT or its special purpose vehicles from the purchaser in connection with the sale or divestment of the real estate) (pro-rated, if applicable, to the proportion of PCRT's interest);

- (b) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more special purpose vehicles, by PCRT (plus any additional payments received by PCRT or its special purpose vehicles from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable, to the proportion of PCRT's interest); or
- (c) the sale price of any other asset forming a part of the Trust Property sold or divested by the Trustee-Manager on behalf of PCRT.

The acquisition fee and the divestment fee (regardless whether the real estate is acquired from, or disposed to, an Interested Person¹) are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the prevailing market price.

The Trustee-Manager will receive an acquisition fee for the acquisition of the Properties comprising 1.35% of:

- (i) the acquisition price and the subscription price for an aggregate of 50.0% of the total equity interest of Shenyang Summit, equivalent to RMB3.482 billion (based on the Offering Price);
- (ii) the purchase price of Foshan Yicui Shijia Shopping Mall on a "completed" basis, equivalent to RMB586.5 million; and
- (iii) the purchase price of the land in respect of the Chengdu Qingyang Guanhua Shopping Mall, equivalent to RMB63.4 million.

The acquisition fee² payable to the Trustee-Manager in respect of the acquisition price and subscription price for 50.0% of the total equity interest of Shenyang Summit will be paid in Units to be issued on the Listing Date.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any asset of PCRT shall be paid by the Trustee-Manager to such persons out of the Trust Property of PCRT or the assets of the relevant special purpose vehicle, and not out of the acquisition fee or divestment fee (as the case may be) received or to be received by the Trustee-Manager.

The Trustee-Manager believes that the acquisition fee is on an arm's length basis, is on normal commercial terms and not prejudicial to the interests of PCRT and the Unitholders because the Trustee-Manager would incur additional costs as PCRT invests in predominantly-retail properties located in various parts of China for the following reasons:

- (i) higher logistic costs such as transportation costs within the different Chinese cities;
- (ii) relevant resources and manpower required to participate in the due diligence process which would typically take four weeks in Singapore and between six months to 12 months in China;
- (iii) different provinces and cities in China having their own local regulations which increases the complexity of the acquisition as it would involve different mechanisms to acquire the properties; and

¹ "Interested Person" has the meaning ascribed to it in the Listing Manual.

² The acquisition fee in respect of the additional consideration payable to SingCo under the Earn-out Deed, if any, will be paid to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the prevailing market price at the point when such additional consideration to SingCo is paid. This fee is in addition to the acquisition fee payable to the Trustee-Manager on the Listing Date.

- (iv) acquisition from third parties require structuring different acquisition mechanisms to address the commercial concerns of the different sellers on the one hand and PCRT as purchaser on the other.

Any increase in the rates set out above or any change in the formula for calculation of the Trustee-Manager's acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Trustee Fee

Under the Trust Deed, the Trustee-Manager is entitled to a trustee fee in cash of up to 0.03% per annum of the value of the Trust Property of PCRT, to be paid quarterly.

Any increase in the rates set out above or any change in the formula for calculation of the trustee fee must be passed by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The trustee fee is payable to the Trustee-Manager in the form of cash only.

Retirement or Removal of the Trustee-Manager

Under the BTA, the Trustee-Manager may be removed, as trustee-manager of PCRT, by the Unitholders only by an Extraordinary Resolution or it may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with the procedures as the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA.

Under the Trust Deed, without prejudice to, and to the extent allowed under, the relevant laws, regulations and guidelines, the Trustee-Manager may be removed:

- (i) if, at any time, the Trustee-Manager:
 - (a) is in material breach of the provisions of the Trust Deed and such breach is not resolved within 90 days of its occurrence to the satisfaction of the Unitholders;
 - (b) has been convicted of, or has entered into a plea bargain or settlement admitting guilt for a crime, such conviction, plea or settlement being demonstrably and materially injurious to PCRT; or
 - (c) is insolvent or under judicial management; or
- (ii) if the removal of the Trustee-Manager is:
 - (a) approved by an Extraordinary Resolution of the Unitholders (with no Unitholder being disenfranchised); or
 - (b) required by an order or declaration by any court in Singapore.

The Trustee-Manager will remain the trustee-manager of PCRT until another person is appointed by:

- (i) the Unitholders to be the trustee-manager of PCRT; or
- (ii) by the court under Section 21(1) of the BTA to be the temporary trustee-manager of PCRT,

and such appointment shall be effective from the date stated in the resolution of the Unitholders or court order as the effective date of the appointment of the trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, on an application by the MAS or the Trustee-Manager or a Unitholder, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of PCRT for a period of three months if the court is satisfied that the appointment is in the interest of the Unitholders.

The temporary trustee-manager of PCRT is required, within such time and in accordance with such requirements as may be prescribed by MAS, to take such steps to enable the Unitholders to appoint another person as the trustee-manager (not being a temporary trustee-manager) of PCRT.

ANNUAL REPORTS

An annual report will be issued by the Trustee-Manager to Unitholders within four months from the end of each accounting period of PCRT and at least 14 days before the annual general meeting of the Unitholders, containing, among others, the following key items:

- (i) details of all real estate transactions and development projects entered into during the financial accounting period including details of such transactions and development projects entered into by Shenyang Summit;
- (ii) details of PCRT's real estate assets and development projects including details of the real estate assets and development projects under Shenyang Summit;
- (iii) if applicable, with respect to investments other than real property:
 - (a) a brief description of the business;
 - (b) proportion of share capital owned;
 - (c) cost;
 - (d) (if relevant) Directors' valuation and in the case of listed investments, market value;
 - (e) dividends received during the year (indicating any interim dividends);
 - (f) dividend cover or underlying earnings;
 - (g) any extraordinary items; and
 - (h) net assets attributable to investments;
- (iv) cost of each property held by PCRT and Shenyang Summit;
- (v) annual valuation of each property of PCRT and Shenyang Summit;
- (vi) analysis of provision for diminution in value of each property of PCRT and Shenyang Summit (to the extent possible);
- (vii) annual rental income for each property of PCRT and Shenyang Summit;
- (viii) occupancy rates for each property of PCRT and Shenyang Summit;
- (ix) remaining term for each of PCRT and Shenyang Summit's leasehold properties;

- (x) amount of distributable income held pending distribution;
- (xi) details of assets other than real estate;
- (xii) details of PCRT and Shenyang Summit's exposure to derivatives;
- (xiii) details of PCRT's investments in other property funds;
- (xiv) details of borrowings and other financial accommodation in relation to PCRT and Shenyang Summit;
- (xv) value of the Trust Property of PCRT and the NAV of PCRT at the beginning and end of the Financial Year under review;
- (xvi) the prices at which the Units were quoted at the beginning and end of the accounting period, and the highest and lowest prices at which the Units were traded on the SGX-ST during the financial accounting period;
- (xvii) volume of trade in the Units during the financial accounting period;
- (xviii) the aggregate value of all transactions entered into by the Trustee-Manager (for and on behalf of PCRT and Shenyang Summit) with an Interested Person during the Financial Year under review;
- (xix) total operating expenses of PCRT and Shenyang Summit in respect of the accounting period, including expenses paid to the Trustee-Manager and Interested Persons (if any), and taxation incurred in relation to PCRT and Shenyang Summit's properties;
- (xx) historical performance of PCRT, including rental income obtained and occupancy rates for each property in respect of the accounting period and other various periods of time (*e.g.* one-year, three-year, five-year or 10-year) and any distributions made;
- (xxi) total amount of fees paid to the Trustee-Manager, including any Units issued in part payment thereof and the price(s) of the Units at which they were issued;
- (xxii) total amount of fees paid to the Property Managers during the financial accounting period;
- (xxiii) an analysis of realised and unrealised surpluses or losses, stating separately profits and losses as between listed and unlisted investments, if applicable; and
- (xxiv) any extraordinary items.

The Board is also required under Section 86 of the BTA to make a written statement, in accordance with a Board resolution and signed by not less than two Directors on behalf of the Board, certifying that:

- (i) fees or charges paid or payable out of the Trust Property of PCRT to the Trustee-Manager are in accordance with the Trust Deed;
- (ii) Interested Person Transactions¹ are not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction; and
- (iii) the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of PCRT or on the interests of all the Unitholders as a whole.

Such statement must be attached to the profit and loss accounts of PCRT.

¹ "Interested Person Transaction" has the meaning ascribed to it in the Listing Manual.

PCRT will hold its first annual general meeting as a registered business trust by 30 April 2012, which falls within 18 months after the date of its registration as a registered business trust under the BTA. The first annual report of PCRT will cover the period from the Listing Date to 31 December 2011.

Additionally, PCRT will announce its NAV on a quarterly basis. Such announcements will be based on the latest available valuation of PCRT's real estate and real estate-related assets, which will be conducted at least once every Financial Year in accordance with the Trust Deed. The first such valuation will be conducted by 31 December 2011.

THE PROPERTY MANAGERS

Perennial Development and Property Manager

Perennial (Shanghai) Retail Management Co., Ltd, which will be a wholly-owned subsidiary of the Sponsor, will be appointed as the development and property manager in relation to the Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall.

The Perennial Development and Property Manager will be responsible for the development, operation, maintenance, management and marketing, as the case may be of, Foshan Yicui Shijia Shopping Mall, Chengdu Qingyang Guanghua Shopping Mall and all future properties which PCRT may also acquire from time to time, as long as the Trustee-Manager has the right to appoint or procure the appointment of the Perennial Development and Property Manager as the property manager of such properties, subject to the overall management of the Trustee-Manager.

Perennial-Summit Development and Property Manager

Perennial-Summit (Shenyang) Property Management Co., Ltd, which will be a 51-49 joint venture between the Sponsor and the Shanghai Summit (Group), will be appointed as the development and property manager in relation to Shenyang Longemont.

The Perennial-Summit Development and Property Manager will be responsible for the operation, maintenance, management and marketing of Shenyang Longemont, as long as the Trustee-Manager has the right to appoint or procure the appointment of the Perennial-Summit Development and Property Manager as the development and property manager of such properties, subject to the overall management of the Trustee-Manager.

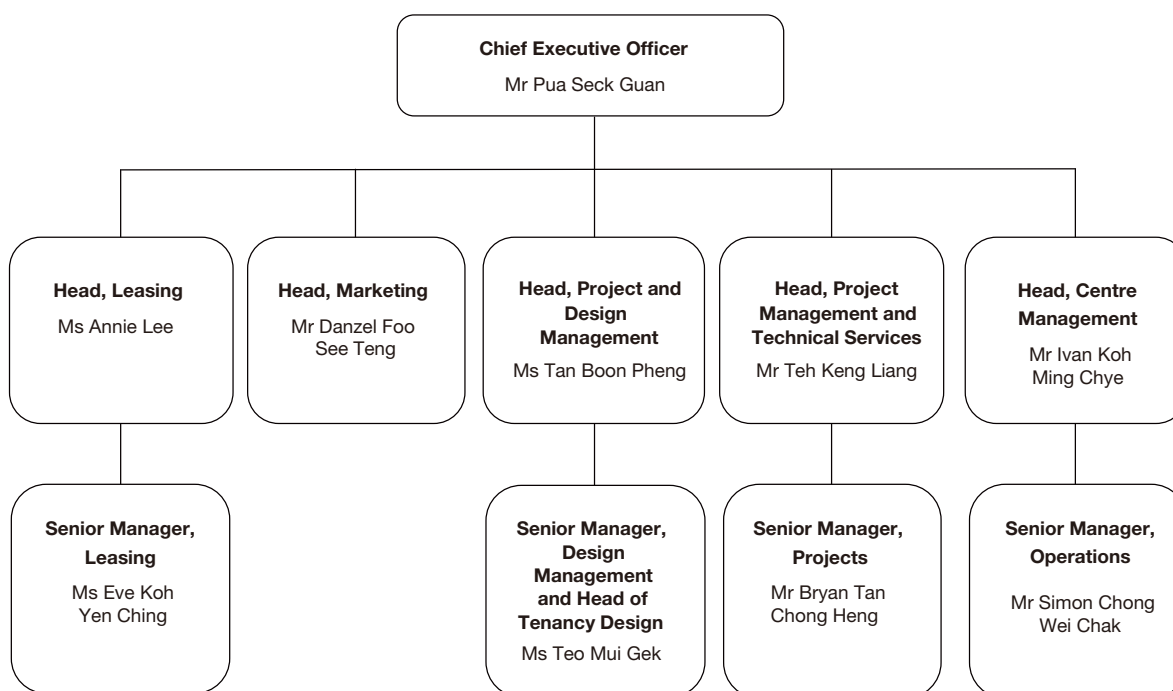
The Trustee-Manager's representatives will be appointed to the board of Shenyang Summit and its 51-49 majority stake in the Perennial-Summit Development and Property Manager will ensure that PCRT has, *inter alia*, full access to the operations of Shenyang Longemont.

Shenyang Red Star Macalline Furniture Mall Property Manager

Shenyang Red Star Macalline Furniture Mall is managed by Red Star Macalline, which has extensive experience in the management of retail furniture malls in China. Established more than 24 years ago by Mr Che Jianxin who is also the Chief Executive Officer, the chain furniture mall operator is one of China's leading furniture companies.

Red Star Macalline has been managing furniture malls in China for more than 10 years and currently operates numerous malls in various cities across China, including Beijing, Shanghai, Changzhou and Tianjin. Shenyang Red Star Macalline Furniture Mall in Shenyang is currently one of the largest integrated furniture malls managed by Red Star Macalline.

Management Reporting Structure of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager



Directors and Executive Officers of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager

Details of the working experience of the directors and key executive officers of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager are set out below.

Ms Annie Lee will be Head, Leasing of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager.

Ms Lee has more than 12 years of real estate experience, with strong expertise in leasing and retail planning. Prior to joining the Sponsor as Senior Vice President, Leasing & Asset Management in November 2009, Ms Lee was the Vice President of Asset Management in the Government of Singapore Investment Corporation (“**GIC**”) from April 2008 to September 2009, where she was responsible for managing seven retail assets in Sydney and Melbourne, Australia and Sunway Pyramid in Malaysia. During her stint at GIC, Ms Lee was involved and successfully completed the A\$48.0 million refurbishment works of the Queen Victoria Building in Australia. Ms Lee was also actively involved in the retail planning for the MIXC project in Nanning, China and RCity in Mumbai, India.

Prior to joining GIC, Ms Lee was Head, Leasing Singapore of CapitaLand Retail Limited (now known as CapitaMalls Asia Limited) from September 2006 to March 2008. She was responsible for the overall leasing function for the whole portfolio of retail assets owned/managed by CapitaLand Retail Limited as well as CapitaMall Trust in Singapore. Ms Lee was also seconded to VivoCity for over 2.5 years as Retail Director from February 2004 to August 2006, where she oversaw the lease planning and execution from the onset of the conceptualisation of VivoCity to the official opening of the mall.

Ms Lee holds a Master of Business Administration (specialisation in Real Estate), and a Bachelor of Science in Estate Management (Honours) from the National University of Singapore.

Ms Eve Koh Yen Ching will be Senior Manager, Leasing of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager.

Ms Koh has over 11 years of experience in leasing of retail space. Prior to joining the Sponsor as Senior Manager, Leasing in November 2009, Ms Koh was Manager, Group Leasing of CapitaMalls Asia Limited from July 2002 to November 2009 and was in charge of the leasing for Clarke Quay and Vivo City. She was responsible for planning the tenancy mix of the malls and guiding the leasing team in securing the desired tenancies. In her capacity as Manager, Group Leasing Singapore, Ms Koh was also involved in pitching of new projects (where her responsibilities included rental feasibility studies) and leasing of various shopping malls such as Plaza Singapura, Bugis Junction, Junction 8 and Lot 1 Shoppers' Mall.

During her stint in CapitaMalls Asia Limited, she was seconded to Tokyo, Japan and China. Ms Koh was the pioneer batch of leasing team in China and as Group Leasing Manager of CapitaMalls Asia China, she trained and guided the local team in the leasing guidelines and policies. She was also actively involved in lease negotiations.

Prior to joining CapitaMalls Asia, Ms Koh was with Jones Lang LaSalle (Retail Consultancy) from January 2001 to June 2002 and NTUC Lifestyle Centre Pte Ltd from July 1999 to November 2000, where she was involved in the successful revamp of Eastpoint Mall.

Ms Koh holds a degree of Bachelor of Science (Real Estate) with Second Class Honours — Upper Division from the National University of Singapore.

Mr Danzel Foo See Tong will be Head, Marketing of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager.

Mr Foo has over 17 years of experience in retail advertising and promotions. Prior to joining the Sponsor as Vice President, Marketing in April 2010, Mr Foo was Head, Marketing Communication of CapitaMalls Asia China from January 2007 to March 2010, where his responsibilities was to lead, train and motivate the regional malls' Marketing Managers in China. He oversaw marketing programmes, developed and reviewed marketing guidelines and policies, analysed and evaluated the effectiveness of the marketing campaigns and drove non-traditional income initiatives for the China retail portfolio.

Prior to his posting to China, Mr Foo held the position of Marketing Communications Manager from September 1999 to December 2006 at IMM Building, Junction 8, Plaza Singapura, Scotts Shopping Centre and Liang Court in Singapore. In that capacity, he was responsible for organising, conceptualising and executing effective, yet innovative advertising and promotions, events and public relations programmes to create public and media awareness, to attract shoppers to the malls and drive tenants' sales. He was actively involved in the marketing, promotions planning and execution of IMM Building and Junction 8 when they underwent major enhancement works.

Prior to joining CapitaMalls Asia Limited, Mr Foo held retail advertising, promotions and public relations positions in Isetan, Galleries Lafayette and Takashimaya Shopping Centre. Mr Foo holds a Bachelor of Arts in Mass Communications from University of Lincolnshire & Humberside, United Kingdom.

Ms Tan Boon Pheng will be Head, Project and Design Management of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager.

Ms Tan has more than 16 years of project design experience, with strong expertise in retail, residential and master planning. Prior to joining the Sponsor as Senior Vice President, Project & Design Management in November 2009, Ms Tan was Vice President, Project Design & Development Management of CapitaMalls Asia Limited from December 2006 to February 2010. As Head of Design Management, Ms Tan was responsible for the overall design management function for the entire CapitaMalls Asia Limited portfolio in Singapore, China, India, Japan, and Malaysia.

Ms Tan was posted to China for one year as Head of Project Design, where she oversaw the project design and execution of 32 malls in operation and 30 other malls at various stages of development. She was also involved in the design management of the retail component of the Raffles City developments in China.

Prior to her time at CapitaMalls Asia Limited, Ms Tan was Assistant Vice President of Surbana International Consultants Pte Ltd (formerly known as HDB Corporation Pte, Ltd.) from July 2003 to December 2005, where she was responsible for setting up and subsequently, managing the operations of Surbana International Consultants Pte Ltd's first international branch office in Chengdu, China, which include planning, designing, developing, and managing building and infrastructure solutions for the company. In addition, Ms Tan was involved in master planning projects in the Asia and Middle East regions, including Vietnam, Bahrain, Qatar, and South Africa.

Ms Tan holds Master Degree in City Planning and Urban Design from the University of Pennsylvania, United States of America and a Bachelor of Architecture (Honours) from the University of New South Wales, Australia.

Ms Teo Mui Gek will be Senior Manager, Design Management and Head of Tenancy Design of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager.

Ms Teo has more than 12 years of experience in architecture and tenancy design, with expertise in retail. Prior to joining the Sponsor as Senior Manager, Design Management & Head of Tenancy Design in October 2010, Ms Teo was Manager, Design Management of CapitaMalls Asia Limited from August 2009 to September 2010, and Manager, Tenancy Design & Coordination (Regional) from October 2001 to July 2009. As Manager of Design Management and Tenancy Design & Coordination, she was responsible for the design management function for malls in Singapore, China, Malaysia, Japan and India.

Ms Teo was posted to China from June 2005 to December 2007. As Head of Tenancy Design in China, she was responsible for the setting up and running of the department and oversaw the tenancy design management function for their pre-opening and operation of malls in China.

Prior to her time at CapitaMalls Asia Limited, Ms Teo was with private architectural firms between April 1997 to September 2001 handling and managing projects ranging from residential, conservation, commercial and retail.

She holds a Bachelor of Arts (Architecture) from Deakin University, Australia.

Mr Teh Keng Liang will be Head, Project Management and Technical Services of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager.

Mr Teh has 25 years of real estate experience, serving in different capacities with builders, consultants, developers and operators. Prior to joining the Sponsor as Senior Vice President, Project Management & Technical Services in November 2009, Mr Teh was Director of Technical Services (Asia Pacific) with Hilton Worldwide and Intercontinental Hotel Groups from February 2003 to June 2010. He was responsible for the technical services and design management of hotel development works in Asia Pacific for seven years, covering China, Taiwan, Hong Kong, Indonesia, Malaysia, Thailand, Cambodia, Vietnam, Philippines, Sri Lanka and the Maldives. These responsibilities cover new construction, re-branding and asset enhancement of a diversified portfolio of hotel brands. He also oversaw the deliverable processes of new hotel openings and assisted in the procurement of new hotel deals.

Mr Teh also has nine years of project management experience with established developers, covering a diverse project portfolio across residential, offices, hotels, serviced apartments, spas and restaurants. He was instrumental in the successful execution and delivery of high-end real estate.

Mr Teh holds a Master Degree in Building Science and Bachelor Degree in Civil Engineering, both from the National University of Singapore.

Mr Bryan Tan Chong Heng will be the Senior Manager, Projects of the Perennial Development and Property Manager.

Mr Tan has close to 10 years of experience in the real estate industry. Prior to joining the Sponsor as Senior Manager, Projects in July 2010, Mr Tan was the Project Manager of KOP Properties Pte Ltd from December 2009 to June 2010 where he was involved in the development of high-end residential developments such as Ritz Carlton Residences in Singapore. He was responsible for design development, cost control and project management, which includes managing contractors and consultants, pre-qualified tenders, call tenders, tender interviews, tender evaluations, tender negotiation, awarding of tender contracts, budget planning, monitoring of projects as well as the preparation of financial forecasts and bi-annual reports for projects.

Previously, Mr Tan was the Architectural Project Manager at Bovis Lend Lease Pte Ltd (Bovis Lend Lease) from January 2008 to November 2009 for the 313@Somerset retail project in Orchard Road. Prior to Bovis Lend Lease, he was the Head of the Projects Department of a Maldives developer from June 2007 to December 2007 and was in charge of the development of the new Raffles Konotta Maldives Resort.

Mr Tan was with CapitaLand Retail Limited (now known as CapitaMalls Asia Limited) from 2004 to 2007. He was Manager, Project Development and Management and was involved in several retail projects including Tampines Mall, Funan DigitaLife Mall and Bugis Junction. This experience enabled Mr Tan to build a strong foundation in project management including technical coordination with the various internal departments, contract-legal administration, ensuring on-site compliance and obtaining approvals from the relevant authorities for the completed works.

Prior to joining CapitaLand Retail Limited, Mr Tan was with DP Architects Pte Ltd from March 2003 to June 2004, where he was the Project Architect for Quintet Executive Condominium, Nanyang Polytechnic Extension and DPA Office Renovation. After graduating from his first degree, Mr Tan joined Shimizu Corporation from 2000 to 2003 whereby he took a year off in between to complete his second degree.

Mr Tan holds a Bachelor in Architectural and Applied Science (Architectural Science) from the Curtin University of Technology, Australia.

Mr Ivan Koh Ming Chye will be the Head, Centre Management of the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager.

Mr Koh has more than 10 years of real estate experience. Prior to joining the Sponsor as Vice President, Retail Management in January 2010, Mr Koh was Regional General Manager, CapitaMalls Asia Limited from July 2008 to December 2009, in which he was responsible for 10 retail assets in Sichuan and Chongqing, West China. The total asset size of these properties is approximately 490,000 sq m. Mr Koh opened the first CapitaLand-Szitic mall in 2005, where Walmart is an anchor tenant.

Prior to his stint in West China, Mr Koh was the General Manager of CapitaLand Retail Limited, located in North China, from January 2007 to June 2008. In that capacity, he was responsible for the opening of three malls in Beijing, one mall in Hohhot Inner Mongolia and one mall in Tianjin. During his two-year stint in North China, he also oversaw four operational malls spanning from Beijing, Dalian and Zhengzhou. The total asset size under his charge was approximately 852,000 sq m. Mr Koh was also actively involved in the retail planning of Raffles City Beijing.

To ensure the successful opening and operations of these projects in China, Mr Koh played an instrumental role in setting up the local retail management teams, training them to oversee the projects in various cities in China. Many of these projects were CapitaLand's first ventures into these cities.

Mr Koh holds a Bachelor of Science in Management (Honours) from the University of London.

Mr Simon Chong Wei Chak will be the Senior Manager, Operations of the Perennial Development and Property Manager.

Prior to joining the Sponsor as Senior Manager in December 2009, Mr Chong was with CapitaLand Retail Limited (CapitaMalls Asia Limited) from 2002 to 2009. He was an Operations Manager in various CapitaMall Trust malls, including Tampines Mall, Rivervale Mall, Funan DigitaLife Mall and Clarke Quay.

During the period Mr Chong was at the Engineering Technical Services headquarters with CapitaLand, he was involved in setting up standard operating procedures, on-the-job-training programs and giving support to malls in Singapore and India on the technical aspects of asset enhancement initiatives and operations works. He also spent two years on an ad-hoc basis as a consultant for the CapitaLand joint venture malls in Bangalore and Udaipur.

Mr Chong was the Operations Manager from February 2000 to May 2002 at Parkway Parade Shopping Mall (MCST 1008) under Lend Lease Pte Ltd. Prior to joining Lend Lease, he was a Mechanical & Electrical Project Manager of a Mechanical & Electrical Consultancy, PCR Engineers from 1994 to 2000 and was involved in planning, design and running of additional and alteration works for various clients including Microsoft, HBO, Asia Broadcast, Hard Rock Café, Hilton and Meriden Hotels, etc.

Mr Chong holds a Diploma in Business Administration from Spring Singapore, a Mechanical & Electrical Co-Coordinator Certificate from Ngee Ann Polytechnic as well as a Fire Safety Manager Certificate from the Singapore Civil Defence Force.

CORPORATE GOVERNANCE

The regime under the BTA stipulates requirements and obligations in respect of corporate governance. For example, the Business Trusts Regulations 2005 sets out the requirements for, among other things, board composition of a trustee-manager, audit and risk committee composition of a trustee-manager and independence of the directors of a trustee-manager. The following is a summary of the material provisions of the BTA insofar as they relate to the Board.

COMPOSITION OF THE BOARD

The Board of the Trustee-Manager must comprise¹:

- at least a majority of Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Directors who are independent from any single substantial shareholder of the Trustee-Manager².

Independence of Directors³

Independence from management and business relationships

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of PCRT) a Director must not have any:

- management relationships with the Trustee-Manager or with any of its subsidiaries; or
- business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgment with regard to the interests of all the Unitholders of PCRT as a whole.

Independence from management relationships

A Director is not considered to be independent from management relationships with the Trustee-Manager if:

- he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;

¹ Section 14(2) of the BTA provides that contravention of the provision on board composition is an offence and renders the Trustee-Manager liable on conviction to a fine not exceeding S\$100,000.

² Where a single substantial shareholder has an interest in 50.0% or more of the voting shares in the Trustee-Manager, this requirement shall not apply to the Trustee-Manager in respect of the independence of its directors from that substantial shareholder.

³ Regulations 3 and 4 of the Business Trusts Regulations 2005.

- any member of his immediate family:
 - is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the Board or the subsidiary, as the case may be; or
 - has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
- he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

Independence from business relationships

A Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

- he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of PCRT) at any time during the current or immediately preceding financial year of the Trustee-Manager; or
- he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as a director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

Independence from substantial shareholder

A Director is considered to be independent from a substantial shareholder of the Trustee-Manager if he is not a substantial shareholder of the Trustee-Manager or is not connected to that substantial shareholder of the Trustee-Manager.

The Director is connected to the substantial shareholder if:

- in the case where the substantial shareholder is an individual, the Director is:
 - a member of the immediate family of the substantial shareholder;
 - a partner of a firm of which the substantial shareholder is also a partner; or
 - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder; or
- in the case where the substantial shareholder is a corporation, the Director is:
 - employed by the substantial shareholder;
 - employed by a subsidiary or an associated company of the substantial shareholder;
 - a director of the substantial shareholder;

- an executive director of a subsidiary or an associated company of the substantial shareholder;
- a non-executive director of a subsidiary or an associated company of the substantial shareholder, where the subsidiary or associated company is not the Trustee-Manager;
- a partner of a firm of which the substantial shareholder is also a partner; or
- accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

CORPORATE GOVERNANCE OF THE TRUSTEE-MANAGER

The following outlines the main corporate governance practices of the Trustee-Manager.

Board of Directors

The Board is responsible for the overall corporate governance of the Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. The Trustee-Manager is also responsible for the strategic business direction and risk management of PCRT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors. The Board has established a framework for the management of the Trustee-Manager and PCRT, including a system of internal controls and a business risk management process.

The Board consists of five members, three of whom are independent for the purposes of the BTA.

In addition to compliance with requirements under the BTA, the composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive Director; and
- the Board should comprise Directors with a broad range of commercial experience including expertise in fund management and the property industry.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Audit and Risk Committee

The audit and risk committee of the trustee-manager of a registered business trust is required to be composed of three or more members:

- all of whom are independent of management and business relationships with the trustee-manager; and
- at least a majority of whom, including the chairman of the audit and risk committee, are independent of management and business relationships with the trustee-manager and independent from every substantial shareholder of the trustee-manager.¹

The members of the Audit and Risk Committee are Mr Wong Tui San, Mr Boon Swan Foo and Mr Pok Soy Yoong. Mr Wong Tui San has been appointed as the chairman of the Audit and Risk Committee.

¹ Section 15(4) of the BTA provides that contravention of the aforesaid requirements is an offence and renders the trustee-manager liable on conviction to a fine not exceeding S\$100,000.

The role of the Audit and Risk Committee is to monitor and evaluate the effectiveness of the Trustee-Manager's internal controls. The Audit and Risk Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

Annual internal controls audits will be commissioned until such time the Audit and Risk Committee is satisfied that PCRT's internal controls are robust and effective enough to mitigate PCRT's internal control weaknesses. Prior to the decommissioning of this annual audit, the Board is required to report to the SGX-ST on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal controls audit.

The Audit and Risk Committee's responsibilities also include, but are not limited to, the following:

- (i) monitoring:
 - (a) the procedures established to regulate Interested Person Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions"; and
 - (b) the procedures established to ensure compliance with the applicable legislation and the Listing Manual;
- (ii) deliberating on conflicts of interest situations involving PCRT;
- (iii) ensuring that the accounting function is adequately resourced;
- (iv) to review with the auditor of PCRT:
 - (a) the audit plan of PCRT;
 - (b) the auditors' evaluation of the system of internal accounting controls of the Trustee-Manager of PCRT; and
 - (c) the auditors' audit report for PCRT;
- (v) to review:
 - (a) the assistance given by the officers of the Trustee-Manager to the auditor of PCRT;
 - (b) the scope and results of the internal audit procedures of the Trustee-Manager of PCRT;
 - (c) the policies and practices put in place by the Trustee-Manager of the registered business trust to ensure compliance with the BTA and the Trust Deed;
 - (d) the procedures put in place by the Trustee-Manager of PCRT for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including Interested Person Transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust Property;
 - (e) arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
 - (f) the system of internal controls including financial, operational, compliance controls and risk management processes;

- (g) transactions constituting Interested Person Transactions;
 - (h) arrangements pursuant to which the Trustee-Manager will receive its acquisition fee in relation to an acquisition of an asset (other than the Initial Portfolio) when PCRT enters into the relevant pre-sale agreement or unconditional sale and purchase agreement;
 - (i) the balance sheet and profit and loss account of the Trustee-Manager of PCRT and the balance sheet, profit and loss account and cash flow statement of PCRT submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;
 - (j) approve the policy of PCRT for entering into any foreign exchange hedging transactions and monitor the implementation of the policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board; and
 - (k) recommend all hedging policies and instruments to be implemented by PCRT to the Board;
- (vi) investigating any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary;
- (vii) to report to the Board:
- (a) any inadequacies, deficiencies or matters of concern of which the Audit and Risk Committee becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (i) to (vi); and
 - (b) any breach of the Act or any breach of the provisions of the Trust Deed, of which the Audit and Risk Committee becomes aware or that it suspects; and
- that prompt remedial action is taken by the management.
- (viii) to report to the MAS if the Audit and Risk Committee is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (vii); and
- (ix) to nominate or remove a person or persons as auditor of PCRT (including the review of their fees and scope of work), notwithstanding anything contained in the Trust Deed.

PCRT Escrow Agent

In the event that cash is raised upfront for the acquisition and development of its pipeline projects, and will only be disbursed in phases in accordance with the project's development or acquisition schedule, the Trustee-Manager intends to appoint DBS Trustee Limited as the cash escrow agent of PCRT's bank accounts in Singapore.

DBS Trustee Limited is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act 2005, Chapter 336 of Singapore, and is independent of the Trustee-Manager.

Dealings in Units

Currently, the BTA requires each Director to give notice in writing to the Trustee-Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two Business Days¹ after the date on which the Director became a director of the Trustee-Manager or the date of such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest.

¹ "Business Days" refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

Upon the coming into force of the Securities and Futures (Amendment) Act 2009, Section 137N of the SFA will require each Director and the Chief Executive Officer to give notice in writing to the Trustee-Manager of, among others, particulars of his interest in Units or of changes in the number of Units in which he has an interest, within two Business Days in Singapore after the date on which the Director or Chief Executive Officer became a director or chief executive officer of the Trustee-Manager or the date on which he acquires an interest in the Units or he becomes aware of the occurrence of the event giving rise to changes in the number of Units in which he has an interest.

All dealings in Units by Directors and, upon the coming into force of the Securities and Futures (Amendment) Act 2009, the Chief Executive Officer, will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

The Directors and employees of the Trustee-Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of PCRT's annual results and (where applicable) property valuations and two weeks before the public announcement of PCRT's quarterly results, and expiring on the date of announcement of the relevant results or, as the case may be, property valuations; and
- at any time while in possession of price-sensitive information.

Upon the coming into force of the Securities and Futures (Amendment) Act 2009, Section 137R of the SFA will require the Trustee-Manager to announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto as soon as practicable and in any case no later than the end of the Business Day in Singapore following the day on which it acquires or, as the case may be, disposes of any Units.

Management of Business Risk

The Board will meet quarterly or more often if necessary and will review the financial performance of the Trustee-Manager and PCRT against a previously approved budget. The Board will also review the business risks of PCRT, examine liability management and will act upon any comments from the auditors of PCRT.

The Trustee-Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Trustee-Manager and PCRT. In assessing business risk, the Board will consider the economic environment and risks relevant to the property industry. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the Trustee-Manager and PCRT and discuss any disclosure issues.

Potential Conflicts of Interest

The Trustee-Manager has further instituted the following procedures to deal with conflicts of interest issues:

- All resolutions in writing of the Directors in relation to matters concerning PCRT must be approved by a majority of the Directors, including at least one Independent Director.
- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee Directors of the Sponsor and/or its subsidiaries.

- Where matters concerning PCRT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of PCRT with a related party of the Trustee-Manager (which would include relevant associates thereof) or PCRT, the Board is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of PCRT and the Unitholders, and in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a related party of the Trustee-Manager or PCRT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and SGX-ST to apply to business trusts.

It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of PCRT as its trustee-manager.

Important safeguards that the Trustee-Manager will put in place to address any potential conflicts of interests with the Summit Group in respect of the Shenyang Properties and any other properties that PCRT will co-own with Mr Tong Jinquan or his associates) include the following:

- the Sponsor will have a majority 51.0% stake in the property management company that manages the Shenyang Properties;
- Mr Pua Seck Guan, the Chief Executive Officer of the Trustee-Manager, will be both the chairman and chief executive officer of this property management company;
- there will be a separate dedicated team to be headed by the Sponsor, and the team leaders for marketing, leasing and the day-to-day operations of the Shenyang Properties will be from the Sponsor;
- any personnel joining this property management team from the Summit Group will be dedicated and full-time staff of the property management company, and will be stationed with the dedicated property management team in office premises away from the Summit Group; and
- critical strategic matters pertaining to mall management, such as leasing and operational policies, formulation of tenancy mix, and the determination of the rental rates, the key lease terms and the operating budget for running the retail assets, will be managed and controlled by the Trustee-Manager.

It is the intention that future pipeline assets co-owned by PCRT and the Summit Group will be managed by the same property management company demonstrating an alignment of interests between PCRT and the Summit Group.

The Trustee-Manager will review the adequacy of the above safeguards from time to time, and will implement further safeguards and measures to ensure that the interests of PCRT will not be prejudiced in respect of future co-investments with the Summit Group.

In respect of future acquisitions or co-investments, the Trustee-Manager will put in place mechanisms at the relevant time to ensure that PCRT's interests will not be prejudiced.

INTERESTED PERSON TRANSACTIONS

The Trustee-Manager's Internal Controls System

For purposes of good corporate governance, the Trustee-Manager shall from the Listing Date, voluntarily regard Mr Tong Jinquan as an Interested Person, and all transactions with Mr Tong Jinquan

or his associates (save for the transactions as described under “Corporate Governance — Interested Person Transactions”) will be governed as Interested Person Transactions, provided that Mr Tong Jinqun and his associates own 5.0% or more of the aggregate number of Units in issue.

The Trustee-Manager will establish an internal controls system to ensure that all future Interested Person Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of PCRT and the Unitholders.

As a general rule, the Trustee-Manager must demonstrate to its Audit and Risk Committee that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Trustee-Manager; or
- obtaining one or more valuations from independent professional valuers.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by PCRT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into.

The Trustee-Manager will also incorporate into its internal audit plan a review of all Interested Person Transactions entered into by PCRT. The Audit and Risk Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with.

The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit and Risk Committee. If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Furthermore, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of PCRT’s net tangible assets based on the latest audited accounts will be subject to review by the Audit and Risk Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of PCRT’s net tangible assets based on the latest audited accounts will be subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee-Manager with third parties which are unrelated to the Trustee-Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 5.0% of the value of PCRT’s net tangible assets based on the latest audited accounts will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisors, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning PCRT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of PCRT with a related party of the Trustee-Manager (which would include relevant associates thereof) or PCRT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of PCRT and the Unitholders; and
- in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a related party of the Trustee-Manager or PCRT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the transactions described below under “Corporate Governance — Interested Person Transactions — Present and Ongoing Interested Person Transactions in Connection with the Setting up of PCRT and the Offering”, PCRT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of PCRT’s latest audited net tangible assets.

The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in PCRT’s annual report for the relevant financial year.

Role of the Audit and Risk Committee for Interested Person Transactions

The Audit and Risk Committee will periodically review all Interested Person Transactions to ensure compliance with the Trustee-Manager’s internal controls system and with the relevant provisions of the Listing Manual. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit and Risk Committee.

If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Present and Ongoing Interested Person Transactions in Connection with the Setting up of PCRT and the Offering

Existing Agreements

The Trustee-Manager, as trustee-manager of PCRT, will enter into a number of present and ongoing transactions with certain Interested Persons in connection with the establishment of PCRT. These Interested Person Transactions are as follows:

- The Trustee-Manager and the Perennial Development and Property Manager will enter into the Master Perennial Development and Property Management Agreement, as well as the Initial Development and Property Management Agreements, for the development, operation, maintenance, management and/or marketing (as the case may be) of the Perennial PMA Properties (as defined herein) by the Perennial Development and Property Manager from time to time.

The Perennial Development and Property Manager is staffed by employees with relevant experience and expertise and therefore the Trustee-Manager considers that the Perennial Development and Property Manager has the necessary expertise and resources to perform the development and property management, lease management, project management and marketing services for the Perennial PMA Properties. The Trustee-Manager believes that the fees payable to the Perennial Development and Property Manager are in line with the fees payable to the property managers providing similar management services for comparable buildings and developments.

The Trustee-Manager believes that the Perennial Development and Property Management Agreement (including the fees payable to the Perennial Development and Property Manager) is made on an arm's length basis, is on normal commercial terms and is not prejudicial to the interests of PCRT and the Unitholders.

- The Trustee-Manager, Shenyang Summit and the Perennial-Summit Development and Property Manager will enter into a development and property management agreement (the “**Perennial-Summit Development and Property Management Agreement**”) for the operation, maintenance, management and marketing of Shenyang Longemont by the Perennial-Summit Development and Property Manager.

The Perennial-Summit Development and Property Manager is staffed by employees with relevant experience and expertise and therefore the Trustee-Manager considers that the Perennial-Summit Development and Property Manager has the necessary expertise and resources to perform the property management, lease management, project management and marketing services for Shenyang Longemont. The Trustee-Manager believes that the fees payable to the Perennial-Summit Development and Property Manager are in line with the fees payable to the property managers providing similar management services for comparable buildings.

The Trustee-Manager believes that the Perennial-Summit Development and Property Management Agreement (including the fees payable to the Perennial-Summit Development and Property Manager) is made on an arm's length basis, is on normal commercial terms and is not prejudicial to the interests of PCRT and the Unitholders.

All of the agreements mentioned above are more particularly described in “Certain Agreements Relating to Perennial China Retail Trust and the Properties”.

Save as disclosed in this Prospectus, the Trustee-Manager has not entered into any other transactions with (i) the Sponsor or (ii) any Interested Person of the Trustee-Manager in connection with the setting up of PCRT.

Property Management Agreements

In respect of the development, operation, maintenance, management and marketing services to be provided by the Perennial Development and Property Manager, or as the case may be, the Perennial-Summit Development and Property Manager for each property under its management (including each subsequently acquired Perennial PMA Property which is managed by the Perennial Development and Property Manager), the Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager shall be entitled to the fees as set out in “Summary — Certain Fees and Charges”.

Exempted Agreements

The fees and charges payable by PCRT under the Trust Deed, the entry into and the fees and charges (as specifically disclosed in “Summary — Certain Fees and Charges”, “Certain Agreements relating to Perennial China Retail Trust and the Properties” and “The Formation and Structure of Perennial China Retail Trust”) payable by PCRT under the Master Perennial Development and Property Management Agreement, the Initial Perennial Development and Property Management Agreements, any After Acquired Development and Property Management Agreement and the Perennial-Summit Development and Property Management Agreement, constitutes or will, when entered into, constitute an Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or basis of the fees charged thereunder which will adversely affect PCRT.

Any renewal of the Master Perennial Development and Property Management Agreement, the Initial Perennial Development and Property Management Agreements, any After Acquired Development and Property Management Agreement and the Perennial-Summit Development and Property Management Agreement will be subject to Rules 905 and 906 of the Listing Manual.

Future Interested Person Transactions

PCRT is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all Interested Person Transactions. Depending on the materiality of the transaction, PCRT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders’ prior approval for the transaction (Rule 906 of the Listing Manual). Section 86 of the BTA further requires (a) the Board to make a written statement in accordance with the resolution of the Board and signed by not less than two Directors on behalf of the Board certifying that, *inter alia*, the Interested Person Transaction is not detrimental to the interests of all the Unitholders of PCRT as a whole based on the circumstances at the time of the transaction, and (b) the Chief Executive Officer to, in his or her personal capacity, make a written statement certifying that he or she is not aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on the business of PCRT and the interests of all the Unitholders as a whole. These statements must be annexed to the profit and loss accounts of PCRT in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to PCRT’s profit and loss accounts, a statement of policies and practices in relation to the management and governance of PCRT containing such information prescribed by Regulation 20 of the Business Trusts Regulations 2005 which includes, *inter alia*, a description of measures put in place by the Trustee-Manager to review Interested Person Transactions in relation to PCRT.

The Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as the BTA and such other guidelines relating to Interested Person Transactions as may be prescribed by the MAS or the SGX-ST applicable to business trusts.

The Trustee-Manager may at any time in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with Interested Persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee-Manager will appoint an independent financial advisor pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate

are sufficient in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of PCRT and the Unitholders.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed Interested Person Transaction which is *prima facie* governed by both sets of rules. Where matters concerning PCRT relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of PCRT with an “Interested Person” under the Listing Manual and/or the BTA, the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

THE SPONSOR AND THE STRATEGIC PARTNERS

The Sponsor — Perennial Real Estate Pte. Ltd.

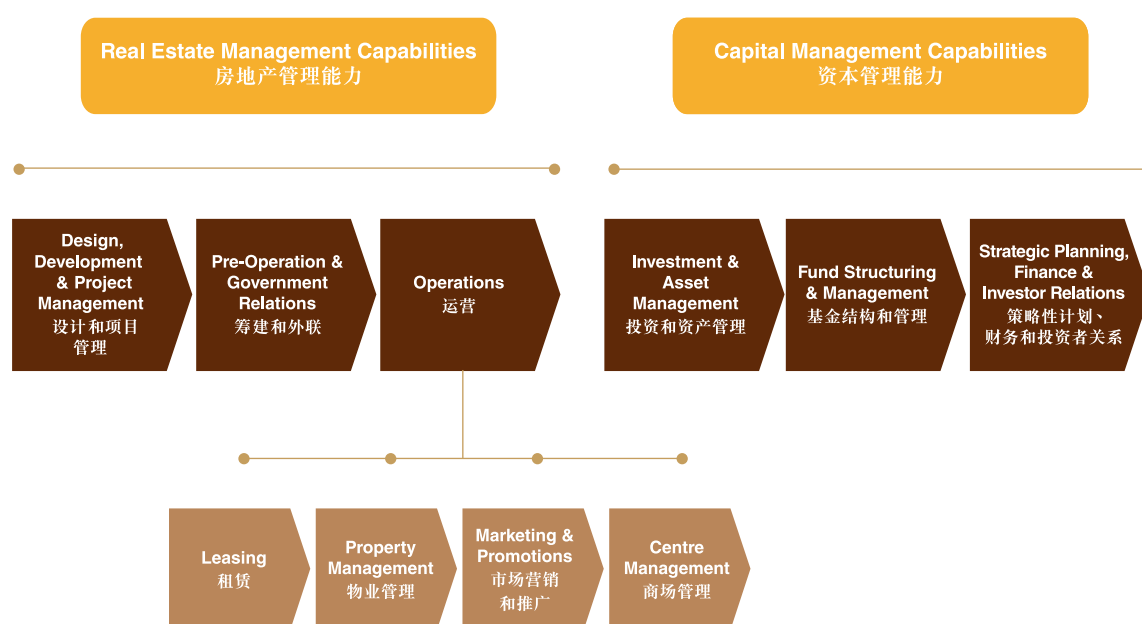
Overview of the Sponsor

The Sponsor, Perennial Real Estate Pte. Ltd., is a Singapore-registered company founded by its Chief Executive Officer, Mr Pua Seck Guan, in 2009. The Sponsor and its subsidiaries engage primarily in real estate and real estate-related activities, including fund management, asset management, retail management, project development, project and design management and investment advisory services. The Sponsor's three core business markets are China, India and Singapore.

The Sponsor's Integrated Retail Real Estate Business Platform supported by its Experienced Chief Executive Officer and Management Team

The Sponsor is one of the few companies in Singapore which offers a fully in-house integrated retail real estate business platform combining real estate management and capital management capabilities, as illustrated by the diagram below:

Perennial's Integrated Retail Real Estate Business Platform



This integrated retail real estate business platform enables the Sponsor to extract value across the entire retail real estate value chain and allows the Sponsor to successfully source, develop and manage a significant portfolio of retail properties within a relatively short period of time.

Experienced Chief Executive Officer and Management Team of the Sponsor

The Sponsor has an experienced Chief Executive Officer and management team comprising key officers who have long and proven track records in managing, investing, developing and enhancing retail properties. The Sponsor's professional and experienced management team have been instrumental in the successful establishment and management of several high-profile listed REITs in Singapore and The LINK REIT in Hong Kong, and have extensive experience in the creation of listed

and private retail property funds, equity and debt capital raisings by tapping international funds from global institutional investors, and the management of the created retail property funds to generate target returns.

The Sponsor has an experienced management team led by its founder and Chief Executive Officer, Mr Pua Seck Guan. The management team has relevant expertise across the entire retail real estate value chain, being investment and asset management, investor relations, corporate marketing and communications, design management, tenancy design, project management and technical services, leasing, marketing and centre management.

Mr Pua has over 20 years of real estate experience in property investment, development and management across various asset classes, as well as in the creation and management of private/listed real estate funds. Specifically, Mr Pua has an extensive track record and experience in the retail real estate asset class in China, India, Japan, Hong Kong, Malaysia and Singapore. Since 2002, Mr Pua has been involved in acquiring, developing and managing over 110 retail malls in Asia, of which 70 were in more than 45 cities across China. Mr Pua had also previously held positions as the Chief Executive Officer of CapitaLand Retail Limited (now known as CapitaMalls Asia), the retail real estate business unit of CapitaLand Limited, one of Asia's largest real estate companies, the Chief Executive Officer of CapitaMall Trust Management Limited, the manager of CapitaMall Trust, Singapore's first and largest REIT by asset size and market capitalisation, and as the Co-Chief Executive Officer of CapitaLand Financial Limited, the financial advisory arm of CapitaLand Limited and one of the largest fund management companies in the region.

Mr Pua has, to date, played a key role in the successful closing of private retail property funds including CapitaRetail China Incubator Fund, CapitaRetail China Development Funds I & II, CapitaRetail India Development Fund and CapitaRetail Japan Fund.

Mr Pua was instrumental in the establishment and management of CapitaMall Trust as well as CapitaRetail China Trust, Singapore's first pure-play China retail REIT, both of which have consistently outperformed forecast and delivered increased returns to their respective unitholders while under his management. In his position as Chief Executive Officer of CapitaLand Financial Limited, Mr Pua also played a key advisory role in the successful listing of The LINK REIT on the Hong Kong Stock Exchange in November 2005, the world's largest REIT Initial Public Offering which raised in excess of US\$3.0 billion, and assisted in securing cornerstone funds of which CapitaLand was the appointed Strategic Adviser to The LINK Management Limited.

The management team of the Sponsor comprises professionals with a wealth of experience in the international retail real estate markets. Team members have immense experience in managing retail properties in China, India, Japan, Malaysia and Singapore. Team members have also been instrumental in the successful establishment and management of several high-profile listed REITs in Singapore and The LINK REIT in Hong Kong, have excellent credentials in fund management, and have extensive experience in successfully establishing, creating and managing listed and private retail real estate funds.

The Sponsor's management team has international experience in debt and equity capital raisings via various modes and in dealing with global institutional fund managers, pension funds and insurance companies. They are well-versed in managing listed companies' statutory compliance, corporate governance, investor relations and media relations.

The Sponsor's management team has an in-depth understanding of the international retail real estate industry, its competitive landscape and consumers' shopping patterns. They have a strong track record of successfully acquiring, designing, developing, enhancing and operating many renowned suburban, urban and destination malls as well as mixed-used developments which are predominantly-retail.

Renowned projects which the team members have worked on in Singapore include ION Orchard, Raffles City Singapore, VivoCity, Tampines Mall, IMM Building, Junction 8, Clarke Quay, Lot One and Plaza Singapura.

Overseas projects which the team members have worked on include Raffles City Shanghai, Raffles City Beijing, Wangjing Mall in Beijing and Gurney Plaza in Penang, Malaysia.

The Sponsor's management team has established an extensive network of local and international brand names/retailers and an excellent track record and expertise spanning asset management, retail management, fund management, development, operations, leasing, design, marketing and promotions, branding, communications and investor relations capabilities.

Track Record of the Sponsor

Since its inception in 2009, the Sponsor has established a strong presence and track record in its core business markets of China, India and Singapore. The key activities of the Sponsor in each of its core business markets are set out below.

China

The Sponsor's key activities in China include:

- *Strategic Partner of Beijing Hualian Group*

The Sponsor is the strategic partner to Beijing Hualian Group's retail real estate business and was previously involved in supervising the Beijing Hualian Group's on-the-ground staff in the development, asset management and operations of the Beijing Hualian Group's portfolio of malls. The Sponsor was instrumental in assisting to redefine the business strategy of Beijing Hualian Group's listed subsidiary, 882, being Beijing Hualian Department Store Co., Ltd, which was established in May 1998 and listed on the Shenzhen Stock Exchange on 16 June 1998 under the stock code 000882. Under the guidance of the Sponsor, 882 changed its business focus from a broader approach of investing in department stores and retail malls in China to a more focused investment approach of investing purely in retail malls.

The Sponsor also provided strategic advisory services to 882 in connection with the amendment of 882's Memorandum and Articles of Association to incorporate certain features that are characteristic of REITs, as described below:

- 882's investment objective was amended to focus its investments primarily in income-producing real estate used for retail or predominantly-retail purposes;
- 882's dividend policy was amended to require it to make at least one distribution per annum, and distributing at least 90.0% of its distributable profits (being profits after deductions as required by PRC laws and regulations, for example, deductions for employees' reserve funds); and
- a limit was imposed on 882's debt capacity such that its borrowings and deferred payments cannot exceed 60.0% of its total asset value.

In addition, the Sponsor played a key role in 882's retail mall acquisition process to grow its portfolio after the removal of its supermarket assets pursuant to its conversion into a pure-play retail entity from less than 10 retail malls prior to the acquisition process to its current portfolio of more than 30 retail malls in various growth cities across China. 882's portfolio of properties is largely positioned as one-stop shopping destinations for middle-class families, professionals,

managers, executives and businessmen. The malls, which are located within densely populated suburbs and well-supported by good transport links, are typically anchored by renown home-grown brand Beijing Hualian Group Supermarket and Department Store and cinema operators such as Golden Harvest.

The Sponsor will continue to be a strategic partner of Beijing Hualian Group (see “— The Strategic Partners — Beijing Hualian Group”).

- *Joint Venture with Beijing Hualian Group to form Retail and Fund Management Company*

Perennial (Beijing) Retail Investment Consultancy Co., Ltd. (the “**PRC Manager**”) is a 40-60 joint venture between the Sponsor and Beijing Hualian Group to provide project design, development and management services in respect of the development or, as the case may be, repositioning of each of the real estate projects in which the PRC Fund invests. Upon the completion of the development or repositioning, the PRC Manager will also provide asset and retail management services in respect of each of the projects. The PRC Manager currently manages 882’s portfolio of retail malls and the PRC Fund’s portfolio of retail mall development/repositioning projects which comprise Beijing Hualian Group’s retail real estate business.

- *Establishment of Beijing Hualian Perennial Retail Investment Management Co., Ltd., a Chinese Private Equity Fund*

The Sponsor was instrumental in the establishment of a RMB-denominated domestic Chinese private equity retail real estate fund, Beijing Hualian Perennial Retail Investment Management Co., Ltd. (北京华联鹏瑞商业投资管理有限公司), the PRC Fund¹, with the objective of investing in retail development or repositioning real estate projects in China.

The PRC Fund, which was fully subscribed by Chinese institutional, corporate and high net worth investors, closed at RMB1.2 billion in June 2010. The PRC Fund is managed by the PRC Manager.

The PRC Fund is now fully invested.

India

The Sponsor’s key activities in India include:

- *Strategic Adviser to DLF Limited*

The Sponsor is the strategic advisor to DLF retail real estate business in the areas of retail real estate management and development and has seconded key personnel to DLF to advise in the areas of retail real estate management and retail development. DLF is one of India’s largest real estate companies based on market capitalisation of INR384.0 billion as at the Latest Practicable Date. It is headquartered in New Delhi and listed on India’s Bombay Stock Exchange and National Stock Exchange.

¹ The Sponsor was instrumental in the establishment of the PRC Fund as it assisted with the creation of the fund structure, marketing of the PRC Fund, preparation of the investment reports and legal documentation associated with the establishment of the PRC Fund, conducting analysis on the transactions of the PRC Fund and overseeing of the asset management and development processes in respect of the asset portfolio of the PRC Fund.

Singapore

The Sponsor's key activities in Singapore include:

- *Redevelopment and Repositioning of the New Katong Mall*

In November 2009, the Sponsor put together a consortium of investors to acquire Katong Mall, a premier lifestyle destination located in the eastern region of Singapore, for a purchase price of S\$247.6 million. The new Katong Mall is undergoing a S\$60.0 million redevelopment exercise which is expected to be completed in the third quarter of 2011. The Sponsor is involved in providing asset management services in respect of the new Katong Mall, project management services in respect of the re-development of the new Katong Mall, and retail management services upon completion of the re-development of the new Katong Mall.

- *Redevelopment and Repositioning of Chinatown Point Retail Mall*

In July 2010, the Sponsor put together a consortium of investors to acquire the S\$250.0 million Chinatown Point retail mall, a prime mixed-use development strategically sited at Singapore's renowned Chinatown precinct in the CBD. The Sponsor is involved in providing asset management services in respect of Chinatown Point retail mall, project management services in respect of the asset enhancement of Chinatown Point retail mall and retail management services in respect of Chinatown Point retail mall.

- *Redevelopment and Repositioning of the Capitol Site*

In October 2010, a consortium of investors led by the Sponsor was awarded the tender to rebuild the landmark Capitol site comprising Capitol Theatre, Capitol Building and Stamford House by the Urban Redevelopment Authority. The winning bid was awarded at S\$250.0 million and the project is expected to have a total investment of S\$750.0 million (including land price) to transform the Capitol site into an iconic hotel, theatre, retail and residential development.

The Sponsor's Commitment to PCRT

To demonstrate the Sponsor's commitment to PCRT, the Sponsor had entered into the Sponsor's ROFR, pursuant to which the Sponsor granted a right of first refusal to the Trustee-Manager over future retail and predominantly-retail real estate assets located in the PRC which are offered to it or any of its subsidiaries or a proposed offer of sale by the Sponsor or any of its subsidiaries to dispose of any interest in such assets.

For the avoidance of doubt and save for the Option to Purchase Agreements and the right of first refusals granted to the Sponsor in respect of the identified pipeline projects under the Summit Strategic Agreement (as defined herein), there are no existing properties that fall within the ambit of the Sponsor's ROFR and the PRC Fund's assets are not subject to the Sponsor's ROFR.

(See "Certain Agreements relating to Perennial China Retail Trust and the Properties — Right of First Refusal" for further details.)

The Trustee-Manager believes that the Sponsor's ROFR will complement PCRT's acquisitions growth strategy by providing PCRT with a future pipeline of potential assets for acquisition. PCRT will also be the sole listed vehicle investing in PRC retail real estate assets which the Sponsor will establish and manage.

In addition, Mr Pua Seck Guan has undertaken to the Trustee-Manager that (i) he will continue to own at least 51.0% of the total issued share capital of the Sponsor for at least five years from the Listing Date and (ii) the Sponsor will continue to own at least 78.0% of the total issued share capital in the Trustee-Manager for at least five years from the Listing Date.

The Sponsor's Alliance with the Strategic Partners

To ensure PCRT's future growth, the Trustee-Manager believes it is important to establish a pipeline which PCRT can access for NAV-accretive and quality assets. To achieve this, the Sponsor has forged mutually beneficial strategic alliances with successful mainland Chinese real estate developers and players, being the Summit Group, Nenking and its subsidiaries (the "**Nenking Group**"), the Nan Fung Group and the Beijing Hualian Group.

The relationship underscoring the Summit Group and the Nenking Group partnerships is that the Sponsor is granted the first right to invest in the retail component of their asset pipeline in return for the Sponsor's expertise and experience in the retail real estate market (for example, its ability to optimise the project design, specification, tenant mix and leasing of the retail component of the mixed developments that these strategic partners develop).

- *Summit Strategic Agreement*

On 12 January 2011, the Shanghai Summit (Group), Shanghai Summit and the Sponsor entered into the Summit Strategic Agreement pursuant to which Shanghai Summit (Group) and Shanghai Summit granted the Sponsor a right of first refusal to acquire at least a 50.0% interest in the commercial component of their identified potential asset pipeline comprising the Chengdu Longemont Railway Commercial Development, the Xi'an Longemont Railway Commercial Development and the Changsha Longemont Railway Commercial Development, as well as other future assets at an agreed acquisition price of between RMB8,000 per sq m and RMB10,000 per sq m of GFA, and up to a maximum of 1.0 million sq m of GFA per asset, subject to the terms and conditions of the co-investment to be agreed between the relevant parties.

The right of first refusal granted to the Sponsor will not be applicable to projects in respect of which pre-emptive rights were already given to other parties.

- *Nenking Group Strategic Agreement*

On 20 January 2011, the Sponsor entered into a strategic agreement with Nenking and Guangdong Nenking ("**Nenking Group Strategic Agreement**") pursuant to which Nenking and Guangdong Nenking have given the Sponsor a first right to (a) acquire the retail projects as set out in the Nenking Group Strategic Agreement or (b) acquire the rights to or the right to develop the real estate investment projects in respect of which Nenking or Guangdong Nenking have entered into co-operation agreements with the Guangdong Municipal Government, on terms to be agreed.

Under the Nenking Group Strategic Agreement, the Sponsor has 10 working days to accept the main transaction terms proposed by Nenking and/or Guangdong Nenking in respect of a development project. Thereafter, the Sponsor has 30 working days to enter into the relevant transaction documents with Nenking and/or the Nenking Group. Upon expiry of such period, Nenking and/or the Nenking Group shall have the right to sell all or part of the development project to third parties.

Investors should note that notwithstanding the Sponsor's strategic partnerships with the Shanghai Summit (Group) and Nenking, PCRT's ability to invest in the pipeline projects is subject to various factors, including whether the relevant strategic partner wins the land use right in respect of the relevant pipeline project in the public auction process in accordance with relevant PRC laws and regulations, waivers of certain restrictions in the land use right grant contracts or otherwise as imposed by the local governments when the assets are/were made available to the strategic partners by the local governments can be obtained, whether PCRT is able to reach an agreement with the strategic partners on the terms and conditions of the acquisition, whether PCRT is able to match the terms and conditions of the acquisition which a third party is offering to the strategic

partner for the investment and whether PCRT is able to source funding for such acquisitions. In addition, the strategic partners' own investment in the pipeline assets may be subject to a joint venture arrangement with the government authorities or other co-investors and PCRT's ability to invest will accordingly be subject to whether the strategic partner is able to procure the co-operation of the relevant government authority and/or co-investor to agree to an investment structure and/or a holding structure that will enable PCRT to co-invest in the retail component of the pipeline project.

- *Current Joint Venture with Summit Group and Relationship with the Nenking Group*

Under the current portfolio, PCRT will co-own Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices with the Summit Parties on a 50-50 basis. In addition, the development and property manager, Perennial-Summit (Shenyang) Property Management Co., Ltd, which will provide property management services for Shenyang Longemont Shopping Mall and Shenyang Longemont Offices, will be co-owned by the Sponsor and the Summit Group on a 51-49 majority basis.

The Sponsor's relationship with the Summit Group and the Nenking Group has led to the Sponsor sourcing four out of the five assets in the Initial Portfolio. In addition, the Summit Group has a number of large-scale development projects in the pipeline comprising significant retail components, which include the Chengdu Longemont Railway Commercial Development, the Xi'an Longemont Railway Commercial Development and the Changsha Longemont Railway Commercial Development, which are associated with new government-initiated commercial hubs enjoying strong local government support, strong inter/intra-city transport links and proximity to good residential catchments. Although these pipeline projects will typically comprise of mixed-used developments, including residential, retail, office and hotel, the Sponsor will focus primarily on the retail component assets which is consistent with PCRT's investment strategy.

- *Strategic Alliance with the Beijing Hualian Group*

The Trustee-Manager has on 23 February 2011 granted a right of first refusal to Beijing Hualian Hypermarket Co., Ltd. ("**Beijing Hualian Hypermarket**") to lease space in the malls that PCRT will wholly-own at market rents for supermarkets/hypermarkets (the "**Beijing Hualian Hypermarket ROFR**") for so long as the Beijing Hualian Hypermarket Co-operative Strategic Agreement (as defined herein) is in effect. (See "Certain Agreements relating to Perennial China Retail Trust and the Properties — Beijing Hualian Hypermarket ROFR" for details of the Beijing Hualian Hypermarket ROFR.) The Trustee-Manager believes that the Beijing Hualian Hypermarket ROFR, together with the Sponsor's strategic partnership with Beijing Hualian Group, will pave the way for potential benefits which may accrue to PCRT in the form of potential co-operation in the investment in future retail projects with Beijing Hualian Group because Beijing Hualian Group has a strong presence in Beijing and certain other Chinese cities, the local expertise to source development opportunities and experience in management.

Under the strategic agreement entered into between the Sponsor and Beijing Hualian Hypermarket on 23 February 2011 (the "**Beijing Hualian Hypermarket Co-operative Strategic Agreement**"), Beijing Hualian has agreed to consider the opportunity to take up space at PCRT's wholly-owned malls at market rents for its supermarket/hypermarket business. Under the strategic agreement between the Sponsor and 882, 882 has also agreed that if PCRT proposes to divest any asset, it will consider the acquisition of such asset.

PCRT stands to benefit from these arrangements if they result in a lease pre-commitment with a major anchor retailer earlier than what would have been achieved otherwise. PCRT also stands to benefit from any market intelligence Beijing Hualian Group may have, as a major PRC retailer, about the demographics and spending patterns of the catchment and implications for setting the

optimal tenancy mix and positioning of the mall. The Sponsor will continue to be a strategic partner of Beijing Hualian Group in respect of its retail business under the terms of the Beijing Hualian Group Strategic Agreement. The Sponsor's role as strategic partner of Beijing Hualian Group will involve advising Beijing Hualian Group on its long-term business plans and strategic directions. The Sponsor's role as strategic partner will, however, not include on-the-ground work such as sourcing for assets, leasing, project design and management of developments and property management of operational malls for the Beijing Hualian Group's investment. Accordingly, the Trustee-Manager believes that the Sponsor's role as strategic partner of Beijing Hualian Group will not result in conflict of interests between PCRT and Beijing Hualian Group.

The Strategic Partners — Shanghai Summit (Group) Co., Ltd. (上海长峰(集团)有限公司)

Overview of Shanghai Summit (Group) Co., Ltd.

Shanghai Summit (Group) Co., Ltd. (上海长峰(集团)有限公司) was founded in 1992 by Mr Tong Jinqun as a private real estate development group. Initially focusing on developing residential property, the Summit Group shifted its focus to developing and operating commercial real estate.

Besides growing its portfolio in Shanghai, the Summit Group expanded beyond Shanghai to acquire 557,500 sq m of land in Shenyang, the capital city of Liaoning province, which is located in north-eastern China. The piece of land is being developed as the Shenyang Longemont Asia Pacific City which the Shenyang Properties are a part of.

The Summit Group has a registered share capital of RMB100 million and its total assets stand at approximately RMB40.6 billion as at 31 December 2010. The Summit Group is headquartered in Shanghai.

The Summit Group's Track Record

The Summit Group has established a notable track record of owning and operating commercial real estate since establishment. The Summit Group is particularly successful in Shanghai where it was established and it currently owns and manages more than 700,000 sq m of commercial real estate.

Shanghai Longemont

The Summit Group is committed to building its "Longemont" brand into a world-class brand name, with several Longemont-branded landmark properties having been completed or are currently under development across China, in the cities of Shanghai and Shenyang.

The Longemont Shanghai, for example, is one of the landmark development for the Summit Group. Located in Shanghai's Changning District, the property houses Grade A offices and a five-star hotel in a 53-level building. The Longemont Shanghai has achieved international recognition, having won accolades such as the "Top 3 Hotels in Shanghai" award by *Conde Nast Traveler* magazine in 2007 and the "Top 50 Hotels in Asia" award by *Travel & Leisure* magazine in 2006.

The Summit Group has the capabilities to operate and manage retail malls and an example of this is the Longemont Shopping Mall in Shanghai. This retail mall occupies a 10-level podium block and forms part of the Shanghai Longemont commercial complex, an integrated development which also has hotel and office components. It is located in close proximity to Zhongshan Park in Shanghai's Changning District and is well served by metro lines and bus services. The mall began operations in 2006 and completed its first full year of operations in 2007.

Leveraging on the success of the “Longemont” brand of properties, the Summit Group has established a strong pipeline of projects under development or awaiting development, including Shenyang Longemont Asia Pacific City, a major mixed-use commercial hub in Shenyang with a development site area of 557,500 sq m and expected total GFA of more than 4.3 million sq m which includes the Shenyang Properties.

(See “Business and Properties — Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont — Shenyang Longemont Asia Pacific City”.)

Pipeline Projects with the Summit Group

Shanghai Summit (Group) has entered into certain agreements (the “**Pipeline Agreements**”) with three local Chinese city governments in relation to the development of large-scale commercial complexes in Chengdu, Xi’an and Changsha as follows:

- a memorandum partnership dated 8 June 2010 (the “**Chengdu Memorandum Partnership**”) with the Chengdu City Chenghua District People’s Government for the right to tender for the development of approximately 192,067 sq m of land around Chengdu’s East Railway Station which commenced operations on 8 May 2011 (the “**Chengdu Longemont Railway Commercial Development**”). Further to the Chengdu Memorandum Partnership, Shanghai Summit has won the right to purchase and develop the Chengdu Longemont Railway Commercial Development in the public auction process and has entered into an agreement dated 1 February 2011 (the “**Auction Confirmation Letter** (成交确认书)”) with the Chengdu Land Resources Bureau to purchase and develop approximately 164,872 sq m of land and develop 1.5 million sq m of GFA for the Chengdu Longemont Railway Commercial Development; and
- an agreement dated 9 April 2010 (the “**Xi’an Memorandum Partnership**”) with the Xi’an City Weiyang District People’s Government and the Xi’an City Infrastructure Development Investment Group Limited to develop the area surrounding the Northern Xi’an Railway Station (the “**Xi’an Longemont Railway Commercial Development**”);
- a co-operation framework Agreement dated 23 October 2010 (the “**Xi’an Co-operation Framework Agreement**”) with Xi’an City Infrastructure Development Group Private Limited in relation to their joint development of the Northern Xi’an Railway Station South Plaza City Commerce Complex Project which is part of the Xi’an Longemont Railway Commercial Development;
- a memorandum of understanding dated 21 July 2010 has been entered into with the Changsha City Yuhua District People’s Government and the Changsha City Railway and Transport Group Private Limited for the right to tender for the development of approximately 267,560 sq m of land next to Changsha’s newly-built high-speed inter-city train station in Changsha’s Yu Hua District (the “**Changsha Longemont Railway Commercial Development**”).

The development potential of Shanghai Summit (Group)’s pipeline adds up to approximately 5.5 million sq m.

Pursuant to the terms of the Summit Strategic Agreement, Shanghai Summit (Group) and Shanghai Summit have granted the Sponsor a right of first refusal for it or its nominee to acquire at least 50.0% interest of the commercial portion of each of the three projects up to 1.0 million sq m each (see “— The Sponsor’s Alliance with the Strategic Partners”).

On 21 March 2011, Shanghai Summit (Group) and Shanghai Summit granted an option to purchase to the Sponsor and PCRPL to acquire a 50.0% interest in the commercial component of the Chengdu Longemont Railway Commercial Development (which is not to be less than 1.0 million sq m of GFA) within a year of the Listing Date, at an agreed acquisition price of RMB10,000

per sq m of GFA on a “completed” basis. The option to purchase agreement provides that if, as a result of Shanghai Summit (Group) and Shanghai Summit’s actions, the Sponsor and PCRPL are unable to exercise the option to purchase, Shanghai Summit (Group) and Shanghai Summit will compensate the Sponsor and PCRPL RMB200.0 million (see “Certain Agreements relating to Perennial China Retail Trust and the Properties” — Chengdu Longemont Railway Commercial Development Option to Purchase Agreement).

On 21 March 2011, Shanghai Summit (Group) and Shanghai Summit granted an option to purchase to the Sponsor and PCRPL to acquire a 50.0% interest in the commercial component of the Xi’an Longemont Railway Commercial Development (which is not to be less than 1.0 million sq m of GFA) within a year on which Shanghai Summit (Group) and Shanghai Summit acquiring the rights to develop a further 1,300,000 sq m of built-up area¹, at an agreed acquisition price of between RMB8,000 to RMB10,000 per sq m of GFA on a “completed” basis. The option to purchase agreement provides that if, as a result of Shanghai Summit (Group) and Shanghai Summit’s actions, the Sponsor and PCRPL are unable to exercise the option to purchase, Shanghai Summit (Group) and Shanghai Summit will compensate the Sponsor and PCRPL RMB100.0 million (see “Certain Agreements relating to Perennial China Retail Trust and the Properties” — Xi’an Longemont Railway Commercial Development Option to Purchase Agreement).

The Trustee-Manager will ensure that the Unitholders’ interests are sufficiently safeguarded under the terms of the investment, prior to PCRPL exercising the options under the Option to Purchase Agreements.

Under the terms of the Summit Strategic Agreement, in the event that the Sponsor and PCRPL do not exercise the options to purchase as set out above, Shanghai Summit (Group) and Shanghai Summit may co-invest with any other third party, but is obliged to offer any proposed sale or co-investment to the Sponsor and PCRPL in the event that the terms of any proposed sale or co-investment offered to such third party are more favourable than the terms offered to the Sponsor and PCRPL.

However, PCRT’s ability to invest in the Xi’an and Changsha pipeline projects is subject to whether Shanghai Summit (Group) wins the land use right in respect of the relevant pipeline project in the public auction process in accordance with relevant PRC laws and regulations. In the case of the Xi’an pipeline project, Shanghai Summit (Group) has yet to win the land use right to build a further 1,300,000 sq m of GFA. In the case of the Chengdu pipeline project, Shanghai Summit (Group) has already won the land use right in the public auction process. Other factors affecting or influencing PCRT’s ability to invest includes possible restrictions in the Pipeline Agreements, the land use right grant contract or otherwise as imposed by the local governments when the assets are made available to the strategic partners by the local governments and whether PCRT and/or the strategic partners are able to obtain all relevant government approvals. For example, under the Xi’an Co-operation Framework Agreement, Shanghai Summit (Group)’s right to invest in at least 700,000 sq m of built-up area in respect of the Xi’an Longemont Railway Station is under a joint venture arrangement with Xi’an City Infrastructure Development Group Private Limited and the co-investment terms relating to, *inter alia*, the co-investment structure and the exit strategy under the Xi’an Co-operation Framework Agreement may not allow for PCRT’s investment in the retail component of the project. In addition, there are certain restrictions against sale of the land in the form of strata title by individual unit and the requirement for Shanghai Summit to continue to manage the project after completion in the Chengdu Memorandum Partnership which may not allow for PCRT to invest in only the retail component and the joint management of such component by the Sponsor and the Summit Group. Accordingly, PCRT’s ability to invest in the retail component of the pipeline projects is subject to whether Shanghai Summit (Group) is able to procure the co-operation and agreement of the government authorities

¹ Shanghai Summit (Group) and Shanghai Summit already have the right to develop 700,000 sq m of GFA of built-up area.

or the co-investors to depart from the restrictions in the Pipeline Agreements and agree to an investment structure and/or a holding structure that will enable PCRT to co-invest in the retail component of the project.

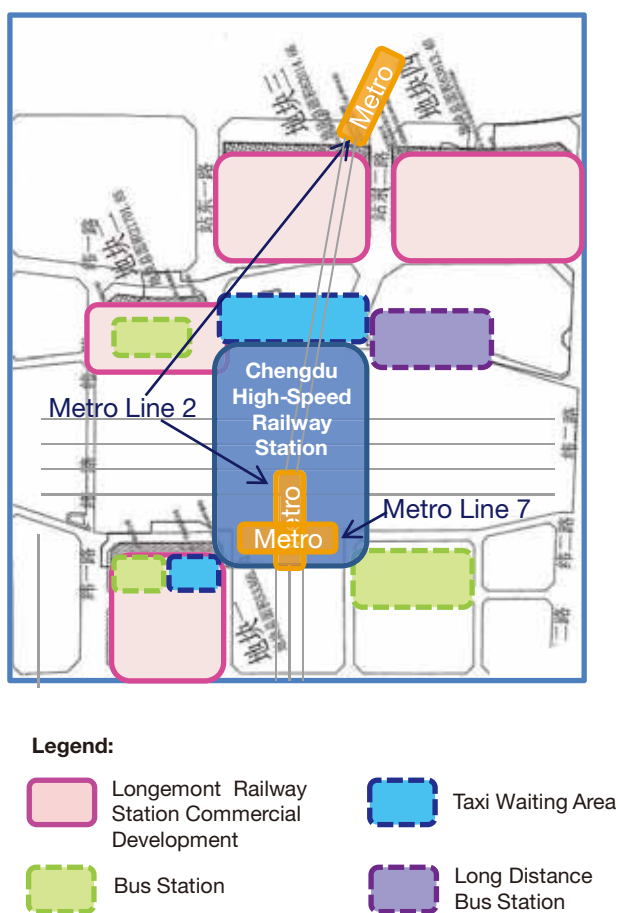
Further details of the projects are set out below.

Chengdu Longemont Railway Commercial Development

The Chengdu Longemont Railway Commercial Development is situated in the southeast area of Chengdu and it is expected to occupy approximately 164,872 sq m of land around Chengdu's East Railway Station which commenced operations on 8 May 2011. The development is expected to incorporate a transport hub which, besides being served by the Chengdu East Railway Station, will also be served by metro lines as well as several arterial roads and expressways¹.

The development is expected to comprise up to 1.5 million sq m of GFA and will comprise retail facilities like a shopping mall, furniture mall, electronics retail centre, a department store complemented by a theme park, high-grade office buildings and hotels. The total investment for the Chengdu Longemont Railway Commercial Development is approximately RMB10.0 billion and the investment for phase one is approximately RMB3.2 billion.

The Chengdu Longemont Railway Commercial Development is expected to be completed in four years after the grant of the construction permit and Shanghai Summit has won the right to purchase and develop the development in the public auction process.



Note:

The picture on this page is the Trustee-Manager's impression of the site layout plan illustrating the expected accessibility of the metro stations from the Chengdu High-Speed Railway Station and is not drawn according to scale.

¹ Based on the latest government plans showing the location and accessibility of the metro stations but subject to changes by the authorities.

Xi'an Longemont Railway Commercial Development



Note:

The picture on this page is an artist's impression of the Xi'an project and may differ from the actual view of the completed Xi'an Longemont Railway Commercial Development.

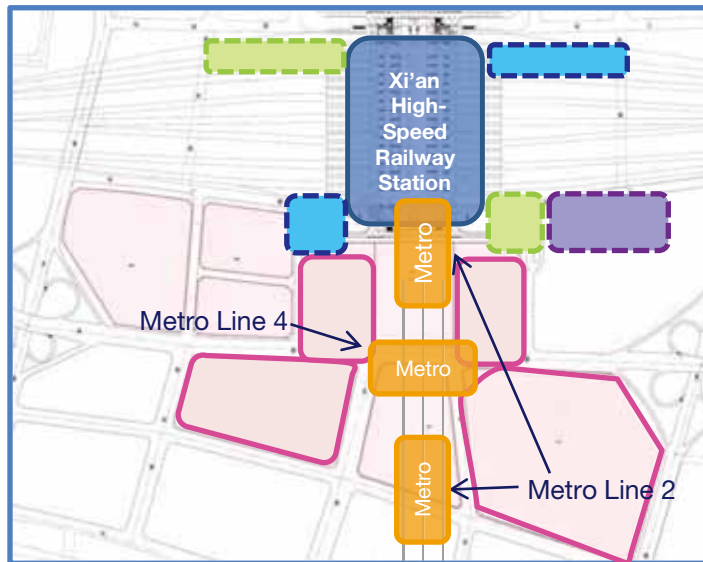
Xi'an is the capital city of Shaanxi province in central China. It is an important cultural, industrial and educational centre.

Xi'an Longemont Railway Commercial Development will be located in the Wei Yang District immediately in front of the Xi'an North Railway Station, which is one of the largest passenger train stations in Asia. Besides this inter-city railway, the complex is expected to have access to the future metro Line 2 and Line 4, as well as two bus interchanges¹. There is also easy access to the airport highway via the Ring Expressway, Xi'an Orbital Motorway and Xi Tong Expressway.


Pursuant to the Xi'an Co-operation Framework Agreement, Xi'an Longemont Railway Commercial Development is a large-scale development which is expected to have up to 2.0 million sq m of GFA and will include retail facilities such as a shopping mall, underground car park, high grade office buildings, luxury hotels, theme park, residential and public facilities within the Xi'an North Railway Station communities.

The Xi'an Longemont Railway Commercial Development is expected to be sold via a bidding process.

¹ Based on the latest government plans showing the location and accessibility of the metro stations and bus interchanges but subject to changes by the authorities.



Legend:

- | | | | |
|---|---|---|---------------------------|
|  | Longmont Railway Commercial Development |  | Taxi Waiting Area |
|  | Bus Station |  | Long Distance Bus Station |

Note:

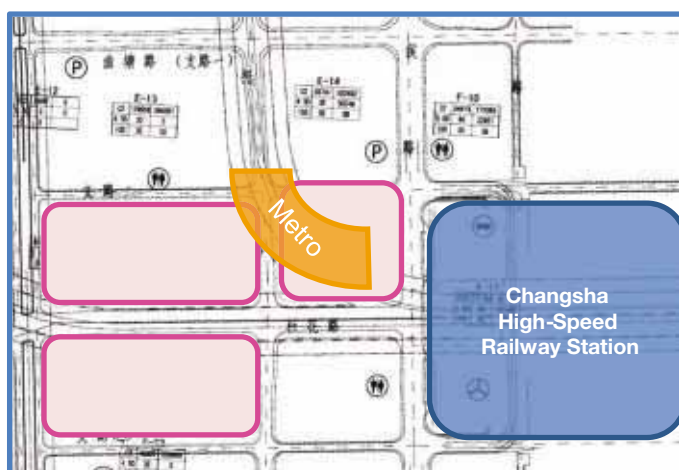
The picture on this page is the Trustee-Manager's impression of the site layout plan illustrating the expected accessibility of the metro stations from the Xi'an High-Speed Railway Station and is not drawn according to scale.

Changsha Longemont Railway Commercial Development

Changsha is the capital city of Hunan province in Central-South China. It is a major port and the political, educational and economic centre of the province.

The Changsha Longemont Railway Commercial Development will be next to Changsha's newly built high-speed rail station in Changsha's Yu Hua District. It is also expected to be served by a metro station and a bus terminal¹, with immediate access to the Beijing-Zhuhai expressway. Being a key transportation hub, the development is expected to experience high commuter volume. The final size of the development will not be less than 2.0 million sq m in GFA, of which retail is expected to be a key component.

The Changsha Longemont Railway Commercial Development is expected to be sold via a bidding process and the consideration is determined in accordance with the final bidding price. The project will commence construction within three months upon receipt of the land and to be completed and in operation prior to the debut of the Hu Kun Express Railway within four years. The GFA to be developed in each stage cannot be less than 1.0 million sq m and if the land is vacant for two years, the local government will take control of the land. All the responsibilities and losses arising will be borne by the Shanghai Summit (Group) with all taxes associated with the development project taxable by the Yu Hua Municipal government.



Legend:

	Longemont Railway Commercial Development		Taxi Waiting Area
	Bus Station		Long Distance Bus Station

Note:

The picture on this page is the Trustee-Manager's impression of the site layout plan illustrating the expected accessibility of the metro stations from the Changsha High-Speed Railway Station and is not drawn according to scale.

¹ Based on the latest government plans showing the location and accessibility of the metro station and bus terminal but subject to changes by the authorities.

The Strategic Partners — Nanhai Nenking (Holdings) Group Co., Ltd.

Overview

Nanhai Nenking (Holdings) Group Co., Ltd. (南海能兴(控股)集团) was established in 1998 with its core business focused primarily on property development, property and hotel management, pharmaceutical and financial and investment services. Guangdong Nenking Real Estate Development Co., Ltd, a wholly-owned subsidiary of Nanhai Nenking (Holdings) Group Co., Ltd., was established in 1993 and focuses on real estate development and property sales.

The Nenking Group developed Nanhai Square, one of the first shopping centres in China that combines shopping, dining, entertainment, leisure and tourist attractions in one complex.

Guangdong Nenking was responsible for developing the “Yicui” brand which was awarded the “outstanding brand” by the Guangdong Association of Corporations. It is also active in the development of other residential properties. One of their current projects in the retail sector is Yicui Shijia, a residential and commercial project which is expected to be completed in 2014, as well as a land bank earmarked for development at Jihua Road for a 140,000 sq m shopping mall and service apartments.

The Nenking Group’s Track Record

In recent years, the Nenking Group has received various awards including being one of the top 500 corporations in Guangdong as well as being one of the top 100 firms in the service sector and the top 10 Property Developers in Foshan in 2008.

The Strategic Partners — Beijing Hualian Group

Overview

Beijing Hualian Group (北京华联集团) is a leading Beijing-based Chinese retailer founded in 1997. Beijing Hualian Group’s business includes four key business units — supermarkets/hypermarkets, department stores, retail malls and partnerships/franchises.

Below are the key operating areas within Beijing Hualian Group.

- Beijing Hualian Department Store Co., Ltd. (882) is listed on the Shenzhen Stock Exchange with a market capitalisation of RMB6.4 billion as at the Latest Practicable Date and is Beijing Hualian Group’s shopping mall investment vehicle. The Beijing Hualian Group has a portfolio of more than 30 retail malls across China. The malls are positioned as suburban and community malls. As set out in the amended Memorandum and Articles of Association of 882, its strategy is to acquire and invest in primarily completed assets, similar to a REIT vehicle.
- Beijing Hualian Hypermarket Co., Ltd. (600361), (Beijing Hualian Hypermarket) is listed on the Shanghai Stock Exchange with a market capitalisation of RMB6.7 billion as at the Latest Practicable Date and operates Beijing Hualian Group’s integrated supermarkets and other retail stores. Beijing Hualian Hypermarket has a chain of hypermarkets across China. Beijing Hualian Hypermarket is the 14th largest PRC hypermarket retailer as measured by total retail value according to Euromonitor in 2010.
- Beijing Hualian Group currently owns a stake in Shin Kong Place, a mixed-use development comprising two hotels (Ritz Carlton and Marriott), a shopping mall and three grade “A” office blocks. Beijing Hualian Group also owns franchise brands such as Costa Coffee, Mango and Ecco.

Retail Portfolio

Beijing Hualian Group, through the PRC Manager, established the PRC Fund in June 2010. The PRC Fund is fully invested.

The Strategic Partners — Nan Fung Group

Overview

The Nan Fung Group and its affiliates are one of the largest privately-owned property developers in Hong Kong. Major activities of the group are real estate development/investments, construction/property management and shares/securities investment.

Nan Fung is a major real estate developer and investor in Mainland China and Hong Kong and has found PCRT to be an attractive retail real estate investment vehicle through which to gain more leveraged exposure to the China retail real estate sector. Given that there are few established retail operators in China, its current exposure in China is mainly to residential and commercial real estate classes.

Nan Fung has many years of real estate experience in various regions in China including Beijing, Shanghai, Guangzhou, Wuxi, Dalian and Sanya. Nan Fung's current investments in Mainland China include but are not limited to its direct holding of real estates and its indirect holding through its investments in a fund which it established with HSBC. Nan Fung does not have majority control of the general partner of the fund. Nan Fung also invests in China along with SOL, a Hong Kong-listed company and one of the largest developers in China. Nan Fung currently holds approximately 12.8% stake and is the second largest shareholder in SOL, with China Life as the largest shareholder.

Nan Fung's current investments in real estate in China comprise mainly residential and commercial real estate and it is keen to increase its exposure to the China retail real estate industry.

Nan Fung plans to eventually increase its profits from China to 50.0% of the group's net assets. At present, its investments in China account for approximately 20.0% of Nan Fung's net assets.

Rationale of Shareholding in the Trustee-Manager and Benefits to PCRT

Under the strategic alliance with Nan Fung, it is proposed that Nan Fung will hold and intends to hold a 12.0% stake in both the Trustee-Manager and PCRT as at the Listing Date. It is the intention of Nan Fung to hold its investment in PCRT for the long term and PCRT will be one of Nan Fung's strategic vehicles to gain exposure to the PRC retail real estate sector. The Trustee-Manager believes that more synergies will be created between PCRT and Nan Fung if, as a long-term investor in PCRT, Nan Fung also holds a shareholding interest in the Trustee-Manager.

Such a strategic alliance with Nan Fung will pave the way for more deal flows due to Nan Fung's presence in China. PCRT will also be able to leverage on Nan Fung's experience, relationships and expertise in the PRC real estate industry. Nan Fung in turn believes that with the skill sets and experience of the Sponsor in the retail real estate industry, both Nan Fung and PCRT can co-invest in mixed-used projects where PCRT can be responsible for the retail component while Nan Fung can be responsible for the residential component. In addition, Nan Fung may also be able to offer its existing real assets, and future real estate asset opportunities that it sources, to PCRT, thus benefiting PCRT.

Potential Conflict of Interests Mitigated

The Trustee-Manager is of the view that any potential conflict between the interests of Nan Fung and the interests of PCRT and the Unitholders created by Nan Fung's stake in both the Trustee-Manager and PCRT is mitigated for the reasons set out below.

The Sponsor will continue to maintain control over the operations and management of PCRT notwithstanding the up to 12.0% stake that Nan Fung will hold in the Trustee-Manager. The management team of the Trustee-Manager is wholly nominated by the Sponsor to allow the Sponsor to effectively manage the staffing and resources of the Trustee-Manager. Nan Fung will not be represented on the management of the Trustee-Manager and will not be involved in the operations and management of PCRT. Nan Fung will be a minority shareholder in the Trustee-Manager and there are no joint venture terms to give them management control of the Trustee-Manager. In addition, Nan Fung will not be entitled to any veto rights over any decisions of the Trustee-Manager (when it is making decisions in its own corporate capacity) by virtue of its 12.0% shareholding. To the extent that Nan Fung remains as a shareholder with less than 15.0% shareholding in the Trustee-Manager, Nan Fung will be a passive shareholder of the Trustee-Manager and will not participate in the decision-making process of the Trustee-Manager when it is making decisions in its own corporate capacity. For the avoidance of doubt, the decision-making process of the Trustee-Manager (when it is making decisions in its capacity as trustee-manager of PCRT) will be governed by, *inter alia*, the BTA and the Listing Manual and in accordance with the procedures (see "Corporate Governance").

For the purposes of complying with the board independence requirements of the Directors of the Trustee-Manager under the Business Trusts Regulations 2005, the Board of the Trustee-Manager will not regard Nan Fung's nominee to the Board as being independent from management and business relationships with the Trustee-Manager and will ensure that upon the appointment of Nan Fung's nominee to the Board, there will be at least a majority of the directors (excluding Nan Fung's nominee for independence purposes) who will be independent from management and business relationships with the Trustee-Manager. This is for the purposes of putting in place a stringent board independence requirement, notwithstanding that Nan Fung will not be participating in the management of the Trustee-Manager and Nan Fung's nominee is likely to be independent from management and business relationships with the Trustee-Manager at the time of his appointment.

The Strategic Partners — Asdew Acquisitions Pte Ltd

Overview

Asdew is an investment company incorporated in Singapore in 1999 which is predominantly owned by Mr Wang Yu Huei.

It invests mostly in Singapore in listed equities, fixed income products and real estate products.

Mr Wang was previously a director of Kim Eng Holdings Ltd from 1995 to 2004 and an independent director of Enzer Corporation Ltd from 2001 to 2005. When he was a stockbroker, he was also director of Kim Eng Securities Pte. Ltd. from 1992 to 1997.

Rationale of Shareholding in the Trustee-Manager and Benefits to PCRT

It is proposed that Asdew will hold and intends to hold a 10.0% stake in both the Trustee-Manager and PCRT as at the Listing Date because it believes that PCRT is a good investment platform and believes in the Trustee-Manager's ability to grow and to provide Unitholders with long-term capital growth. It is the intention of Asdew to hold its investment in PCRT for the long term and PCRT will be one of Asdew's

strategic vehicles to gain exposure to the PRC retail real estate sector. It is proposing to hold a 10.0% stake in both the Trustee-Manager and PCRT so that there will be greater alignment of interests between Asdew and PCRT. The Trustee-Manager believes that Asdew's shareholding in the Trustee-Manager will anchor Asdew as a long-term investor in PCRT and this will provide stability in the unitholding of PCRT.

No Conflict of Interests

The Trustee-Manager is of the view that there will not be any potential conflict between the interests of Asdew and the interests of PCRT and the Unitholders created by Asdew's stake in both the Trustee-Manager and PCRT, as Asdew is not engaged in the development and management of real estate and Asdew and Mr Wang in his personal capacity have no direct exposure to the retail real estate industry in China or other countries (outside of Singapore). Accordingly, Asdew will not compete with PCRT's business operations in China and Hong Kong. In addition, Asdew will not nominate a representative to the Board of the Trustee-Manager.

In addition, the Sponsor will continue to maintain control over the operations and management of PCRT notwithstanding the up to 10.0% stake that Asdew will hold in the Trustee-Manager. The management team of the Trustee-Manager is wholly nominated by the Sponsor to allow the Sponsor to effectively manage the staffing and resources of the Trustee-Manager. Asdew will not be represented on the management of the Trustee-Manager and will not be involved in the operations and management of PCRT. Asdew will be a minority shareholder in the Trustee-Manager and there are no joint venture terms to give them management control of the Trustee-Manager. In addition, Asdew will not be entitled to any veto rights over any decisions of the Trustee-Manager (when it is making decisions in its own corporate capacity) by virtue of its 10.0% shareholding. Asdew will be a passive shareholder of the Trustee-Manager and will not participate in the decision-making process of the Trustee-Manager when it is making decisions in its own corporate capacity. For the avoidance of doubt, the decision-making process of the Trustee-Manager (when it is making decisions in its capacity as trustee-manager of PCRT) will be governed by, *inter alia*, the BTA and the Listing Manual and in accordance with the procedures (see "Corporate Governance").

THE FORMATION AND STRUCTURE OF PERENNIAL CHINA RETAIL TRUST

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Recipients of this Document and all prospective investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of PCRT (Registration Number 2011002). The Trust Deed is available for inspection at the registered office of the Trustee-Manager at 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore 038986.

BACKGROUND

PCRT was constituted as a business trust on 22 February 2011 by a declaration of trust by Perennial China Retail Trust Management Pte. Ltd., as trustee-manager of PCRT, under the Trust Deed. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. On the Listing Date, 12.0% and 10.0% of the total issued share capital of the Trustee-Manager will be owned by Ace Best, which is part of Nan Fung, and Asdew, a privately owned Singapore investment company, respectively while the remaining 78.0% of the total issued share capital will be owned by the Sponsor.

OPERATIONAL STRUCTURE

PCRT's principal investment objectives are to invest in, own and develop land, uncompleted developments and income-producing real estate in the PRC and other real estate-related assets in relation to the foregoing. PCRT may also invest in the listed securities of real estate companies which invest in retail or predominantly-retail real estate located in the PRC.

UNIT ISSUE MANDATE

By subscribing for Units pursuant to or in connection with the Offering, Unitholders are (A) deemed to have approved the issuance of the Units pursuant to or in connection with the Offering, and the issuance of the Sponsor Units and the Cornerstone Units, under Section 36 of the BTA and (B) deemed to have given the authority (the "**Unit Issue Mandate**") to the Trustee-Manager, pursuant to Section 36 of the BTA, to:

- (i) (a) issue Units whether by way of rights, bonus or otherwise; and/or
 - (b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units, at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and
- (ii) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while the Unit Issue Mandate was in force (notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time such Units are issued),

provided that:

- (A) the aggregate number of Units to be issued pursuant to the Unit Issue Mandate (including Units to be issued in pursuance of Instruments made or granted pursuant to the Unit Issue Mandate) shall not exceed 50.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed 20.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);

- (B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) after completion of the Offering, after adjusting for any subsequent bonus issue, consolidation or subdivision of Units;
- (C) in exercising the Unit Issue Mandate, the Trustee-Manager shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);
- (D) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by the Unit Issue Mandate shall continue in force until (i) the conclusion of the first annual general meeting of PCRT or (ii) the date by which first annual general meeting of PCRT is required by applicable regulations to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Trustee-Manager be and is hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of PCRT to give effect to the authority conferred by the Unit Issue Mandate.

THE TRUST DEED

PCRT is a registered business trust constituted by the Trust Deed and is principally regulated by the SFA and the BTA. The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed and such supplemental deeds contain covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed and such supplemental deeds may require the Trustee-Manager to do.

The provisions of the BTA prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Trustee-Manager and Unitholders under the Trust Deed.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee-Manager.

Each Unit represents an undivided interest in PCRT. A Unitholder has no equitable or proprietary interest in the Trust Property of PCRT and is not entitled to the transfer to it of any Trust Property (or any part thereof) or of any real estate, any interest in any asset and real estate-related Trust Property (or any part thereof) of PCRT. A Unitholder's right is limited to the right to require due administration of PCRT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee-Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that it 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 of PCRT (or any part thereof), including all its Authorised Investments¹, and waives any rights it may otherwise have to such relief. If the Trustee-Manager breaches its duties or obligations to the Unitholder under the Trust Deed, the Unitholder'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 each Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach.

Further, unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, exercise any right in respect of the Trust Property of PCRT or any part thereof or lodge any caveat or other notice affecting the real estate or real estate-related Trust Property of PCRT (or any part thereof), or require that any part of the Trust Property be transferred to such Unitholder.

No certificate shall be issued to Unitholders by the Trustee-Manager in respect of Units issued to Unitholders. For so long as PCRT is listed, quoted and traded on the SGX-ST and/or any other stock exchange of repute in any part of the world ("**Recognised Stock Exchange**"), the Trustee-Manager shall appoint CDP as the Unit depository for PCRT in accordance with CDP's depository services terms and conditions relating to the deposit of Units in CDP ("**Depository Services Terms and Conditions**"). All Units issued will be represented by entries in the register of Unitholders kept by the Trustee-Manager or the agent appointed by the Trustee-Manager in the name of, and deposited with, CDP as the registered holder of such Units. The Trustee-Manager or the agent appointed by the Trustee-Manager shall issue to CDP 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, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

There is no restriction under the Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Units and to own Units except in the case of a rights issue where the Trustee-Manager has the right under the Trust Deed to elect not to extend an offer of Units under a rights issue to Unitholders whose addresses are outside Singapore.

Changes in Unitholders' Equity

The Trustee-Manager may at any time, on prior written notice (such notice period to be determined by the Trustee-Manager in its absolute discretion) to each Unitholder or, when the Units of PCRT are listed on the SGX-ST, by the Trustee-Manager delivering such notice in writing to CDP for onward delivery to the Unitholders), determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and the Unitholders shall be bound to accept their new number of Units accordingly.

The Register shall be altered accordingly to reflect the new number of Units held by each Unitholder as a result of such sub-division or consolidation. To effect this, the Trustee-Manager shall cause CDP to alter the depository register maintained by CDP (the "**Depository Register**") accordingly in respect of each relevant Unitholder's securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP ("**Securities Account**") to reflect the new number of Units held by such Unitholder as a result of such sub-division or consolidation.

¹ "**Authorised Investments**" has the meaning ascribed to it in the Trust Deed which includes real estate, whether freehold or leasehold, in or outside China, held singly or jointly and/or by way of direct ownership or by a shareholding in a holding company.

Rights, Preferences and Restrictions Attaching to Each Class of Units

The Trust Deed provides that rights attached to the Units issued with special conditions have to be clearly defined in the Trust Deed and, 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 any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class.

Currently, only one class of Units is contemplated and will be issued pursuant to this Offering and every Unit carries the same voting rights. Under the BTA, only the persons registered in the statutory register maintained by the Trustee-Manager are recognised as registered holders of the Units in issue. For so long as PCRT is listed, CDP shall be the registered holder of all the Units in issue and CDP shall, pursuant to the Depository Services Terms and Conditions, maintain a record in a depository register of the Unitholders having Units credited into their respective Securities Accounts and record in the Depository Register, among others, the following information in relation to each Unitholder:

- (i) the names and addresses of the Unitholders;
- (ii) the number of Units held by each Unitholder;
- (iii) the date on which every such person entered in respect of the Units standing in his or her name became a Unitholder and, where he or she became a Unitholder by virtue of an instrument of transfer, a sufficient reference to enable the name and address of the transferor to be identified; and
- (iv) the date on which any transfer is registered and the name and address of the transferee.

Under the Trust Deed, each Unitholder named in the depository register shall for such period as the Units are entered against his or her name in the depository register, be deemed to be the owner in respect of the number of Units entered against such Unitholder's name in the depository register and would be entitled to attend and vote at general meetings of Unitholders. The Trustee-Manager shall be entitled to rely on any and all such information in the depository register.

The entries in the depository register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each Unitholder and, in the event of any discrepancy between the entries in the depository register and the details appearing in any contract statements, statement of account balances, confirmation note or monthly statement issued by CDP, the entries in the depository register shall prevail unless the Unitholder proves to the satisfaction of the Trustee-Manager and CDP that the depository register is incorrect.

Voting Rights

A Unitholder is entitled to attend, speak and vote at any general meeting of the Unitholders in person or by proxy and a Unitholder may appoint not more than two proxies to attend and vote at the same general meeting as a Unitholder if his or her name appears on the Depository Register as at 48 hours before the time of the relevant general meeting as certified by CDP to PCRT. Except as otherwise provided in the Trust Deed, not less than two Unitholders must be present in person or by proxy of one-tenth in value of all the Units for the time being in issue to constitute a quorum at any general meeting provided that (i) a proxy representing more than one Unitholder shall only count as one Unitholder for the purpose of determining the quorum and (ii) where a Unitholder is represented by more than one proxy such proxies shall count as only one Unitholder for the purpose of determining the quorum. Under the Trust Deed, on a show of hands every Unitholder present in person or by proxy shall have one vote, and on a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit which he or she holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the general meeting or by five or more Unitholders (including their proxies)

having the right to vote at the general meeting or by Unitholder(s) (including their proxies) or by Unitholders present in person or by proxy representing not less than 10.0% of the total voting rights of all the Unitholders having the right to vote at the general meeting.

Variation of Rights of Respective Classes of Units

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 any applicable laws, regulations and guidelines, whether or not PCRT is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class. To every such separate meeting of Unitholders of that class, the provisions of the Trust Deed relating to general meetings of the Unitholders shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney at least one-third of the issued Units of the class and that any Unitholder of that class present in person or by proxy or by attorney may demand a poll.

The rights conferred upon the Unitholders of any class of Units 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 the Trust 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.

The Trust Deed does not impose more stringent conditions for variation of rights of various classes of Units than those required by applicable law.

Issue of Units

The Trustee-Manager has the exclusive right to issue Units for the account of PCRT. For so long as PCRT is listed on the SGX-ST, the Trustee-Manager may issue Units, subject to the provisions of the Listing Manual, the Trust Deed, the BTA and any other relevant laws, regulations and guidelines.

If in connection with an issue of a Unit, any requisite payment of the issue price for such Unit has not been received by the Trustee-Manager before the seventh Business Day after the Unit was agreed to be issued (or such other date as the Trustee-Manager may decide), the Trustee-Manager may cancel its agreement to issue such Unit, and such Unit will be deemed never to have been issued or agreed to be issued and the investor therefor shall have no right or claim in respect thereof against the Trustee-Manager. In such an event, the Trustee-Manager may, at its discretion, charge the investor (and retain the same for its own account) a cancellation fee of such amount as the Trustee-Manager may from time to time determine to represent the administrative costs involved in processing the application for such Unit and no previous valuations of PCRT shall be re-opened or invalidated as a result of the cancellation of such Units.

Suspension of Issue of Units

The Trustee-Manager may, subject to the Listing Manual, suspend the issue of Units during:

- any period 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;
- the existence of any state of affairs which, in the opinion of the Trustee-Manager, might seriously prejudice the interests of the Unitholders as a whole or the Trust Property of PCRT;

- any breakdown in the means of communication normally employed in determining the price of any assets of PCRT or the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of PCRT cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of PCRT or in the payment for such asset of PCRT cannot, in the opinion of the Trustee-Manager, be carried out at normal rates of exchange;
- in relation to any general meeting of Unitholders, the period of 48 hours before such general meeting or any adjournment thereof;
- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS; or
- when the business operations of the Trustee-Manager in relation to PCRT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes 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 ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Trustee-Manager.

In the event of any suspension while PCRT is listed on the SGX-ST, the Trustee-Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST via SGXNET.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

- receive income and other distributions attributable to the Units held;
- receive audited accounts and the annual reports of PCRT; and
- participate in the winding up or liquidation of PCRT by receiving a share of all net cash proceeds derived from the realisation of the assets of PCRT less any liabilities, in accordance with their proportionate interests in PCRT.

No Unitholder has a right to require that any asset of PCRT be transferred to him or her.

Further, Unitholders cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- PCRT ceasing to comply with applicable laws and regulations; or
- the interference in the exercise of any discretion expressly conferred on the Trustee-Manager by the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee-Manager or any creditor of PCRT in the event that the liabilities of PCRT exceed its assets.

Under the Trust Deed, every Unit carries the same voting rights.

Limitation on Right to Own Units — Units Issued to Persons Resident Outside Singapore

In relation to any rights issue, the Trustee-Manager may in its absolute discretion elect not to extend an offer of Units under such rights issue to those Unitholders whose addresses are outside Singapore. In such event, the rights or entitlements to the Units of such Unitholders will be offered for subscription by the Trustee-Manager as the nominee and authorised agent of each such relevant Unitholder 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 Unitholders whose rights or entitlements have been thus sold, provided that where such proceeds payable to any Unitholder is less than S\$10.00, the Trustee-Manager shall be entitled to retain such proceeds as part of the Trust Property of PCRT.

Amendments to the Trust Deed after the Units are Listed

After the Listing Date, the Trustee-Manager shall be entitled, by deed supplemental to the Trust Deed, to modify, alter or add to the provisions of the Trust Deed in such manner and to such extent as it may consider expedient for any purpose subject to the provisions of the BTA, the Listing Manual and the Trust Deed.

The BTA currently provides that the trust deed of a registered business trust may be amended by a resolution passed by the unitholders of that trust holding in the aggregate not less than 75.0% of the voting rights of all the unitholders of that trust who, being entitled to do so, vote in person or by proxy present at a general meeting of which not less than 21 days' written notice specifying the intention to propose the resolution as a Special Resolution has been duly given.

Circumstances Under Which the Trustee-Manager May Be Indemnified Out of the Trust Property of PCRT

In general, subject to any express provision under the Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager, the Trustee-Manager is entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be subject to as PCRT's trustee-manager to have recourse to the Trust Property of PCRT or any part thereof, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default, breach of trust by the Trustee-Manager or where the Trustee-Manager failed to exercise Due Care.

Circumstances Under Which the Trustee-Manager May Exclude Liability in Relation to Carrying Out of its Duties with Respect to PCRT

Subject to the duties and obligations of the Trustee-Manager under the Trust Deed, the Trustee-Manager shall not be liable for any act or omission in relation to PCRT save where there is, on the part of the Trustee-Manager, fraud, wilful default, breach of trust or where the Trustee-Manager fails to exercise Due Care.

In the absence of fraud, wilful default, breach of trust by the Trustee-Manager or where the Trustee-Manager can show that it had exercised Due Care, the Trustee-Manager shall not incur any liability to the Unitholders by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

Appointment, Removal, Resignation or Retirement of the Trustee-Manager

The Trust Deed provides that appointment, removal, resignation and retirement of the Trustee-Manager shall only be in accordance with applicable laws, regulations, guidelines. (See “The Trustee-Manager — The Trustee-Manager of PCRT — Retirement or Removal of the Trustee-Manager”).

Fees and Charges payable to the Trustee-Manager

The Trust Deed provides that there may be fees and charges paid out of the Trust Property (either directly or, if relevant, indirectly through a special purpose vehicle) in addition to any other fees or charges expressly authorised by the Trust Deed, by way of payment to or reimbursement of the Trustee-Manager, all fees, costs, charges and expenses reasonably incurred in connection with or arising out of the Trustee-Manager carrying out its duties and complying with its obligations (whether imposed by the relevant laws, regulations and guidelines or the Trust Deed), exercising all powers, authorities, discretions and rights under the Trust Deed or pursuant to any undertaking, indemnity, representation or warranty given by or agreement entered into by the Trustee-Manager pursuant to its powers, authorities, discretions and rights under the Trust Deed or in managing and administering PCRT, including but not limited to those expressly set out in the Trust Deed.

Changes in the Fees and Charges Payable to the Trustee-Manager

An Extraordinary Resolution is required to modify the Trust Deed to approve any increase in the rates of, or any change in the formula for calculation of, the Management Fee, the Acquisition Fee, the Divestment Fee or the Trustee Fee.

Winding-up

Notwithstanding the time, circumstances or event specified in the Trust Deed, but subject otherwise to the BTA, the winding up of PCRT would still be subject to approval by not less than a majority of the voting rights of all Unitholders present and voting in general meeting. The duration of the trust constituted by the Trust Deed is of indefinite duration but PCRT may, without prejudice to the provisions of the BTA, be wound up by the Trustee-Manager in the event that any law shall be passed which renders it illegal or, in the opinion of the Trustee-Manager, impracticable or inadvisable to continue PCRT and approval for the winding up has been given by Unitholders by way of an Extraordinary Resolution duly passed by the Unitholders at a meeting thereof convened by the Trustee-Manager in accordance with the Trust Deed.

CERTAIN AGREEMENTS RELATING TO PERENNIAL CHINA RETAIL TRUST AND THE PROPERTIES

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of PCRT. The agreements are available for inspection at the registered office of the Trustee-Manager at 6 Temasek Boulevard, #25-04/05 Suntec Tower Four, Singapore 038986 for a period of six months from the date of this Prospectus.

Agreements relating to Shenyang Summit Real Estate Development Co., Ltd.

(a) Shenyang Summit Co-operative Framework Agreement

Shanghai Summit (Group), Shanghai Summit, Shenyang Summit, the Sponsor, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited had entered into a co-operative framework agreement on 30 September 2010, as supplemented by an agreement entered into by the same parties on 17 November 2010, amended and restated on 12 January 2011 and further supplemented by an agreement entered into by the same parties on 21 March 2011 (the “**Shenyang Summit Co-operative Framework Agreement**”) in relation to the acquisition of, and subscription for, 50.0% of the total equity interest of Shenyang Summit by Shenyang Retail 1 Limited and Shenyang Retail 2 Limited.

Corporate Re-organisation

Under the terms of the Shenyang Summit Co-operative Framework Agreement, Shenyang Summit will undergo Corporate Re-organisation, pursuant to which the original Shenyang Summit will be restructured into a number of companies, comprising newly established companies and Shenyang Summit as the successor to the original company. After the completion of the Corporate Division, Shenyang Summit, as the successor, will succeed all the assets, liabilities and contracts directly relating to the three real estate assets, being Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices. The assets, liabilities and contracts of the original company other than those relating to Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices will be transferred to the newly established companies. The registered capital of Shenyang Summit after the completion of the Corporate Re-organisation will be RMB400.0 million.

Shanghai Summit, as the sole shareholder of Shenyang Summit, will transfer 99.0% of its equity interest in Shenyang Summit to Mr Tong Jinquan and retain the remaining 1.0%¹.

Transaction Price

The Shenyang Summit Co-operative Framework Agreement provides that the aggregate transaction price (the “**Shenyang Summit Transaction Price**”) for the acquisition of the equity interest and the subscription for new equity interest of Shenyang Summit shall be computed on the basis that the transaction value (the “**Shenyang Assets Transaction Value**”) of Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices is between RMB3,717 million (based on the minimum offering price of S\$0.70 per Unit) and RMB4,050 million (based on the maximum offering price of S\$0.76 per Unit) which translates to RMB9,293 per sq m to RMB10,125 per sq m of 800,000 sq m of GFA, subject to adjustments. For the purposes of computing the Shenyang Assets Transaction Value, the “actual

¹ The percentage shareholdings of Shanghai Summit and Mr Tong Jinquan may be adjusted provided that Mr Tong Jinquan owns sufficient percentage holding of the equity interest of Shenyang Summit for the purposes of the transfer to Shenyang Retail 1 Limited and Shenyang Retail 2 Limited.

GFA” includes the GFA of the shopping mall, the office building, the car park lots and the plant and equipment rooms. The actual GFA shall be determined by a qualified surveyor selected, and agreed to, by all the parties.

The Shenyang Assets Transaction Value will be adjusted based on the actual construction area, but the amount of the adjustment in the event of an increase shall not be more than 3.0% of the agreed value of the Shenyang Properties. The payment will be determined based on an agreement to be signed between Mr Tong Jinquan (or Shanghai Summit (Group), Shanghai Summit or Shenyang Summit, as the case may be), Shenyang Retail 1 Limited and Shenyang Retail 2 Limited. For the avoidance of doubt, in the event Mr Tong Jinquan is required to refund Shenyang Retail 1 Limited and/or Shenyang Retail 2 Limited any monies that they have paid, such refund shall not be borne by Shenyang Summit.

Additional Basement Floor Space

After Listing, PCRT will have a right to purchase an additional basement floor space of 8,964 sq m located on the basement floor of the Shenyang Phase I Project, north to the Shenyang Longemont Shopping Mall and adjacent to both the transportation hub and Shenyang Longemont Shopping Mall, which is not part of the Shenyang Properties, at an additional transaction price of RMB44,820,000, based on RMB10,000 per sq m of actual GFA, subject to adjustments, such transaction to be completed within 12 months commencing from the Listing Date or prior to the completion acceptance of the Shenyang Phase I Project (whichever is earlier).

Transportation Hub

The transportation hub adjacent to the Longemont Shopping Mall covering an area of 27,000 sq m (of which 12,000 sq m is within the land area of Shenyang Longemont Shopping Mall) is not part of the Shenyang Phase I Project although pursuant to the Shenyang Summit Co-operative Framework Agreement, it has been agreed that Shanghai Summit (or one of the new entities formed pursuant to the Corporate Re-organisation) will be responsible for the construction and operation of the transportation hub and will receive all the income generated from it.

Any fees and expenses in respect of any future land division for the transportation hub as well as a reissuing of the building ownership certificate and the land use right certificate in the names of both Shenyang Summit and Shanghai Summit (or one of the new entities formed pursuant to the Corporate Re-organisation) shall be borne by Shanghai Summit (or one of the new entities formed pursuant to the Corporate Re-organisation, as the case may be).

Acquisition of and Subscription for Equity Interest

Shenyang Retail 1 Limited will acquire the equity interest of Shenyang Summit by injecting RMB1,965.0 million into Shenyang Summit to acquire such equity interest of which 20.0% (approximately RMB400.0 million¹) of the subscription proceeds of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited for its subscription of new equity interest in Shenyang Summit will be paid after the capital increase has been approved by the relevant authorities with the remaining 80.0% (approximately RMB1,565.0 million) (of which RMB1.0 billion will be paid into an escrow account pending the satisfaction of certain conditions before its release) on the Stage I Closing Day (as defined herein). Of the amount applied towards the increase in capital, RMB1,831,666,667 will be applied towards the capital reserve account of Shenyang Summit and RMB133,333,333 will be applied towards the registered capital account. As a result of the share capital increase, Shenyang Retail 1 Limited will own 25.0% of the equity interest of Shenyang Summit. The payment of the Shenyang Summit Transaction Price is conditional upon, *inter alia*,

¹ S\$79.5 million, being the equivalent of approximately RMB400.0 million, will be remitted to pay for at least 20.0% of the subscription proceeds of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited for its subscription of new equity interest in Shenyang Summit amounting to RMB393.0 million.

the Listing and the proceeds from the initial public offering being in place and the transfer and capital increase being approved by the relevant authorities and the approval certificates being obtained.

After the capital increase by Shenyang Retail 1 Limited, Shenyang Retail 2 Limited will acquire the equity interest of Shenyang Summit by and defer paying between RMB1,507.0 million (based on the minimum offering price of S\$0.70 per Unit) to RMB1,840.0 million (based on the maximum offering price of S\$0.76 per Unit) to Mr Tong Jinqian to the Listing Date to acquire part of Mr Tong Jinqian's equity interest in Shenyang Summit. An amount of RMB666,666,667 will be converted into new registered capital. As a result of the share transfer, Shenyang Retail 2 Limited will own 25.0% of the equity interest of Shenyang Summit. The payment of the purchase price is conditional upon, *inter alia*, the Listing and the proceeds from the initial public offering being in place and the transfer and capital increase being approved by the relevant authorities and the approval certificates being obtained.

Upon the completion of the capital increase and the payment for the share transfer, the Summit Parties will hold 50.0% of the total equity interest and Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will together hold 50.0% of the total equity interest of Shenyang Summit.

The above mentioned escrow amount of RMB1.0 billion for the capital injected by Shenyang Retail 1 Limited will only be released upon the later of the satisfaction of the following conditions¹:

- (i) three months after receipt of the approval certificate;
- (ii) upon Shenyang Longemont Offices attaining 15.0% occupancy and rental income of no less than RMB2.50 per sq m per day and service charge of no less than RMB0.50 per sq m per day;
- (iii) upon the Shenyang Longemont Shopping Mall and Shenyang Longemont Offices complying with the specifications listed out in Appendix 9 of the Capital Increase Agreement and acceptance of such compliance by the Sponsor; and
- (iv) the fulfilment or waiver of by the Sponsor of the conditions precedent to be met for payment of the Shenyang Summit Transaction Price on Listing Date.

In the event the above conditions are not met by the latest possible date of payment of the Shenyang Summit Transaction Price (in accordance with the applicable laws), Shenyang Retail 1 Limited may release the escrow amount of RMB1.0 billion to Shenyang Summit to be applied towards the capital account of Shenyang Summit subject to the supervision of Shenyang Retail 1 Limited. Shenyang Summit and the Summit Parties will not be able to utilise the escrow amount of RMB1.0 billion until the above conditions have been met¹.

(See “— Agreements relating to Shenyang Summit Real Estate Development Co., Ltd. — Capital Increase Agreement and Agreements relating to Shenyang Summit Real Estate Development Co., Ltd. — Share Transfer Agreement”.)

¹ Under the Shenyang Summit Co-operative Framework Agreement, RMB1.0 billion of the total subscription price of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited may be placed into an account supervised by Shenyang Retail 1 Limited pending the satisfaction of certain conditions precedent. However, Shenyang Retail 1 Limited, Shenyang Retail 2 Limited and the Summit Parties, as the shareholders of Shenyang Summit, intend to apply the escrow amount which is placed into the escrow account towards (i) the early repayment of part of the principal amount outstanding under the Shenyang Summit Agricultural Bank of China Loan Facility, (ii) the repayment of interest outstanding on the principal amount which is prepaid, (iii) the payment of the remaining development costs of the Shenyang Longemont Shopping Mall and the Shenyang Longemont Offices, with any excess costs to be borne by the Summit Parties and (iv) repayment of shareholder's advance from Shanghai Summit which was advanced to Shenyang Summit for the construction of the Shenyang Properties.

Mr Tong Jinquan agreed to bear all taxes (including but not limited to stamp duty and income tax) incurred in the PRC in connection with the Corporate Re-organisation and acquisition of and subscription for the equity interest of Shenyang Summit, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited agreed to bear all the stamp duty incurred in the PRC and all taxes incurred outside the PRC in connection with the Corporate Re-organisation and acquisition of and subscription for the equity interest of Shenyang Summit.¹

Management of the Shenyang Phase I Project

The Sponsor and Shanghai Summit (Group) agreed to establish a joint venture company to manage the operations of the Shenyang Phase I Project and the property management fees payable shall be calculated in the manner set out in the “Certain Fees and Charges” section.

Other Terms

Other provisions in the Shenyang Summit Co-operative Framework Agreement set out, *inter alia*:

- certain representations and warranties by each party thereto, including that it is duly established and validly existing;
- certain termination events including (i) the right of any party to terminate the Shenyang Summit Co-operative Framework Agreement if the approval of the Ministry of Commerce for the transfer of, and subscription for, equity interest of Shenyang Summit is not obtained within eight months of the date of the Shenyang Summit Co-operative Framework Agreement, (ii) the right of any party to terminate the Shenyang Summit Co-operative Framework Agreement if, by the earlier of six months of Shenyang Summit obtaining certificates of approval in relation to the transfer of, and subscription for, equity interest and 30 June 2011, the Listing has not occurred, (iii) the written agreement of all parties and (iv) the right of a non-defaulting party (“**Non-Defaulting Party**”) to terminate in the event of a breach by any party (the “**Defaulting Party**”) of the material terms of Shenyang Summit Co-operative Framework Agreement (including certain terms in relation to the Corporate Re-organisation and representations and warranties by each party) and such breach is not cured (“**Material Breach**”);
- that if the Shenyang Summit Co-operative Framework Agreement is terminated before the Stage I Closing Day due to a Material Breach by a Defaulting Party, the Defaulting Party is liable to pay a penalty of RMB10.0 million to the Non-Defaulting Parties and will bear the costs and expenses incurred by each Non-Defaulting Party in undertaking the Corporate Re-organisation set out in the Shenyang Summit Co-operative Framework Agreement;
- prior written consent of the other parties is required for any party to transfer its rights and obligations under the Shenyang Summit Co-operative Framework Agreement, save in the case of a transfer in connection with the Listing subject to certain pre-conditions;
- that any rental and other revenue derived from the Shenyang Phase I Project shall be directly owned by Shenyang Summit from the Stage I Closing Day. Specifically, the “Agreement on Free Use of Properties” dated 30 September 2010 between Shenyang Summit and Shenyang Longemont Furniture Co., Ltd. (the “**Agreement on Free Use of Properties**”) is to be terminated prior to the Stage I Closing Day; and

¹ Under PRC laws, stamp duty is levied on both the vendor and the purchaser to a contract on which stamp duty is payable. Accordingly, Mr Tong Jinquan and Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will bear the respective stamp duties incurred in the PRC which are levied on them.

- that Shenyang Longemont Furniture Co., Ltd. shall enter into a supplementary agreement with Red Star Macalline and other relevant companies affirming such principal-agent relationship and ensure that any payment of rental by tenants and other revenue can be deposited directly into an account of Shenyang Summit, or, alternatively, the tenancy contracts with the tenants may be re-signed subsequent to the termination of the Agreement on Free Use of Properties.

Net Assets of Shenyang Summit

Mr Tong Jinquan has covenanted that on the Final Closing Day (as defined herein), the net assets of Shenyang Summit are to be no less than RMB2.4 billion and its cash assets shall be no less than the total amount of its debts. On the end of the third month commencing from the Final Closing Day, the net assets of Shenyang Summit is to be no less than RMB2.4 billion and its total amount of debts is to be zero.

Repurchase by the Shanghai Summit (Group)

Shanghai Summit (Group) has provided an undertaking to the Sponsor that in the event the Listing does not proceed, after Shenyang Retail 1 Limited has made its payment for its purchase of the 25.0% equity interest of Shenyang Summit, Shanghai Summit (Group) will execute all the necessary documents with the Sponsor, Shenyang Retail 1 Limited and/or Shenyang Retail 2 Limited in order for Mr Tong Jinquan or Shanghai Summit to repurchase the 25.0% equity interest held by Shenyang Retail 1 Limited in Shenyang Summit and the 25.0% equity interest held by Shenyang Retail 2 Limited in Shenyang Summit.

The consideration for the repurchase of the 25.0% equity interest of Shenyang Summit from Shenyang Retail 1 Limited shall be the subscription proceeds to be paid by Shenyang Retail 1 Limited for its subscription of new equity interest in Shenyang Summit.

Mr Tong Jinquan shall be responsible for the payment of the remaining subscription proceeds to Shenyang Summit. The consideration for the repurchase of the 25.0% equity interest of Shenyang Summit from Shenyang Retail 2 Limited shall be waived, and the obligation for Shenyang Retail 2 Limited's payment of RMB1,507.0 million (based on the minimum offering price of S\$0.70 per Unit) to RMB1,840.0 million (based on the maximum offering price of S\$0.76 per Unit) to Mr Tong Jinquan shall also concurrently be waived.

The Singapore Dollar equivalent of RMB393.0 million shall be paid by Shanghai Summit (Group) to Shenyang Retail 1 Limited within seven days of the issuance of the transfer approval by the Shenyang Foreign Economic and Trade Bureau.

For the purposes of the Shenyang Summit Co-operative Framework Agreement, "**Stage I Closing Day**" shall mean the day on which Shenyang Retail 1 Limited pays the remaining amount payable in respect of the Subscription Price (as defined below) less RMB1.0 billion to Shenyang Summit and "**Final Closing Day**" shall mean the day on which the Shenyang Summit Transaction Price (including the release of the escrow amount of RMB1.0 billion from the supervision of Shenyang Retail 1 Limited (if applicable)) is paid in full to Mr Tong Jinquan and/or into Shenyang Summit.

The Shenyang Summit Co-operative Framework Agreement is governed by PRC laws. Any dispute in connection with the Shenyang Summit Co-operative Framework Agreement will be submitted to the China International Economic and Trade Arbitration Commission Shanghai Sub-commission for arbitration.

(b) Capital Increase Agreement between Shenyang Retail 1 Limited, Mr Tong Jinquan and Shanghai Summit

On 12 January 2011, Shenyang Retail 1 Limited, Shenyang Summit, Mr Tong Jinquan and Shanghai Summit entered into the capital increase agreement (the “**Capital Increase Agreement**”) pursuant to which Shenyang Retail 1 Limited agrees to subscribe for new capital in Shenyang Summit which, upon completion of the transaction, will result in (i) Shenyang Retail 1 Limited holding 25.0% of the total equity interest in Shenyang Summit, (ii) the registered capital of Shenyang Summit being increased to RMB533.0 million and (iii) Mr Tong Jinquan and Shanghai Summit holding 74.25% and 0.75% of the equity interest of Shenyang Summit, respectively.

Prior to the entry into the Capital Increase Agreement, Shenyang Summit had a registered capital of RMB400.0 million with 99.0% of its equity interest being held by Mr Tong Jinquan, and the remaining 1.0% being held by Shanghai Summit.

Pursuant to the Capital Increase Agreement, Shenyang Retail 1 Limited agrees to:

- (i) subscribe for new equity interest of Shenyang Summit by paying RMB1,965.0 million (the “**Subscription Price**”), of which RMB133,333,333 will be applied towards increasing the registered capital of Shenyang Summit, and the remaining RMB1,831,666,667 will be paid to Shenyang Summit as capital reserve; and
- (ii) pay 20.0% (approximately RMB400.0 million¹) of the Subscription Price within one month of the issuance of the approval certificate to Shenyang Summit.

The capital account of Shenyang Summit will then be placed under the supervision of Shenyang Retail 1 Limited. In the event that Shenyang Summit fails to obtain a new business licence reflecting Shenyang Retail 1 Limited as a shareholder of Shenyang Summit within two months of the payment of the above mentioned 20.0% of the Subscription Price, Shenyang Summit shall refund Shenyang Retail 1 Limited the amount paid.

The remaining balance of the Subscription Price (of which RMB1.0 billion will be paid into an escrow account) will be paid by Shenyang Retail 1 Limited on the Stage I Closing Day to the capital fund account of Shenyang Summit, of which PCRT and the Summit Group will then be joint signatories of, subject to satisfaction or waiver of all conditions precedent, including, *inter alia*:

- (a) the Capital Increase Agreement being duly executed by the authorised representatives of the parties;
- (b) the Articles of Association of Shenyang Summit and the First Equity Joint Venture Agreement being duly executed by the authorised representatives of Mr Tong Jinquan, Shanghai Summit and Shenyang Retail 1 Limited;
- (c) Mr Tong Jinquan and Shanghai Summit giving written notice that they are relinquishing their rights to the right of first purchase in relation to the new capital increase;
- (d) the shareholders of Shenyang Summit having given written notice that the Articles of Association of Shenyang Summit are to be adopted;
- (e) grant of approvals by the relevant authorities in respect of the Capital Increase Agreement, the First Equity Joint Venture Agreement and the Articles of Association of Shenyang

¹ S\$79.5 million, being the equivalent of approximately RMB400.0 million, will be remitted to pay for at least 20.0% of the subscription proceeds of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited for its subscription of new equity interest in Shenyang Summit amounting to RMB393.0 million.

- Summit (including the completion of any requisite filing and registration procedures) and Shenyang Summit's receipt of the approval certificate and new business licence;
- (f) completion of SAFE registration and opening of a foreign currency account by Shenyang Summit;
 - (g) all taxes and fees having been duly paid in respect of the land of the Shenyang Phase I Project including the deed tax and land premium;
 - (h) no imposition on Shenyang Summit of any idle land fees in respect of any delayed development of land;
 - (i) no change of land use conditions in respect of Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall as set out in the Appendix to the Capital Increase Agreement;
 - (j) no mortgage or other forms of security interest shall be made over Shenyang Phase I Project or Shenyang Summit except the mortgage for the purpose of the RMB1.6 billion loan facility by the Agricultural Bank of China;
 - (k) completion of due diligence on Shenyang Summit by the Sponsor to its satisfaction (or as rectified by Shenyang Summit to the satisfaction of the Sponsor);
 - (l) satisfaction of all handover conditions as set out in the Appendix to the Capital Increase Agreement and passing the inspections conducted by the Sponsor in respect of the handover conditions in respect of Shenyang Longemont Shopping Mall (excluding Shenyang Longemont Offices);
 - (m) the successful initial public offering of PCRT;
 - (n) the Agreement on Free Use of Properties is to be terminated with effect from the day it was entered into, and is to be null and void. All lease and tenancy contracts concluded by Shenyang Longemont Furniture Co., Ltd. with third party tenants in respect of Shenyang Red Star Macalline Furniture Mall shall be amended such that they are concluded on behalf of Shenyang Summit by Shenyang Longemont Furniture Co., Ltd. as its agent. Shenyang Longemont Furniture Co., Ltd. shall enter into a supplementary agreement with Red Star Macalline and other relevant companies affirming such principal-agent relationship and ensure that any payment of rental by tenants and other revenue can be deposited directly into an account of Shenyang Summit, or, alternatively, the tenancy contracts with the tenants may be re-signed subsequent to the termination of the Agreement on Free Use of Properties. Any rental and other revenue derived from Shenyang Red Star Macalline Furniture Mall shall be directly owned by Shenyang Summit from the Stage I Closing Day;
 - (o) free licensing of “龙之梦购物中心” and “the Longemont” trademarks, and licensing agreements have been entered into by Shenyang Summit with the owners of the trademarks, Shanghai Longemont Shopping Centre Co., Ltd., and Shanghai Summit Hotel Management Co., Ltd. and has obtained official receipts from the trademark bureau evidencing the filing of the licensing agreements; and
 - (p) from the date of entry into of the Capital Increase Agreement to the Stage I Closing Date, all representations, warranties and guarantees are to be true, enforceable, accurate and complete.

Unless otherwise agreed by the parties, the RMB1.0 billion withheld will only be released:¹

- (i) three months after receipt of the approval certificate;
- (ii) upon Shenyang Longemont Offices attaining 15.0% occupancy and rental income of no less than RMB2.50 per sq m per day and service charge of no less than RMB0.50 per sq m per day;
- (iii) upon the acceptance by the Sponsor of Shenyang Longemont Offices which shall comply with the specifications listed out in Appendix 9 of the Capital Increase Agreement; and
- (iv) the conditions precedent to be met for payment of the remaining Subscription Price (less the RMB1.0 billion) on the Stage I Closing Day remaining fulfilled (unless waived by the Sponsor).

In the event the above conditions are not met by the latest possible date of payment of the Shenyang Summit Transaction Price (in accordance with the applicable laws), Shenyang Retail 1 Limited may release the escrow amount of RMB1.0 billion to Shenyang Summit to be applied towards the capital account of Shenyang Summit subject to the supervision of Shenyang Retail 1 Limited. Shenyang Summit will not be able to utilise the escrow amount of RMB1.0 billion until the above conditions have been met¹.

Unless otherwise agreed or stipulated in the agreement, each party to the Capital Increase Agreement will not:

- (A) sell, lease or transfer Shenyang Phase I Project in part or in whole;
- (B) impose any mortgage, pledge, lien or other security interest on Shenyang Phase I Project; or
- (C) co-operate with any third party for a joint investment in Shenyang Phase I Project.

The Capital Increase Agreement is governed by PRC laws and any dispute not resolved through amicable consultation shall be submitted to the China International Economic and Trade Arbitration Commission Shanghai Sub-commission for arbitration.

Representations and Warranties by the Summit Parties in Respect of Shenyang Summit Pursuant to the Capital Increase Agreement

Pursuant to the execution of the Capital Increase Agreement between Mr Tong Jinquan, Shanghai Summit and Shenyang Retail 1 Limited in relation to Shenyang Summit, the Summit Parties have made the following representations and warranties in respect of Shenyang Summit as of the date of signing of the Capital Increase Agreement and as of the settlement date:

- (i) that in relation to Shenyang Summit:
 - (a) Shenyang Summit has been duly established by law and is a validly existing independent legal entity;

¹ Under the Shenyang Summit Co-operative Framework Agreement, RMB1.0 billion of the total subscription price of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited may be placed into an account supervised by Shenyang Retail 1 Limited pending the satisfaction of certain conditions precedent. However, Shenyang Retail 1 Limited, Shenyang Retail 2 Limited and the Summit Parties, as the shareholders of Shenyang Summit, intend to apply the escrow amount which is placed into the escrow account towards (i) the early repayment of part of the principal amount outstanding under the Shenyang Summit Agricultural Bank of China Loan Facility, (ii) the repayment of interest outstanding on the principal amount which is prepaid, (iii) the payment of the remaining development costs of the Shenyang Longemont Shopping Mall and the Shenyang Longemont Offices, with any excess costs to be borne by the Summit Parties and (iv) repayment of shareholder's advance from Shanghai Summit which was advanced to Shenyang Summit for the construction of the Shenyang Properties.

- (b) since the date of signing of the Capital Increase Agreement in relation to the Shenyang Phase I Project, Shenyang Summit has maintained independent and separate accounts for Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont;
- (c) Shenyang Summit has kept all its financial accounts, books and records since its establishment;
- (d) as of the Closing Date, Shenyang Summit has no investment in any entities, nor is it a party to any partnership or joint venture;
- (e) to the knowledge of the Summit Parties, there are currently no matters which may result in the bankruptcy, dissolution, winding-up or termination of Shenyang Summit;
- (f) Shenyang Summit and the Summit Parties have to provide Shenyang Retail 1 Limited and Shenyang Retail 2 Limited (as the case may be), with all material contracts entered into by Shenyang Summit in relation to the Shenyang Phase I Project and the Summit Parties have to ensure that prior to the settlement date, Shenyang Summit does not enter into any other material contract and/or breach any of the existing material contracts;
- (g) there are no outstanding claims, litigation, arbitration or administrative proceedings in relation to the Shenyang Phase I Project and to the knowledge of Shenyang Summit, there are no matters which may result in claims, litigation, arbitration or administrative proceedings in relation to the Shenyang Phase I Project;
- (h) Shenyang Summit has full title to the Shenyang Phase I Project as annexed in Annexures II and III of the Capital Increase Agreement, and there is no mortgage, pledge, lien or guarantee or other property right or other third party right that has been established on the Shenyang Phase I Project except as disclosed;
- (i) there are no major quality defects or third party rights existing over the Shenyang Phase I Project and to the knowledge of the Summit Parties, Shenyang Summit will not suffer any property damage or loss exceeding RMB1.0 million;
- (j) the Summit Parties and Shenyang Summit have not received any compulsory acquisition notice in relation to the Shenyang Phase I Project;
- (k) Shenyang Summit has the full land use right to the Shenyang Phase I Project which can be used for commercial uses and both Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont;
- (l) all demolition works on the Shenyang Phase I Project have been completed and all demolition and compensation fees have been paid and Shenyang Summit will not be required to make any such payments by any government department or official;
- (m) all taxes and fees in respect of obtaining the land use right in relation to the Shenyang Phase I Project have been paid and Shenyang Summit will not be required to make any such payments by any government department or official;
- (n) Shenyang Summit has obtained all the necessary qualifications, approvals, certificates, licences and permits for the development and construction of the Shenyang Phase I Project;

- (o) Shenyang Summit has not and will not, from the entry into of the Capital Increase Agreement until the settlement date, enter into any agreement with any third party to transfer in whole or in part, the land use right of the Shenyang Phase I Project or seek investments from third parties in relation to the Shenyang Phase I Project;
- (p) as at the date of the Capital Increase Agreement, Shenyang Summit has no other contingent debt or liability other than as disclosed in the balance sheet appended in Annexure V to the Capital Increase Agreement;
- (q) on settlement date, the net assets of Shenyang Summit shall not be less than RMB2.4 billion and its cash assets shall not be less than its total amount of debt and that three months after the settlement date, the net assets of Shenyang Summit shall not be less than RMB2.4 billion and its total indebtedness shall be zero;
- (r) to the knowledge of the Summit Parties, there are no indications that Shenyang Summit may be subject to any claim, litigation, arbitration or administrative penalties;
- (s) there are no existing bankruptcy or liquidation claims made against Shenyang Summit;
- (t) Shenyang Summit has received all necessary environmental assessments, approvals, licensing and other permits it requires for its business;
- (u) there are no actual or potential environmental pollution fines or claims against Shenyang Summit and Shenyang Summit is not currently facing any investigation in this aspect;
- (v) Shenyang Summit has received all necessary fire prevention approvals, licensing and other permits it requires for its business; and
- (w) there are no actual or potential fire hazard fines or claims against Shenyang Summit and Shenyang Summit is not currently facing any investigation in this aspect;
- (x) the preparation of the financial statements of Shenyang Summit complies with the Ministry of Finance of the PRC's accounting standards for entities and related regulations on financial management, reflecting Shenyang Summit's financial position and liabilities, contingent liabilities and all bad debts;
- (y) Shenyang Summit carries on its business activities in accordance with PRC laws and has not breached PRC laws, regulations and its Articles of Association;
- (z) Shenyang Summit's business activities does not breach any other party's intellectual property rights;
- (aa) Shenyang Summit has complied with PRC tax laws and regulations;
- (bb) Shenyang Summit has complied with PRC laws and regulations relating to labour, social security, provident fund and other employment matters;
- (cc) Shenyang Summit has not materially breached PRC laws and regulations relating to environmental pollution or protection matters;
- (dd) Shenyang Summit has not materially breached PRC laws and regulations relating to fire prevention matters;

- (ii) that the following economic losses and related penalties incurred by Shenyang Summit will be borne by the Summit Parties:
 - (a) losses incurred after the settlement date due to incomplete accounting documents and resulting from investigations by the relevant tax department thereafter;
 - (b) any unpaid taxes incurred prior to settlement date (which should have been paid) and any penalty resulting therefrom; and
 - (c) penalties, payments or arrears in payment incurred by Shenyang Summit before the settlement date in relation to any labour, social security, provident fund and other employment matters.
- (iii) that all the information pertaining to Shenyang Summit in the Capital Increase Agreement are true, accurate and complete;
- (iv) that from 31 December 2010 up to the Closing Date, Shenyang Summit will continue its operations as per normal and maintain the day-to-day operations, its business and management and its protection of assets, in particular, that of the Shenyang Phase I Project. Unless Shenyang Summit and Shenyang Retail 1 Limited both agree, the following activities may not be carried out by Shenyang Summit during the period from 12 January 2011 up to the Closing Date:
 - (a) the acquisition or disposal of important assets in the Shenyang Phase I Project;
 - (b) effecting major changes to the assets and debt situation of the Shenyang Phase I Project;
 - (c) the relinquishment or transfer of any major right in the Shenyang Phase I Project;
 - (d) the entering into of new material contracts in relation to the Shenyang Phase I Project and the amendment of existing material contracts;
 - (e) the granting of loans or guarantees using the assets of the Shenyang Phase I Project;
 - (f) the entering into of any contracts not related to the operation of the Shenyang Phase I Project or making of such commitments;
 - (g) the increase or decrease of the registered share capital of Shenyang Summit;
 - (h) the distribution to shareholders of dividends or other benefits; and
 - (i) the modification of the Articles of Association of Shenyang Summit or its accounting principles; and
- (v) that further to the entering into of the Capital Increase Agreement, the Summit Parties and Shenyang Summit will provide all necessary due diligence documents reasonably requested for and further warrants that all such documents shall be complete, true, enforceable and accurate.

(c) First Equity Joint Venture Agreement between Shenyang Retail 1 Limited, Mr Tong Jinquan and Shanghai Summit

On 12 January 2011, Shenyang Retail 1 Limited, Mr Tong Jinquan and Shanghai Summit entered into the First Equity Joint Venture Agreement which regulates their rights and obligations as joint owners of Shenyang Summit which is in the business of real estate management, property management and leasing of wholly-owned properties. According to the First Equity Joint Venture Agreement, the duration for Shenyang Summit is 50 years starting from the date of the issuance of the business licence of Shenyang Summit as an EJV.

Shenyang Summit wholly-owns Shenyang Phase I Project, which comprises Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont.

The Summit Parties own approximately 75.0% of Shenyang Summit with their registered capital of RMB400.0 million of which 74.25% is held by Mr Tong Jinquan and 0.75% is held by Shanghai Summit. Shenyang Retail 1 Limited owns approximately 25.0% of Shenyang Summit with its registered capital of RMB133,333,333. The total registered capital of Shenyang Summit will be RMB533,333,333 as illustrated below:

	Pre		Post	
	Registered Capital (RMB)	% Ownership	Registered Capital (RMB)	% Ownership
Tong Jinquan	396,000,000	99.00%	396,000,000	74.25%
Shanghai Summit	4,000,000	1.00%	4,000,000	0.75%
Shenyang Retail 1	—	0.00%	133,333,333	25.00%
Total	400,000,000		533,333,333	

The payment mechanisms are as follows:

- (i) payment of 20.0% (approximately RMB400.0 million¹) of the Subscription Price will be made by Shenyang Retail 1 Limited into a bank account notified in writing by Shenyang Summit within one month of the issuance of the approval certificate to Shenyang Summit;
- (ii) payment of the remaining 80.0% (approximately RMB1,565.0 million) of the Subscription Price (of which RMB1.0 billion will be paid into an escrow account pending the satisfaction of certain conditions before its release) will be made by Shenyang Retail 1 Limited into a bank account notified in writing by Shenyang Summit on the Stage I Closing Day; and
- (iii) unless otherwise agreed by the parties, the RMB1.0 billion withheld will only be released:¹
 - (a) three months after receipt of the approval certificate;
 - (b) upon Shenyang Longemont Offices attaining 15.0% occupancy and rental income of no less than RMB2.50 per sq m per day and service charge of no less than RMB0.50 per sq m per day;
 - (c) upon the acceptance by the Sponsor of Shenyang Longemont Offices which shall comply with the specifications listed out in Appendix 9 of the Capital Increase Agreement; and

¹ S\$79.5 million, being the equivalent of approximately RMB400.0 million, will be remitted to pay for at least 20.0% of the subscription proceeds of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited for its subscription of new equity interest in Shenyang Summit amounting to RMB393.0 million.

- (d) the conditions precedent to be met for payment of the remaining Subscription Price (less the RMB1.0 billion) on Stage I Closing Day remaining fulfilled (unless waived by the Sponsor).

In the event the above conditions are not met by the latest possible date of payment of the Shenyang Summit Transaction Price (in accordance with the applicable laws), Shenyang Retail 1 Limited may release the escrow amount of RMB1.0 billion to Shenyang Summit to be applied towards the capital account of Shenyang Summit subject to the supervision of Shenyang Retail 1 Limited. Shenyang Summit will not be able to utilise the escrow amount of RMB1.0 billion until the above conditions have been met.¹

All parties agree that after deductions in relation to the relevant Company Law provisions, Shenyang Summit will distribute more than 90.0% of the distributable income.

A joint owner may sell or transfer the whole or part of its interest subject to certain pre-emptive rights, restrictions and receipt of the relevant government approvals (if required with the consent of other party). In the event a joint owner wishes to sell the whole or part of its interest to a third party:

- (i) it cannot sell its interest to a third party without first offering to sell it under the same terms and conditions offered to the third party, to the other joint owner;
- (ii) it shall give written notice to the other joint owner setting out the terms and conditions of the offer;
- (iii) the other joint owner will have 30 days to respond, failing which the other joint owner shall be deemed to have rejected the offer and approved the sale of the interest to such third party.

A joint owner may also transfer its interest to its entity to be listed subject to the right of the remaining joint owner to elect to transfer its interest to the entity to be listed as well, in exchange for units or shares in the listed entity.

The board of directors of Shenyang Summit consists of four directors, of which two will be appointed by the Summit Parties and two will be appointed by Shenyang Retail 1 Limited, each for a term of four years. Shenyang Retail 1 Limited will appoint the chairman of the board of directors of Shenyang Summit for the first two years, after which the Summit Parties will appoint the chairman of the board of directors of Shenyang Summit for the next two years. The following matters will require the unanimous approval of all directors at a directors' meeting:

- (a) amendment to the Articles of Association of Shenyang Summit;
- (b) winding-up or liquidation of Shenyang Summit;
- (c) increase or reduction of registered capital, any change of shareholding percentage, or transfer, pledge or the imposing of other forms of security interest of any joint owner's equity interest in Shenyang Summit;

¹ Under the Shenyang Summit Co-operative Framework Agreement, RMB1.0 billion of the total subscription price of RMB1,965.0 million to be paid by Shenyang Retail 1 Limited may be placed into an account supervised by Shenyang Retail 1 Limited pending the satisfaction of certain conditions precedent. However, Shenyang Retail 1 Limited, Shenyang Retail 2 Limited and the Summit Parties, as the shareholders of Shenyang Summit, intend to apply the escrow amount which is placed into the escrow account towards (i) the early repayment of part of the principal amount outstanding under the Shenyang Summit Agricultural Bank of China Loan Facility, (ii) the repayment of interest outstanding on the principal amount which is prepaid, (iii) the payment of the remaining development costs of the Shenyang Longemont Shopping Mall and the Shenyang Longemont Offices, with any excess costs to be borne by the Summit Parties and (iv) repayment of shareholder's advance from Shanghai Summit which was advanced to Shenyang Summit for the construction of the Shenyang Properties.

- (d) issuance of shares or other forms of securities;
- (e) approval of mortgage, transfer, sale or lease of material assets of Shenyang Summit;
- (f) establishment of subsidiaries or branches by Shenyang Summit or its investment in any legal entity;
- (g) introduction of new business or cessation of existing business and change of business scope,
- (h) recruitment of the general manager based on recommendation by the Summit Parties or Shenyang Retail 1 Limited, (determination of such expenses to be paid by Shenyang Summit, including the salary of the general manager) and the recruitment, dismissal and salary of foreign employees;
- (i) approval of development plans, structure of management bodies, annual production plans, capital investment plans, annual budget (financial accounting), annual financial reports, utilisation plan of capital reserve, profit distribution plan and loss recovery plan for Shenyang Summit;
- (j) taking loan facilities and the provision of guarantees or loan facilities;
- (k) approval of significant interested party transactions;
- (l) approval of all major rules and regulations of Shenyang Summit including its salary standards, form of salary payment, award, penalty and compensation system and the ratio allocation for the determination of salaries, welfare and bonus and use;
- (m) opening of bank account and designation and dismissal of bank account signatory;
- (n) the appointment of the auditors;
- (o) material change to handover conditions;
- (p) entering into any joint venture contract, partnership agreement, cooperation agreement or such similar arrangements with third parties, and
- (q) litigation and mediation matters.

All directorial meetings will require the full attendance of the board of directors (or their proxies).

The First Equity Joint Venture Agreement provides that if a matter that requires unanimous approval of the directors fails to be so approved by the directors within a stipulated timeframe, the matter shall be jointly-submitted to the chairmen of the parties. If the matter cannot be resolved by the chairman of the respective joint owners within 30 days of the matter being referred to them the matter would be considered a **“Deadlock Matter”**. A joint owner may then:

- (I) jointly appoint a mediator within 30 days to resolve the Deadlock Matter, failing which, or if the mediator is unable to resolve the Deadlock Matter within 30 days of its appointment, a joint owner may offer to sell all of its interest to the other joint owners;
- (II) submit the Deadlock Matter for arbitration if the offer to sell to the other joint owner is not accepted;
- (III) if one of the joint owners does not accept the arbitration result, a joint owner may offer to buy out all of the interest of the other joint owners; or

- (IV) terminate the First Equity Joint Venture Agreement and wind-up Shenyang Summit in accordance with the terms and conditions of the equity joint venture agreement if no buy out offer was made.

In relation to the option to offer to sell all of its interest to the other joint owners, the joint owners must within 30 days appoint a reputable local or international valuer to value the business and assets of Shenyang Summit (with the valuation costs to be borne by the joint owners) and to determine its share price. The joint owners should then take into consideration the valuation result and determine their lowest share price. After determining the lowest share price, the joint owners may within 14 days offer to buy out all of the interest of the other joint owners at a price no lower than the determined lowest share price.

In the event all joint owners have made the offer to buy out each other, the joint owner with the highest offer shall succeed in the buy out. If only one joint owner made the offer to buy out, it shall have the right to buy out the other party whom has not made an offer.

In the event of a breach of the First Equity Joint Venture Agreement, the joint owner not in breach may request by written notice to the joint owner in breach to cure the breach within 60 days, failing which the joint owner not in breach may terminate the First Equity Joint Venture Agreement and wind-up Shenyang Summit in accordance with the terms and conditions of the First Equity Joint Venture Agreement.

The First Equity Joint Venture Agreement may also be terminated in any of the following circumstances:

- (a) Shenyang Summit suffering a material loss and being unable to continue its business;
- (b) a *force majeure* event occurring or Shenyang Summit being unable to continue its business due to a *force majeure* event occurring, lasting six months or above;
- (c) Shenyang Summit being unable to operate within the designated business objective and size;
- (d) any joint owner becoming bankrupt;
- (e) all the joint owners agreeing to terminate Shenyang Summit;
- (f) the joint owners being unable to agree on the distribution adjustments to be made to Shenyang Summit due to, *inter alia*, changes in government policies; or
- (g) any joint owner requesting for China's People's Court to terminate Shenyang Summit pursuant to an occurrence of a Company Law provision 183 event.¹

The First Equity Joint Venture Agreement is governed by PRC law and any dispute not resolved through amicable consultation shall be submitted to the China International Economic and Trade Arbitration Commission Shanghai Sub-commission for arbitration.

¹ This provision provides that "Where any company meets any serious difficulty in its operations or management so that the interests of the shareholders will face heavy loss if it continues to exist and it cannot be solved by any other means, the shareholders who hold ten percent or more of the voting rights of all the shareholders of the company may plead the people's court to dissolve the company."

(d) Share Transfer Agreement between Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinqun and Shanghai Summit

On 12 January 2011, Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinqun and Shanghai Summit entered into the share transfer agreement as supplemented by an agreement entered into by the same parties on 21 March 2011 (the “**Share Transfer Agreement**”) pursuant to which Shenyang Retail 2 Limited agrees to acquire from Mr Tong Jinqun existing equity interest in Shenyang Summit which, upon completion of the transaction, will result in (i) Shenyang Retail 1 Limited holding 25.0% of the total registered capital in Shenyang Summit, (ii) Shenyang Retail 2 Limited holding 25.0% of the total registered capital in Shenyang Summit and (iii) Mr Tong Jinqun and Shanghai Summit holding 49.25% and 0.75% of the registered capital of Shenyang Summit, respectively. Upon completion of the subscription by Shenyang Retail 2 Limited, Mr Tong Jinqun, Shanghai Summit, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited agree to convert RMB666,666,667 out of the capital reserve of Shenyang Summit into the registered capital of Shenyang Summit. The post-increase registered capital of Shenyang Summit shall be RMB1.2 billion, and the shareholding ratio of each party shall remain the same.

Prior to the entry into the Share Transfer Agreement, the Summit Parties own approximately 75.0% of Shenyang Summit with their registered capital of RMB400.0 million of which 74.25% is held by Mr Tong Jinqun and 0.75% is held by Shanghai Summit. Shenyang Retail 1 Limited owns approximately 25.0% of Shenyang Summit with its registered capital of RMB133,333,333. The total registered capital of Shenyang Summit was RMB533,333,333.

Pursuant to the agreement, Shenyang Retail 2 Limited agrees to pay between RMB1,507.0 million (based on the minimum offering price of S\$0.70 per Unit) to RMB1,840.0 million (based on the maximum offering price of S\$0.76 per Unit) (the “**Shenyang Summit Purchase Price**”) to Mr Tong Jinqun to acquire the relevant percentage of his equity interest (post-capital increase) in Shenyang Summit, including any corresponding rights and liabilities, and Mr Tong Jinqun agrees to transfer to Shenyang Retail 2 Limited such equity interest and the corresponding rights and liabilities thereof.

The Shenyang Summit Purchase Price will be paid by Shenyang Retail 2 Limited on the Final Closing Day to a bank account designated by Mr Tong Jinqun in writing (as the case may be), subject to satisfaction or waiver of all conditions precedents, including, *inter alia*:

- (a) the Share Transfer Agreement being duly executed by the authorised representatives of the parties;
- (b) the Articles of Association of Shenyang Summit and the Second Equity Joint Venture Agreement being duly executed by the authorised representatives of Mr Tong Jinqun, Shanghai Summit and Shenyang Retail 2 Limited;
- (c) Shanghai Summit and Shenyang Retail 1 Limited giving written notice that they are relinquishing their rights to the right of first purchase in relation to the target shares;
- (d) the shareholders of Shenyang Summit having given written notice that the Articles of Association of Shenyang Summit are to be adopted;
- (e) grant of approvals by the relevant authorities in respect of the Share Transfer Agreement, the Second Equity Joint Venture Agreement and the Articles of Association of Shenyang Summit (including the completion of any requisite filing and registration procedures) and Shenyang Summit’s receipt of the approval certificate and new business licence;
- (f) completion of SAFE registration and opening of a foreign currency account by Shenyang Summit;

- (g) all taxes and fees having been duly paid in respect of the land of the Shenyang Phase I Project including the deed tax and land premium;
- (h) no imposition on Shenyang Summit of any idle land fees in respect of any delayed development of land;
- (i) no change of land use conditions in respect of Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall as set out in the Annex to the Share Transfer Agreement;
- (j) no mortgage or other forms of security interest shall be made over Shenyang Phase I Project and Shenyang Summit except the mortgage for the purpose of the RMB1.6 billion loan facility by Agricultural Bank of China;
- (k) satisfaction of all handover conditions as set out in the Annex to the Share Transfer Agreement and passing the inspections conducted by the Sponsor in respect of the handover conditions in respect of Shenyang Longemont Shopping Mall (excluding Shenyang Longemont Offices);
- (l) completion of due diligence on Shenyang Summit by the Sponsor to its satisfaction (or any rectification undertaken by Shenyang Summit to the satisfaction of the Sponsor);
- (m) the successful initial public offering of PCRT and the funds raised have been injected;
- (n) the Agreement on Free Use of Properties is to be terminated on the day of its entry into, and is to be null and void. All lease and tenancy contracts concluded by Shenyang Longemont Furniture Co., Ltd. with third party tenants in respect of Shenyang Red Star Macalline Furniture Mall shall be amended such that they are concluded on behalf of Shenyang Summit by Shenyang Longemont Furniture Co., Ltd. as its agent. Shenyang Longemont Furniture Co., Ltd. shall enter into a supplementary agreement with Red Star Macalline and other relevant companies affirming such principal-agent relationship and ensure that any payment of rental by tenants and other revenue can be deposited directly into an account of Shenyang Summit, or, alternatively, the tenancy contracts with the tenants may be re-signed, subsequent to the termination of the Agreement on Free Use of Properties. Any rental and other revenue derived from Shenyang Red Star Macalline Furniture Mall shall be directly owned by Shenyang Summit from the Stage I Closing Day;
- (o) the conditions precedent under the Capital Increase Agreement being met; and
- (p) from the date of entry into of the Share Transfer Agreement to the Final Closing Date, all representations, warranties and guarantees (including the Annexes) are to be true, enforceable, accurate and complete.

Unless otherwise agreed or stipulated in the agreement, each party to the Share Transfer Agreement will not:

- (A) sell, lease or transfer Shenyang Phase I Project in part or in whole;
- (B) impose any mortgage, pledge, lien or other security interest on Shenyang Phase I Project;
or
- (C) co-operate with any third party for a joint investment in Shenyang Phase I Project.

The Share Transfer Agreement is governed by PRC laws and any dispute not resolved through amicable consultation shall be submitted to the China International Economic and Trade Arbitration Commission Shanghai Sub-commission for arbitration.

Representations and Warranties by the Summit Parties in Respect of Shenyang Summit Pursuant to the Share Transfer Agreement

Pursuant to the execution of the Share Transfer Agreement between Mr Tong Jinquan, Shanghai Summit, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited in relation to Shenyang Summit, the Summit Parties have made the following representations and warranties in respect of Shenyang Summit as of the date of signing of the Share Transfer Agreement and as of the settlement date:

- (i) that in relation to Shenyang Summit:
 - (a) Shenyang Summit has been duly established by law and is a validly existing independent legal entity;
 - (b) since the date of signing of the Share Transfer Agreement in relation to the Shenyang Phase I Project, Shenyang Summit has maintained independent and separate accounts for Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont;
 - (c) Shenyang Summit has kept all its financial accounts, books and records since its establishment;
 - (d) as of the Closing Date, Shenyang Summit has no investment in any entities, nor is it a party to any partnership or joint venture;
 - (e) to the knowledge of the Summit Parties, there are currently no matters which may result in the bankruptcy, dissolution, winding-up or termination of Shenyang Summit;
 - (f) Shenyang Summit and the Summit Parties have to provide Shenyang Retail 1 Limited and Shenyang Retail 2 Limited (as the case may be), with all material contracts entered into by Shenyang Summit in relation to the Shenyang Phase I Project and the Summit Parties have to ensure that prior to the settlement date, Shenyang Summit does not enter into any other material contract and/or breach any of the existing material contracts;
 - (g) there are no outstanding claims, litigation, arbitration or administrative proceedings in relation to the Shenyang Phase I Project and to the knowledge of Shenyang Summit, there are no matters which may result in claims, litigation, arbitration or administrative proceedings in relation to the Shenyang Phase I Project;
 - (h) Shenyang Summit has full title to the Shenyang Phase I Project as annexed in Annexures II and III of the Share Transfer Agreement, and there is no mortgage, pledge, lien or guarantee or other property right or other third party right that has been established on the Shenyang Phase I Project except as disclosed;
 - (i) there are no major quality defects or third party rights existing over the Shenyang Phase I Project and to the knowledge of the Summit Parties, Shenyang Summit will not suffer any property damage or loss exceeding RMB1.0 million;
 - (j) the Summit Parties and Shenyang Summit have not received any compulsory acquisition notice in relation to the Shenyang Phase I Project;
 - (k) Shenyang Summit has the full land use right to the Shenyang Phase I Project which can be used for commercial uses and both Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont;

- (l) all demolition works on the Shenyang Phase I Project have been completed and all demolition and compensation fees have been paid and Shenyang Summit will not be required to make any such payments by any government department or official;
- (m) all taxes and fees in respect of obtaining the land use right in relation to the Shenyang Phase I Project have been paid and Shenyang Summit will not be required to make any such payments by any government department or official;
- (n) Shenyang Summit has obtained all the necessary qualifications, approvals, certificates, licences and permits for the development and construction of the Shenyang Phase I Project;
- (o) Shenyang Summit has not and will not, from the entry into of the Share Transfer Agreement until the settlement date, enter into any agreement with any third party to transfer in whole or in part, the land use right of the Shenyang Phase I Project or seek investments from third parties in relation to the Shenyang Phase I Project;
- (p) as at the date of the Share Transfer Agreement, Shenyang Summit has no other contingent debt or liability other than as disclosed in the balance sheet appended in Annexure V to the Share Transfer Agreement;
- (q) on settlement date, the net assets of Shenyang Summit shall not be less than RMB2.4 billion and its cash assets shall not be less than its total amount of debt and that three months after the settlement date, the net assets of Shenyang Summit shall not be less than RMB2.4 billion and its total indebtedness shall be zero;
- (r) to the knowledge of the Summit Parties, there are no indications that Shenyang Summit may be subject to any claim, litigation, arbitration or administrative penalties;
- (s) there are no existing bankruptcy or liquidation claims made against Shenyang Summit;
- (t) Shenyang Summit has received all necessary environmental assessments, approvals, licensing and other permits it requires for its business;
- (u) there are no actual or potential environmental pollution fines, claim or claims against it and Shenyang Summit is not currently facing any investigation in this aspect;
- (v) Shenyang Summit has received all necessary fire prevention approvals, licensing and other permits it requires for its business;
- (w) there are no actual or potential fire hazard fines, claim or claims against Shenyang Summit and Shenyang Summit is not currently facing any investigation in this aspect;
- (x) the preparation of the financial statements of Shenyang Summit complies with the Ministry of Finance of the PRC's accounting standards for entities and related regulations on financial management, reflecting Shenyang Summit's financial position and liabilities, contingent liabilities and all bad debts;
- (y) Shenyang Summit carries on its business activities in accordance with PRC laws and has not breached PRC laws, regulations and its Articles of Association;
- (z) Shenyang Summit's business activities does not breach any other party's intellectual property rights;
- (aa) Shenyang Summit has complied with PRC tax laws and regulations;

- (bb) Shenyang Summit has complied with PRC laws and regulations relating to labour, social security, provident fund and other employment matters;
 - (cc) Shenyang Summit has not materially breached PRC laws and regulations relating to environmental pollution or protection matters; and
 - (dd) Shenyang Summit has not materially breached PRC laws and regulations relating to fire prevention matters;
- (ii) that the following economic losses and related penalties incurred by Shenyang Summit will be borne by the Summit Parties:
- (a) losses incurred after the settlement date due to incomplete accounting documents and resulting from investigations by the relevant tax department thereafter;
 - (b) any unpaid taxes incurred prior to settlement date (which should have been paid) and any penalty resulting therefrom; and
 - (c) penalties, payments or arrears in payment incurred by Shenyang Summit before the settlement date in relation to any labour, social security, provident fund and other employment matters;
- (iii) that all the information pertaining to Shenyang Summit in the Share Transfer Agreement are true, accurate and complete;
- (iv) that in relation to the shares of Shenyang Summit:
- (a) Mr Tong Jinqun is the only legitimate shareholder of the equity interest in Shenyang Summit to be transferred to Shenyang Retail 2 Limited and has fully paid-up his corresponding share capital;
 - (b) no mortgage, pledge, lien or guarantee or other property right or other third party right has been established; and
 - (c) no controversy or dispute exist over the shares of Shenyang Summit;
- (v) that from 31 December 2010 up to the date the Closing Date, Shenyang Summit will continue its operations as per normal and maintain the day-to-day operations, its business and management and its protection of assets, in particular, that of the Shenyang Phase I Project. Unless approved by Shenyang Summit, Shenyang Retail 1 Limited and with Shenyang Retail 2 Limited (as the case may be), the following activities may not be carried out by Shenyang Summit during the period from 12 January 2011 up to the Closing Date:
- (a) the acquisition or disposal of important assets in the Shenyang Phase I Project;
 - (b) effecting major changes to the assets and debt situation of the Shenyang Phase I Project;
 - (c) the relinquishment or transfer of any major right in the Shenyang Phase I Project;
 - (d) the entering into of new material contracts in relation to the Shenyang Phase I Project and the amendment of existing material contracts;
 - (e) the granting of loans or guarantees using the assets of the Shenyang Phase I Project;

- (f) the entering into of any contracts not related to the management of the Shenyang Phase I Project or making of such commitments;
 - (g) the increase or decrease of the registered share capital of Shenyang Summit;
 - (h) the distribution to shareholders of dividends or other benefits; and
 - (i) the modification of the articles and association of Shenyang Summit or its accounting principles; and
- (vi) that further to the entering into of the Share Transfer Agreement, the Summit Parties and Shenyang Summit will provide all necessary due diligence documents reasonably requested for and further warrants that all such documents shall be complete, true, enforceable and accurate.

(e) *Second Equity Joint Venture Agreement between Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit*

On 12 January 2011, Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit entered into the Second Equity Joint Venture Agreement which regulates their rights and obligations as joint owners of Shenyang Summit which is in the business of management, property management and leasing of wholly-owned properties. According to the First and Second Equity Joint Venture Agreement, the duration for Shenyang Summit is 50 years starting from the date of the issuance of the business licence of Shenyang Summit as an EJV.

Shenyang Summit wholly-owns Shenyang Phase I Project, which comprises Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont.

The Summit Parties own 50.0% of Shenyang Summit with its registered capital of RMB266,666,667 of which 49.25% is held by Mr Tong Jinquan and 0.75% is held by Shanghai Summit. Shenyang Retail 1 Limited owns 25.0% of Shenyang Summit with its registered capital of RMB133,333,333 and Shenyang Retail 2 Limited owns 25.0% of Shenyang Summit with its registered capital of RMB133,333,333. The total registered capital of Shenyang Summit will be RMB1.2 billion.

Shenyang Retail 2 Limited will make the full Shenyang Summit Purchase Price payment of RMB1,507.0 million (based on the minimum offering price of S\$0.70 per Unit) to RMB1,840.0 million (based on the maximum offering price of S\$0.76 per Unit) to a bank account notified in writing by Mr Tong Jinquan on the Final Closing Day.

Pursuant to the Second Equity Joint Venture Agreement, the joint owners agree that upon the receipt of the new business licence reflecting Shenyang Retail 2 Limited as a shareholder of Shenyang Summit, all the income and expenditure of Shenyang Summit will be shared in proportion to their ownership interests, unless as otherwise agreed.

All parties agree that after deductions in relation to the relevant Company Law provisions, Shenyang Summit will distribute more than 90.0% of the distributable income.

A joint owner may sell or transfer the whole or part of its interest subject to certain pre-emptive rights, restrictions and receipt of the relevant government approvals (if required). In the event a joint owner wishes to sell the whole or part of its interest to a third party:

- (i) it cannot sell its interest to a third party without first offering to sell it under the same terms and conditions offered to the third party, to the other joint owners;

- (ii) it shall give written notice to the other joint owners setting out the terms and conditions of the offer;
- (iii) the other joint owners will have 30 days to respond, failing which the other joint owner shall be deemed to have rejected the offer and approved the sale of the interest to such third party.

A joint owner may also transfer its interest to its entity to be listed subject to the right of the remaining joint owners to elect to transfer their interest to the entity to be listed as well, in exchange for units or shares in the listed entity.

The board of directors of Shenyang Summit consists of four directors, of which two will be appointed by the Summit Parties and two will be appointed by Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, each for a term of four years. The following matters will require the unanimous approval of all directors at a directors' meeting:

- (a) amendment to the Articles of Association of Shenyang Summit;
- (b) winding-up or liquidation of Shenyang Summit;
- (c) increase or reduction of registered capital, any change of shareholding percentage, or transfer, pledge or the imposing of other forms of security interest of any joint owner's equity interest in Shenyang Summit;
- (d) issuance of shares or other forms of securities;
- (e) approval of mortgage, transfer, sale or lease of material assets of Shenyang Summit;
- (f) establishment of subsidiaries or branches by Shenyang Summit or its investment in any legal entity;
- (g) introduction of new business or cessation of existing business and change of business scope,
- (h) recruitment of the general manager based on recommendation by the Summit Parties, Shenyang Retail 1 Limited or Shenyang Retail 2 Limited, (determination of such expenses to be paid by Shenyang Summit, including the salary of the general manager) and the recruitment, dismissal and salary of foreign employees;
- (i) approval of development plans, structure of management bodies, annual production plans, capital investment plans, annual budget (financial accounting), annual financial reports, utilisation plan of capital reserve, profit distribution plan and loss recovery plan for Shenyang Summit;
- (j) taking loan facilities and the provision of guarantees or loan facilities;
- (k) approval of significant interested party transactions;
- (l) approval of all major rules and regulations of Shenyang Summit including its salary standards, form of salary payment, award, penalty and compensation system and the ratio allocation for the determination of salaries, welfare and distribution and use;
- (m) opening of bank account and designation and dismissal of bank account signatory;
- (n) the appointment of the auditors;

- (o) material change to handover conditions;
- (p) entering into any joint venture contract, partnership agreement, cooperation agreement or such similar arrangements with third parties, and
- (q) litigation and mediation matters.

All directorial meetings will require the full attendance of the board of directors (or their proxies).

The Second Equity Joint Venture Agreement provides that if a matter that requires unanimous approval of the directors fails to be so approved by the directors within a stipulated timeframe, the matter shall be jointly-submitted to the chairmen of the parties. If a matter cannot be resolved by the board of directors, a second meeting will be held within 60 days of the first meeting. If the matter still cannot be resolved, the matter would be referred to the chairmen of the respective joint owners within 30 days of the second meeting.

If the matter cannot be resolved by the chairmen of the respective joint owners within 30 days of the matter being referred to them the matter would be considered a **“Deadlock Matter”**. A joint owner may then:

- (I) jointly appoint a mediator within 30 days to resolve the Deadlock Matter, failing which, or if the mediator is unable to resolve the Deadlock Matter within 30 days of its appointment, a joint owner may offer to sell all of its interest to the other joint owners;
- (II) submit the Deadlock Matter for arbitration if the offer to sell to the other joint owner is not accepted;
- (III) if one of the joint owners does not accept the arbitration result, a joint owner may offer to buy out all of the interest of the other joint owners; or
- (IV) terminate the Second Equity Joint Venture Agreement and wind-up Shenyang Summit in accordance with the terms and conditions of the equity joint venture agreement if no buy out offer was made.

In relation to the option to offer to sell all of its interest to the other joint owners, the joint owners must within 30 days appoint a reputable local or international valuer to value the business and assets of Shenyang Summit (with the valuation costs to be borne by the joint owners) and to determine its share price. The joint owners should then take into consideration the valuation result and determine their lowest share price. After determining the lowest share price, the joint owners may within 14 days offer to buy out all of the interest of the other joint owners at a price no lower than the determined lowest share price.

In the event all joint owners have made the offer to buy out each other, the joint owner with the highest offer shall succeed in the buy out. If only one joint owner made the offer to buy out, it shall have the right to buy out the other party whom has not made an offer.

In the event of a breach of the Second Equity Joint Venture Agreement, the joint owner not in breach may request by written notice to the joint owner in breach to cure the breach within 60 days, failing which the joint owner not in breach may terminate the Second Equity Joint Venture Agreement and wind-up Shenyang Summit in accordance with the terms and conditions of the equity joint venture agreement.

The Second Equity Joint Venture Agreement may also be terminated in any of the following circumstances:

- (a) Shenyang Summit suffering a material loss and being unable to continue its business;

- (b) a *force majeure* event occurring or Shenyang Summit being unable to continue its business due to a *force majeure* event occurring, lasting six months or above;
- (c) Shenyang Summit being unable to operate within the designated business objective and size;
- (d) any joint owner becoming bankrupt;
- (e) all the joint owners agreeing to terminate Shenyang Summit;
- (f) the joint owners being unable to agree on the distribution adjustments to be made to Shenyang Summit due to, *inter alia*, changes in government policies; or
- (g) any joint owner requesting for China's People's Court to terminate Shenyang Summit pursuant to an occurrence of a Company Law provision 183 event.

The Second Equity Joint Venture Agreement is governed by PRC law and any dispute not resolved through amicable consultation shall be submitted to the China International Economic and Trade Arbitration Commission Shanghai Sub-commission for arbitration.

(f) Termination Agreement in relation to the Agreement on Free Use of Properties

On 9 February 2011, Shenyang Summit entered into a termination agreement with Shenyang Longemont Furniture Co., Ltd. (the "**Termination Agreement**") pursuant to which parties agreed that:

- (i) the Agreement on Free Use of Properties will terminate with retrospective effect from the time the Agreement on Free Use of Properties was signed;
- (ii) all rental and income received from the Shenyang Phase I Project from 9 September 2010 to the Listing Date would belong to Shenyang Longemont Furniture Co., Ltd., with Shenyang Longemont Furniture Co., Ltd. being responsible for all taxes (including but not limited to business tax, real estate tax and stamp duty);
- (iii) all rental and income received from the Shenyang Phase I Project from the Listing Date onwards would belong to Shenyang Summit, with Shenyang Summit being responsible for all taxes relating to the operations and management of the Shenyang Red Star Macalline Furniture Mall;
- (iv) within one month from the Listing Date, both parties will tally their respective accounts and Shenyang Longemont Furniture Co., Ltd. will handover all rental deposits, contractor's fees, property management fees, marketing fees, sponsorship fees, cashier system usage fees, tenancy agreements filing fees, other income, deposits, pre-payments, guarantees, etc. to Shenyang Summit;
- (v) from the Listing Date, Shenyang Longemont Furniture Co., Ltd. has no authorisation to enter into any agreement in relation to the Shenyang Phase I Project or enter into any agreement as an agent or on behalf of Shenyang Summit; and
- (vi) in respect of existing tenancy agreements, depending on the situation, to either (i) terminate the current tenancy agreements and Shenyang Summit shall enter into new tenancy agreements directly as the landlord and owner of Shenyang Red Star Macalline Furniture Mall, or (ii) send certain notifications by registered post to the relevant tenants to inform them that Shenyang Summit has replaced the position of Shenyang Longemont Furniture Co., Ltd. to ensure that their rental can be paid directly to Shenyang Summit after the Listing Date.

The Termination Agreement also sets out liability of the relevant parties in respect of any breach of the agreement at the actual damages suffered (including but not limited to monetary loss, legal fees, appeal fees and other incidental losses). Every day of delay in relation to the handover in paragraph (iv) above will incur a penalty of 0.05% of that sum of money that has not been handed over.

(g) Confirmation on the New Agreements on Free Use of Properties

On 22 February 2011, Shenyang Summit gave the Trustee-Manager a confirmation that it would enter into the new Agreements on Free Use of Properties in relation to Shenyang Longemont Shopping Centre and Shenyang Red Star Macalline Furniture Mall (the “**New Agreements on Free Use of Properties**”) with a subsidiary of Shenyang Summit.

Pursuant to the New Agreements on Free Use of Properties, the form of which were appended to the confirmation, such Shenyang Summit subsidiary will have free use of the respective Property from the Listing Date up until written notice of termination is given by such Shenyang Summit subsidiary.

The New Agreements on Free Use of Properties also contains other rights and obligations of the parties to the agreement in respect of the respective Property.

(h) Corporate Division Confirmation

On 9 February 2011, Shenyang Summit, the New Summit Entities and Mr Tong Jinquan issued the Corporate Division Confirmation in relation to the Corporate Division, pursuant to which:

- (i) after the Corporate Division is completed, new Shenyang Summit shall only inherit the assets, claims and debts of Shenyang Summit insofar as they are directly related to the Shenyang Phase I Project; and
- (ii) after the Corporate Division is completed, the New Summit Entities shall inherit all other assets, claims and debts of Shenyang Summit (which are not related to the Shenyang Phase I Project) in equal shares.

If the new Shenyang Summit suffers any loss, incurs any capital expenditure or outgoings, arising out of these other assets, claims and debts, before the Corporate Division is completed, the relevant New Summit Entity shall fully indemnify the new Shenyang Summit for its loss, capital expenditure or outgoings. Shanghai Summit and Mr Tong Jinquan undertake responsibility in respect of the New Summit Entities' obligations of indemnity towards the new Shenyang Summit.

(i) Creditor's Novation Agreement

On 9 February 2011, Shanghai Summit (Group), Shanghai Summit, the Sponsor, Shenyang Summit, Shenyang Retail I Limited and Shenyang Retail 2 Limited entered into a novation agreement, pursuant to which the Summit Parties undertook:

- (i) responsibility for the novation of certain material contracts which do not relate to the Shenyang Phase I Project to the New Summit Entities, so as to ensure that such contracts will no longer be legally binding on Shenyang Summit; and
- (ii) that Shenyang Summit will not be required to sign any contracts or documents relating to matters which do not concern the Shenyang Phase I Project, from the date on which Shenyang Summit completes its Corporate Division (9 December 2010).

Pursuant to the agreement, Shenyang Summit's rights and obligations under certain material contracts which do not relate to the Shenyang Phase I Project, will be novated to the New Summit Entities and Shanghai Summit shall be responsible for the liabilities arising from these novated rights and obligations.

The novation must be completed before the lodgement of the prospectus with the MAS, failing which, the Summit Parties shall be responsible for all liabilities arising from the delay. The Summit Parties further undertake to compensate Shenyang Summit for all its losses arising from the above-mentioned contracts.¹

(j) Red Star Macalline Agency Agreement

Pursuant to the Red Star Macalline Property Management Agreement, the Agreement on Free Use of Properties and the Termination Agreement in relation to the Agreement on Free Use of Properties, *inter alia*, Shenyang Summit, Shenyang Longemont Furniture Co., Ltd. and Red Star Macalline entered into the Red Star Macalline Agency Agreement on 24 February 2011, pursuant to which:

in relation to the Agreement on Free Use of Properties:

- (i) all rental and income received from Shenyang Red Star Macalline Furniture Mall from 9 September 2010 to the Listing Date would belong to Shenyang Longemont Furniture Co., Ltd., with Shenyang Longemont Furniture Co., Ltd. being responsible for all taxes relating to the operations and management of the Shenyang Red Star Macalline Furniture Mall (including but not limited to business tax, real estate tax and stamp duty);
- (ii) all rental and income received from Shenyang Red Star Macalline Furniture Mall from the Listing Date onwards would belong to Shenyang Summit, with Shenyang Summit being responsible for all taxes relating to the operations and management of the Shenyang Red Star Macalline Furniture Mall (including but not limited to business tax, real estate tax and stamp duty);
- (iii) within one month from the Listing Date, both parties will tally their respective accounts and Shenyang Longemont Furniture Co., Ltd. will handover all rental deposits, contractor's fees, property management fees, marketing fees, sponsorship fees, cashier system usage fees, tenancy agreements filing fees, other income, deposits, pre-payments, guarantees, etc. to Shenyang Summit;
- (iv) as of Listing Date, Shenyang Longemont Furniture Co., Ltd. will no longer take part in the management of Shenyang Red Star Macalline Furniture Mall nor have any rights over Shenyang Red Star Macalline Furniture Mall;
- (v) all rental and income received Shenyang Red Star Macalline Furniture Mall from the Listing Date onwards would belong to Shenyang Summit and Red Star Macalline will deposit all rental deposits, contractor's fees, property management fees, marketing fees, sponsorship fees, cashier system usage fees, tenancy agreement filing fees, other income, deposits, rental pre-payments, guarantees, etc. into an account of Shenyang Summit; and
- (vi) as of Listing Date, Red Star Macalline will no longer make any payments to Shenyang Longemont Furniture Co., Ltd.. Any payments to be paid under the Red Star Macalline Property Management Agreement to the owner of Shenyang Red Star Macalline Furniture Mall shall be paid directly to Shenyang Summit; and

¹ The rights and obligations of Shenyang Summit under certain material contracts it had entered into prior to the Corporate Division that do not relate to the Shenyang Properties have been novated to the New Summit Entities. Certain Old Contracts have also been terminated and re-signed between the New Summit Entities.

in relation to the agency arrangement:

- (a) from Listing Date, Shenyang Summit will terminate Shenyang Longemont Furniture Co., Ltd. as its agent and Shenyang Longemont Furniture Co., Ltd. has no authorisation to enter into any agreement in relation to Shenyang Red Star Macalline Furniture Mall or enter into any agreement as an agent or on behalf of Shenyang Red Star Macalline Furniture Mall; and
- (b) any other agreements entered into between Shenyang Summit and Shenyang Longemont Furniture Co., Ltd. (with the exception of the Red Star Macalline Agency Agreement) will terminate with effect from the Listing Date.

Shenyang Longemont Furniture Co., Ltd. shall notify the current tenants (or contractors) etc., copying Red Star Macalline, that the landlord is Shenyang Summit, and that Shenyang Summit has replaced the position of Shenyang Longemont Furniture Co., Ltd.

The Red Star Macalline Agency Agreement stipulates that for every day of delay by Shenyang Longemont Furniture Co., Ltd. in handing over the moneys referred to in paragraph (iii) above, it will incur a penalty of 0.05% of that sum of money that has not been handed over. The Red Star Macalline Agency Agreement further stipulates that in the event of breaches of the agreement by Shenyang Longemont Furniture Co., Ltd., it shall (a) compensate Shenyang Summit for all damages suffered (including but not limited to loss of rental, legal fees, litigation fees and other incidental losses) and (b) an additional amount of RMB10.0 million.

(k) Pre-Funding Facility Agreement

On 23 May 2011, the Trustee-Manager, on behalf of PCRT, entered into the Pre-Funding Facility, being a S\$79,500,000 short-term pre-funding facility agreement with S\$10,000,000 being made available by Citibank N.A., Singapore branch and the remainder made available on an equal basis by DBS Bank Ltd., Goldman Sachs Foreign Exchange (Singapore) Pte and Standard Chartered Bank. The Pre-Funding Facility agreement is governed by Singapore law. The proceeds of the loan under the Pre-Funding Facility will be drawn to fund the intercompany loan to be made by the Trustee-Manager to its indirect wholly-owned subsidiary, Shenyang Retail 1 Limited, to finance the payment by Shenyang Retail 1 Limited of 20.0% of the subscription price for its subscription of 25.0% of the total equity interest in Shenyang Summit.

The Pre-Funding Facility has a final maturity date falling on the earlier of (a) the Listing Date or (b) 10 business days from the date of the loan under the Pre-Funding Facility. The loan under the Pre-Funding Facility does not bear any interest during the period up to the final maturity date. A facility fee of S\$596,250 is payable by the Trustee-Manager on the final maturity date. It is intended that the loan and the facility fee will be repaid or paid, as the case may be, in full on the Listing Date using part of the proceeds of the Offering, the Sponsor Units and the Cornerstone Units.

The Pre-Funding Facility is to be secured by share charges over all the shares in Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, owned by Shenyang Retail (BVI) 1 Limited and Shenyang Retail (BVI) 2 Limited respectively. In support of the obligations of the Trustee-Manager pursuant to the Pre-Funding Facility, Shenyang Retail 1 Limited has given undertakings in favour of the security agent to exercise its rights under the Shenyang Summit Co-operative Framework Agreement in relation to certain of its rights thereunder in relation to its acquisition of the equity interest in Shenyang Summit in accordance with instructions of the security agent. The security and the undertaking provided will be released and discharged upon repayment of the loans on its final maturity date.

(I) *Property Management Agreement in relation to Shenyang Red Star Macalline Furniture Mall*

Shenyang Red Star Macalline Furniture Mall will be managed by Red Star Macalline in accordance with the terms of the Red Star Macalline Property Management Agreement.

The Red Star Macalline Property Management Agreement was entered into on 16 October 2008 by Shenyang Summit and Red Star Macalline, pursuant to which Red Star Macalline was appointed to operate, maintain, manage and market Shenyang Red Star Macalline Furniture Mall, subject to the terms and conditions of the Red Star Macalline Property Management Agreement.

The initial term of the Red Star Macalline Property Management Agreement is 20 years from 16 October 2008.

Shenyang Red Star Macalline Furniture Mall Property Manager's Services

The services provided by Red Star Macalline for Shenyang Red Star Macalline Furniture Mall include the management and operation of the furniture mall and all management related activities and responsibilities thereof.

Fees

Under the Red Star Macalline Property Management Agreement, Red Star Macalline is entitled to the fees set out below, for Shenyang Red Star Macalline Furniture Mall.

Management Fee

In respect of the property management services provided by Red Star Macalline for Shenyang Red Star Macalline Furniture Mall, Red Star Macalline shall be entitled to receive from Shenyang Summit, an aggregate base fee of RMB8.0 million per annum, which includes the fees for the use of the trademark of Red Star Macalline, the advertising fees for Red Star Macalline and the fees payable to Red Star Macalline for its property management services.

Leasing Commission

In respect of the property management services provided by Red Star Macalline for Shenyang Red Star Macalline Furniture Mall, Red Star Macalline shall be entitled to receive from Shenyang Summit, a leasing commission of RMB30.0 million which has been fully paid within one year of the entry into of the Shenyang Red Star Macalline Property Management Agreement on 16 October 2008 and may be adjusted based on the following formula:

$$X = \text{RMB30 million} (1 - (90 - Y)/20)$$

X = Adjusted leasing commission

Y = Occupancy rate (not lower than 70.0%)

On the commencement of operations of Shenyang Red Star Macalline Furniture Mall, Shenyang Summit may top-up or request for a reimbursement of the leasing commission depending on whether the occupancy exceeded 90.0% or fails to reach 70.0%. No leasing commission will be received by Red Star Macalline if the occupancy fails to reach 70.0% on the date which Shenyang Red Star Macalline Furniture Mall commences operations, and Shenyang Summit will have the right to request Red Star Macalline for a refund of all leasing commissions paid, to be paid within three days of the receipt of Shenyang Summit's formal written notice.¹

Incentive Fee

Red Star Macalline shall be entitled to receive from Shenyang Summit, an incentive fee as set out in the table below:

Management period	Average monthly revenue per sq m of GFA (excluding car park areas)	Incentive fee paid to Red Star Macalline
First ten years (Oct 2008 ⁽¹⁾ – Oct 2018)	Between RMB80.0 and RMB100.0	10.0% of revenue above RMB80.0 per sq m of GFA
	Above RMB100.0	20.0% of revenue above RMB100.0 per sq m of GFA
Second ten years (Oct 2018 – Oct 2028)	Between RMB80.0 and RMB100.0	5.0% of revenue above RMB80.0 per sq m of GFA
	Above RMB100.0	15.0% of revenue above RMB100.0 per sq m of GFA

Note:

(1) The Red Star Macalline Property Management Agreement was entered into, and took effect from 16 October 2008.

Operating Account

Red Star Macalline may be authorised to utilise funds deposited in operating accounts, to pay all costs and expenses incurred in connection with or arising out of the operation, maintenance, management and marketing of the property, within the budget approved in the annual business plan and budget for Shenyang Red Star Macalline Furniture Mall.

Termination

Shenyang Summit may choose to terminate the appointment of Red Star Macalline in relation to Shenyang Red Star Macalline Furniture Mall on the occurrence of certain specified events, which include the liquidation or cessation of business of Red Star Macalline.

Under the terms of the Red Star Macalline Property Management Agreement, Red Star Macalline may be removed as the property manager (i) if it does not achieve average monthly revenue of not less than RMB70.0 per sq m of GFA within two consecutive financial years immediately following the commencement of operations of Shenyang Red Star Macalline Furniture Mall or (ii) it does not achieve average monthly revenue of not less than RMB70.0 per sq m of GFA in any three cumulative financial years after the commencement of operations of Shenyang Red Star Macalline Furniture Mall.

¹ For the avoidance of doubt, the leasing commission payable to Red Star Macalline under the Red Star Macalline Property Management Agreement is a one-off fee which has been paid to Red Star Macalline and is not a recurring fee.

In addition, if Red Star Macalline or Shenyang Summit, (i) fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property within the requisite period of time or (ii) such breach materially and adversely affects the property, the Party who is not in breach may terminate the Red Star Macalline Property Management Agreement upon giving 60 days' written notice to the Party in breach.

Either party may also terminate the Shenyang Red Star Macalline Property Management Agreement by giving 90 days' prior written notice.

Assignability

Shenyang Summit is entitled to novate its rights, benefits and obligations under the Shenyang Red Star Macalline Property Management Agreement to another entity or subsidiary of Shenyang Summit with 15 days' prior notice to Red Star Macalline. Red Star Macalline is not entitled to novate its rights, benefits and obligations under the Shenyang Red Star Macalline Property Management Agreement to any third party unless consent from Shenyang Summit is obtained.

Exclusion of Liability

Shenyang Summit shall indemnify and keep Red Star Macalline fully indemnified from and against any actions, costs, claims, damages, expenses or demands by third parties, to which Red Star Macalline may suffer or incur due to Shenyang Summit's breach of obligations under or in relation to the Shenyang Red Star Macalline Property Management Agreement.

Restriction on Shenyang Red Star Macalline Furniture Mall Property Manager

Red Star Macalline may not engage in, provide or engage others in services similar to those contemplated under the Shenyang Red Star Macalline Property Management Agreement, within the Shenyang Dadong District (with the exclusion of Shenyang Red Star Macalline Furniture Mall).

(m) Shenyang Summit Agricultural Bank of China Loan Facility Agreement

Shenyang Summit had entered into the Shenyang Summit Agricultural Bank of China Loan Facility Agreement with the Agricultural Bank of China on 9 June 2010 for a RMB1.6 billion loan for the purpose of financing the first phase of the construction of Shenyang Longemont Asia Pacific City for a term of 10 years at a floating rate of interest at the PBOC rate less a 10.0% discount.

Shenyang Summit has executed two mortgages, both dated 9 June 2010 over the land use right of Shenyang Longemont's underlying land, the construction process as well as the real estate available after the construction is completed as security for the Shenyang Summit Agricultural Bank of China Loan Facility. Should Shenyang Summit prepay the Shenyang Summit Agricultural Bank of China Loan Facility in advance with the operating income of Shenyang Longemont or the capital increase of Shenyang Summit, Shenyang Summit will not incur any prepayment penalty. However, if Shenyang Summit prepays the Shenyang Summit Agricultural Bank of China Loan Facility in advance with funds from any other source, it will incur a prepayment penalty of 1.0% of the loan amount.

(n) Representations and Warranties by the Summit Parties in respect of the New Summit Entities

On 9 February 2011, Shanghai Summit and Mr Tong Jinqun in relation to the New Summit Entities, made the following representations and warranties to the Trustee-Manager in respect of the New Summit Entities:

- (i) that, within 12 months from the Corporate Division of Shenyang Summit:
 - (a) the Summit Parties will not directly or indirectly transfer any of the shares of the New Summit Entities; and
 - (b) the scope of business of the New Summit Entities will not change and the New Summit Entities will not transfer any of their own businesses, including their any of their assets;
- (ii) if the Summit Parties and Summit (Group) subject the shares that they hold to any charge, the effect of which would result in any direct or indirect transfer of any of the shares of the New Summit Entities within 12 months from the Corporate Division of Shenyang Summit, such share charge can only take effect 12 months after the Corporate Division of Shenyang Summit;
- (iii) the Summit Parties will not carry out or participate in any activities, transactions or take any actions which would result in a conflict of the above representations and warranties. In the event the Summit Parties carry out or participate in any of the above activities, transactions or take any actions which would result in a conflict of the above which would result in Shenyang Summit or the New Summit Entities incurring tax in relation to the Corporate Division of Shenyang Summit, such payments will be borne by the Summit Parties; and
- (iv) all taxes incurred in relation to the Corporate Division of Shenyang Summit (including but not limited to stamp duty and goods and services tax) shall be borne by the Summit Parties.

(o) Shenyang Summit Confirmations

On 9 February 2011, the Summit Parties made the following confirmations to the Trustee-Manager in respect of the Shenyang Summit Co-operative Framework Agreement:

- (i) in relation to the expansion of the business scope of Shenyang Summit to include “real estate development” in order for it to resume and complete the uncompleted development of Longemont Asia Pacific City, and *inter alia*, the Shenyang Longemont Offices (the “**Outstanding Works**”), the Summit Parties have guaranteed that:
 - (a) all construction works have stopped in relation to the Outstanding Works and development and construction has not re-commenced since, and Shenyang Summit has no other real estate development activity;
 - (b) following the listing of PCRT on the SGX-ST, they will immediately commence and take all necessary steps to expand the business scope of Shenyang Summit to include “real estate development”;
 - (c) Shenyang Summit will in its best endeavours, maintain the validity of its “real estate development” qualification. In the event that its qualification has been terminated, suspended, removed or voided, Shenyang Summit will, following the listing of PCRT on the SGX-ST, obtain the relevant regulatory approvals, filings and registrations and obtain a new “real estate development” qualification;

- (d) the Summit Parties will expand the business scope Shenyang Summit to also include “real estate development” and maintain the validity of its/obtain a new “real estate development” qualification through all means necessary, including but not limited to, in accordance with the relevant laws, rules and regulations, allocate or employ professional technicians and management with the relevant qualifications, professional knowledge etc.;
- (e) upon successfully expanding its business scope, Shenyang Summit will resume and complete the Outstanding Works, but will not develop any real estate other than the Outstanding Works;
- (f) in the event Shenyang Summit is unable to obtain the business licence which includes “real estate development” in its business scope within 60 days after the Listing Date or the Summit Parties are not able find other viable solutions. The Summit Parties undertake to buy the Shenyang Longemont office from Shenyang Summit at RMB1,978,034,000 calculated as follows:

$$(RMB10,000 \times 197,803.4 \text{ sq m}) = RMB1,978,034,000$$

All taxes and costs incurred in connection with the sale will be borne by the Summit Parties and not Shenyang Summit nor the Trustee-Manager; and

- (g) Shenyang Summit will use its best efforts to ensure that Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Centre will pass the requisite inspection procedures and obtain the relevant Building Ownership Certificates; and
- (ii) in relation to the “urban mixed residential” land use expressed on the State-owned Land Use Right Certificate in respect of the Shenyang Phase I Project, and the actual “commercial” land use of the development, the Summit Parties have guaranteed that:
 - (a) Shenyang Summit will in its best endeavours, seek the relevant government authorities’ assistance to amend the State-owned Land Use Right Certificate in respect of the Shenyang Phase I Project to reflect the “commercial” land use of the development;
 - (b) in the event the relevant government authorities impose any additional payments, top-ups or adjusts the sale price of or tax or other fees in relation to the Shenyang Phase I Project, the Summit Parties will be responsible for all such adjustments, taxes or other fees payable; and
 - (c) when Shenyang Summit is submitting the application for the Building Ownership Certificate in relation to the Shenyang Phase I Project properties, Shenyang Summit will register the use of the relevant building as “commercial”.

(p) Earn-out Deed

On 21 March 2011, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited entered into the Earn-out Deed with SingCo, terminating an earlier earn-out deed entered into by the parties on 17 February 2011, and establishing new rights, obligations and liabilities of the Parties which will take effect on the Shenyang Summit Completion. Under the Earn-out Deed, PCRT will deduct (i) S\$34.6 million (RMB180.0 million) for the Relevant Periods up to 31 December 2012 in respect of the Shenyang Properties and (ii) S\$12.5 million (RMB65.0 million) for the Relevant Periods from 1 January 2013 up to 31 December 2013 in respect of the Shenyang Longemont Offices only, from the proceeds of the Offering and the issuance of the Sponsor Units and the Cornerstone Units and deposit such amounts into a bank account of either Shenyang Retail 1 Limited or

Shenyang Retail 2 Limited and jointly operated by signatories from both PCRT and the SingCo.¹ Under the earn-out arrangement, the deposits of RMB180.0 million and RMB65.0 million may be returned to Shenyang Retail 1 Limited and/or Shenyang Retail 2 Limited, in each case, depending on the performance of the Shenyang Properties between the Listing Date up to the Relevant Period ending 31 December 2012 or 31 December 2013 as the case may be.

In the event that the Net Property Income or as the case may be, the Net Property Income of the Shenyang Longemont Offices in respect of a Relevant Period falls below the applicable Threshold Amount for such Relevant Period, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited will together drawdown from the Bank Account for distribution to Unitholders.

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall make a drawdown if the Net Property Income in respect of the first Relevant Period from the Listing Date to 30 June 2011 falls below the Threshold Amount in respect of the first Relevant Period which shall be calculated in accordance with the following formula:

$$\frac{A}{B} \times C$$

where:

- A = the number of days from and including the Listing Date to and including 30 June 2011;
- B = the number of days from and including 1 January 2011 to and including 30 June 2011; and
- C = RMB283,500,000.

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall make a drawdown if the Net Property Income in respect of each of the following Relevant Periods falls below the Threshold Amount, which shall be RMB283,500,000 in respect of each of the following Relevant Periods:

- (i) the period from and including 1 July 2011 to and including 31 December 2011;
- (ii) the period from and including 1 January 2012 to and including 30 June 2012; and
- (iii) the period from and including 1 July 2012 to and including 31 December 2012.

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall make a drawdown if the Net Property Income of the Shenyang Longemont Offices in respect of each of the following Relevant Periods falls below the Threshold Amount, which shall be RMB70,090,000 in respect of each of the following Relevant Periods:

- (1) the period from and including 1 January 2013 to and including 30 June 2013; and
- (2) the period from and including 1 July 2013 to and including 31 December 2013.

Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall make a drawdown in respect of each Relevant Period where the Net Property Income or, as the case may be, the Net Property Income of the Shenyang Longemont Offices in respect of the Relevant Period falls below the applicable Threshold Amount.

¹ The earn-out deposit sum to be deposited from the proceeds of the Offering is a commercial arrangement arrived at after negotiations by the Trustee-Manager with the vendor of the Shenyang Properties for the benefit of Unitholders, without which the vendor would have required such sum to be paid upfront as part of the purchase price.

The Earn-out Amount in respect of each Relevant Period shall be the lower of (i) the difference between the actual Net Property Income or, as the case may be, the Shenyang Longemont Offices Net Property Income plus the Excess Amount, and the Threshold Amount in respect of each Relevant Period and (ii) the relevant amount in respect of each Relevant Period as follows:

- (a) in respect of the Relevant Period from and including the Listing Date to and including 30 June 2011, RMB28.0 million;
- (b) in respect of the Relevant Period from and including 1 July 2011 to and including 31 December 2011, RMB57.5 million;
- (c) in respect of the Relevant Period from and including 1 January 2012 to and including 30 June 2012, RMB56.0 million;
- (d) in respect of the Relevant Period from and including 1 July 2012 to and including 31 December 2012, RMB38.5 million;
- (e) in respect of the Relevant Period from and including 1 January 2013 to and including 30 June 2013, RMB32.5 million; and
- (f) in respect of the Relevant Period from and including 1 July 2013 to and including 31 December 2013, RMB32.5 million.

In respect of each six-month Relevant Period referred to in the above (e) or (f), should the Shenyang Longemont Offices Net Property Income be less than RMB70,090,000, but the Shenyang Malls Net Property Income for the corresponding six-month Relevant Period exceed RMB213,410,000, the Excess Amount will be added to the Shenyang Longemont Offices Net Property Income for such Relevant Period, and if such aggregate sum of the Excess Amount and the Shenyang Longemont Offices Net Property Income is less than RMB70,090,000, then the Earn-out Amount in respect of such Relevant Period will be drawn in accordance with the provisions of the Earn-out Deed.

Immediately upon the applicable Threshold Amount being attained in respect of any two consecutive Relevant Periods, the Earn-out Deed shall terminate and the Shenyang Retail 1 Limited and Shenyang Retail 2 Limited shall not be entitled to any further drawdowns. The Earn-out Deed will also terminate upon the earlier of (i) the aggregate amount of all the drawdowns under the Earn-out Deed reaching the total amounts deposited by Shenyang Retail 1 Limited and Shenyang Retail 2 Limited or (ii) the end of the Relevant Period from 1 July 2013 to and including 31 December 2013. Upon the termination of the Earn-out Deed, should there be any money remaining in the bank account, the remaining amount shall be remitted to the SingCo.

(q) *Share Purchase Agreement Relating to the Entire Issued Share Capital of Shenyang Retail (BVI) 1 Limited*

On 21 February 2011, PCRPL being a wholly-owned subsidiary of PCRT entered into the share purchase agreement with the Sponsor, as the vendor, pursuant to which PCRPL agreed to acquire all the shares of Shenyang Retail (BVI) 1 Limited (the "**Retail BVI 1 Sale Shares**") from the Sponsor on the Listing Date.

PCRPL and the Sponsor agreed that:

- (i) the Sponsor agrees to sell, and PCRPL agrees to purchase, the Retail BVI 1 Sale Shares free from all encumbrances and together with all rights and advantages attaching to it as at the Listing Date; and

- (ii) the consideration for the purchase of the Retail BVI 1 Sale Shares shall be the cash sum of US\$10.00, which shall be paid to the Sponsor on the Listing Date.

The share purchase agreement provided, *inter alia*, for:

- (a) certain conditions precedent prior to completion which include the delivery to the Trustee-Manager of:
 - (I) transfers of the Retail BVI 1 Sale Shares duly executed by the Sponsor in favour of PCRPL (or as it may direct) accompanied by the relative share certificates (or an express indemnity in a form satisfactory to PCRPL in the case of any certificate found to be missing); and
 - (II) duly certified copies of the board resolutions of Shenyang Retail (BVI) 1 Limited passed, *inter alia*, appointing such persons (within the maximum number permitted by the Articles of Association of Shenyang Retail (BVI) 1 Limited) as PCRPL may nominate as directors; and a board resolution by Shenyang Retail (BVI) 1 Limited approving the registration of the share transfer subject only to it being duly stamped;
- (b) representations and warranties in respect of the Retail BVI 1 Sale Shares; and
- (c) indemnify and save harmless PCRPL from and against any and all losses which PCRPL may at any time and from time to time sustain, incur or suffer by reason of any breach of any representation, warranty or undertaking given by the Sponsor under the share purchase agreement.

(r) Share Purchase Agreement Relating to the Entire Issued Share Capital of Shenyang Retail (BVI) 2 Limited

On 21 February 2011, PCRPL being a wholly-owned subsidiary of PCRT entered into the share purchase agreement with the Sponsor, as the vendor, pursuant to which PCRPL agreed to acquire all the shares of Shenyang Retail (BVI) 2 Limited (the “Retail BVI 2 Sale Shares”) from the Sponsor on the Listing Date.

PCRPL and the Sponsor agreed that:

- (i) the Sponsor agrees to sell, and PCRPL agrees to purchase, the Retail BVI 2 Sale Shares free from all encumbrances and together with all rights and advantages attaching to it as at the Listing Date; and
- (ii) the consideration for the purchase of the Retail BVI 2 Sale Shares shall be the cash sum of US\$10.00, which shall be paid to the Sponsor on the Listing Date.

The Share Purchase Agreement provided, *inter alia*, for:

- (a) certain conditions precedent prior to completion which include the delivery to the Trustee-Manager of:
 - (I) transfers of the Retail BVI 2 Sale Shares duly executed by the Sponsor in favour of PCRPL (or as it may direct) accompanied by the relative share certificates (or an express indemnity in a form satisfactory to PCRPL in the case of any certificate found to be missing); and
 - (II) duly certified copies of the board resolutions of Shenyang Retail (BVI) 2 Limited passed, *inter alia*, appointing such persons (within the maximum number permitted by the Articles of Association of Shenyang Retail (BVI) 2 Limited) as PCRPL may

nominate as directors; and a board resolution by Shenyang Retail (BVI) 2 Limited approving the registration of the share transfer subject only to it being duly stamped;

- (b) representations and warranties in respect of the Retail BVI 2 Sale Shares; and
- (c) indemnify and save harmless PCRPL from and against any and all losses which PCRPL may at any time and from time to time sustain, incur or suffer by reason of any breach of any representation, warranty or undertaking given by the Sponsor under the share purchase agreement.

Agreements in relation to Foshan Yicui Shijia Shopping Mall

(a) Foshan Yicui Co-operative Framework Agreement

On 8 November 2010, the Sponsor entered into a framework agreement (the “**Foshan Yicui Co-operative Framework Agreement**”) with King Harvest, Guangdong Nenking and Yicui Nandu as supplemented by agreements entered into by the same parties and PCRPL on 12 February 2011 and 8 April 2011, pursuant to which the Sponsor agreed to acquire the Foshan Yicui Shijia Shopping Mall development project at a cost of RMB8,500 per sq m and at the Foshan Purchase Price of RMB501,500,000. Both King Harvest and Yicui Nandu are wholly-owned subsidiaries of Guangdong Nenking. Although the current GFA of the development amounts to 59,000 sq m, the final GFA is expected to reach 69,000 sq m. As a result, the Foshan Total Consideration will amount to RMB586,500,000.

Pursuant to the Foshan Yicui Co-operative Framework Agreement, PCRPL will acquire the equity interest in Sky Surpass Investments Limited from King Harvest and Sky Surpass Investments Limited will acquire the Foshan Yicui Shijia Shopping Mall development project.

The Foshan Yicui Co-operative Framework Agreement provides that within a month from the entry into of the Foshan Yicui Co-operative Framework Agreement, King Harvest and PCRPL will enter into the share transfer agreement in relation to the transfer of the equity interest in Sky Surpass Investments Limited from King Harvest to PCRPL (the “**Sky Surpass Share Transfer Agreement**”), the form of which is appended to the Framework Agreement. The completion of the transfer of the equity interest in Sky Surpass Investments Limited from King Harvest to PCRPL is expected to take place within four months.

Pursuant to the Foshan Yicui Co-operative Framework Agreement, an offshore escrow account to be managed by the Sponsor and King Harvest is to be set up to collect the instalment payments and the payment mechanism in relation to the transfer of the Foshan Yicui Shijia Shopping Mall development project is as follows:

- (i) within six months of all of the following conditions being satisfied:
 - (a) the entering into of the Foshan Yicui Co-operative Framework Agreement;
 - (b) the entering into of the Sky Surpass Share Transfer Agreement;
 - (c) Yicui Nandu having entered into an agreement with the relevant incumbent owners of the land of the development project (local villagers and villagers’ committees) under which the incumbent owners agree to relinquish their property rights relating to the development project;
 - (d) the completion of the transfer of the equity interest in Sky Surpass Investments Limited from King Harvest to PCRPL;

- (e) the entering into of an escrow agreement between PCRPL, King Harvest and an agreed escrow agent; and
- (f) the Listing of PCRT by 30 September 2011 failing which the clause will no longer apply.

the first instalment of an amount denominated in Singapore Dollar, Hong Kong Dollar or US Dollar equivalent to 10.0% of the Foshan Total Consideration, which amounts to approximately RMB58,650,000 after the deduction of consideration for the share transfer of US 1 Dollar, shall be paid offshore into an escrow account maintained by a third party escrow agent by the Sponsor (the “**Escrow Amount**”);

(ii) within 10 business days of:

- (a) the Foshan Yicui Shijia Shopping Mall development project receiving its pre-sale permit;
- (b) the entering into of the Pre-Sale Agreement, the form of which is appended to the Foshan Yicui Co-operative Framework Agreement, and online registration and an advanced notice registration has been made in relation to the development project;
- (c) the Foshan WFOE having applied for and received the exchange settlement permit for this instalment,

the second instalment of an amount of 40.0% of the Foshan Purchase Price as agreed under the Pre-Sale Agreement of RMB200.6 million;

(iii) within 10 business days of:

- (a) the completion of the Foshan Yicui Shijia Shopping Mall development project and in accordance with the terms of the Pre-Sale Agreement, the Foshan WFOE has been notified by King Harvest to conduct inspections on the mall; and
- (b) the Foshan WFOE having applied for and received the exchange settlement permit for this instalment,

the third instalment of an amount of 30.0% of the Foshan Purchase Price as agreed under the Pre-Sale Agreement of RMB150.45 million;

(iv) within 10 business days of:

- (a) the handing over of the Foshan Yicui Shijia Shopping Mall development project to the Foshan WFOE after completion of inspections; and
- (b) the Foshan WFOE having applied for and received the exchange settlement permit for this instalment,

the fourth instalment of an amount of 25.0% of the Foshan Purchase Price as agreed under the Pre-Sale Agreement of RMB125.375 million;

- (v) within 10 business days of the Foshan WFOE receiving the building ownership certificate in relation to Foshan Yicui Shijia Shopping Mall development project the fifth instalment of an adjusted amount (if any) based on the difference between the actual GFA as reflected in the final building survey less 59,000 sq m in accordance with the Foshan Yicui Co-operative Framework Agreement;

(vi) within 10 business days of the Foshan WFOE receiving the revised building ownership certificate¹ in relation to Foshan Yicui Shijia Shopping Mall development project, the sixth instalment for the additional GFA will be paid offshore when the building ownership certificate is issued approximately one year after the handover of the property, such amount being RMB8,500 for each additional sq m of GFA which will be paid out of the Escrow Amount and if the Escrow Amount is insufficient, the Foshan WFOE will pay such additional amount²; and

(vii) within 10 business days of:

- (a) the expiry of the warranty period under the Pre-Sale Agreement with no claims being made on the part on the Foshan WFOE;
- (b) the Foshan WFOE receiving the building ownership certificate³ and land use right certificate in relation to Foshan Yicui Shijia Shopping Mall; and
- (c) the Foshan WFOE having applied for and received the exchange settlement permit for this instalment,

the seventh instalment of an amount of 5.0% of the Foshan Purchase Price as agreed under the Pre-Sale Agreement of RMB25.08 million.

For the avoidance of doubt, the offshore escrow account will be terminated after the completion of the sixth instalment and all interest accrued under the offshore escrow account will be returned to the vendor.

In accordance with the Foshan Yicui Co-operative Framework Agreement, Yicui Nandu will conduct the construction of the Foshan Yicui Shijia Shopping Mall development project in accordance with the design plan of the development project appended to the Foshan Yicui Co-operative Framework Agreement as provided by the Sponsor and within the construction deadline as stipulated in the relevant agreements.

The Pre-Sale Agreement will be subject to the satisfaction of a number of conditions including:

- (i) within seven months after obtaining the pre-sale permit (unless otherwise extended by the parties or delayed by the government), the Foshan WFOE shall be legally incorporated, and shall open a foreign currency account and complete verifications of its registered capital;
- (ii) subject to *force majeure* and government actions, Yicui Nandu shall, prior to 31 December 2011, complete all formalities and obtain all approvals as required by the law to sell the development project (including but not limited to the pre-sale permit);
- (iii) the development project is to be free of any mortgage, pledge, lien or other security interest, or any right of third parties, and the contractors of the development project have no priority of compensation right vested in them to enforce or claim for any payment of construction fees based on the construction progress or any such similar arrangement;
- (iv) the delivery conditions shall be agreed by the parties and appended to the Pre-Sale Agreement;

¹ This refers to the building ownership certificate which will reflect the additional GFA.

² Assuming the full 10,000 sq m of GFA is approved, this additional amount is expected to be RMB26.35 million after deducting the Escrow Amount.

³ This refers to the original building ownership certificate.

- (v) an agreement is concluded between Yicui Nandu and the relevant incumbent owners of land of the development project (local villagers and villagers' committees) under which the incumbent owners agree to relinquish their property rights relating to the development project;
- (vi) the Sky Surpass Share Transfer Agreement shall be in full force and effect;
- (vii) the Escrow Amount has been duly paid to an offshore escrow account by the Sponsor within the agreed time frame; and
- (viii) the successful listing by the Sponsor of the holding company of the development project and the funds raised have been injected.

It is agreed that conditions (iv) to (vi) above should not occur later than 30 September 2011.

It is further agreed that the following should be taken into consideration when constructing the development project:

- (i) Yicui Nandu shall conduct the construction of the development project in accordance with the design plans provided by the Sponsor to the extent that works have already commenced on the development project and is not advisable to be amended;
- (ii) Yicui Nandu shall after commencement of construction, provide the Sponsor with monthly updates as to the status of the construction and provide the relevant information or updates when reasonably requested for by the Sponsor or to the Sponsor's periodic supervision of the construction process; and
- (iii) the Sponsor has a right to understand and supervise Yicui Nandu in relation to the management and development of the development project and shall have full access to all the relevant documents in relation to the development project.

The commencement date of construction of the Foshan Yicui Shijia Shopping Mall development project is tentatively set at December 2010 and unless as a result of *force majeure* or any delay on the part of the Sponsor, the commencement of construction shall be no later than 31 December 2010¹, and the handover of the completed development project is expected to be 31 December 2012 and in any case shall be no later than 30 June 2013.

The Foshan Yicui Co-operative Framework Agreement contains certain obligations of the parties to the agreement in respect of the Foshan Yicui Shijia Shopping Mall development project and each party in breach of the agreement would be penalised by liquidated damages provided for under the agreement. It is prescribed in the Foshan Yicui Co-operative Framework Agreement that if the Foshan WFOE refuses to sign the Pre-sale Agreement when all the conditions precedent are met, Foshan WFOE shall pay to Yicui Nandu 100.0% of the Escrowed Amount as liquidated damages. Unless otherwise provided in the Foshan Yicui Co-operative Framework Agreement, the failure of either party to perform its obligations may result in corresponding penalties payable by the Defaulting Party to the non-defaulting party for any loss of the Non-Defaulting Party, as well as the penalties for any unpaid amounts under any transaction documents. In addition, if the Foshan Yicui Co-operative Framework Agreement is terminated due to any party's breach of contract, the penalty shall be 20.0% of the total investment value in case of Yicui Nandu's default, and 10.0% of the total investment value in case of the Foshan WFOE's default.

¹ Excavation works for Foshan Yicui Shijia Shopping Mall has already commenced.

The Sponsor may from time to time appoint, authorise or permit a subsidiary under its control (or a company or unit trust to be publicly listed) to perform the transactions contemplated under the Foshan Yicui Co-operative Framework Agreement. The Sponsor may transfer the rights and obligations under the Foshan Yicui Co-operative Framework Agreement to its affiliate or a company or unit trust to be publicly listed.

The Foshan Yicui Co-operative Framework Agreement is governed by PRC law and any dispute not resolved through amicable consultation shall be submitted to the China International Economic and Trade Arbitration Commission Shanghai Sub-commission for arbitration.

Novation

Further to the novation agreement dated 12 February 2011, entered into between King Harvest, Guangdong Nenking, Yicui Nandu, the Sponsor and PCRPL, by which the Sponsor's rights, benefits and obligations under the Foshan Yicui Co-operative Framework Agreement will be novated to PCRPL on the Listing Date.

Pre-Sale Agreement

The form of the Pre-Sale Agreement as appended to the Foshan Yicui Co-operative Framework Agreement is a standard form agreement applicable in the pre-sale or sale of a property in the Guangdong Province. The salient terms of the Foshan Yicui Co-operative Framework Agreement are reflected in the supplement to the Pre-Sale Agreement.

(b) Sky Surpass Share Transfer Agreement (Sale and Purchase Agreement Relating to the Entire Issued Share Capital of Sky Surpass Investments Limited)

On 5 December 2010, the Sky Surpass Share Transfer Agreement entered into between King Harvest, as vendor, Mayble Holdings Limited, as guarantor, and PCRPL as purchaser. The Sky Surpass Share Transfer Agreement provides that the total purchase price for the sale shares shall be the initial consideration of USD1 as increased by the amount(s) (if any) to be paid to King Harvest, adjusted in accordance with the terms of the Foshan Yicui Co-operative Framework Agreement and/or other documents in relation to the transaction (where applicable).

Completion of the share transfer pursuant to the Sky Surpass Share Transfer Agreement (the "**Foshan Completion**") will be subject to the satisfaction of a number of conditions including:

- (i) satisfactory due diligence (in the reasonable opinion of PCRPL) to be carried out by PCRPL, its legal, financial and other advisors;
- (ii) the execution of the deed of tax covenant, the form of which is appended to the Sky Surpass Share Transfer Agreement (the "**Deed of Tax Covenant**") by King Harvest and Mayble Holdings Limited¹;
- (iii) there being no breach of the warranties and/or any of the transaction documents; and
- (iv) in the reasonable opinion of PCRPL, it and/or its legal, financial and other advisors have received all information with respect to Best Field Holdings Limited and Sky Surpass Investments Limited as PCRPL thinks fit.

¹ The Deed of Tax Covenant was executed on 12 February 2011.

Under the Deed of Tax Covenant, in consideration of PCRPL entering into the Sky Surpass Share Transfer Agreement and performing its obligations thereunder, the vendor covenants to indemnify PCRPL (of itself and on behalf of Best Field Holdings Limited and Sky Surpass Investments Limited) in respect of the following:

- (a) any liability for taxation (including deferred liability for taxation as at the date of the Foshan Completion (the “**Relevant Date**”) subject to terms and conditions in the Deed of Tax Covenant) resulting from or by reference to any payment, utilisation of tax loss, transaction, act, omission or occurrence of whatever nature including a payment pursuant to any tax statute, to occur or which is otherwise treated or regarded as occurring on or before the Relevant Date or in respect of any gross receipts, income, profits or gains earned, accrued or received or alleged to have been earned, accrued or received by any of Best Field Holdings Limited and Sky Surpass Investments Limited on or before the Relevant Date; and
- (b) all costs (including all legal costs), expenses and interest properly incurred and payable by any of Best Field Holdings Limited and Sky Surpass Investments Limited or the Foshan WFOE in connection with a successful claim under the Deed of Tax Covenant.

The indemnity of the vendor shall extend to any liability for taxation arising from change in law or interpretation of law or the implementation of any rules or regulations after the Relevant Date but having retrospective effect or resulting in liability for taxation for any period prior to the Relevant Date.

The above covenants do not cover any liability for taxation:

- (I) that is in the nature of deferred liability for taxation to the extent that provision, reserve or allowance in respect thereof was made in the Foshan Completion management accounts; and
- (II) to the extent recovery has been made by the Foshan WFOE under the Sky Surpass Share Transfer Agreement in respect of the same subject matter.

PCRPL’s right to be indemnified pursuant to the Deed of Tax Covenant is not prejudiced by any taxation action or proceeding (including any action or proceeding taken, initiated or directed by the vendor pursuant to the terms of the Deed of Tax Covenant) in respect of the relevant liability for taxation which is the subject matter of the tax claim not being finally resolved before the expiry of the applicable limitation period.

The Sky Surpass Share Transfer Agreement contains certain obligations of the parties to the agreement in respect of Best Field Holdings Limited and Sky Surpass Investments Limited. The Sky Surpass Share Transfer Agreement also sets out limitations on the liability of the vendor in respect of any breach of warranties, including indemnity provisions and a limitation period of 18 months following completion of the Sky Surpass Share Transfer Agreement for all claims.

King Harvest may not without the prior written consent of PCRPL, assign, hold on trust or otherwise transfer the benefit of all or any of the Foshan WFOE’s obligations or benefit under the Sky Surpass Share Transfer Agreement. It may also not without the prior written consent of PCRPL, assign or transfer any of its rights and/or obligations under the Deed of Tax Covenant.

PCRPL may assign and transfer (in whole or in part) the benefit of, and any of its rights, interests and obligations under the Sky Surpass Share Transfer Agreement, together with any cause of action arising in connection with the Sky Surpass Share Transfer Agreement to any person without the consent of the vendor. PCRPL may also assign any of its rights under the Deed of Tax Covenant to, and the benefit of any of PCRPL, Best Field Holdings Limited and Sky Surpass Investments Limited’s rights under the Deed of Tax Covenant may be assigned to, any person without the consent of the vendor.

The Sky Surpass Share Transfer Agreement and the Deed of Tax Covenant are governed by Hong Kong law and the courts of Hong Kong are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Sky Surpass Share Transfer Agreement and the documents to be entered into pursuant to the Sky Surpass Share Transfer Agreement and the Deed of Tax Covenant.

Agreements in Relation to Chengdu Qingyang Shopping Mall

(a) *Brilliance International Co-operation Agreement*

On 19 August 2010, the Sponsor entered into a co-operation agreement with Brilliance International (the “**Brilliance International Co-operation Agreement**”) pursuant to which the Sponsor has conditionally agreed to co-operate with Brilliance International to jointly develop the shopping mall of Plot No. QY61(244/211/252): 2009-090 (Chengdu Qingyang Guanghua Shopping Mall) at a cost of RMB1,000 per sq m based on buildable GFA payable by the Sponsor in part, the sum of RMB63.4 million to Chengdu Railway and the remaining sum of RMB26.6 million to Brilliance International.

It was agreed that the transfer of the Chengdu Qingyang Guanghua Shopping Mall development project would be in accordance with Clause 21 of the terms and conditions of the State Development Owned Land Use Right Contract No. 510100-2010-C-0001 (青) (which stipulates that the transfer of the title to the development project must be after attaining 25.0% of the total investment amount in the project (excluding land cost)).

Subject to the Sponsor and Chengdu Railway having entered into the Chengdu Qingyang Guanghua Co-operative Framework Agreement as described below, the Brilliance International Co-operation Agreement sets out limitations on the liability of the parties in respect of any breach of the agreement at RMB10.0 million or the proved actual damages suffered, whichever is higher.

The Brilliance International Co-operation Agreement contains certain obligations of the parties to the agreement in respect of the Chengdu Qingyang Guanghua Shopping Mall development project.

The Brilliance International Co-operation Agreement is governed by Singapore law and any dispute not resolved through amicable consultation shall be submitted to the court where the agreement was entered into.

(b) *Chengdu Qingyang Guanghua Co-operative Framework Agreement*

On 22 October 2010, the Sponsor entered into a co-operative framework agreement (“**Chengdu Qingyang Guanghua Co-operative Framework Agreement**”) with Brilliance International and Chengdu Railway pursuant to which Chengdu Railway has agreed to split up Plot No. QY61(244/211/252) and transfer, and the Sponsor has conditionally agreed to acquire, the Chengdu Qingyang Guanghua Shopping Mall development project.

Pursuant to the Chengdu Qingyang Guanghua Co-operative Framework Agreement, the Sponsor will be responsible for all development costs in relation to the Chengdu Qingyang Guanghua Shopping Mall development project and Brilliance International will be responsible for all development costs in relation to Plot No. QY61(244/211/252): 2009-090 excluding the Chengdu Qingyang Guanghua Shopping Mall development project.

The initial payment made by the Sponsor, including all costs in relation to applications made by Chengdu Railway in relation to the development project and construction costs paid to service providers, shall be secured by a mortgage over the entire Plot No. QY61(244/211/252): 2009-090

in favour of the Chengdu Qingyang WFOE or a subsidiary of the Sponsor (the “**Chengdu Qingyang Mortgage**”), enforceable upon the default of the vendor.

The Chengdu Qingyang Guanghua Co-operative Framework Agreement is conditional upon:

- (i) the due execution of the agreement by all parties;
- (ii) the development project plan provided by Brilliance International and the Sponsor, the development project split and transfer plans provided by Chengdu Railway being approved by the Chengdu Municipal Government and the relevant authorities; and
- (iii) that the Chengdu Municipal Government and the relevant authorities having provided written minutes of their meeting at which it was agreed that the Chengdu Qingyang Guanghua Shopping Mall development project can be split from Plot No. QY61(244/211/252): 2009-090 and independently transferred, constructed, inspected and granted its own Building Ownership Certificate¹.

After the construction for the development of plot no. QY61(244/211/252): 2009-090 exceeds 25.0% of its total investment value (excluding the cost of the land), Chengdu Railway will submit the development project split and transfer plans to the Chengdu Municipal Government and the relevant authorities for their necessary approval.

The transfer consideration of RMB63.4 million payable to Chengdu Railway for the Chengdu Qingyang Guanghua Shopping Mall development project is based solely on the cost of the right to own and develop the land on which Chengdu Qingyang Guanghua Shopping Mall is to be situated and does not include any development or construction cost.

Pursuant to the Chengdu Qingyang Guanghua Co-operative Framework Agreement, the transfer consideration will be injected into an escrow account to be managed by the Sponsor and Chengdu Railway and the payment mechanism in relation to the transfer of the Chengdu Qingyang Guanghua Shopping Mall development project is as follows:

- (i) within seven business days of the Sponsor entering into the Chengdu Qingyang Guanghua Co-operative Framework Agreement with Chengdu Railway, the first instalment of RMB10.0 million will be made to Chengdu Railway;
- (ii) within seven business days of the Chengdu Qingyang Guanghua Co-operative Framework Agreement coming into effect (*inter alia*, the Chengdu Municipal Government and the relevant authorities formally approving the Sponsor’s development project plan), the second instalment of RMB10.0 million will be made to Chengdu Railway;
- (iii) within seven business days of Chengdu Railway receiving the land use right certificate, the construction land planning permit, the construction project planning permit and the construction permit in relation to the Chengdu Qingyang Guanghua Shopping Mall development project, the third instalment of RMB35.0 million will be made to Chengdu Railway; and
- (iv) within three business days of the completion of the transfer of the Chengdu Qingyang Guanghua Shopping Mall development project to the Chengdu Qingyang WFOE, the Sponsor will submit and register its registered share capital exchange application to the relevant authorities and within three business days of such submission, the fourth instalment of RMB8.4 million will be made to Chengdu Railway.

¹ Minutes of the Chengdu Municipal Government meeting have been received.

Should the Sponsor fail to meet any of the instalment payments, the Chengdu Qingyang Mortgage shall be terminated and the Sponsor will be subject to default liabilities.

Completion of the transfer of the Chengdu Qingyang Guanghua Shopping Mall development project will be subject to the satisfaction of a number of conditions including:

- (a) the transfer conditions for the transfer of the development project being met;
- (b) the payment for and receipt thereof and receipt of the State-owned Land Use Right Certificate for the portion of land in relation to the development project by Chengdu Railway in accordance with the terms and conditions of the State Development Owned Land Use Right Contract No. 510100-2010-C-0001 (青);
- (c) the application for and receipt of all required approvals and permits for the development project including the land use right certificate, the construction land planning permit, the construction project planning permit and the construction permit and other relevant legal documents by Chengdu Railway; and
- (d) Chengdu Railway and the Chengdu Qingyang WFOE having entered into a separate real estate project transfer agreement for the transfer of the Chengdu Qingyang Guanghua Shopping Mall development project in accordance with the relevant regulatory requirements (the “**Real Estate Project Transfer Agreement**”).

The transfer of the Chengdu Qingyang Guanghua Shopping Mall development project will be deemed completed after the due performance of the procedures below:

- (I) the Land Use Right Certificate, Construction Permit and all other relevant legal documents, certificates, permits and approvals in relation to the development project to reflect the approximate GFA of the development project of 90,000 sq m (where applicable) and to be issued under the name of the Chengdu Qingyang WFOE;
- (II) the termination of all contracts or agreements with any service providers prior to the entry into of the Chengdu Qingyang Guanghua Co-operative Framework Agreement and the discharge of all related obligations (if any) or resolution of all disputes (if any);
- (III) when all original receipts in relation to the development project are furnished to and made out in the name of the Chengdu Qingyang WFOE;
- (IV) when the work-in-progress development project has been duly handed over to and received by the Chengdu Qingyang WFOE without any construction fees, salary or other disputes outstanding;
- (V) all contracts entered into in relation to the development project being re-entered into or novated accordingly; and
- (VI) all original receipts evidencing payment of fees in relation to all required approvals and permits for the development project being novated to the Chengdu Qingyang WFOE accordingly.

In the event the transfer of the Chengdu Qingyang Guanghua Shopping Mall development project (when 25.0% of the total investment has been injected) is unable to proceed, the parties may *inter alia*, agree to alternatively proceed by transferring the real estate properties (when the construction of the project is completed by Chengdu Railway) to the Sponsor, or in the event that *inter alia*, the agreement is terminated due to any fault on the part of Chengdu Railway, the Sponsor is entitled to obtain full repayment from Chengdu Railway of all instalment payments made to date with interest calculated in accordance with the PBOC Rate.

The Chengdu Qingyang Guanghua Co-operative Framework Agreement contains certain obligations of the relevant parties to the agreement in respect of the Chengdu Qingyang Guanghua Shopping Mall development project. The Chengdu Qingyang Guanghua Co-operative Framework Agreement also sets out limitations on the liability of the relevant parties in respect of any breach of the agreement at RMB50.0 million or the proved actual damages suffered, whichever is higher.

The Sponsor may transfer the rights and obligations under the Chengdu Qingyang Guanghua Co-operative Framework Agreement to its affiliate or a company or unit trust to be publicly listed.

The Chengdu Qingyang Guanghua Co-operative Framework Agreement is governed by PRC law and any dispute not resolved through amicable consultation shall be submitted to the court where the development project is located.

(c) Real Estate Project Transfer Agreement

The Real Estate Project Transfer Agreement is the separate real estate project transfer agreement to be entered into by Chengdu Railway and the Chengdu Qingyang WFOE upon construction of Chengdu Qingyang Guanghua Shopping Mall exceeding 25.0% of the total investment amount in the project (excluding land cost), the salient terms of which are reflected in the Chengdu Qingyang Guanghua Co-operative Framework Agreement.

(d) Brilliance International Payment Agreement

On 10 February 2011, pursuant to the Brilliance International Co-operation Agreement and the Chengdu Qingyang Guanghua Co-operative Framework Agreement, Brilliance International and the Sponsor have entered into the Brilliance International Payment Agreement which amends the payment terms for the payment due to Brilliance International as set out under the Brilliance International Co-operation Agreement. According to the Brilliance International Payment Agreement, Brilliance International is to assist the Chengdu Qingyang WFOE in obtaining its foreign exchange settlement permits and developer's licence.

Pursuant to the Brilliance International Payment Agreement:

- (i) the Sponsor has agreed to co-operate with Brilliance International to jointly develop Chengdu Qingyang Guanghua Shopping Mall as approved by the Chengdu Municipal Government at a cost of RMB1,000 per sq m based on buildable GFA (based on part of the first to fourth floors and basement one of the shopping mall, at a GFA of not less than 90,000 sq m, with the final GFA to be determined by the development project plan approved by the Chengdu Municipal Government and the final GFA reflected on the construction project planning permit) payable by the Sponsor in part, the sum of RMB63.4 million to Chengdu Railway and the remaining sum of RMB26.6 million to Brilliance International. Notwithstanding the above, in the event the GFA of the shopping mall does not reach the 90,000 sq m, the amount to be paid to Chengdu Railway will remain as RMB63.4 million, and the difference will be deducted from the sum payable to Brilliance International;
- (ii) the payment mechanism for the payment to Chengdu Railway is as set out in the Chengdu Qingyang Guanghua Co-operative Framework Agreement;
- (iii) in the case of any terms not covered in the provisions of the Brilliance International Co-operative Agreement, the provisions contained in the Chengdu Qingyang Guanghua Co-operative Framework Agreement read with the Brilliance International Payment Agreement shall take precedence. In the case of any conflict or any ambiguity between any provision contained in the Brilliance International Co-operative Agreement and the Chengdu Qingyang Guanghua Co-operative Framework Agreement, the provisions contained in the

Chengdu Qingyang Guanghua Co-operative Framework Agreement read with the Brilliance International Payment Agreement shall take precedence;

- (iv) in the case of any terms not covered in the provisions of the Chengdu Qingyang Guanghua Co-operative Framework Agreement, the provisions contained in the Brilliance International Payment Agreement shall take precedence; and
- (v) the Brilliance International Co-operation Agreement is governed by PRC law.

(e) Share Purchase Agreement Relating to the Entire Issued Share Capital of Perennial Qingyang Retail (BVI) Limited

On 21 February 2011, PCRPL being a wholly-owned subsidiary of PCRT entered into the share purchase agreement with the Sponsor, as the vendor, pursuant to which PCRPL agreed to acquire all the shares of Perennial Qingyang Retail (BVI) Limited (the “**Qingyang Retail BVI Sale Shares**”) from the Sponsor on the Listing Date.

PCRPL and the Sponsor agreed that:

- (i) the Sponsor agrees to sell, and PCRPL agrees to purchase, the Sale Shares free from all encumbrances and together with all rights and advantages attaching to it as at the Listing Date; and
- (ii) the consideration for the purchase of the Qingyang Retail BVI Sale Shares shall be the cash sum of US\$10.00, which shall be paid to the Sponsor on the Listing Date.

The share purchase agreement provided, *inter alia*, for:

- (a) certain conditions precedent prior to completion which include the delivery to the Trustee-Manager of:
 - (I) transfers of the Qingyang Retail BVI Sale Shares duly executed by the Sponsor in favour of PCRPL (or as it may direct) accompanied by the relative share certificates (or an express indemnity in a form satisfactory to PCRPL in the case of any certificate found to be missing); and
 - (II) duly certified copies of the board resolutions of Perennial Qingyang Retail (BVI) Limited passed, *inter alia*, appointing such persons (within the maximum number permitted by the Articles of Association of Perennial Qingyang Retail (BVI) Limited) as PCRPL may nominate as directors; and a board resolution by Perennial Qingyang Retail (BVI) Limited approving the registration of the share transfer subject only to it being duly stamped;
- (b) representations and warranties in respect of the Qingyang Retail BVI Sale Shares; and
- (c) indemnify and save harmless PCRPL from and against any and all losses which PCRPL may at any time and from time to time sustain, incur or suffer by reason of any breach of any representation, warranty or undertaking given by the Sponsor under the share purchase agreement.

(f) Chengdu Qingyang Novation Agreement

By way of a novation agreement dated 14 February 2011, the Sponsor’s rights, benefits and obligations under the Chengdu Qingyang Guanghua Co-operative Framework Agreement were novated to Perennial Qingyang Retail Limited.

Right of First Refusal

The Sponsor will grant the Sponsor's ROFR to the Trustee-Manager for so long as:

- (i) the Trustee-Manager or any of its related corporations (as defined in the Companies Act) remains as the trustee-manager of PCRT; and
- (ii) the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the trustee-manager of PCRT.

For the purposes of the Sponsor's ROFR:

- (a) a **"controlling shareholder"** means a person who (i) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares of the company or (ii) in fact exercises control over the company;
- (b) a **"Relevant Entity"** means the Sponsor or any of its existing or future subsidiaries (the **"Sponsor Group"**) or future private funds managed by the Sponsor Group (**"Perennial Private Funds"**) which invest mainly in Retail Property Developments and/or Completed Retail Properties (each as defined herein) located in the PRC, and where such subsidiaries or Perennial Private Funds are not wholly-owned by the Sponsor, and their other shareholder(s) or private fund investor(s) is/are third parties, such subsidiaries or Perennial Private Funds will be subject to the Sponsor's ROFR only upon obtaining the consent of such third parties, and in this respect, the Sponsor shall use best endeavours to obtain such consent;
- (c) a **"Relevant Asset"** means any Retail Property Development or income-producing Completed Retail Property located in the PRC. Where such Retail Property Development or income-producing Completed Retail Property is held by a Relevant Entity through a special purpose company, vehicle or entity (an **"SPV"**) established solely to own such Retail Property Development or income-producing Completed Retail Property, the term **"Relevant Asset"** shall refer to the shares or equity interests, as the case may be, in that SPV;
- (d) a **"Retail Property Development"** means a retail property development, in respect of which structural work has not been completed, which shall include any mixed-use development which will have a substantial retail component and, if applicable, the shares or equity interests in a single purpose company or entity which holds such retail property development. "Mixed-use development which will have a substantial retail component" means more than 50.0% of the GFA of the development is proposed to be let out for retail use or more than 50.0% of its rental income is proposed to be derived from retail tenants;
- (e) a **"Completed Retail Property"** means a completed retail property, which shall include any mixed-use project which has a substantial retail component and, if applicable, the shares or equity interests in a single purpose company or entity which holds such retail property. "Completed" refers to retail property in respect of which structural work has been completed and "mixed-use project which has a substantial retail component" means more than 50.0% of the GFA of the project is let out or proposed to be let out for retail use or more than 50.0% of its rental income is derived or proposed to be derived from retail tenants; and
- (f) **"GFA"** means the total amount of the area of an entire property calculated in accordance with the local regulations applicable to the relevant property.

The Sponsor's ROFR shall cover any proposed offer (a "**Proposed Offer**"):

- (1) of sale by a third party to a Relevant Entity of any Relevant Asset ("**Proposed Acquisition**"); or
- (2) by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity ("**Proposed Disposal**"). If the Relevant Asset is owned by a Relevant Entity together with one or more third parties and the consent of any of such third parties is required for the Relevant Asset to be offered to PCRT or its subsidiaries, the Sponsor shall use its best endeavours to obtain the consent of the relevant third party or parties, failing which the Sponsor's ROFR shall not apply to the disposal of such Relevant Asset. For the avoidance of doubt, the grant by any Relevant Entity of a lease (including a long-term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Proposed Disposal for the purposes of this paragraph.

The Sponsor's ROFR:

- (I) is subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;
- (II) is subject to, in the case of a Proposed Acquisition, the conditions set out by the third party in relation to such Proposed Acquisition;
- (III) excludes the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders of the Relevant Entity as may be provided in any shareholders agreement; and
- (IV) is subject to the applicable laws, regulations and government policies.

The Trustee-Manager has 30 days from when it first receives notice from the Sponsor to exercise the Sponsor's ROFR by way of entering into a binding commitment. In the event that the Trustee-Manager fails to or does not wish to exercise the Sponsor's ROFR, the Relevant Entity will be free to acquire or, as the case may be, dispose of, the Relevant Asset on terms no more favourable than what was offered to the Trustee-Manager. In the case of the latter, however, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Sponsor's ROFR.

Property Management Agreements

(a) Perennial Development and Property Management Agreements

Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall and any properties subsequently acquired by the Trustee-Manager on behalf of PCRT and in respect of which the Trustee-Manager has the right, to appoint or, as the case may be, procure the appointment of, the development and property manager (the "**Perennial PMA Properties**"), will be managed by the Perennial Development and Property Manager in accordance with the terms of the Master Perennial Development and Property Management Agreement.

After the Perennial Development and Property Manager is constituted, the Master Perennial Development and Property Management Agreement will be entered into by the Trustee-Manager, and the Perennial Development and Property Manager, pursuant to which the Perennial Development and Property Manager will be appointed to develop, operate, maintain, manage and market (as the case may be) all the Perennial PMA Properties, subject to the terms and conditions of the Master Perennial Development and Property Management Agreement. The property management will be subject to the overall management by the Trustee-Manager.

The initial term of the Master Perennial Development and Property Management Agreement will be 10 years from the Listing Date. Six months prior to expiry of the initial term of the Master Perennial Development and Property Management Agreement, the Perennial Development and Property Manager may request to extend its appointment for a further 10 years on the same terms and conditions.

The Master Perennial Development and Property Management Agreement will provide that in respect of Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall and in respect of each subsequently acquired Perennial PMA Property, the Trustee-Manager, the Perennial Development and Property Manager and the relevant Holding Company of the Perennial PMA Property will enter into separate individual development and property management agreements in the form and on the terms set out in a schedule to the Master Perennial Development and Property Management Agreement. The initial term of such individual property development and management agreement is 10 years from the date of completion of the transfer of the relevant property to the holding company. The termination of the Master Perennial Development and Property Management Agreement will not affect the individual development and property management agreements if they have been entered into.

Perennial Development and Property Manager's Services

The services to be provided by the Perennial Development and Property Manager for each property under its management include the following:

- development management services;
- lease management services;
- general management services;
- property management services; and
- marketing services.

Fees

Under the terms of the Master Perennial Development and Property Management Agreement, the Perennial Development and Property Manager is entitled to the fees set out below, to be borne by the owner of the relevant property, for each property under its management.

Property Management Fee

In respect of the property management services to be provided by the Perennial Development and Property Manager for a Perennial PMA Property, the Perennial Development and Property Manager shall be entitled to receive from the owner of the property, a property management fee of (a) 2.0% of the monthly gross revenue, (b) 2.0% of monthly net property income of the relevant Perennial PMA Property and (c) 0.5% of the monthly net property income of the relevant property in lieu of leasing commissions otherwise payable to the Perennial Development and Property Manager and/or third party agents, and paid monthly.

Development Management Fee

In respect of the development management services to be provided by the Perennial Development and Property Manager for a Perennial PMA Property, the Perennial Development and Property Manager shall be entitled to receive from the owner of the property, a development management fee of 3.5% of the total costs of development (excluding cost of land, interest on capital cost or development loans during the development period and the cost of money required to carry out the development) for any development, re-development, refurbishment, retrofitting, addition and alteration or renovation works to the relevant property.

Lease-up Commission¹

In respect of the lease management services to be provided by the Perennial Development and Property Manager for a Perennial PMA Property, the Perennial Development and Property Manager shall be entitled to receive from the owner of the property, a one-time lease-up commission of two months' Gross Rental Income for newly completed buildings or buildings undergoing major asset enhancement and/or renovation works.

Reimbursable Amounts

In addition to its fees, the Perennial Development and Property Manager will be fully reimbursed for each property under its management for the agreed employee expenditure² incurred for each month.

Operating Account

The Perennial Development and Property Manager will be authorised to utilise funds deposited in operating accounts maintained in the name of the owner of the property, to pay all costs and expenses incurred in connection with or arising out of the operation, maintenance, management and marketing of the property, within the budget approved in the annual business plan and budget for such property.

¹ For the avoidance of doubt, no lease-up commission will be received if no commitment is received in respect of a unit in any newly completed building or building undergoing major asset enhancement and/or renovation works. The one-time lease-up commission is only applicable to newly completed buildings or buildings undergoing major addition and alteration works. The basis for the one-time lease-up commission is that for such buildings, the Perennial Development and Property Manager would have to carry out the following: (i) work with the architects and other consultants on the layout of the retail outlets, and internal circulation as well as relevant amenities to be provided; (ii) conduct market surveys to understand the needs and wants of the shoppers; (iii) mapping out more positioning for the relevant mall based on results obtained in (ii); (iv) creating a leasing plan including the budgeted rents/target returns for the owner; (v) conduct major leasing exercises to market and negotiate with the prospective tenants; and (vi) to follow up with the relevant lease administrative duties. The Trustee-Manager believes that the lease-up commission payable to the Perennial Development and Property Manager is in line with the commission payable to the property managers providing similar services for comparable buildings.

² "Agreed Employee Expenditure" under the Initial Perennial Development and Property Management Agreements and any After Acquired Perennial Development and Property Management Agreement refers to allocated recoverable and fully recoverable staff costs and such costs must be approved by the Owner in the Annual Business Plan and Budget for the relevant Property. Fully recoverable staff costs include the salaries of the "on site personnel" such as a centre manager, leasing manager, marketing managers and the building managers, which are employed specifically to manage each specific Property. Allocated recoverable staff costs refer to the employment and remuneration costs of the "centralised personnel" of the Perennial Development and Property Manager which will provide a supervisory and support role to the on-site personnel, such costs being apportioned by the Perennial Development and Property Manager to each Property that it manages.

Provision of Office Space

The Trustee-Manager shall procure the owner of the property to provide the employees of the Perennial Development and Property Manager who are engaged to provide property management services for the property, at the cost of the owner of the property, with reasonable space at the property and adequate furnishings, including computers and other office equipment, to enable and facilitate the Perennial Development and Property Manager's employees in the discharge of their duties.

The Trustee-Manager shall also procure the owner of the property to provide the employees of the Perennial Development and Property Manager who are engaged to provide general management services with reasonable office space when such employees may be required to be present at the property to perform their duties, without the Perennial Development and Property Manager having to pay rent, service charge or any other sums.

Termination

The Trustee-Manager may terminate the appointment of the Perennial Development and Property Manager under the Master Perennial Development and Property Management Agreement on the occurrence of certain specified events, which include the liquidation or cessation of business of the Perennial Development and Property Manager.

The appointment of the Perennial Development and Property Manager may also be terminated specifically in relation to a property under its management in the event of the sale of such property, but the Master Perennial Development and Property Management Agreement will continue to apply with respect to the remaining properties managed by the Perennial Development and Property Manager under the terms of the Initial Perennial Development and Property Management Agreements or any After Acquired Development and Property Management Agreement.

In addition, if the Perennial Development and Property Manager, the Trustee-Manager or, as the case may be, the owner of the property (i) fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property within the requisite period of time or (ii) such breach materially and adversely affects the property, the party who is not in breach may terminate the appointment of the Perennial Development and Property Manager in relation only to such property in respect of which the breach relates, upon giving 30 days' written notice to the party in breach.

Assignability

The Trustee-Manager is entitled to novate its rights, benefits and obligations under the Master Perennial Development and Property Management Agreement to a new trustee-manager of PCRT appointed in accordance with the terms of the Trust Deed. The Perennial Development and Property Manager is also entitled to novate its respective rights, benefits and obligations under the Master Perennial Development and Property Management Agreement to any firm, company or other entity in which the Sponsor and its related corporations have the right to exercise, directly or indirectly, more than 50.0% of the voting rights attributable to the shares or other interest in any such firm, company or other entity.

Exclusion of Liability

In the absence of fraud, negligence, wilful default or breach of the Master Perennial Development and Property Management Agreement by the Perennial Development and Property Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Master Perennial Development and Property

Management Agreement, the Initial Perennial Development and Property Management Agreements and any After Acquired Development and Property Management Agreement.

In addition, the Trustee-Manager and the owner of the property shall indemnify and keep the Perennial Development and Property Manager fully indemnified from and against any actions, costs, claims, damages, expenses or demands to which it may suffer or incur as property manager, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the Initial Perennial Development and Property Management Agreement or the After Acquired Development and Property Management Agreement by the Perennial Development and Property Manager, its employees or agents.

No Restriction on Perennial Development and Property Manager

The Perennial Development and Property Manager may provide services similar to those contemplated under the Master Perennial Development and Property Management Agreement to other parties operating in the same or similar business as PCRT, or in other businesses. However, the Perennial Development and Property Manager may not provide services similar to those contemplated under the Master Perennial Development and Property Management Agreement to other parties (which are not within the PCRT Group) in respect of businesses which are in the same cities in which PCRT's properties are located. It is not expected that the Perennial Development and Property Manager will manage properties other than those acquired by PCRT.

(b) *Perennial-Summit Development and Property Management Agreement*

The Perennial-Summit Development and Property Management Agreement will be entered into by the Trustee-Manager, Shenyang Summit and the Perennial-Summit Development and Property Manager pursuant to which the Perennial-Summit Development and Property Manager will be appointed to operate, maintain, manage and market Shenyang Longemont, subject to the terms and conditions of the Perennial-Summit Development and Property Management Agreement. The property management will be subject to the overall management of the Trustee-Manager.

The initial term of the Perennial-Summit Development and Property Management Agreement is 10 years from the Listing Date. Six months prior to expiry of the initial term of the Perennial-Summit Development and Property Management Agreement, the Perennial-Summit Development and Property Manager may request to extend its appointment for a further 10 years on the same terms and conditions.

Perennial-Summit Development and Property Manager's Services

The services to be provided by the Perennial-Summit Development and Property Manager for each property under its management include the following:

- development management services;
- lease management services;
- general management services;
- property management services; and
- marketing services.

Fees

Under the Perennial-Summit Development and Property Management Agreement, the Perennial-Summit Development and Property Manager is entitled to the fees set out below, to be borne by Shenyang Summit, for each property under its management.

Property Management Fee

In respect of the property management services provided by the Perennial-Summit Development and Property Manager for Shenyang Longemont, the Perennial-Summit Development and Property Manager shall be entitled to receive from Shenyang Summit, a property management fee of (a) 2.0% of the monthly Gross Revenue, (b) 2.0% of the monthly net property income of the relevant property and (c) 0.5% of the monthly net property income of the relevant property in lieu of leasing commissions otherwise payable to the Perennial-Summit Development and Property Manager and/or third party agents, and paid monthly.

Development Management Fee

For the avoidance of doubt, no development management fee will be payable to the Perennial-Summit Development and Property Manager in respect of the construction of the Shenyang Properties as the Shenyang Properties are purchased by PCRT on a “completed” basis. However, in the event that any further major development, re-development, refurbishment, retrofitting, addition and alteration or renovation works are to be made to any of the Shenyang Properties after construction has been completed, the Perennial-Summit Development and Property Manager will be entitled to receive from Shenyang Summit, a development management fee of 3.5% of the total costs of development (excluding cost of land, interest on capital cost or development loans during the development period and the cost of money required to carry out the development) for any such major development, re-development, refurbishment, retrofitting, addition and alteration or renovation works carried out on any of the Shenyang Properties.

Lease-up Commission¹

In respect of the lease management services provided by the Perennial-Summit Development and Property Manager for Shenyang Longemont, the Perennial-Summit Development and Property Manager shall be entitled to receive from Shenyang Summit, a one-time lease-up commission of two months’ gross rent for buildings undergoing major asset enhancement and/or renovation works.

Reimbursable Amounts

In addition to its fees, the Perennial-Summit Development and Property Manager will be fully reimbursed for each property under its management for the agreed employee expenditure incurred for each month.

Operating Account

The Perennial-Summit Development and Property Manager will be authorised to utilise funds deposited in operating accounts maintained in the name of the owner of the property, to pay all costs and expenses incurred in connection with or arising out of the operation, maintenance,

¹ For the avoidance of doubt, no lease-up commission will be received if no commitment is received in respect of a unit in any building undergoing major asset enhancement and/or renovation works. The Perennial-Summit Development and Property Manager will not be entitled to any lease-up commission in respect of newly completed buildings (being the newly completed Shenyang Properties).

management and marketing of the property, within the budget approved in the annual business plan and budget for such property.

Provision of Office Space

Shenyang Summit shall provide the employees of the Perennial-Summit Development and Property Manager who are engaged to provide property management services for the property, at the cost of Shenyang Summit, with reasonable space at the property and adequate furnishings, including computers and other office equipment, to enable and facilitate the Perennial-Summit Development and Property Manager's employees in the discharge of their duties.

Shenyang Summit shall also provide the employees of the Perennial-Summit Development and Property Manager who are engaged to provide general management services with reasonable office space when such employees may be required to be present at the property to perform their duties, without the Perennial-Summit Development and Property Manager having to pay rent, service charge or any other sums.

Termination

The appointment of the Perennial-Summit Development and Property Manager may be terminated on the occurrence of certain specified events, which include the liquidation or cessation of business of the Perennial-Summit Development and Property Manager.

The appointment of the Perennial-Summit Development and Property Manager may also be terminated in the event of the sale of the properties.

In addition, if the Perennial-Summit Development and Property Manager or Shenyang Summit (i) fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property within the requisite period of time or (ii) such breach materially and adversely affects the property, the party who is not in breach may terminate the appointment of the Perennial-Summit Development and Property Manager in relation only to such property in respect of which the breach relates, upon giving 30 days' written notice to the party in breach.

Assignability

None of Shenyang Summit or the Perennial-Summit Development may assign or transfer or novate its rights, benefits and obligations under the Perennial-Summit Development and Property Management Agreement except, in the case of Shenyang Summit, with the prior written consent of the Perennial-Summit Development and Property Manager and the Trustee-Manager, and in the case of the Perennial-Summit Development and Property Manager, with the prior written consent of Shenyang Summit and the Trustee-Manager.

Exclusion of Liability

In the absence of fraud, negligence, wilful default or breach of the Perennial-Summit Development and Property Management Agreement by the Perennial-Summit Development and Property Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Perennial-Summit Development and Property Management Agreement.

In addition, Shenyang Summit shall indemnify and keep the Perennial-Summit Development and Property Manager fully indemnified from and against any actions, costs, claims, damages, expenses or demands to which it may suffer or incur as property manager, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, wilful

default or breach of the Perennial-Summit Development and Property Management Agreement by the Perennial-Summit Development and Property Manager, its employees or agents.

No Restriction on Perennial-Summit Development and Property Manager

The Perennial-Summit Development and Property Manager may provide services similar to those contemplated under the form of the Perennial-Summit Development and Property Management Agreement to other parties operating in the same or similar business as PCRT, or in other businesses. However, the Perennial-Summit Development and Property Manager may not provide services similar to these contemplated under the form of the Perennial-Summit Development and Property Management Agreement to other parties (which are not within the PCRT Group) in respect of businesses which are in the Shenyang Dadong District.

Beijing Hualian Hypermarket ROFR

The Trustee-Manager has on 23 February 2011 granted the Beijing Hualian Hypermarket ROFR to Beijing Hualian Hypermarket, pursuant to which Beijing Hualian Hypermarket will receive a right of first refusal to lease space in the malls that PCRT will wholly-own, and which the Trustee-Manager believes are suitable for there to be a supermarket or hypermarket, at market rents for supermarkets/hypermarkets from the Trustee-Manager.

Beijing Hualian Hypermarket will have 30 days (or such other term as agreed to between the parties) from when it first receives notice and the relevant lease documents from the Trustee-Manager to exercise the Beijing Hualian Hypermarket ROFR by way of entering into a binding commitment. In the event that Beijing Hualian Hypermarket fails to or does not wish to exercise the Beijing Hualian Hypermarket ROFR, the Trustee-Manager will be free to lease the relevant space, on terms no more favourable than what was offered to Beijing Hualian Hypermarket, to a third party.

In the case of the latter, after 60 days from the date on which Beijing Hualian Hypermarket is deemed to have failed to or not wish to exercise the Beijing Hualian Hypermarket ROFR, the Trustee-Manager will be free to re-designate such lease space for such other use as it deems fit.

Chengdu Longemont Railway Commercial Development Option to Purchase Agreement

On 21 March 2011, Shanghai Summit (Group) and Shanghai Summit granted an option to purchase to the Sponsor and PCRPL to acquire a 50.0% interest in the commercial component of the Chengdu Longemont Railway Commercial Development which is not to be less than 1.0 million sq m of GFA within a year of the Listing Date, at an agreed acquisition price of RMB10,000 per sq m of GFA on a "completed" basis. The Option to Purchase Agreement provides that if, as a result of Shanghai Summit (Group) and Shanghai Summit's actions, the Sponsor and PCRPL are unable to exercise the option to purchase, Shanghai Summit (Group) and Shanghai Summit will compensate the Sponsor and PCRT RMB200.0 million.

The quality of the commercial component of the Chengdu Longemont Railway Commercial Development is to be comparable to Shenyang Longemont Shopping Mall and all planning, design and organisation of the commercial component of the Chengdu Longemont Railway Commercial Development has to be agreed with by the Sponsor and PCRT.

Xi'an Longemont Railway Commercial Development Option to Purchase Agreement

On 21 March 2011, Shanghai Summit (Group) and Shanghai Summit granted an option to purchase to the Sponsor and PCRPL to acquire a 50.0% interest in the commercial component of the Xi'an Longemont Railway Commercial Development which is not to be less than 1.0 million sq m of GFA within a year on which Shanghai Summit (Group) and Shanghai Summit acquiring the rights to develop a further 1,300,000 sq m of built-up area¹, at an agreed acquisition price of between RMB8,000 to RMB10,000 per sq m of GFA on a "completed" basis. The Option to Purchase Agreement provides that if, as a result of Shanghai Summit (Group) and Shanghai Summit's actions, the Sponsor and PCRPL are unable to exercise the option to purchase, Shanghai Summit (Group) and Shanghai Summit will compensate the Sponsor and PCRPL RMB100.0 million.

The quality of the commercial component of the Xi'an Longemont Railway Commercial Development will be comparable to Shenyang Longemont Shopping Mall and all planning, design and organisation of the commercial component of the Xi'an Longemont Railway Commercial Development has to be agreed with by the Sponsor and PCRPL.

¹ Shanghai Summit (Group) and Shanghai Summit already have the right to develop 700,000 sq m of GFA of built-up area.

OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN CHINA

Set out below is a brief overview of the PRC legal framework relevant to the Trustee-Manager in respect of property development, foreign investment, acquisition of land and development of construction project, property transaction, financing for property development enterprises, insurance and environmental laws, major taxes, employment, foreign exchange controls and dividend distribution, etc.

(A) Property Development Enterprise and Foreign Investment Laws

Establishment of a Property Development Enterprise

(a) *Company Law*

The establishment, operation and management of corporate entities in China are governed by the Company Law, which was promulgated by the Standing Committee of the National People's Congress (the "**NPC**") on 29 December 1993, and came into effect on 1 July 1994. The Company Law was subsequently amended on 25 December 1999, 28 August 2004, and 27 October 2005. According to the Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The Company Law applies to both PRC domestic companies and foreign-invested companies. However, where the Company law is silent on matters related to foreign invested companies, such matters may be addressed by other PRC laws and regulations.

(b) *Establishment of a Property Development Enterprise*

According to the "PRC Urban Real Estate Administration Law" (the "**Urban Real Estate Law**") (中华人民共和国城市房地产管理法) promulgated by the Standing Committee of the NPC on 5 July 1994, effective in January 1995 and amended on 30 August 2007, a property developer is defined as an enterprise which engages in the development and sale of properties for the purpose of making profits. Under the "Regulations on Administration of Development of Urban Property" (the "**Development Regulations**") (城市房地产开发经营管理条例) promulgated and implemented by the State Council on 20 July 1998, a property developer shall satisfy the following requirements: (i) its registered capital should be RMB1.0 million or more; and (ii) it should have four or more full-time professional property/construction technicians and two or more full-time accounting officers, each of whom should hold relevant qualification certificates.

Pursuant to the Development Regulations, a property developer who aims to establish a property development enterprise must register with the Administration for Industry and Commerce. The property developer must also report its establishment to the property development authority in the location of the registration authority within 30 days of the receipt of its business licence.

Under the "Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment" (国务院关于调整固定资产投资项目资本金比例的通知) issued by the State Council on 25 May 2009, the minimum portion of capital funding for indemnificatory housing projects and ordinary commercial housing projects is 20.0% and the minimum portion of capital funding for other real estate development projects is 30.0%.

(c) *Qualifications of a Property Developer*

Under the Development Regulations, a property developer must record its establishment to the governing property development authorities in the location of the registration authority within 30 days after receiving its Business Licence. The property development authorities

should examine applications for the classification of a property developer's qualification by considering its assets, professional personnel and industrial achievements. A property enterprise should only engage in property development projects in compliance with its approved qualification.

Under the "Provisions on Administration of Qualification of Real Estate Development Enterprise" (the "**Provisions on Administration of Qualification**") (房地产开发企业资质管理规定) promulgated by the Ministry of Urban Housing and Rural Development ("**MOHURD**") and implemented on 29 March 2000, a property developer shall apply for registration of its qualification according to such Provisions on Administration of Qualification. An enterprise may not engage in the development and sale of a property without a qualification classification certificate for property development.

In accordance with the Provisions on Administration of Qualification, qualification of a property enterprise is classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities. Class 1 qualification should be subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualification should be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established property developer, after it reports its establishment to the property development authority, the latter must issue a Provisional Qualification Certificate to the eligible developer within 30 days. The Provisional Qualification Certificate will be effective for one year from its issuance while the property development authority may extend the validity to a period of no longer than two years considering the actual business situation of the enterprise. The property developer should apply for qualification classification from the property development authority within one month before expiry of the Provisional Qualification Certificate.

Foreign-invested Property Enterprises

(a) *The Wholly Foreign-owned Enterprise Law and the Joint Venture Law*

The establishment procedures, approval procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labour matters of wholly foreign-owned enterprises and equity joint venture enterprises are regulated by the "Wholly Foreign-owned Enterprise Law of the PRC" (the "**WFOE Law**") (中华人民共和国外资企业法) and the "Equity Joint Venture Law of the PRC" (the "**JV Law**") (中华人民共和国合资经营企业法) respectively. The WFOE Law, which was promulgated by the Standing Committee of the National People's Congress on 12 April 1986, and amended on 31 October 2000, is supplemented by the "Implementation Regulation of the Wholly Foreign-owned Enterprise Law" (中华人民共和国外资企业法实施细则), which was promulgated on 12 December 1990, and amended on 12 April 2001. The JV Law, which was promulgated by the National People's Congress in July 1979 and amended on 4 April 1990, and 13 May 2001, is supplemented by the "Implementation Regulations on the Equity Joint Venture Law of the PRC" (中华人民共和国中外合资经营企业法实施条例), which was promulgated by the State Council on 20 September 1983, and amended on 15 January 1986, 21 December 1987, and 22 July 2001.

(b) Relevant Regulations with Respect to the Foreign Investment

On 16 July 2004, the State Council promulgated the “Decision on the Reform of the Investment Sector” (the “**Investment Reform Decision**”) (关于投资体制改革的决定), reforming the system of government supervision over enterprise investment. The Investment Reform Decision allows enterprises greater independence in making investment decisions in line with the principle that “the investor makes the investment decisions, reaps the profits and bears the risks”. According to the Investment Reform Decision, government approval is no longer required for projects that are not funded by the government. Instead, a system of “Authorisation” and “Record-filing” will be used for non state funded projects in: (a) important and restricted investment projects relating to public or social interests — only a government authorisation is needed; or (b) regardless of the scale of the project, the project will only need to be put on record, and enterprises are free to make decisions and assume risks on market prospects, economic benefits, sources of capital and product planning.

The appendix to the Investment Reform Decision contains the “Catalogue of Investment Projects Authorised by the Government (2004)” (the “**Authorisation Catalogue**”) (政府核准的投资专案目录). The Authorisation Catalogue lists: (a) major and restricted fixed-asset investment projects that are not government funded and that are subject to authorisation from relevant government departments; and (b) non-government funded projects invested by enterprises that are neither covered in the Authorisation Catalogue nor prohibited by national laws, regulations or the rules set out by the State Council which only need to be put on record. According to the Authorisation Catalogue, the foreign investments need the governmental authorisation, more specifically: (i) encouraged and permitted projects as provided in the Foreign Investment Catalogue (as defined herein) with total investments (including capital increase) of US\$100 million and above shall be subject to the approval of the National Development and Reform Commission. Restricted projects as provided in the Foreign Investment Catalogue with total investments (including capital increase) of US\$50 million and above shall be subject to the approval of the National Development and Reform Commission; and (ii) issues related to the establishment and alteration of foreign-invested enterprises which are above norm, restricted from investments or involving quotas and licence management, as well as issues related to material alteration of contracts or articles of association of large-scale foreign-invested projects and material alteration (capital increase and decrease, share transfer and merger) specially specified by laws shall be subject to the approval of the Ministry of Commerce. Foreign investment projects other than the said projects shall be approved by the local governments in accordance with relevant regulations.

On 16 July 2004, the State Council promulgated the “Opinions on Further Facilitating the Utilisation of Foreign Investment” (the “**Opinions on Further Facilitating**”) (关于进一步做好利用外资工作的若干意见). According to the Opinions on Further Facilitating, encouraged or permitted projects with total investments (including capital increase) of no more than US\$300 million as provided in the Foreign Investment Catalogue are to be approved by the competent local governments, except for those to be approved by the competent department of the State Council as provided by the Authorisation Catalogue.

Pursuant to the Investment Reform Decision, on 9 October 2004, the National Development and Reform Commission (the “**NDRC**”) promulgated the “Provisional Administrative Measures on the Examination and Approval of Foreign Investment Projects” (the “**Provisional Administrative Measures**”) (外商投资专案核准暂行管理办法) which became effective on the date of promulgation. According to the Provisional Administrative Measures, the NDRC shall examine and approve foreign investment projects: (i) with a total investment of US\$100.0 million or more that come within the category of industries in which foreign investment is encouraged or permitted; and (ii) those with a total investment of US\$50.0

million or more that come within the category of industries in which foreign investment is restricted. Furthermore, foreign investment projects with a total investment of US\$500.0 million or more that come within the category of industries in which foreign investment is encouraged or permitted and those with a total investment of US\$100.0 million or more that come within the category of industries in which foreign investment is restricted are subject to further approval by the State Council based on the examination and approval of the NDRC. Local counterparts of the NDRC have authority to approve projects with total investment less than the above thresholds.

Pursuant to the Opinions on Further Facilitating, on 4 May 2010, the NDRC promulgated the “*Notice on Delegating Powers on Approval of Foreign Investment Projects to Authorities at Lower Levels*” (关于做好外商投资专案下放核准许可权工作的通知), which stipulates (i) encouraged and permitted projects as provided in the Foreign Investment Catalogue with total investments (including capital increase) of no more than US\$300.0 million, which are previously subject to the approval by the NDRC, are now subject to the approval by the provincial development and reform commission, unless otherwise provided by the Authorisation Catalogue that they are subject to the approval of the relevant department of the State Council; and (ii) the powers on approving restricted projects as provided in the Foreign Investment Catalogue shall not be delegated to authorities at lower levels for the time being. If any law or regulation of the State or any document of the State Council has special provisions regarding approval of projects, such provisions shall apply.

Pursuant to the Opinions on Further Facilitating, on 10 June 2010, the Ministry of Commerce promulgated the “*Notice on Issues Related to Delegating Powers on Examination and Approval of Foreign Investment to Authorities at Lower Levels*” (关于下放外商投资审批许可权有关问题的通知), which stipulates: (i) the department of commerce of provinces, autonomous regions, municipalities directly under the central government, cities specially designated in the State plan, Xinjiang Production & Construction Corps, sub-provincial cities (including Harbin, Changchun, Shenyang, Jinan, Nanjing, Hangzhou, Guangzhou, Wuhan, Chengdu, and Xi’an) and the national economic and technological development zones (the “**Local Approval Authorities**”) are responsible for the examination, approval and administration of the establishment, and alteration of foreign-invested enterprises categorised as encouraged or permitted under the Foreign Investment Catalogue with a total investment below US\$300.0 million or categorised as restricted under the Foreign Investment Catalogue with a total investment below US\$50.0 million. The above investment limit shall refer to the amount of registered capital in the case of a foreign-invested joint stock company, or the assessed net asset value in the case of a restructured foreign-invested joint stock company, or the transaction value with respect to a foreign investor’s take-over of a domestic enterprise; (ii) the capital increase shall, if the amount of a single capital increase is below the relevant investment limit, be subject to the examination, approval and administration of the Local Approval Authorities; and (iii) the establishment and alteration of a foreign-invested enterprise which is categorised as encouraged and has a total investment above the investment limit, but does not merit overall nationwide balance, shall be subject to the examination, approval and administration of the Local Approval Authorities.

(c) Relevant Regulations with Respect to the Foreign-invested Property Enterprises

According to the “Foreign Investment Industrial Guidance Catalogue (Revised in 2007)” (the “**Foreign Investment Catalogue**”) (外商投资产业指导目录) promulgated by the MOFCOM and the NDRC on 31 October 2007, effective 1 December 2007, (i) the development of a whole parcel of land (limited to equity joint ventures and cooperative joint ventures) as well as the construction and management of high-end hotels, villas, premium office buildings, international conference and exhibition centers fall within the category of industries in which foreign investment is subject to restrictions, (ii) the secondary market transactions in real

estate sector and real estate intermediaries or agents will fall under the category of industry that foreign investment is subject to restrictions, and (iii) other property developments fall within the category of industry in which foreign investment is permitted. A foreign-invested property enterprise can be established in the form of sino-foreign equity joint venture, sino-foreign cooperative joint venture or wholly-owned enterprise by foreign investors. Prior to its registration, the enterprise must be approved by the commerce authorities, upon which an Approval Certificate for a Foreign-invested Enterprise will be issued.

On 11 July 2006, the MOHURD, the MOFCOM, the NDRC, the PBOC, the SAIC and SAFE jointly promulgated the “Opinions of the MOHURD, the MOFCOM, the NDRC, the PBOC, the SAIC and SAFE on Regulating the Access and Management of Foreign Capital in the Real Estate Market (Jian Zhu Fang [2006] No. 171)” (the “**Opinions**”) (关于规范房地产市场外资准入和管理的意见). According to the Opinions, the admittance and administration of foreign capital in the property market must comply with the following requirements:

- (i) Foreign institutions or individuals who buy property not for their own use in China should follow the principle of “commerce existence” and apply for the establishment of foreign-invested enterprises pursuant to the regulations of foreign investment in property. After obtaining the approvals from relevant authorities and upon completion of the relevant registrations, foreign institutions and individuals can thus carry on their business pursuant to their approved business scope;
- (ii) Foreign investors may not carry out property development and business operations until they obtain the Approval Certificates for a Foreign-invested Enterprise and business licences from the relevant authorities;
- (iii) Where the total investment amount of a foreign-invested property enterprise is US\$10 million or more, its registered capital shall be no less than 50.0% of the total investment amount; where the total investment amount is less than US\$10 million, its registered capital must follow the requirements of the existing regulations;
- (iv) For the establishment of a foreign-invested property enterprise, the commerce authorities and the Administration for Industry and Commerce will be responsible of the approval and registration of the foreign-invested property enterprise and the issuance of a temporary Approval Certificate for a Foreign-invested Enterprise (which is only effective for one year) and a temporary business licence. Upon full payment of the land grant fee for the land use rights, the foreign-invested property enterprise should apply for the land use right certificate. With the land use right certificate, the property developer can obtain a formal Approval Certificate for a Foreign-invested Enterprise from the commerce authorities and a formal business licence with the same approved business term as the formal Approval Certificate for Foreign-invested Enterprise;
- (v) Transfers of projects or equity interests in foreign-invested property enterprises or acquisitions of domestic property enterprises by foreign investors should strictly follow the relevant laws, regulations and policies and obtain the relevant approvals. The investor should submit: (a) a written undertaking of fulfilment of the State-owned land use rights grant contract, construction land planning permit and construction work planning permit; (b) land use right certificate; (c) documents evidencing the filing for modification with the construction authorities; and (d) documents evidencing the payment of tax from the relevant tax authorities; and
- (vi) When acquiring domestic property enterprises by way of shares transfer or other means, or purchasing shares from Chinese parties in sino-foreign equity joint ventures, foreign investors should make proper arrangements for the employees, settle the debts of the banks and pay the consideration in one single payment with its own capital.

Foreign investors with unsound records, or who have not fully satisfied any previous acquisition consideration shall not be allowed to undertake the aforementioned activities.

On 23 May 2007, the MOFCOM and SAFE jointly issued the “Notice of MOFCOM and SAFE on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Industry (Shang Zi Han [2007] No. 50)” (关于进一步加强、规范外商直接投资房地产业审批和监管的通知) which sets down the following requirements for approving and supervising foreign investment in the real estate sector:

- (i) foreign investment in the real estate sector in the PRC relating to high-grade properties should be strictly controlled;
- (ii) before obtaining approval for the setup of real estate entities with foreign investment, (a) both the land use right certificates and building ownership certificates should be obtained or, (b) contracts for obtaining land use rights or building ownership rights should be entered into;
- (iii) entities which have been set up with a foreign investment need to obtain approval before expanding their business operations into the real estate sector and entities with foreign investments which have been set up for real estate development operations need to obtain new approval in case they expand their real estate business operations;
- (iv) the acquisition of real estate entities and foreign investment in the real estate sector by way of a round trip investment should be strictly regulated. Foreign investors should not avoid approval procedures by changing actual controlling persons;
- (v) parties to real estate entities with foreign investment should not in any way guarantee a fixed investment return;
- (vi) foreign exchange administration authorities and banks authorised to conduct foreign exchange business should not effectuate foreign exchange settlements regarding capital account items to those which fail to file with MOFCOM or fail to pass the annual reviews; and
- (vii) for real estate entities which have been wrongfully approved by local authorities for their setups, (a) MOFCOM should carry out investigation, order punishment and corrections, and (b) foreign exchange administrative authorities should not carry out foreign exchange registrations for these entities.

On 10 July 2007, SAFE issued the “Notice of the General Department of the State Administration of Foreign Exchange on the Publication of the List of the First Batch of Foreign-Funded Real Estate Projects Having Passed the Procedures for Registering with MOFCOM (Hui Zong Fa [2007] No. 130)” (国家外汇管理局综合司关于下发第一批通过商务部备案的外商投资房地产专案名单的通知). This new regulation restricts the ability of foreign-invested real estate enterprises to raise funds offshore and then inject funds into the companies either through capital increase or by way of shareholder loans. The notice stipulates, among other things:

- (i) that SAFE and its local branches will no longer process foreign debt registration or approval of exchange settlement of foreign debt for real estate enterprises with foreign investment that obtained authorisation certificate from and registered with MOFCOM on or after 1 June 2007; and
- (ii) that SAFE and its local branches will no longer process foreign exchange registration (or change of such registration) or application for sale and purchase of foreign

exchange in respect of capital account for real estate enterprises with foreign investment that obtained approval certificates from the local government's commerce department on or after 1 June 2007, but have not submitted a filing with MOFCOM.

On 18 June 2008, MOFCOM issued the "Notice for Fulfilling the Work of Filing of Foreign-Funded Real Estate (Shang Zi Han [2008] No. 23)" (商务部关于做好外商投资房地产业备案工作的通知) that the filings are preliminary examined by the provincial branch of MOFCOM for submission to MOFCOM for registration. MOFCOM may spot-check five to ten registered foreign invested real estate enterprises in every quarter. Regarding the foreign-invested real estate enterprises which fail to meet the current regulations after spot-checking, MOFCOM may inform the department of SAFE to cancel their foreign currency registration and statistics.

(B) Acquisition of Land and Development of a Construction Project

Acquisition of Land

Under the "Provisional Regulations of the People's Republic of China on the Grant and Transfer of the Land-Use Rights of State-owned Urban Land" (the "**Provisional Regulations on Grant and Transfer**") (中华人民共和国城镇国有土地使用权出让和转让暂行条例) promulgated by the State Council on 19 May 1990, a system for the assignment of the right to use State-owned land is adopted. A land user shall pay an assignment price to the State as consideration for the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the "Law of the People's Republic of China on the Administration of Urban Property" (the "**Urban Property Law**") (中华人民共和国城市房地产管理法) promulgated by the Standing Committee of the National People's Congress, effective on 1 January 1995 and revised in August 2007, and the Provisional Regulations on Grant and Transfer, the land administration authority under the local government of the relevant city or county shall enter into a land grant contract with the land user to provide for the assignment of land use rights. The land user shall pay the assignment price as provided in the land grant contract. After full payment of the assignment price, the land user shall register with the land administration authority and obtain a land use right certificate which evidences the acquisition of land use rights.

Under the "Rules Regarding the Grant of State-owned Land Use Rights by Way of Tender, Auction and Listing-for-sale" (招标投标挂牌出让国有土地使用权规定) promulgated by the Ministry of Land and Resources ("**MLR**") on 9 May 2002 and implemented on 1 July 2002, land for commercial use, tourism, entertainment and commodity housing development shall be granted by means of tender, public auction or listing-for-sale. A tender of land use rights means the relevant land administration authority (the "**Assignor**") issues a tender announcement inviting individuals, legal persons or other organisations (whether specified or otherwise) to participate in a tender for the land use rights of a particular parcel of land. The land user will be determined according to the results of the tenders. An auction for land use rights is where the Assignor issues an auction announcement and the bidders can, at a specified time and location, openly bid for a parcel of land. A listing-for-sale is where the Assignor issues a listing-for-sale announcement specifying the land grant conditions and inviting bidders to list their payment applications at a specified land exchange within a specified period. The procedures for tender, auction and listing-for-sale may be summarised as follows (for the purpose of the summary, the participant in a tender, auction or listing-for-sale is referred to as a "**Bidder**"):

- (i) The Assignor shall announce at least 20 days prior to the day of competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars of the land parcel, qualification requirements for Bidders, the methods and criteria for selection of the winning Bidder and certain conditions such as the deposit for the bid.

- (ii) The Assignor shall conduct a qualification verification of the bidding applicants and inform the applicants who satisfy the requirements of the announcement to attend the competitive bidding, public auction or listing-for-sale.
- (iii) After determining the winning Bidder by holding a competitive bidding, public auction or listing-for-sale, the Assignor and the winning Bidder shall then enter into a confirmation. The Assignor should refund the other applicants their deposits.
- (iv) The Assignor and the winning Bidder shall enter into a land grant contract for the assignment of State-owned land use rights at a time and venue set out in the confirmation. The deposit for the bid paid by the winning Bidder will be deemed part of the assignment price for the land use rights.
- (v) The winning Bidder should apply to register the land registration after paying off the assignment price. The people's government at the municipality or county level or above should issue the land use right certificate.

Under the “Urgent Notice of Rigorously Strengthening the Administration of the Land” (关于当前进一步从严土地管理的紧急通知), the land authority should rigidly execute the “Model Text of the State-owned Land-Use Rights Grant Contract” and “Model Text of the State-owned Land-Use Rights Grant Supplementary Agreement (for Trial Implementation)” jointly promulgated by the MLR and the SAIC. The documents relating to the assignment of land should specify the requirements for planning, construction and land use such as relevant restrictions on the structure, size and plot ratio, and the time limit for the commencement and completion of construction. All these requirements should be set forth in the land grant contract.

On 21 September 2007, the MLR promulgated the “Rules Regarding the Grant of State-owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale” (招标投标挂牌出让国有建设用地使用权规定) which came into force on 1 November 2007. The rules stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with the assignment of State-owned land use rights by competitive bidding, public auction or listing-for-sale. The rules clearly state that the grant of land for industrial use must also be by means of competitive bidding, public auction or listing-for-sale.

The “Measures on the Administration of Reserved Land” (土地储备管理办法), promulgated by the MOF, the PBOC and the MLR on 19 November 2007, define “reserved land” and stipulate the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use, development, capital expenditure and supply of reserved land. Moreover, the measures make it clear that land must be reserved in accordance with corresponding land programs or plans, and that in determining land reserves priority must be given to land included in state inventories which is unused, unoccupied or under-utilised.

In November 2009, the MOF, the MLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the “Notice on Further Enhancing the Revenue and Expenditure Control over Land Grants” (关于进一步加强土地出让收支管理的通知). The Notice raises the minimum down-payment for land premiums to 50.0% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. Any property owner defaulting on any such payment may not participate in any new transactions of land grant.

Development of a Construction Project

(a) Commencement of Development and Idle Land

Under the Urban Property Law, those who have obtained the land use rights by assignment must develop the land in accordance with the use and period of commencement as prescribed by the land grant contract. According to the “Measures on Disposing Idle Land” (闲置土地处置办法) promulgated by the MLR on 28 April 1999, a parcel of land can be defined as idle land under any of the following circumstances:

- (i) After obtaining the land use rights, the development and construction of the land has not begun within the time limit for commencement of the development as stipulated in the land grant contract without the consent of the people’s government that originally approved the use of the land;
- (ii) The land grant contract does not stipulate or the Approval Letter on Land Used for Construction does not prescribe the starting date of the development and construction; or the development and construction of the land has not begun within one year of the date the land grant contract became effective or the date the relevant department of land issued the Approval Letter on Land Used for Construction;
- (iii) The development and construction of the land has begun, but the area of the development and construction is less than one-third of the total area to be developed and constructed, or the invested amount is less than 25.0% of the total amount of investment, and the development and construction has been continuously suspended for one year or more without approval; or
- (iv) Other circumstances prescribed by laws and administrative regulations.

The administrative department of land under the people’s government at the municipality or county level shall, after the people’s government that originally approved the use of the land approves the proposal on disposal, arrange for the implementation of the proposal. With respect to assigned land that is within the scope of city planning, if the construction work has not yet started after one year from the granting of the relevant approvals, since the duration in which construction may be commenced has elapsed, a fine for idle land which is equivalent to less than 20.0% of the assignment price may be imposed on the land user. If the construction work has not begun after two years have elapsed, the right to use the land can be taken back by the State without any compensation. However, the above sanctions shall not apply when the delay in commencement of construction is caused by *force majeure* or acts of government or indispensable preliminary work before commencement of construction.

On 3 January 2008, the State Council issued the “Notice on Promoting the Saving and Intensification of Use of Land (Guo Fa [2008] No. 3)” (国务院关于促进节约集约用地的通知) on land conservation and improving the efficiency of land use, for the purpose to better protect arable land. The circular called on relevant government agencies to map out large-scale “scientific infrastructure” programs, tighten land use approval in both rural and urban areas and step up land market monitoring. The circular prescribed that, if land approved for development remains unused for more than two years, it should be recovered by the government according to laws and regulations. If the land remains idle for more than one year and less than two years, land developers will pay 20.0% of the grant or appropriation price as the idle fee. More than 70.0% of the land used for construction of urban housing should be designated for residential purposes for low-rent units, affordable housing, price-limited housing and smaller units of less than 90 sq m. The circular also stipulates that lending and financing services will not be provided for illegally used land.

Moreover, financial institutions should be very prudent when they provide loans and/or when they examine financing for real estate projects that exceed one year from the start date listed in the land use right granting contract, for which less than one-third of the development area has been completed, or for which less than one-quarter of the investment has been made.

(b) Planning of a Construction Project

According to the “Measures for Planning Administration of the Grant and Transfer of the Right to Use Urban State-owned Land” (城市国有土地使用权出让转让规划管理办法) promulgated by the Ministry of Construction (“MOC”) on 4 December 1992 and implemented on 1 January 1993 and the “Notice of the Ministry of Construction on Strengthening the Planning Administration of the Grant and Transfer of the Right to Use State-owned Land” (建设部关于加强国有土地使用权出让规划管理工作的通知) promulgated by the MOC on 26 December 2002, after signing the land grant contract, a property owner shall apply for a project survey and a Construction Land Planning Permit (建设用地规划许可证) from the city planning authority. After obtaining a Construction Land Planning Permit, a property owner shall organise the necessary planning and design work in accordance with planning and design requirements, and apply for a Construction Works Planning Permit (建设工程规划许可证) from the city planning authority.

The “Urban and Rural Planning Law of the PRC” (中华人民共和国城乡规划法), promulgated by the Standing Committee of the National People’s Congress in October 2007 which became effective in January 2008, provides regulations with respect to the formulation, implementation, modification, control, supervision and related legal liability of measures aimed at curbing problems that may arise as a result of conflicts between city and rural construction developments. The scope of the measures includes the planning, layout and construction of cities, towns with administrative status, market towns and villages. In order to effectively prevent construction that is in breach of rules and regulations, the Urban and Rural Planning Law stipulates that where any construction project commences without obtaining Construction Land Planning Permit, or where Construction Land Planning Permit has been obtained but construction has proceeded not in accordance with that permit, the Urban and Rural Planning Department at the county level or above may issue an order to cease construction. In the case that the construction can be remedied to conform to the relevant planning rules, an order can be made to rectify the construction in a prescribed period of time and a fine totalling between 5.0% to 10.0% of the total construction cost may be imposed. Where the construction cannot conform to relevant planning rules, an order for its demolition will be issued or, where demolition is not possible, the property and/or illegal income derived from the property will be confiscated and a fine totalling 10.0% or less of the construction cost will be imposed.

(c) Project Construction

According to the “Measures for the Administration of Construction Permits for Construction Projects” (建筑工程施工许可管理办法) promulgated by the MOC on 15 October 1999 and as amended and implemented on 4 July 2001, after obtaining the construction works planning permit, a property constructor shall apply for a Construction Works Commencement Permit (建筑工程施工许可证) from the construction authority under the local people’s government at the county level or above. The “Notice Regarding the Strengthening and Regulation of the Management of New Projects” (关于加强和规范新开工专案管理的通知), promulgated by the General Office of the State Council on 17 November 2007, strictly regulates the conditions for commencing investment projects, establishes a mechanism for the coordination of government departments regarding new projects, and strengthens the statistics and information management while intensifying the supervision and inspection of new projects.

(d) Completion of a Construction Project

According to the Development Regulations and the “Regulation on the Quality Management of Construction Projects” (建设工程品质管制条例) promulgated by State Council on 30 January 2000, the “Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure” (房屋建筑工程和市政基础设施工程竣工验收备案管理暂行办法) promulgated by the MOC on 7 April 2000 and the “Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure” (房屋建筑工程和市政基础设施工程竣工验收暂行规定) promulgated by the MOC on 30 June 2000, upon completion of construction works of a construction project, this construction project must receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities, the owner of this construction project shall organise a completion inspection of this construction project. Once this construction project is able to be accepted after the said completion inspection, the owner of this construction project shall prepare the Report on Completion Inspection (竣工验收报告) for this construction project accordingly. Thereafter, the owner of this construction project shall submit the Report on Completion Inspection for this construction project together with other required documents to the relevant competent governmental authority in charge of construction for the filing of the Completion Inspection (竣工验收备案) of this construction project. Once the said filing of the Completion Inspection has been completed, a Filing Form of Completion Inspection (竣工验收备案表) confirmed by the competent governmental authority in charge of construction will be obtained by the owner of this construction project.

According to the “Notice on Further Strengthening the Quality Supervision and Management of Construction Projects” (关于进一步加强建筑工程品质监督管理的通知) promulgated by the MOC on 14 April 2009, the legal regulatory framework and the supervision system in respect of quality supervision and completion acceptance examination shall be further improved.

(C) Property Transactions

Transfer of Property

According to the Urban Real Estate Law and the “Provisions on Administration of Transfer of Urban Property” (城市房地产转让管理规定) promulgated by the MOHURD on 7 August 1995 and as amended on 15 August 2001, a property owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer must enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by assignment, the real property may only be transferred on condition that: (i) the assignment price has been paid in full for the assignment of the land use rights as provided by the assignment contract and a land use right certificate has been obtained; (ii) development has been carried out according to the assignment contract and in the case of a project in which buildings are being developed, the development representing more than 25.0% of the total investment has been completed.

If the land use rights were originally obtained by appropriation, transfer of the real property will be subject to the approval of the government vested with the necessary approval power as required by the State Council. Upon such approval, the transferee must complete the formalities for the rights to the assignment of the land use, unless the relevant statutes require no assignment formalities, and pay the land premium according to the relevant statutes.

Sale of Commodity Properties

Under the “Regulatory Measures on the Sale of Commodity Properties” (商品房销售管理办法) promulgated by the MOHURD on 4 April 2001 and implemented on 1 June 2001, the sale of commodity properties can include both pre-completion sales (pre-sale) and post-completion sales.

(a) Permit of Pre-sale of Commodity Properties

According to the Development Regulations and the “Administrative Measures on the Pre-Sale of Urban Commercial Housing” (the “**Pre-Sale Measures**”) (城市商品房预售管理办法) promulgated by the MOHURD on 15 November 1994 and as amended on 15 August 2001 and 20 July 2004, respectively, the pre-sale of commodity properties will be subject to a licensing system. A property developer intending to sell a commodity property before its completion must make the necessary pre-sale registration with the property development authority of the relevant city or county to obtain a permit for pre-sale of commodity properties. A commodity property may be sold before completion only if: (i) the assignment price has been paid in full for the assignment of the land use rights involved and a land use right certificate has been obtained; (ii) a construction work planning permit and a permit for commencement of construction work have been obtained; and (iii) the funds invested in the development of the commodity properties put to pre-sale represent more than 25.0% of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained.

On 13 April 2010, the State Council issued the “Notice Regarding Questions Relating to the Strengthening of Supervision of Pre-Sale System of Commercial Properties in the Property Market” (关于进一步加强房地产市场监管完善商品住房预售制度有关问题的通知), which prohibited property developers from accepting deposits or any form of payment prior to obtaining pre-sale approvals.

(b) Supervision of Pre-sale Income of Commodity Properties

According to the Pre-Sale Measures, the income of a property developer from the pre-sale of commodity properties must be used for the construction of the relevant projects. The specific measures for the supervision of the income from the pre-sale of commodity properties must be formulated by the property administrative authorities.

(c) Conditions of the Sale of Post-Completion Commodity Properties

Under the Regulatory Measures for Administration of Sale of Commodity Properties, commodity properties may be put to post-completion sale only when the following preconditions have been satisfied: (i) the property development enterprise must have a business licence and a qualification certificate of a property developer; (ii) the enterprise must obtain a land use right certificate or other approval documents for land use; (iii) the enterprise must have the permit for construction project planning and the permit for construction; (iv) the commodity must have been completed and been inspected and accepted as qualified; (v) the relocation of the original residents must have been well settled; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. must have been made ready for use, and other supplementary essential facilities and public facilities must have been made ready for use, or the schedule of construction and delivery date must have been specified; (vii) the property management plan must have been completed.

Before the post-completion sale of a commodity property, a property developer must submit the “Property Development Project Manual” and other documents evidencing the satisfaction of preconditions for post-completion sale to the property development authority for making a record.

(d) Regulations on Transactions of Commodity Properties

According to the Development Regulations and the Pre-Sale Measures, for the pre-sale of commodity properties, the developer must sign a contract on the pre-sale of a commodity property with the purchaser. The developer must, within 30 days after signing the contract, apply for registration and file the pre-sale commodity property to the relevant property administrative authorities.

Pursuant to the “Circular of the General Office of the State Council on Forwarding the Opinions of the MOHURD and other Departments on Stabilising Property Prices (Guo Ban Fa [2005] No. 26)” (关于做好稳定住房价格工作的意见) on 9 May 2005, there are several regulations when conducting commodity property transactions:

- (i) A buyer of a commodity property is prohibited from conducting any transfer of a pre-sold commodity before completion of construction and obtaining the building ownership certificate. If there is a discrepancy in the name of the applicant for property ownership and the name of the advance buyer in the pre-sale contract, the registration organisation of the property administration will not record the application of property ownership;
- (ii) A real name system is applied for each property purchase transaction and an immediate archival filing network system is in place for pre-sale contracts of commodity properties;

On 6 July 2006, the MOHURD, the NDRC, and the SAIC jointly promulgated the “Notice on Reorganising and Regulating the Transaction Procedures of Property” (进一步整顿规范房地产市场交易秩序的通知), the details of which are as follows:

- (i) A developer must begin to sell the commodity properties within 10 days after receiving the permit for pre-sale of commodity properties. Without this permit, the pre-sale of commodity properties is prohibited, as well as subscription (including reservation, registration and number-selecting) and acceptance of any kind of pre-sale payments;
- (ii) The property administration authority at all levels must establish an immediate network system for pre-sale contracts of commodity properties and the system must issue the transaction information of a piece of property. The pre-sale or post-completion sale information like the basic information of the commodity property, the schedule of the sale and the rights status must be duly, truly and fully published on the network system and at the locale of sale. A buyer who makes an advance purchase of a commodity property which is still under construction is prohibited from conducting any transfer of the advance sale of the commodity property that he has bought;
- (iii) Without the permit for pre-sale of commodity properties, no advertisement for the pre-sale of commodity properties may be issued; and
- (iv) The property administration authority should strictly carry out the regulations of the pre-sale contractor registration, record and apply the real name system for house purchases.

Mortgages of Property

Under the Urban Real Estate Law, the “The Guarantee Security Law of the People’s Republic of China” (中华人民共和国担保法) promulgated by Standing Committee of the NPC on 30 June 1995 and implemented on 1 October 1995, and the “Measures on the Administration of Mortgages of Property in Urban Areas” (城市房地产抵押管理办法) promulgated by the MOHURD in May 1997 and as amended on 15 August 2001, when a mortgage is created on a building legally obtained, a mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The land use rights of State-owned lands acquired through means of assignment, requires the buildings on the land to be concurrently mortgaged with the land. The land use rights of the town and village enterprises cannot be mortgaged separately. When buildings of the town and village enterprises are mortgaged, the land use rights occupied by the buildings shall also be mortgaged at the same time. The mortgager and the mortgagee must sign a mortgage contract in writing. Within 30 days after a property mortgage contract is signed, the parties to the mortgage must register the mortgage with the property administration authority at the location where the property is situated. A property mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the property for which a building ownership certificate has been obtained, the registration authority shall make an entry under the “third party rights” item on the original building ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity property put to pre-sale or under construction, the registration authority will record the details on the mortgage contract. If the construction of a real property is completed during the term of a mortgage, the parties involved must re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the property.

The “Property Rights Law of the People’s Republic of China” (中华人民共和国物权法) which was adopted at the fifth session of the Tenth National People’s Congress on 16 March 2007 and came into effect as of 1 October 2007, provides that the mortgage registration of buildings and other objects fixed to land, the right to use construction land, and a building under construction shall have its mortgage right established as of the date of registration. Any buildings newly constructed on the land after such mortgage of the right to use construction land are not to belong to the mortgaged properties. Such newly constructed buildings can be disposed of together with the disposal of the aforesaid right to use construction land so as to realise the mortgage right. However, the mortgagee has no right to seek preferred payments from the money generated from the disposal of these newly constructed buildings.

The MLR, on 30 December 2007, issued the “Administrative Measures on Land Registration” (土地登记办法), which was effected on 1 February 2008.

According to the measures, land registration refers to the recording of land-use rights on registered land for public review. The measures stipulate that the administrative department of land and resources must conclude land registrations within 20 days after receiving an application. If the case is complex, a 10-day extension can be approved by the principal of land and resources’ administrative department.

On 9 April 2008, the MLR released the “Circular on Implementing the Land Registration Measures and Further Strengthening Land Registration Work” (关于贯彻实施《土地登记办法》进一步加强土地登记工作的通知), which calls for stringent land registration according to laws, cessation of illegal registration, and the prohibition of legalising illegal land through land registration.

The circular points out that the registrations will not be granted to cases involving unresolved land disputes, as well as cases where the full contract price has not been paid or where the use of land has been changed illegally. In addition, the circular stipulates that personnel without a Land

Registration Qualification Certificate must not be engaged in land ownership investigation and examination. Any person responsible for incorrect registration or incomplete registrations must bear the consequences.

On 15 February 2008, the MOC released “Measures for Property Registration” (房屋登记办法). The measures are scheduled to take effect on 1 July 2008. The measures stipulate that in property registrations, the owners of the housing property rights should correspond with the owners of the land use rights. Based on Property Rights Law, the measures specifically regulate the pre-registration, registration of mortgage rights for construction work in process, registration for maximum mortgage amount, registration of rectification, registration for objection and registration for easement, which make property registrations more operable.

Lease of Properties

According to the “Contract Law of the PRC” (中华人民共和国合同法), which was promulgated by the National People’s Congress on 15 March 1999, a lease contract is defined as an agreement whereby a lessor agrees to deliver and handover possession of moveable or real property for the use and benefit of the lessee in consideration of rent to be paid by the lessee to the lessor. Under the Urban Property Law and the “Measures for Administration of Leases of Property in Urban Areas” (城市房屋租赁合同管理办法) promulgated by the MOC on 9 May 1995 and with effect from 1 June 1995, the parties to a lease of a building shall enter into a written lease contract. A system has been adopted to register the leases of buildings. When a lease contract is signed, amended or terminated, the parties shall register the details with the property administration authority under the local government of the city or county in which the building is situated.

Based on the Urban Property Law and other relevant laws and regulations, provincial governments across the PRC have promulgated local regulations to standardise the property leasing procedures, protect the lawful rights and interests of lessors and lessees, and maintain the order in the property leasing market. Local regulations require that property lease agreements must include the following information: the names and addresses of the parties to the lease; details of the location, total area, structure type, ancillary facilities and equipment to be leased; the use of the building; the completion date of the building; the term of the lease; the amount, method of payment and time of payment of the rent; the use and the party responsible for maintenance of the leased building; the prescribed condition of the building at the expiration of the lease term; liability for breach of the lease; method of dispute resolution; and other matters determined by the parties.

(D) Financing for Property Development Enterprises

The PBOC issued the “Circular on Further Strengthening the Management of Property Loans” (关于进一步加强房地产信贷业务管理的通知) on 5 June 2003 to specify the requirements for banks to provide loans for real estate development projects as follows:

- (i) Property loans by commercial banks to property development enterprises shall be granted only in respect of a particular item of property development rather than a cash flow or other loan item. Loans of any kind must not be granted for projects which do not obtain a land use right certificate, construction land planning permit, construction works planning permit and construction works commencement permit.
- (ii) Commercial banks shall not grant loans to property development enterprises to pay off land premiums.

Pursuant to the “Guidance on Risk Management of Property Loans from Commercial Banks” (商业银行房地产贷款风险管理指引) issued by the China Banking Regulatory Commission (“**CBRC**”) on 2 September 2004, any property development enterprise applying for property development loans shall have at least 35.0% of the capital required for the development.

On 11 July 2006, the MOC, MOFCOM, the NDRC, the PBOC, SAIC and SAFE jointly promulgated the “Opinion on Regulating the Access to and Management of Foreign Capital in the Property Market” (关于规范房地产市场外资准入和管理的意见) (the “**Opinion on Regulating Access and Management**”). According to the Opinion on Regulating Access and Management, foreign-invested property enterprises which have not paid up their registered capital, failed to obtain a land use right certificate, or which have less than 35.0% of the capital for the project, will be prohibited from obtaining a loan in or outside China, and SAFE shall not approve the registration of foreign loans from such enterprises.

On 27 September 2007, the PBOC and the CBRC issued the “Notice on Strengthening the Management of Commercial Real Estate Credit and Loans” (关于加强商业性房地产信贷管理的通知) (the “**Notice on Strengthening the Management**”). The Notice on Strengthening the Management puts forward requirements for the purpose of strengthening loan management, including by means of credit checks, monitoring of real estate loans and risk management, in respect of (i) real estate development, (ii) land reserves, (iii) housing consumption and (iv) purchase of commercial buildings. Pursuant to the Notice, commercial banks shall not grant loans in any form, to (i) projects where the capital funds (owner’s equity) constitutes less than 35.0%, or, projects without a land use right certificate, construction land planning permit, construction works planning permit and construction works commencement permit; and (ii) property development enterprises that have been hoarding land, as detected and verified by land resources departments and construction authorities. Furthermore, commercial banks are not permitted to accept commodity buildings with a vacancy exceeding three years as collateral for a loan, and may not grant property development enterprises any loans for the payment of relevant land assignment premiums.

In respect of commercial building loans, commercial buildings purchased by loan shall be buildings that have satisfied procedural requirements of completion inspection and acceptance. For the purchase of such, the initial ratio shall be no less than 50.0%, the loan term shall not exceed ten years and the interest rate shall not be under 110.0% of the benchmark interest rate as announced by the PBOC during the same period and in the same bracket. Where a loan application is made in the name of a “commercial and residential building”, the initial ratio shall be no less than 45.0% and the loan term and interest rate shall be arranged according to relevant regulations.

(E) Insurance and Environmental Laws

Insurance

There are no mandatory provisions under PRC laws, regulations and government rules which require a real estate developer to take out insurance policies.

Environmental Protection

Under the requirements of the relevant laws and regulations such as the “Law of Appraisal Measures for the Impact on the Environment of the PRC” (中华人民共和国环境影响评价法) implemented by the Standing Committee of the National People’s Congress in September 2003, and the “Regulations Governing Environmental Protection of Construction Projects” (建设项目环境保护管理条例) implemented by the State Council in November 1998, construction enterprises must carry out an appraisal of the impact the construction project will have on the environment. The relevant project shall not commence until approval is obtained from the supervisory body for

environmental protection. While the project is in progress, the property owner and contractor should also enforce the appraisal documents relating to the impact on the environment and implement the environmental protection measures suggested in the opinion of the supervisory body for environmental protection. Such measures must be incorporated into the design, construction and operation of the general construction. Upon completion of the project, the property owner should apply to the supervisory body for environmental protection for the inspection and acceptance of the completed environmental protection facilities. Only those projects that have been inspected and accepted may go into operation or be available for use.

(F) Employment

The Employment Contract Law

The “Employment Contract Law of the PRC” (中华人民共和国劳动合同法) was promulgated by the Standing Committee of the National People’s Congress on 29 June 2007, and came into effect on 1 January 2008. The Employment Contract Law is primarily aimed at the regulation of employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labour contracts. Under the Employment Contract Law, (i) employers must pay employees double income in circumstances where an employer fails to enter into an employment contract within one year with an employee who works for the employer for a period exceeding one month. Where such period exceeds one year, the parties are deemed to have entered into a labour contract with an unfixed term, (ii) employees who fulfill certain criteria, including having worked for the same employer for 10 years or more, may demand that the employer execute a labour contract with an unfixed term, (iii) the range of situations in which employers must lawfully compensate employees has increased, (iv) an upper limit has been set on the amount of compensation an employer may seek for an employee’s breach of the agreed service term. The upper limit may not exceed the cost of training supplied to the employee, (v) employees in respect of whom employers have not in accordance with law made social insurance contributions may terminate their employment contracts, (vi) employers who demand money or property from employees by way of guarantee or whatsoever may be fined a maximum of Renminbi 2000 for each employee, and (vii) employers who intentionally deprive employees of any part of their salary must, in addition to their full salary, compensate their employees in the order of 50.0% to 100.0% of the amount of salary so deprived.

The Law on Employment Promotion

The “Law of the People’s Republic of China on Employment Promotion” (中华人民共和国就业促进法) (the “**Law on Employment Promotion**”) was promulgated by the Standing Committee of the National People’s Congress on 30 August 2007, and came into effect on 1 January 2008. The Law on Employment Promotion contains provisions on employment issues including policy support, fair employment, employment services and management, and vocational education and training. More particularly, the Law on Employment Promotion (i) states explicitly that discriminatory employment practices should not be adopted and, in circumstances where such practices are adopted, employees have the right to launch a suit with the People’s Court, (ii) provides that public employment service agencies established by the People’s Government at county level or above should provide employees free services such as consultation on employment policies and laws and regulations, vocational training and placement, and price guidance for market wages, and (iii) perfects an employment and unemployment registration system, stipulating that employers must complete employment registration with public employment service agencies for employees after they have been recruited, while employees who are individual operators or engaged in unfixed jobs may conduct employment registration with community public employment service agencies, and shall be entitled to applicable support policies upon registration.

(G) Rules on Foreign Exchange and Dividend Distribution

The Foreign Currency Administration Rules

The principal regulation governing foreign currency exchange in the PRC is the “Foreign Currency Administration Rules” (外汇管理条例) which was issued by the State Council in January 1996, became effective in April 1996 and was amended in January 1997 and August 2008. Under these rules, Renminbi is freely convertible for payments of current account items, including trade and service-related foreign exchange transactions and dividend payments, but not for capital account expenses, including direct investment, loan or investment in securities outside the PRC. Renminbi may only be converted for capital account expenses once the prior approval of SAFE has been obtained. Under the Foreign Currency Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. They may also retain foreign exchange (subject to a cap approved by SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC government authorities, which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and retain foreign currencies in the future. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside the PRC are subject to limitations and require approvals from SAFE.

Regulation on Dividend Distribution

The principal laws and regulations governing distribution of dividends paid by foreign invested enterprises in the PRC include (i) the Company Law, (ii) the WFOE Law and its implementing regulations, and (iii) the JV Law and its implementing regulations. Under the above laws and regulations, domestic companies and foreign-invested enterprises in the PRC may pay dividends only from accumulated after-tax profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, such enterprises are required to set aside at least 10.0% of their after-tax profits each year, if any, to fund certain reserve funds. Until such time as the accumulated reserve funds reach and remain above 50.0% of the enterprise’s registered capital amount, these reserves are not distributable as cash dividends. Under the relevant PRC law, no net assets other than the accumulated after-tax profits can be distributed in the form of dividends.

TAXATION

The following summary of certain Singapore, BVI, Hong Kong and China tax consequences of the subscription, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to subscribe for, own or dispose of the Units and does not purport to apply to all investors, some of whom may be subject to special rules either in Singapore or in the tax jurisdiction where they are resident. Investors should consult their own tax advisors concerning the application of Singapore income tax laws to their particular situations as well as any consequences of the subscription, ownership and disposal of the Units arising under the laws of any other taxing jurisdiction.

Where China tax laws are discussed, these are merely to outline the implications of such laws on the investments by PCRT (directly or indirectly) and the taxes payable by the companies in which such investments have been/are proposed to be made.

SINGAPORE TAXATION

Taxation of PCRT

Being a trust registered under the BTA, PCRT is treated like a company for Singapore income tax purposes. Accordingly, it is subject to Singapore income tax in accordance with the same provisions of the income tax laws applicable to a company.

The income of PCRT is taxed at the trust level. The tax is assessed on the Trustee-Manager at the prevailing corporate tax rate, currently 17.0% with partial tax exemption for the first S\$300,000 of chargeable income.

PCRT is liable to Singapore income tax on:

- (i) income accruing in or derived from Singapore; and
- (ii) unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

PCRT's income may include:

- (a) tax-exempt (one-tier) dividends from PCRPL; and
- (b) interest income derived from loans granted to the BVI Holding Companies.

The tax-exempt (one-tier) dividends from PCRPL are exempt from Singapore income tax in the hands of PCRT.

Provided the interest income derived from loans granted to the BVI Holding Companies is foreign-sourced income, PCRT will only be liable to Singapore income tax on such income to the extent of the amount received in Singapore or deemed to have been received in Singapore. In this respect, PCRT has obtained an advance ruling from the IRAS to confirm that the direct remittance of any of its foreign-sourced income from its offshore bank account (i.e. bank account maintained outside Singapore) to the bank account of the CDP for the purpose of making distributions to Unitholders will not cause such foreign-sourced income to be considered income received in Singapore or deemed to have been received in Singapore. Accordingly, PCRT will not be liable to Singapore income tax if it uses its foreign-sourced income for making distributions to Unitholders in the manner as described.

Gain on Disposal of Shares in PCRPL

Singapore currently does not impose tax on capital gains. In the event that PCRT disposes of its shares in PCRPL, any gain derived from the disposal will not be liable to Singapore income tax unless such gain is considered income derived from a trade or business carried on by PCRT. Such gain may also be liable to Singapore income tax if the shares in PCRPL were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

Taxation of PCRPL

PCRPL is liable to Singapore income tax on:

- (i) income accruing in or derived from Singapore; and
- (ii) unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

The prevailing corporate tax rate in Singapore is 17.0%. This is subject to a partial tax exemption for the first S\$300,000 of a company's chargeable income.

PCRPL's income may include:

- (a) dividends from the BVI Holding Companies; and
- (b) interest income that may be charged in the future on loans granted by PCRPL to the BVI Holding Companies.

Provided such dividends and interest income are foreign-sourced income, PCRPL will only be liable to Singapore income tax on such income to the extent of the amount received in Singapore or deemed to have been received in Singapore. In this respect, the IRAS has issued an advance ruling to confirm that the payment of tax-exempt (one-tier) dividends by PCRPL out of its unremitted foreign-sourced income directly to PCRT's bank account outside Singapore will not result in such foreign-sourced income being regarded as received in Singapore or deemed to have been received in Singapore by PCRPL. This ruling applies even if PCRT were to subsequently remit into Singapore the moneys that it has received in its bank account outside Singapore. Accordingly, PCRPL will not be liable to Singapore income tax if it uses its foreign-sourced income to pay tax-exempt (one-tier) dividends to PCRT in the manner as described.

Gain on Disposal of Shares in the BVI Holding Companies

Singapore currently does not impose tax on capital gains. In the event that PCRPL disposes of its shares in any of the BVI Holding Companies, any gain derived from the disposal will not be liable to Singapore income tax unless such gain is considered income derived from a trade or business carried on by PCRPL. Such gain may also be liable to Singapore income tax if the shares in the BVI Holding Companies were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

Terms of the Tax Rulings

The validity of the tax rulings referred to above is subject to certain stipulated conditions. Where these conditions are not satisfied, or are no longer satisfied, the tax rulings may no longer apply.

The tax rulings are also issued based on the facts presented to the IRAS. Where the facts turn out to be different from those represented to the IRAS, or where there is a subsequent change in the tax laws or interpretation thereof, the tax rulings may no longer apply.

Taxation of Unitholders

Income Tax

Distributions by PCRT

Distributions made by PCRT are exempt from Singapore income tax in the hands of all Unitholders. These distributions are also not subject to Singapore withholding tax. Unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager on the income of PCRT.

Gain on Disposal of the Units

Singapore currently does not impose tax on capital gains. Therefore, gains on disposal of the Units that are capital in nature will not be subject to Singapore income tax. However, such gains may be considered income in nature and subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the intention of the Unitholder was not to hold the Units as long-term investments.

As the precise tax status of one Unitholder will vary from another, Unitholders are advised to consult their own professional advisors on the Singapore tax consequences that may apply to their individual circumstances.

Unitholders who are required to adopt Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement (“**FRS 39**”) for financial reporting purposes may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Units, irrespective of disposal. Unitholders should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Units arising from the adoption of FRS 39.

Stamp Duty

Stamp duty will not be imposed on instruments of transfers relating to the Units. In the event of a change of the trustee-manager of PCRT, any document effecting the appointment of a new trustee-manager and the transfer of the trust assets from the incumbent trustee-manager to the new trustee-manager will also not be subject to stamp duty.

GST

Issuance and Disposal of the Units

The issuance of the Units is not subject to GST. Hence, Unitholders would not incur any GST on the subscription of the Units. The subsequent disposal of the Units by Unitholders is also not subject to GST.

Recovery of GST Incurred by Unitholders

Generally, charges such as legal fees, brokerage, handling and clearing charges arising from services rendered by a GST-registered person to Unitholders belonging in Singapore in connection with their purchase and sale of Units would be subject to GST at the prevailing standard-rate, currently 7.0%. Similar services rendered to Unitholders belonging outside Singapore could be zero-rated when certain conditions are met.

For Unitholders belonging in Singapore who are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Units is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Unitholders should seek the advice of their tax advisors on these conditions.

BVI TAXATION

The BVI Holding Companies, being BVI business companies, are exempt from the provisions of the Income Tax Act in the BVI. All dividends, interest, rents, royalties, compensation and other amounts paid by the BVI Holding Companies to persons who are not resident in the BVI are also exempt from the provisions of the Income Tax Act in the BVI. Any capital gains realised by persons who are not resident in the BVI from the disposal of any shares, debt obligations, or other securities of the BVI Holding Companies are not subject to tax in the BVI.

All instruments relating to (i) transfers of property to or by a BVI Holding Company, (ii) transactions in respect of the shares, debt obligations or other securities of such company and (iii) other transactions relating to the business of such company are exempt from the payment of stamp duty in the BVI. Only instruments relating to the transfer of an interest in land in the BVI or in respect of a company owning land in the BVI would be subject to stamp duty.

There are currently no withholding taxes in the BVI applicable to a BVI business company or its members.

HONG KONG TAXATION

Profits Tax

Profits tax is charged on every person carrying on a trade, profession or business in Hong Kong, either by himself or through another person, in respect of his profits arising in or derived from Hong Kong from such trade, profession or business. Hong Kong does not levy tax on profits of a capital nature.

The Hong Kong Holding Companies will be subject to profits tax in respect of profits arising in or derived from Hong Kong at the prevailing profits tax rate (currently 16.5%) if they are regarded as carrying on a trade, profession or business in Hong Kong. Profits which are capital in nature are not subject to profits tax.

Dividend Income

Dividend income received by the Hong Kong Holding Companies from the Property Companies is, in practice, exempt from Hong Kong profits tax.

Disposal of Property Companies

Hong Kong does not currently impose any tax on capital gains. In the event that the Hong Kong Holding Companies dispose of their shares in the Property Companies, any gains on such disposal should not be subject to Hong Kong profits tax if the shares of the Property Companies qualify as capital assets of the Hong Kong Holding Companies. In addition, only Hong Kong sourced profits are subject to profits tax in Hong Kong. If the gains derived by the Hong Kong Holding Companies from disposal of their shares in the Property Companies are considered to be sourced outside Hong Kong (i.e. both the sales and purchase contracts are effected outside Hong Kong), such gains should not be subject to profits tax in Hong Kong.

Withholding Tax

There is no withholding tax imposed on payment of dividends or interest. Any dividends or interest payable by the Hong Kong Holding Companies to the BVI Holding Companies will not be subject to any withholding tax in Hong Kong.

Stamp Duty

The purchase and sale of the shares in any of the Hong Kong Holding Companies will be subject to Hong Kong stamp duty at 0.1% on the higher of the consideration or the value of the shares sold. The stamp duty is chargeable on both the purchase and sale, i.e. a total stamp duty of 0.2% is payable. In addition, a fixed duty of HK\$5 is payable on the instrument of transfer of the shares.

CHINA TAXATION

Taxation of the Property Companies

Corporate Income Tax ("CIT")

Under the current China CIT Law which came into effect from 1 January 2008, the CIT rate has been unified at 25.0% for all China resident enterprises, including domestic enterprises and foreign-invested enterprises. Therefore, the Property Companies will be subject to CIT at 25.0% on their respective taxable profits generated from the leasing of properties and other business operations. In general, subject to certain limitations and specific allowances, all relevant and reasonable expenses (including tax depreciation) incurred in carrying out a business are deductible for the purpose of computing taxable profits. Tax losses can be carried forward for five consecutive years.

In the event of a disposal of any property by the Property Companies, any gains arising therefrom will be included as taxable profits and subject to CIT at 25.0%.

Business Tax

Pursuant to the China Business Tax Provisional Regulations and its Implementation Rules, business tax is imposed on enterprises engaging in the provision of taxable services, transfer of intangible assets or sale of immovable properties in China. The prevailing business tax rate is 5.0%. Effective from 1 December 2010, foreign-invested enterprises, foreign enterprises and foreign individuals are also subject to city construction tax (at the rate of 1.0%, 5.0% or 7.0% of business tax payable) and education surcharge at 3.0% of business tax payable. In addition, the Ministry of Finance has issued Caizong [2010] No. 98 to unify the collection of Local Education Surcharge ("**LES**") which is charged at 2.0% of the turnover tax paid (including Business Tax). In this connection, it is expected that local tax authorities will follow and issue local implementation rules to commence the collection of LES from individuals and entities (including foreign-invested enterprises, foreign enterprises and foreign individuals).

Each Property Company will be subject to business tax at 5.0% on gross rental income from the leasing of properties and other service income derived therefrom. In addition, education surcharge, city construction tax and LES will be imposed and depending on the location of the Property Companies, certain local surcharges at certain percentage of the business tax payable may also be imposed.

In the event of a disposal of any property by the Property Companies, the proceeds from the sale of the property will also be subject to business tax. If the property was originally acquired by the Property Company, i.e. not self-developed by the Property Company, and the Property Company can provide all required supporting documents, the Property Company is allowed to deduct the cost of acquisition of the property from the sale proceeds received from the sale of property for business tax purposes.

Land Appreciation Tax (“LAT”)

Pursuant to the China LAT Provisional Regulations and its Implementation Rules, appreciation derived from the transfer of properties in China will be subject to LAT. LAT is calculated at progressive tax rates ranging from 30.0% to 60.0% on the amount of appreciation realised from the transfer of properties. The amount of appreciation realised is the amount of sale proceeds in excess of deductible items. Deductible items generally include costs of land use rights and development (for self-developed property), taxes and fees incurred for the transfer of the property and other items that may be permitted under the China LAT regulations.

Real Estate Tax (“RET”)

RET is levied on the owner of real estate properties. Subject to the local practice in the locality where the property is located, there are two RET calculation methods depending on whether the property is for self-use or held for lease. RET on self-used property should be calculated by applying RET rate of 1.2% per annum on 70.0% to 90.0% of the original cost of the self-used property. If the property is leased, RET should be calculated at 12.0% per annum on the rental income received. The choice of method used in each locality may be either of these methods regardless of the use to which the property is put.

Land Use Tax (“LUT”)

Effective from 1 January 2007, the LUT has been expanded to include foreign-invested enterprises and foreign enterprises which own land use rights. The annual tax rates of LUT range from RMB0.6 to RMB30 per square metre of land occupied depending on location and type of usage. The exact LUT rate would be subject to the detailed implementation rules issued by the relevant local governments where the real estate properties are located.

Stamp Duty (“SD”)

According to the relevant SD regulations, SD should be affixed on all dutiable documents at the time when the dutiable documents are concluded or received in China. The applicable SD rates would depend on the type of dutiable documents. SD is levied at 0.05% on the transacted value stated in contracts for transfer of property, 0.1% on the rental for leasing contracts and 0.005% on the loan amount for loan contracts. SD is payable by each contractual party to the dutiable contract.

Deed Tax (“DT”)

According to the relevant DT regulations, transferees or buyers are subject to DT on the transfer of land use rights or ownership of real estate property. DT is imposed at 3.0% to 5.0% of the transacted price.

Withholding Income Tax (“WHT”)

Pursuant to the China CIT Law and its Implementation Rules, non-China tax resident enterprises which have no establishment or place of business in China would be subject to China WHT at 10.0% on dividends, interest, capital gains, rental, royalties and other income sourced in China. The 10.0% WHT may be reduced under the tax treaty in force between China and the country of residence of the non-China tax resident enterprise, subject to the terms and conditions of the relevant tax treaty.

Under the China-HK DTA, the withholding tax rates on China-sourced dividends and interest payable to a resident of Hong Kong are reduced in certain circumstances. Provided that each Hong Kong Holding Company (i) qualifies as a Hong Kong tax resident enterprise under the China-HK DTA, (ii) does not have a permanent establishment in China and (iii) is the beneficial owner of the China-sourced

income, it should, subject to complying with the requirements in Guoshuifa [2009] 124, be eligible to the following treaty benefits pursuant to the China-HK DTA.

Dividends from Property Companies

As stipulated in Guoshuifa [2009] 81, provided the Hong Kong Holding Company holds at least 25.0% of the capital of the relevant Property Company at any time during the twelve-month period preceding the receipt of the dividends, the dividends it receives from that Property Company should be eligible for the reduced WHT rate of 5.0% on a gross basis as prescribed under the China-HK DTA.

Interest from Property Companies

Interest income, if any, received by a Hong Kong Holding Company from a Property Company should be eligible for the reduced WHT rate of 7.0% on a gross basis as prescribed under the China-HK DTA.

Such interest income will also be subject to 5.0% business tax.

Gains on disposal of equity interest in the Property Companies by the Hong Kong Holding Companies

Capital gains derived by the Hong Kong Holding Companies in the event of a disposal of their respective equity interest in the Property Companies should be subject to WHT at 10.0% on a gross basis, if:

- (a) the assets of the Property Company comprise, directly or indirectly, mainly immovable property situated in China. The Property Company would be considered to be a company with assets comprising, directly or indirectly, mainly immovable property situated in China if the value of its immovable property in China is at least 50.0% of the value of its total assets at any time during the three-year period before alienation of the equity interest in the Property Company; or
- (b) the equity interest owned by a Hong Kong Holding Company exceeded 25.0% of the entire equity interest of the Property Company at any time during the 12-month period before the alienation of the equity interest in the Property Company.

Guoshuifa [2009] 601 (“Circular 601”)

In order to enjoy tax treaty benefits on China-sourced dividend and interest, the non-resident income recipient must be the “beneficial owner” of the China-sourced dividend and interest.

In this respect, the SAT has issued Circular 601 to provide guidance on the interpretation of “beneficial owner” for the purposes of according tax treaty access on dividends, interest and royalties under the tax treaty network of China. According to Circular 601, a “beneficial owner” should have the ownership and right of control over the income, the rights to the income or properties which give rise to the income. In addition, the beneficial owner should engage in substantial business operations.

Circular 601 also states that a conduit company would not qualify as a “beneficial owner”. A conduit company refers to a company which is established for the purposes of tax avoidance, reduction or deferral or the accumulation of profits and which does not engage in substantial business operations such as trading and manufacturing. The China tax authorities will adopt a substance-over-form approach in assessing beneficial ownership. Circular 601 sets out a list of unfavourable factors that the China tax authorities will take into account for the purpose of determining beneficial ownership.

Taxation of PCRT

Provided that (i) PCRT is not a China tax resident enterprise and (ii) it does not have a place of business or establishment in China, PCRT should only be subject to China tax if it directly derives China-sourced income.

However, pursuant to Guoshuihan [2009] 698 (“**Circular 698**”), if PCRT has indirectly transferred the equity interest in the Property Companies through the disposal of equity interest in the offshore companies, PCRT may be required to report such disposal to the China tax authorities (see section below on “Guoshuihan [2009] 698” for details).

Taxation of Unitholders

A Unitholder should not be subject to China tax on distributions from PCRT unless PCRT is a China tax resident enterprise or the Unitholder is a China tax resident.

Pursuant to Circular 698, if any corporate Unitholder has indirectly transferred the equity interest in the Property Companies through the disposal of Units, the corporate Unitholder may be required to report such disposal to the China tax authorities if certain conditions are met. However, in practice, the China tax authorities are not enforcing Circular 698 reporting for sale of equity interest in listed non-China companies with underlying China investments (see section below on “Guoshuihan [2009] 698” for details).

Guoshuihan [2009] 698 (“Circular 698”)

Circular 698 was issued on 10 December 2009 (but applies retroactively from 1 January 2008) to regulate and strengthen the CIT administration of capital gains derived by non-residents through the direct or indirect transfer of China equity interest. It covers tax filing and tax payment responsibility for the non-resident seller in the case of a direct disposal, as well as the reporting responsibility for the non-resident seller in the case of an indirect disposal. However, Circular 698 has specifically excluded the transfer of listed shares of China resident companies where both the purchase and disposal are concluded on a public stock exchange (in or outside China).

For indirect transfer of equity interest in a China entity by any non-resident enterprise, the non-resident seller is required to report the transaction if the transfer is of equity interest in an offshore company that is located in a jurisdiction where the applicable effective tax rate on the capital gains derived by the non-resident enterprise from that particular share transfer is lower than 12.5% or which exempts foreign income from tax. The non-resident seller should report the equity transfer to the in-charge tax bureau of the China company whose equity is being (indirectly) transferred within 30 days after the conclusion of the equity transfer contract. If the China tax authorities consider that the establishment of the offshore company does not have any reasonable commercial purposes and the offshore company is established for tax avoidance purposes, the China tax authorities may disregard the existence of the offshore company and deem the offshore transfer as an indirect transfer of equity interest in the relevant China company. If this should happen, the transfer of equity interest in the offshore company would trigger China CIT for the non-resident enterprise.

Therefore, pursuant to Circular 698, in the event of a disposal of the shares in the Hong Kong Holding Companies, the BVI Holding Companies, PCRPL and the Units, the gain arising from such disposal may be subject to China CIT. However, in accordance with the practice of the China tax authorities, Circular 698 reporting is not enforced for sale of equity interest in listed non-China companies with underlying China investments, such as the Units.

China General Anti-Avoidance Provisions

With the introduction of the GAA provisions under the China CIT regime, if an enterprise carries out any business arrangements without reasonable commercial purposes (i.e. the primary purpose is to reduce, avoid or defer China tax payment) which result in reduction of its taxable revenue or income, the China tax authorities are empowered to make adjustments using reasonable methods.

According to Guoshuifa [2009] 2, the China tax authorities can initiate a GAA investigation pursuant to the GAA provisions of the China CIT Law and its Implementation Rules if the following tax avoidance arrangements are identified:

- (a) Abusive use of tax incentives
- (b) Abusive use of tax treaties
- (c) Abusive use of the forms of enterprise organisations
- (d) Tax avoidance through tax havens
- (e) Other business arrangements without *bona fide* commercial purposes

The China tax authorities will adopt a “substance over form” approach in assessing whether an enterprise has entered into tax avoidance arrangements and if so, it would deny any tax benefits associated with such arrangements. The China tax authorities can disregard the existence of an enterprise that does not have any economic substance, especially one that is established in a tax haven that leads to tax avoidance results for its related and unrelated parties.

PLAN OF DISTRIBUTION

The Trustee-Manager is making an offering of 563,579,000 Units (representing 50.2% of the total number of Units in issue after the Offering) for subscription at the Offering Price under the Placement Tranche and the Public Offer. 52,128,000 Units will be offered under the Public Offer. Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners (in consultation with the Trustee-Manager) in the event of an excess of applications in one and a deficit in the other.

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Trustee-Manager intends to offer the Units by way of an international placement through the Joint Bookrunners to investors, including institutional and other investors in Singapore. Subject to the terms and conditions set forth in the underwriting agreement entered into between the Joint Bookrunners, the Trustee-Manager and the Sponsor on 27 May 2011 (the “**Underwriting Agreement**”), the Trustee-Manager is expected to effect for the account of PCRT the issue of, and the Joint Bookrunners are expected to severally (and not jointly) subscribe, or procure subscribers for, 1,080,229,000 Units, in the proportions set forth opposite their respective names below.

Joint Bookrunners	Number of Units
DBS Bank Ltd.	378,080,150
Goldman Sachs (Singapore) Pte.	286,260,685
Standard Chartered Securities (Singapore) Pte. Limited	307,865,265
Citigroup Global Markets Singapore Pte. Ltd.	108,022,900
Total	1,080,229,000

The Units will be offered at the Offering Price. The Offering Price per Unit in the Placement Tranche and the Public Offer will be identical. The Joint Bookrunners have agreed to subscribe, and pay for, or procure subscription and payment for 1,080,229,000 Units, together with any Cornerstone Units which any one or more of the Cornerstone Investors may fail to subscribe and pay for, at the Offering Price, less the Underwriting, Selling and Management Commission to be borne by PCRT.

The Trustee-Manager and the Sponsor have agreed in the Underwriting Agreement to indemnify the Joint Bookrunners against certain liabilities, to the extent permitted by law. The indemnity in the Underwriting Agreement contains a contribution clause which provides that where the indemnification to the Underwriters is unavailable or insufficient, the Trustee-Manager shall contribute to the amount paid or payable by such Underwriters as a result of any losses, claims, damages or liabilities (or actions in respect thereof) made against the Underwriters in such proportion as is appropriate to reflect the relative benefits received by the Trustee-Manager on the one hand and the Underwriters on the other from the offering of the Units. If, however, such allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Trustee-Manager on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Trustee-Manager on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Units purchased under the Underwriting Agreement (before deducting expenses) received by the Trustee-Manager bear to the total underwriting discounts and commissions received by the Underwriters with respect to the Units purchased under the Underwriting Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Trustee-Manager on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such

statement or omission. No Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Units underwritten by it and distributed to the public were offered to investors exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The Underwriting Agreement also provides that the obligations of the Joint Bookrunners to subscribe and pay for or procure the subscription or payment for the Units in the Offering are subject to certain conditions contained in the Underwriting Agreement including, without limitation, the completion of the subscription by Shanghai Summit Pte. Ltd. of 124,285,000 Units under the Placement Tranche. Such obligations of the Joint Bookrunners under the Underwriting Agreement are not conditional upon the completion of the Cornerstone Subscription Agreements. In the event that any one or more of the Cornerstone Investors fail to subscribe for and pay for the Cornerstone Units which they have committed to subscribe, the Offering may still proceed and subscribers of the Units will still be required to pay for and complete their subscriptions pursuant to the Offering.

The Underwriting Agreement may be terminated by the Joint Bookrunners at any time prior to payment being made for the Units, upon the occurrence of certain events including, among others, any change in national or international monetary, financial, political or economic conditions, currency exchange rates, foreign exchange controls or other events in the nature of force majeure, any moratorium on trading of securities generally on the SGX-ST, or any material adverse change or development involving a prospective material adverse change in taxation in Singapore, in each case the effect of which is such as would be, in the view of the Joint Bookrunners, likely to prejudice materially the success of the Offering and distribution of the Units or dealings in the Units in the secondary market.

Subscribers of the Units may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Offering Price) and applicable stamp duties, taxes and other similar charges (if any) in accordance with the laws and practices of the country of subscription, in addition to the Offering Price.

As noted under “The Formation and Structure of Perennial China Retail Trust — Trust Deed — Circumstances under which the Trustee-Manager May Be Indemnified Out of the Trust Property of PCRT”, the Trustee-Manager is not entitled to be indemnified out of the Trust Property of PCRT where the Trustee-Manager failed to exercise due care.

The Joint Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Joint Bookrunners and their respective affiliates have, from time to time, performed, are performing, and may in the future perform, various lending, financial advisory and investment banking services for the Sponsor, the Trustee-Manager and/or PCRT, for which they received, are receiving or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of PCRT. The Joint Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Lock-up Arrangements

The Sponsor

Subject to the exception described below, the Sponsor has agreed with the Sole Financial Advisor and the Joint Bookrunners that it will not, without the prior written consent of the Sole Financial Advisor and the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, sell or contract to sell or otherwise dispose of any or all of its effective interest in the Lock-up Units, during the First Lock-up Period, and the same restrictions will apply in respect of the Sponsor's effective interest in 50.0% of the Lock-up Units during the Second Lock-up Period.

The restriction described in the preceding paragraph does not apply to:

- the creation of a charge over the Lock-up Units or otherwise grant of security over or creation of any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the First Lock-up Period and only in respect of not more than 50.0% of the Lock-up Units for the period after the end of the First Lock-up Period, or (as the case may be) in respect of all of the Lock-up Units after the Second Lock-up Period; or
- the transfer of such Lock-up Units to and between wholly-owned subsidiaries of the Sponsor provided that the Sponsor has procured that such subsidiaries have executed and delivered to the Sole Financial Advisor and the Joint Bookrunners an undertaking to the effect that such subsidiaries will undertake to comply with the foregoing restrictions for the unexpired period of the First Lock-up Period and the Second Lock-up Period.

If, for any reason, the Offering is not completed by 30 June 2011, the lock-up arrangements described above will be terminated.

The Trustee-Manager

Subject to the exceptions described below, the Trustee-Manager has agreed with the Joint Bookrunners that it will not (and will not cause or permit PCRT to), for the First Lock-up Period, directly or indirectly, without the prior written consent of the Sole Financial Advisor and the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), offer, issue, sell, contract to issue or sell or otherwise dispose of any Units.

The restrictions described in the preceding paragraph do not apply to the issuance of (i) the Units to be offered under the Offering, (ii) the Sponsor Units, (iii) the Cornerstone Units and (iv) the Units to the Trustee-Manager in payment of any fees payable to the Trustee-Manager under the Trust Deed.

If, for any reason, the Offering is not completed by 30 June 2011, the lock-up arrangements described above will be terminated.

SGX-ST Listing

PCRT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units comprised in the Offering, the Cornerstone Units, the Units which will be issued to the Trustee-Manager from time to time in payment of its acquisition fees and all the Units which will be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees, on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, PCRT, the Trustee-Manager or the Units. It is expected that the Units will commence trading on the SGX-ST on a "ready" basis on or about 8 June 2011.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price.

Issue Expenses

The estimated amount of the expenses in relation to the Offering and the issuance of the Sponsor Units and the Cornerstone Units (assuming the Offering Price) includes the Underwriting, Selling and Management Commission, professional and other fees and all other incidental expenses in relation to the Offering and the issuance of the Sponsor Units and the Cornerstone Units, which will be borne by PCRT. A breakdown of these estimated expenses is as follows⁽¹⁾:

	(\$ million)
Professional and other Fees ⁽²⁾	7.1
Underwriting, Selling and Management Commissions ⁽³⁾	21.0
Miscellaneous Offering Expenses ⁽⁴⁾	3.2
Total Estimated Expenses of the Offering	31.3

Notes:

- (1) Amounts exclude Goods and Services Tax (“GST”), where applicable.
- (2) Includes financial advisory fees, solicitors’ fees and fees for the Independent Accountants, the Independent Tax Advisor, the Independent Valuer, the Independent Market Research Consultant and other professionals’ fees.
- (3) Such commission represents a maximum of 2.7% of the total amount of the Offering.
- (4) Includes cost of prospectus production, road show expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issuance of the Sponsor Units and the Cornerstone Units.

Distribution and Selling Restrictions

None of the Trustee-Manager, the Sponsor, the Sole Financial Advisor or the Joint Bookrunners have taken any action, or will take any action, in any jurisdiction other than Singapore that would permit a public offering of Units, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offering in any jurisdiction other than Singapore where action for that purpose is required.

Accordingly, each purchaser of the Units may not offer or sell, directly or indirectly, any Units and may not distribute or publish this Prospectus or any other offering material or advertisements in connection with the Units in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Each purchaser of the Units is deemed to have represented and agreed that it will comply with the selling restrictions set out below for each of the following jurisdictions:

Australia

Any offer, invitation, transfer or issue of Units to any Person located in, or a resident of, Australia may not occur unless the Person is a wholesale client for the purposes of section 761G(7) of the Australian Corporations Act. This document is not a product disclosure statement or a prospectus for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a product disclosure statement or prospectus under Australian law. Neither this document nor any offer document in relation to Units in PCRT has been or will be lodged with the Australian Securities and Investments Commission or the Australian Securities Exchange. PCRT has not been and will not be registered as a managed investment scheme under Chapter 5C of the Australian Corporations Act. Neither PCRT, the Trustee-Manager, the Joint Bookrunners nor the Sponsor holds an Australian financial services licence and they are not licensed to provide financial product advice in relation to Units in PCRT. Investors in PCRT do not have “cooling off” rights under Australian law. Before

making a decision to acquire Units, professional advice as to whether the acquisition of Units is appropriate in the context of the prospective investor's investment needs, objectives and financial and taxation circumstances should be obtained.

Bahrain

This offer is a private placement. No offer to the public will be made in the Kingdom of Bahrain. This document is intended to be read by the addressee only and may not be passed to, shown to or made available to the public generally in the Kingdom of Bahrain. It is not subject to the regulations of the central bank of Bahrain that apply to public offerings of securities, and the extensive disclosure requirements and other protections that these regulations contain. This memorandum is therefore intended only for "accredited investors" as defined below.

The financial instruments offered by way of private placement may only be offered in minimum subscriptions of USD100,000 (or equivalent in other currencies).

The Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this document.

An accredited investor is defined as:

- Individuals holding financial assets (either singly or jointly with their spouse) of USD1,000,000 or more;
- Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD1,000,000; or
- Governments, supranational organisations, central banks or other national monetary authorities, and state organisations whose main activity is to invest in financial instruments (such as state pension funds).

An investor must make the standard declaration of status.

Canada

This document constitutes an offering of the Units only in those jurisdictions of Canada and to those persons where and to whom they may be lawfully offered for sale, and only by persons permitted to sell the Units. The offering of the Units in Canada is being made on a private placement basis. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of the Units in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Units, and any representation to the contrary is an offence.

Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale.

Prospective purchasers of the Units offered should conduct their own due diligence on the Units. If you do not understand the contents of this document you should consult an authorised financial advisor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) an offer to the public of any Units which are the subject of the Offering contemplated by this document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Units may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the Joint Bookrunners to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Units shall result in a requirement for the publication by PCRT or the Joint Bookrunners of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Units to be offered so as to enable an investor to decide to purchase any Units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

Each purchaser of Units agrees that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Units other than to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Units, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance.

Japan

The Units have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) or the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, as amended). The Joint Bookrunners have represented and agreed that they will not offer or sell any Units, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Kuwait

The Units have not been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The offering of the Units in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990, as amended, and Ministerial Order No. 113 of 1992, as amended. No private or public offering of the Units is being made in Kuwait, and no agreement relating to the sale of the Units will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Units in Kuwait.

Malaysia

No approval from the Securities Commission of Malaysia (“**SC**”) has been applied for or will be obtained for the offer or invitation in respect of the Offering under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the SC in connection with the Offering in Malaysia. Accordingly, this Prospectus or any amendment or supplement hereto or any other offering document in relation to PCRT may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Units and no person may offer for subscription or purchase any of the Units directly or indirectly to anyone in Malaysia.

People’s Republic of China

The Units have not been and will not be offered or sold in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan, the “**PRC**”) as part of the initial distribution of the Units. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Trustee-Manager does not represent that this document may be lawfully distributed, or that any Units may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee-Manager which would permit a public offering of any Units or distribution of this document in the PRC. Accordingly, the Units are not being offered or sold within the PRC by means of this document or any other document. Neither this document nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Qatar

This document is not intended to constitute an offer, sale or delivery of shares or other securities under laws of the State of Qatar including the rules and regulations of Qatar Financial Centre Authority (“**QFCA**”) or the Qatar Financial Centre Regulatory Authority (“**QFCRA**”). The Units have not been and

will not be listed on the Qatar Exchange and are not subject to the rules and regulations of the DSM Internal Regulations applying to the Qatar Exchange, the Qatar Financial Markets Authority (“**QFMA**”), the Qatar Central Bank (“**QCB**”), the QFCA, or the QFCRA, or any laws of the State of Qatar.

This document has not been and will not be:

- lodged or registered with, or reviewed or approved by the QFCA, the QFCRA, the QCB or the QFMA; or
- authorised or licensed for distribution in the State of Qatar,

and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect of shares or other securities in the State of Qatar or the QFC.

The offer of the Units and interests therein do not constitute a public offer of securities in the State of Qatar under the Commercial Companies Law No. (5) of 2002 (as amended) or otherwise under any laws of the State of Qatar, including the rules and regulations of the QFCA and QFCRA.

The Units are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Units. No transaction will be concluded in the jurisdiction of the State of Qatar (including the jurisdiction of the Qatar Financial Centre). We are not regulated by the QCB, QFMA, QFCA, QFCRA or any other government authority in the State of Qatar. We do not, by virtue of this document, conduct any business in the State of Qatar. PCRT is an entity regulated under laws outside the State of Qatar.

Saudi Arabia

This document may not be distributed in The Kingdom of Saudi Arabia except to such persons as are permitted under the Real Estate Investment Fund Regulations and other applicable regulations issued by the Saudi Arabian Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to securities. If you do not understand the contents of this document, you should consult an authorised financial advisor.

Switzerland

The Units may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this document nor any other solicitation for investments in PCRT may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156/652a of the Swiss Code of Obligations (“**CO**”). This document may not be copied, reproduced, distributed or passed on to others without the Joint Bookrunners’ prior written consent. This document is not a prospectus within the meaning of Articles 1156/652a of the CO and PCRT will not be listed on the SIX Swiss Exchange. Therefore, this document may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange set forth in art. 27 et seq. of the SIX Listing Rules. In addition, it cannot be excluded that PCRT could qualify as a foreign collective investment scheme pursuant to Article 119 para. 2 of the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). PCRT will not be licensed for public distribution in and from Switzerland. Therefore, PCRT may only be offered and sold to so-called “qualified investors” in accordance with the private placement exemptions pursuant to applicable Swiss law (in particular, Article 10 para. 3 of the CISA and Article 6 of the implementing ordinance to the CISA). The Manager has not been licensed and is not subject to the supervision of the Swiss Financial

Market Supervisory Authority (“**FINMA**”). Accordingly, investors in PCRT do not benefit from the specific investor protection provided by CISA and the supervision of the FINMA.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document and the information contained herein does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates (“**UAE**”) and accordingly should not be construed as such. The Units are only being offered to a limited number of sophisticated investors in the UAE who are willing and able to conduct an independent investigation of the risks involved in an investment in such Units, upon their specific request. The Units have not been approved or licensed or registered with the UAE Central Bank, the UAE Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE and no transaction will be concluded in the UAE. This document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee’s consideration thereof).

United Kingdom

The Units in PCRT are units in a collective investment scheme as defined in the Financial Services and Markets Act 2000 (“**FSMA**”) of the United Kingdom (“**UK**”). PCRT has not been authorised, or otherwise recognised or approved by the UK Financial Services Authority (“**FSA**”) and, as an unregulated collective investment scheme, accordingly cannot be marketed in the UK to the general public.

The issue or distribution of this document in the UK, (a) if made by a person who is not an authorised person under FSMA, is being made only to, or directed only at, persons who (i) have professional experience in matters relating to investments; or (ii) are high net worth companies (and certain other entities) falling within Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and who meet the requirements thereunder (all such persons together being referred to as FPO persons); and (b) if made by a person who is an authorised person under FSMA, is being made only to, or directed only at, (i) persons who have professional experience in participating in unregulated collective investment schemes; or (ii) high net worth companies (and certain other entities) falling within Article 22 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the CIS Order) who meet the requirements thereunder; or (iii) persons to whom it may otherwise lawfully be distributed under the CIS Order or Section 4.12 of the FSA’s Conduct of Business Sourcebook (all such persons together being referred to as PCIS persons and, together with the FPO persons, the “**relevant persons**”). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Potential investors in the UK are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in PCRT and that compensation will not be available under the UK Financial Services Compensation Scheme.

United States

The Units have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Units are being offered and sold outside of the United States in reliance on Regulation S.

CLEARANCE AND SETTLEMENT

Introduction

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units comprised in the Offering, the Sponsor Units, the Cornerstone Units, the Units which will be issued to the Trustee-Manager in payment of its acquisition fees and all the Units which will be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such account-holders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within four Market Days after the closing date for applications for the Units.

Clearance and Settlement under the Depository System

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S\$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Clearing Fee

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600.00 per transaction. The clearing fee, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

EXPERTS

KPMG LLP, the Independent Accountants, were responsible for preparing the Independent Accountants' Report on the Profit Forecast and Profit Projection and the Independent Accountants' Report on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date for the purpose of incorporation in Appendix A and Appendix B of this Prospectus respectively.

Ernst & Young Solutions LLP, the Independent Tax Advisor, was responsible for preparing the Independent Taxation Report for the purpose of incorporation in Appendix D of this Prospectus.

CB Richard Ellis (Pte) Ltd, the Independent Valuer, was responsible for preparing the Independent Property Valuation Summary Reports for the purpose of incorporation in Appendix E of this Prospectus.

Urbis Pty Ltd, the Independent Market Research Consultant, was responsible for preparing the Independent China Retail Market Research Report for the purpose of incorporation in Appendix F of this Prospectus.

Commerce & Finance Law Offices, who are the legal advisors to the Trustee-Manager and the Sponsor as to the laws of the PRC, were responsible for advising on the statements attributed to them in the sections "Risk Factors — Risks Relating to the Properties — Joint and several liability of Shenyang Summit for liabilities under contracts entered into by Shenyang Summit prior to the Corporate Division", "Risk Factors — Risks Relating to the Properties — "Real Estate development" is currently not included in the business scope of Shenyang Summit's business licence after the Re-organisation although the construction of Shenyang Longemont Offices is not completed" and "Risk Factors — Risks Relating to China — PRC regulatory limitations on foreign investment in real estate".

The Independent Accountants, the Independent Tax Advisor, the Independent Valuer and the Independent Market Research Consultant have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus.

None of Allen & Gledhill LLP, King & Wood or Allen & Overy LLP, makes, or purports to make, any statement in this Prospectus and none of them is aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

GENERAL INFORMATION

Responsibility Statement by the Directors

- (1) This Prospectus has been seen and approved by the Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as at the date hereof and there are no material facts the omission of which would make any statement in this Prospectus misleading, that the profit forecast has been stated by the directors after due and careful enquiry and that this Prospectus constitutes full and true disclosure of all material facts about the Offering and PCRT.

Material Background Information

- (2) None of the directors, key executives or controlling shareholders of the Trustee-Manager, or the controlling Unitholder, was or is involved in any of the following events:
 - (a) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner, at the time when he or she was a partner or at any time within two years from the date he or she ceased to be a partner;
 - (b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive or at any time within two years from the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) any unsatisfied judgment against;
 - (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;
 - (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
 - (f) at any time during the last 10 years, judgment been entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, or any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
 - (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

- (i) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;
- (j) to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; or
- (k) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Litigation

- (3) PCRT and/or its subsidiaries are not and have not engaged in any legal or arbitration proceedings as plaintiff or defendant in the past 12 months before the date of lodgement of this Prospectus in respect of any amounts or claims which are material in the context of the Offering and to the best of the Directors' knowledge and belief, having made all due enquiries, there are no proceedings pending or threatened against PCRT and/or its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might have a material effect on the financial position or the profitability of PCRT.

Exchange Controls

- (4) Other than as described in the section "Exchange Rate Information — Exchange Controls" of this Prospectus, as at the date of this Prospectus, there is no governmental law, decree or regulatory requirement or any other requirement which may affect the repatriation of capital and the remittance of profits by or to the Trustee-Manager.

Material Contracts

- (5) The dates of, parties to, and general nature of every material contract which the Trustee-Manager has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of the business of PCRT) are as follows:
 - (a) the Trust Deed;
 - (b) Shenyang Summit Co-operative Framework Agreement;
 - (c) Capital Increase Agreement between Shenyang Retail 1 Limited, Mr Tong Jinquan and Shanghai Summit;

- (d) First Equity Joint Venture Agreement between Shenyang Retail 1 Limited, Mr Tong Jinquan and Shanghai Summit;
- (e) Share Transfer Agreement between Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit;
- (f) Second Equity Joint Venture Agreement between Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit;
- (g) Termination Agreement in relation to the “Agreement on Free Use of Properties”;
- (h) Confirmation on the New Agreements on Free Use of Properties;
- (i) Corporate Division Confirmation;
- (j) Creditor’s Novation Agreement;
- (k) Red Star Macalline Agency Agreement;
- (l) Pre-Funding Facility Agreement;
- (m) Property Management Agreement in relation to Shenyang Red Star Macalline Furniture Mall;
- (n) Shenyang Summit Agricultural Bank of China Loan Facility Agreement;
- (o) Representations and Warranties by the Summit Parties in respect of the New Summit Entities;
- (p) Shenyang Summit Confirmations;
- (q) Earn-out Deed;
- (r) Share Purchase Agreement Relating to the Entire Issued Share Capital of Shenyang Retail (BVI) 1 Limited;
- (s) Share Purchase Agreement Relating to the Entire Issued Share Capital of Shenyang Retail (BVI) 2 Limited;
- (t) Foshan Yicui Co-operative Framework Agreement;
- (u) Sky Surpass Share Transfer Agreement (Sale and Purchase Agreement Relating to the Entire Issued Share Capital of Sky Surpass Investments Limited);
- (v) Brilliance International Co-operation Agreement;
- (w) Chengdu Qingyang Guanghua Co-operative Framework Agreement;
- (x) Real Estate Project Transfer Agreement;
- (y) Brilliance International Payment Agreement;
- (z) Share Purchase Agreement Relating to the Entire Issued Share Capital of Perennial Qingyang Retail (BVI) Limited;
- (aa) Chengdu Qingyang Novation Agreement;
- (bb) Perennial Development and Property Management Agreements;
- (cc) Perennial-Summit Development and Property Management Agreement;
- (dd) Beijing Hualian Hypermarket ROFR;

- (ee) Chengdu Longemont Railway Commercial Development Option to Purchase Agreement; and
- (ff) Xi'an Longemont Railway Commercial Development Option to Purchase Agreement.

The agreements listed in sub-paragraphs (a) to (ff) above are as described in "Certain Agreements Relating to Perennial China Retail Trust and the Properties".

Documents for Inspection

- (6) Copies of the following documents are available for inspection at the registered office of the Trustee-Manager at 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore 038986, for a period of six months from the date of this Prospectus:
 - (a) the material contracts referred to in paragraph 5 above, save for the Trust Deed (which will be available for inspection for so long as PCRT is in existence);
 - (b) the Underwriting Agreement;
 - (c) the Independent Accountants' Report on the Profit Forecast and Profit Projection as set out in Appendix A of this Prospectus;
 - (d) the Independent Accountants' Report on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date as set out in Appendix B of this Prospectus;
 - (e) the Independent Taxation Report as set out in Appendix D of this Prospectus;
 - (f) the Independent Property Valuation Summary Report as set out in Appendix E of this Prospectus as well as the full valuation reports for each of the Properties;
 - (g) the Independent China Retail Market Research Report set out in Appendix F of this Prospectus;
 - (h) the written consents of the Independent Accountants, the Independent Valuer, the Independent Market Research Consultant, the Independent Tax Advisor and Commerce & Finance Law Offices (see "Experts"); and
 - (i) the Depository Services Terms and Conditions.

Miscellaneous

- (7) The financial year-end of PCRT is 31 December. The annual audited financial statements of PCRT will be prepared and sent to Unitholders within three months of the financial year-end.
- (8) A full valuation of each of the real estate assets held by PCRT will be carried out at least once a year in accordance with the Trust Deed. Generally, where the Trustee-Manager proposes to issue new Units or to redeem existing Units, a valuation of the real properties held by PCRT must be carried out in accordance with the Trust Deed. The Trustee-Manager may at any other time arrange for the valuation of any of the real properties held by PCRT if it is of the opinion that it is in the best interest of Unitholders to do so.
- (9) While PCRT is listed on the SGX-ST, investors may check the SGX-ST website <http://www.sgx.com> for the prices at which Units are being traded on the SGX-ST. Investors may also

check one or more major Singapore newspapers such as The Straits Times, The Business Times and/or the Lianhe Zaobao, for the price range within which Units were traded on the SGX-ST on the preceding day.

- (10) Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Trustee-Manager nor any of its associates will be entitled to receive any part of any brokerage charged to PCRT, or any part of any fees, allowances or benefits received on purchases charged to PCRT.
- (11) There have been no public take-over offers by third parties in respect of the Units or by the Trustee-Manager in respect of other companies' shares which have occurred between the beginning of the most recent completed Financial Year and the Latest Practicable Date.
- (12) No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Prospectus been acquired or disposed of, by, or leased to PCRT are proposed to be acquired or disposed of, by, or leased to PCRT.
- (13) Save as disclosed elsewhere in this Prospectus, there is no arrangement or understanding with a substantial shareholder of the Trustee-Manager, Substantial Unitholder, customer or supplier of the Trustee-Manager, pursuant to which any Director or any Executive Officer was selected as a Director or Executive Officer.
- (14) There is no arrangement, the operation of which may at a subsequent date, result in a change of control in the Trustee-Manager.
- (15) Save as disclosed in this Prospectus and to the best knowledge of the Trustee-Manager, each Property Company has all requisite approvals, and is in compliance with laws and regulations in the PRC, that would materially affect its business operations.

Trend Information and Profit Forecast

- (16) Save as disclosed under the sections "Risk Factors", "Capitalisation", "Profit Forecast and Profit Projection", "Strategy" and "Business and Properties" of this Prospectus, the financial condition and operations of PCRT are not likely to be affected by any of the following:
 - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in PCRT's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any insignificant economic changes that materially affect the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that PCRT reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.
- (17) The concept of the order book is not applicable to the business of PCRT.

Consents of Sole Financial Advisor, Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters

- (18) DBS Bank Ltd. has given and not withdrawn its written consent to being named in this Prospectus as the Sole Financial Advisor to the Offering.
- (19) DBS Bank Ltd., Goldman Sachs (Singapore) Pte., Standard Chartered Securities (Singapore) Pte. Limited and Citigroup Global Markets Singapore Pte. Ltd., have each given and not withdrawn its written consent to being named in this Prospectus as a Joint Global Coordinator, Bookrunner, Issue Manager and Underwriter to the Offering.

GLOSSARY

%	:	Per centum or percentage
882	:	Beijing Hualian Department Store Co., Ltd., a listed subsidiary of the Beijing Hualian Group, which was established in May 1998 and listed on the Shenzhen Stock Exchange on 16 June 1998 under the stock code 000882
Ace Best	:	Ace Best Holdings Limited
Acquisition and Development Costs	:	The progress payments by PCRT for the acquisition of Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall as well as the development cost of Chengdu Qingyang Guanghua Shopping Mall
Acquisition fee	:	The acquisition fee which the Trustee-Manager is entitled to 1.35% of: <ul style="list-style-type: none">(i) in the case of an acquisition of real estate, the acquisition price of such real estate purchased by PCRT, whether directly or indirectly through one or more special purpose vehicles, by PCRT (plus any other payments in addition to the acquisition price made by PCRT or its special purpose vehicles to the vendor in connection with the purchase of the real estate) (pro-rated, if applicable, to the proportion of PCRT's interest);(ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of such real estate which is taken into account when computing the acquisition price payable for the equity interests of such vehicle holding directly or indirectly the real estate purchased by PCRT, whether directly or indirectly through one or more special purpose vehicles (plus any additional payments made by PCRT or its special purpose vehicles to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of PCRT's interest); or(iii) the acquisition price of any other asset forming a part of the Trust Property acquired by the Trustee-Manager on behalf of PCRT
Additional GFA Conditions	:	To obtain approval for additional GFA of more than 59,000 sq m and up to 69,000 sq m and the building ownership certificate
AEW	:	AEW Capital Management, L.P.

After Acquired Development and Property Management Agreement	:	The development and property management agreement to be entered into between the Trustee-Manager, the owner of any property subsequently acquired by the Trustee-Manager in respect of which the Trustee-Manager has the right to appoint the development and property manager, and the Perennial Development and Property Manager
Aggregate Leverage	:	The total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or Units) of PCRT
Agreement on Free Use of Properties	:	The “Agreement on Free Use of Properties” dated 30 September 2010 between Shenyang Summit and Shenyang Longemont Furniture Co., Ltd. which is to be terminated prior to the Stage I Closing Day
Application Forms	:	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus as referred to in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”
Application List	:	The list of applicants subscribing for Units which are the subject of the Public Offer
Approval Notice on the Planning Scheme	:	Notice from the Shenyang Planning and State Land Resources Bureau to Shenyang Summit giving all the approvals required to construct buildings designated for wholly commercial use (规划设计方案审定通知书)
Asdew	:	Asdew Acquisitions Pte Ltd
Asdew Subscription Agreement	:	The subscription agreement dated 11 May 2011 (as amended) entered into between, among others, the Trustee-Manager and Asdew, pursuant to which Asdew has agreed to subscribe for 112,200,000 Units at the Offering Price
Assignor	:	The relevant land administration authority which issues the tender announcement inviting individuals, legal persons or other organisations (whether specified or otherwise) to participate in a tender for the land use rights of a particular parcel of land
Associates	:	Has the meaning ascribed to it in the Listing Manual
Auction Confirmation Letter	:	The agreement dated 1 February 2011 with the Chengdu Land Resources Bureau to purchase and develop approximately 164,872 sq m of land for the Chengdu Longemont Railway Commercial Development
Audit and Risk Committee	:	The audit and risk committee of the Trustee-Manager comprising Mr Wong Tui San, Mr Boon Swan Foo and Mr Pok Soy Yoong
Authorisation Catalogue	:	The “Catalogue of Investment Projects Authorised by the Government (2004)” (政府核准的投资专案目录)

Authorised Investments	:	Has the meaning ascribed to it in the Trust Deed which includes real estate, whether freehold or leasehold, in mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region, held singly or jointly and/or by way of direct ownership or by a shareholding in a holding company
Bank Account	:	The bank account which the amounts deducted from the proceeds of the Offering and the issuance of the Sponsor Units and the Cornerstone Units are to be deposited into on the Listing Date pursuant to the Earn-out Deed
Base Fee	:	<p>The base fee which the Trustee-Manager is entitled to is calculated at a rate in accordance with the formula below:</p> <p>(i) if the value of the Trust Property is less than or equal to S\$10.0 billion, the Base Fee will be 0.35% per annum of the value of the Trust Property; and</p> <p>(ii) if the value of the Trust Property is greater than S\$10.0 billion, the Base Fee will be (a) 0.35% per annum of the value of the Trust Property up to S\$10.0 billion; plus (b) 0.30% per annum of the value of the Trust Property which exceeds S\$10.0 billion</p> <p>and paid quarterly</p>
Beijing Hualian	:	Beijing Hualian Group Investment Holding Co., Ltd.
Beijing Hualian Group	:	Beijing Hualian and its subsidiaries and associates
Beijing Hualian Hypermarket	:	Beijing Hualian Hypermarket Co., Ltd. (600361)
Beijing Hualian Hypermarket Co-operative Strategic Agreement	:	The strategic agreement entered into between the Sponsor and Beijing Hualian Hypermarket on 23 February 2011 under which Beijing Hualian has agreed to consider the opportunity to lease space at PCRT's wholly-owned malls at market rents for its supermarket/hypermarket business
Beijing Hualian Hypermarket ROFR	:	The right of first refusal granted by the Trustee-Manager to Beijing Hualian Hypermarket on 23 February 2011 to lease space in the malls that PCRT will wholly-own at market rents for supermarkets/hypermarkets
Bidder	:	The participant in a tender, auction or listing-for-sale
Board	:	The board of directors of the Trustee-Manager
Brilliance International	:	Brilliance International Investment Co., Ltd.
Brilliance International Co-operation Agreement	:	The co-operation agreement entered into between the Sponsor and Brilliance International on 19 August 2010
Brilliance International Payment Agreement	:	The agreement entered into between the Sponsor and Brilliance International on 10 February 2011

BTA or Business Trusts Act	:	Business Trusts Act, Chapter 31A of Singapore
Business Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
BVI	:	The British Virgin Islands
BVI Holding Companies	:	The holding companies incorporated in BVI
CAGR	:	Compound Annual Growth Rate
Capital Increase Agreement	:	The capital increase agreement that Shenyang Retail 1 Limited, Shenyang Summit, Mr Tong Jinqun and Shanghai Summit entered into on 12 January 2011
CBD	:	Central Business District
CBRC	:	China Banking Regulatory Commission
CBRE GRES	:	CB Richard Ellis Global Real Estate Securities, LLC
CBRE Group	:	CB Richard Ellis Group, Inc.
CDP	:	The Central Depository (Pte) Limited
Changsha Longemont Railway Commercial Development	:	The development of approximately 267,560 sq m of land next to Changsha's newly-built high-speed inter-city train station in Changsha's Yu Hua District
Chengdu Longemont Railway Commercial Development	:	The development of approximately 164,872 sq m of land around Chengdu's East Railway Station which commenced operations on 8 May 2011
Chengdu Memorandum Partnership	:	A memorandum partnership dated 8 June 2010 between Shanghai Summit (Group) and the Chengdu City Chenghua District People's Government for the right to tender for the development of approximately 192,067 sq m of land around the Chengdu Longemont Railway Commercial Development
Chengdu Qingyang Guanghua Co-operative Framework Agreement	:	The co-operative framework agreement entered into between the Sponsor, Brilliance International and Chengdu Railway on 22 October 2010
Chengdu Qingyang WFOE	:	Perennial (Chengdu) Industries Co., Ltd.
Chengdu Qingyang Guanghua Shopping Mall	:	A development project located in Chengdu which will comprise an expected GFA of approximately 90,000 sq m (成都青羊光华商场)
Chengdu Qingyang Mortgage	:	The mortgage over the entire Plot No. QY61(244/211/252):2009-090 in favour of the Chengdu Qingyang WFOE or a subsidiary of the Sponsor
Chengdu Railway	:	Chengdu City Railway Rong Feng Real Estate Company Ltd.
China-HK DTA	:	The China-Hong Kong Double Taxation Agreement

China controlled offshore enterprise	:	An offshore enterprise with China enterprise(s) as its primary controlling shareholder
Circular 82	:	Guoshuifa [2009] 82 issued by the SAT providing guidance on whether a China controlled offshore enterprise is a TRE
Circular 601	:	Guoshuihan [2009] 601 issued by the SAT providing guidance on the interpretation of “beneficial owner” for the purposes of according tax treaty access on dividends, interest and royalties under the tax treaty network of China
Circular 698	:	Guoshuihan [2009] 698 issued by the SAT to regulate and strengthen the CIT administration of capital gains derived by non-residents through the direct or indirect transfer of China equity interest
CISA	:	Swiss Federal Act on Collective Investment Schemes
CIT	:	Corporate Income Tax
CO	:	Swiss Code of Obligations
Committed Facilities	:	The committed term loan facilities of S\$195.0 million to finance distributions to Unitholders, interest payments under the Credit Facilities and part of the progress payments by PCRT for the Acquisition and Development Costs
Committed Leases	:	In respect of the relevant Properties as at 31 December 2010, the following: (i) tenancy agreements, (ii) letters of offers which have been signed, and letters of offers pending execution by the tenants but in respect of which tenants have commenced operations on the relevant Properties and paid rent pursuant to the terms thereof, all such letters of offer to be followed up with tenancy agreements and (iii) security deposit letters counter-signed by the tenants and with security deposits paid by the tenants, all security deposit letters to be followed up with tenancy agreements and, each a “ Committed Lease ”
Companies Act	:	Companies Act, Chapter 50 of Singapore
Company Law	:	The “Company Law of the PRC” (中华人民共和国公司法)
Completed and Completing Properties	:	Collectively, Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices
Completed Retail Property	:	A completed retail property, which shall include any mixed-use project which has a substantial retail component and, if applicable, the shares or equity interests in a single purpose company or entity which holds such retail property
controlling shareholder	:	A person who (i) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares of the company or (ii) in fact exercises control over the company

Cornerstone Investors	:	Collectively, AEW, Asdew, CBRE GRES, Cosmo Top, Henderson, PAM Singapore, Shanghai Summit Pte. Ltd. and Vantage Up
Cornerstone Subscription Agreements	:	The cornerstone subscription agreements entered into between each of the Cornerstone Investors and the Trustee-Manager to subscribe for the Cornerstone Units at the Offering Price
Cornerstone Units	:	Such number of Units subscribed by the Cornerstone Investors at the Offering Price
Corporate Division	:	A corporate division (公司分立) of Shenyang Summit under PRC laws
Corporate Division Confirmation	:	Confirmation letters signed separately by Shenyang Summit, the New Summit Entities, Mr Tong Jinquan and Shanghai Summit stating that if Shenyang Summit is liable for any liabilities that are not directly related to the Shenyang Properties, the New Summit Entities will compensate Shenyang Summit accordingly, and Mr Tong Jinquan and Shanghai Summit will be jointly and severally liable for such obligations of the New Summit Entities. Mr Tong Jinquan has also undertaken to bear all taxes incurred in the PRC in connection with the Corporate Division
Corporate Re-organisation	:	The corporate re-organisation undergone by Shenyang Summit for PCRT to acquire a 50.0% stake in Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices which involved, <i>inter alia</i> , (i) a transfer of 99.0% of the equity interest of its sole shareholder, Shanghai Summit, to Mr Tong Jinquan and (ii) a Corporate Division to enable Shenyang Summit, being the successor to the original company after the completion of the Corporate Division, to transfer to the new entities established by the Shanghai Summit (Group), the asset and liabilities relating to all other assets apart from the three real estate assets that PCRT is seeking to invest in, being Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices after the completion of the Corporate Division
Cosmo Top	:	Cosmo Top Limited
Credit Facilities	:	The aggregate amount of S\$325.0 million in financing facilities
Credit Facilities Agreement	:	The facilities agreement entered into on 27 May 2011 by the Trustee-Manager on behalf of PCRT with the Lenders
Deadlock Matter	:	In relation to the First Equity Joint Venture Agreement, a matter which cannot be resolved by the chairman of the relevant joint owners within 30 days of the matter being referred to them
Deed of Tax Covenant	:	The deed of tax covenant, the form of which is appended to the Sky Surpass Share Transfer Agreement

Defaulting Party	:	The party who breaches the material terms of the Shenyang Summit Co-operative Framework Agreement
Depository Services Terms and Conditions	:	The CDP's depository services terms and conditions in relation to the deposit of the Units in CDP
Depository Register	:	A register of book entry securities of the Trust maintained by the Depository
Development and Property Managers	:	The Perennial Development and Property Manager and the Perennial-Summit Development and Property Manager collectively
Development Regulations	:	The "Regulations on Administration of Development of Urban Property" (城市房地产开发经营管理条例)
Directors	:	Directors of the Trustee-Manager, and each a " Director "
Distributable Income	:	PCRT's distributable income in relation to a distribution period
Divestment fee	:	The divestment fee which the Trustee-Manager is entitled to of 0.5% of: <ul style="list-style-type: none"> (i) the sale price of real estate sold or divested, whether directly or indirectly through one or more special purpose vehicles, by PCRT (plus any other payments in addition to the sale price received by PCRT or its special purpose vehicles from the purchaser in connection with the sale or divestment of the real estate) (pro-rated, if applicable, to the proportion of PCRT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more special purpose vehicles, by PCRT (plus any additional payments received by PCRT or its special purpose vehicles from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable, to the proportion of PCRT's interest); or (iii) the sale price of any other asset forming a part of the Trust Property sold or divested by the Trustee-Manager on behalf of PCRT
DLF	:	DLF Limited
DLF Group	:	DLF and its subsidiaries
DPU	:	Distribution per Unit
DT	:	Deed Tax
Due Care	:	The degree of care and diligence required of a trustee-manager of a registered business trust

Earn-out Amount	:	the earn-out amount in respect of each Relevant Period
Earn-out Deed	:	The earn-out deed entered into by Shenyang Retail 1 Limited and Shenyang Retail 2 Limited with SingCo on 21 March 2011
EJV	:	A limited liability entity with limited duration established in China by one or more Chinese investors and one or more foreign investors
Electronic Applications	:	As defined in Appendix G, “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore” of this Prospectus
Escrow Amount	:	The escrow amount which is the first instalment of an amount denominated in Singapore Dollar, Hong Kong Dollar or US Dollar equivalent to 10.0% of the Foshan Total Consideration, which amounts to approximately RMB58,650,000 after the deduction of consideration for the share transfer of US 1 Dollar, which shall be paid offshore into an escrow account maintained by a third party escrow agent by the Sponsor under the Foshan Yicui Co-operative Framework Agreement
Estimated GFA	:	Estimated gross floor area
Excess Amount	:	The Shenyang Malls Net Property Income for the corresponding six-month Relevant Period less RMB213,410,000
Executive Officers	:	Executive officers of the Trustee-Manager
Exempted Agreements	:	The Trust Deed, the Master Perennial Development and Property Management Agreement, the Initial Perennial Development and Property Management Agreements, any other After Acquired Development and Property Management Agreement and the Perennial-Summit Development and Property Management Agreement
Expected Leases	:	Leases expected to be entered into in respect of Shenyang Red Star Macalline Furniture Mall as at 31 December 2010 comprising letters of offer pending execution by the proposed tenants but such proposed tenants have been in discussions with Red Star Macalline to lease the relevant space on the terms of the letters of offer; all such issued letters of offer to be followed up with tenancy agreements and, each an “ Expected Lease ”
Extraordinary Resolution	:	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 Unitholders duly convened and held in accordance with the provisions of the Trust Deed
FIEA	:	Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948)

Final Closing Day	:	The day on which the Shenyang Summit Transaction Price (including the release of the escrow amount of RMB1.0 billion from the supervision of Shenyang Retail 1 Limited (if applicable)) is paid in full to Mr Tong Jinqun and/or into Shenyang Summit
Financial Year	:	Has the meaning ascribed to it in the Trust Deed, which means: <ul style="list-style-type: none"> (i) for the first Financial Year, the period from and including the date of establishment of PCRT to 31 December 2011; (ii) the 12-month period ending 31 December in each year; and (iii) for the last Financial Year, the period from and including the most recent 1 January before the date PCRT terminates to and including the date PCRT terminates
FINMA	:	Swiss Financial Market Supervisory Authority
First Equity Joint Venture Agreement	:	The agreement governing the rights and obligations of Shenyang Retail 1 Limited, Mr Tong Jinqun and Shanghai Summit that will be entered into upon the entry into the Capital Increase Agreement
First Lock-up Period	:	The period commencing from the Listing Date until the date falling six months thereafter (both dates inclusive)
Foreign Investment Catalogue	:	The “Foreign Investment Industrial Guidance Catalogue (Revised in 2007)” (外商投资产业指导目录)
Forecast Year 2011	:	1 January 2011 to 31 December 2011, both dates inclusive
Foshan Completion	:	Completion of the share transfer pursuant to the Sky Surpass Share Transfer Agreement
Foshan Purchase Price	:	The purchase price as stated in the Pre-Sale Agreement of the Foshan Yicui Shijia Shopping Mall development project that is based on 59,000 sq m at RMB8,500 per sq m which amounts to RMB501,500,000
Foshan Total Consideration	:	The total consideration for the Foshan Yicui Shijia Shopping Mall development project based on 69,000 sq m at RMB8,500 per sq m which amounts to RMB586,500,000
Foshan WFOE	:	Perennial Foshan Retail Limited
Foshan Yicui Co-operative Framework Agreement	:	The framework agreement entered into by the Sponsor, King Harvest, Guangdong Nenking and Yicui Nandu on 8 November 2010 pursuant to which the Sponsor agreed to acquire the Foshan Yicui Shijia Shopping Mall development project
Foshan Yicui Shijia Shopping Mall	:	A development project located in Foshan with an expected GFA of approximately 68,833 sq m (佛山怡翠世嘉商场)

FRS 39	:	Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement
FY2013	:	Financial year ending 31 December 2013
GAA	:	General Anti-Avoidance
GDP	:	Gross Domestic Product
GFA	:	Gross floor area. Save in the case of references to “GFA” in “Overview of Acquisition of Properties in China and Acquisition of the Initial Portfolio” and “Certain Agreements relating to Perennial China Retail Trust and the Properties” which refer to the total amount of the area of an entire Property calculated in accordance with the local regulations applicable to the relevant Property, all references to “GFA” are to the areas based on architectural plans
Gross Rental Income	:	Consists of base rental income (after rent rebates, refunds, credits or discounts and rebates for rent free periods, where applicable), service charges payable by tenants and, unless expressly stated, excludes advertising and promotion levy
Gross Revenue	:	Consists of (i) Gross Rental Income and (ii) other operating income generated from the Properties
Group	:	The Sponsor and its existing or future subsidiaries
GST	:	Goods and Services Tax
Guangdong Nenking	:	Guangdong Nenking Real Estate Development Co., Ltd.
Henderson	:	Henderson Global Investors Limited
HK\$, HKD and HK cents	:	Hong Kong dollars and Hong Kong cents, the lawful currency of Hong Kong
Hong Kong	:	The Hong Kong Special Administrative Region of the PRC
Hong Kong Holding Companies	:	The holding companies incorporated in Hong Kong
Holding Companies	:	The holding companies incorporated in Singapore, BVI and Hong Kong collectively, and each being a “Holding Company”
IMF	:	International Monetary Fund
Independent Accountants	:	KPMG LLP
Independent Directors	:	The independent directors of the Trustee-Manager
Independent Market Research Consultant	:	Urbis Pty Ltd
Independent Tax Advisor	:	Ernst & Young Solutions LLP
Independent Valuer	:	CB Richard Ellis (Pte) Ltd

Initial Perennial Development and Property Management Agreements	:	Collectively, the separate development and property management agreements which the Foshan WFOE and the Chengdu Qingyang WFOE will each enter into with the Trustee-Manager and the Perennial Development and Property Manager for the operation, maintenance, management and marketing of the Foshan Yicui Shijia Shopping Mall and the development, operation, maintenance, management and marketing of the Chengdu Qingyang Shopping Mall
Initial Portfolio	:	The initial property portfolio of PCRT comprising the Properties
Instruments	:	Offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units
Interested Person	:	Has the meaning ascribed to it in the Listing Manual
Interested Person Transaction	:	Has the meaning ascribed to it in the Listing Manual
Investment Reform Decision	:	The “Decision on the Reform of the Investment Sector” (关于投资体制改革的决定)
IRAS	:	Inland Revenue Authority of Singapore
Joint Global Coordinators, Bookrunners, Issue Managers and Underwriters or Joint Bookrunners	:	DBS Bank Ltd., Goldman Sachs (Singapore) Pte., Standard Chartered Securities (Singapore) Pte. Limited and Citigroup Global Markets Singapore Pte. Ltd.
JV Law	:	The “Equity Joint Venture Law of the PRC” (中华人民共和国合资经营企业法)
King Harvest	:	King Harvest Holdings Limited
km	:	Kilometres
Land Use Right Certificate and Land Use Right Grant Contract	:	Pursuant to the Land Administration Law of the People’s Republic of China, the land user must use the land in compliance with the provisions under the Land Use Right Grant Contract and the Land Use Right Certificate and change of the land use has to be approved by the relevant competent land administrative authority
LAT	:	Land Appreciation Tax
Latest Practicable Date	:	16 May 2011, being the latest practicable date prior to the lodgement of this Prospectus with the MAS
Law on Employment Promotion	:	The “Law of the People’s Republic of China on Employment Promotion” (中华人民共和国就业促进法)
Lenders	:	DBS Bank Ltd. and Standard Chartered Bank

LES	:	Local Education Surcharge which is charged at 2.0% of the turnover tax paid (including Business Tax)
Listing	:	The successful listing of PCRT on the SGX-ST
Listing Date	:	The date of admission of PCRT to the Official List of the SGX-ST
Listing Manual	:	The Listing Manual of the SGX-ST
Local Approval Authorities	:	The department of commerce of provinces, autonomous regions, municipalities directly under the central government, cities specially designated in the State plan, Xinjiang Production & Construction Corps, sub-provincial cities (including Harbin, Changchun, Shenyang, Jinan, Nanjing, Hangzhou, Guangzhou, Wuhan, Chengdu, and Xi'an) and the national economic and technological development zones
Lock-up Units	:	All the Units which will be legally or beneficially held by the Sponsor on the Listing Date
LUT	:	Land Use Tax
Market Day	:	A day on which the SGX-ST is open for trading in securities
Master Perennial Development and Property Management Agreement	:	A master development and property management entered into between the Trustee-Manager and the Perennial Development and Property Manager
MAS or Authority	:	The Monetary Authority of Singapore
Material Breach	:	A breach by a Defaulting Party of the material terms of the Shenyang Summit Co-operative Framework Agreement (including certain terms in relation to the Corporate Reorganisation and representations and warranties by each party) and such breach is not cured
MLR	:	Ministry of Land and Resources of the PRC
MOC	:	Ministry of Construction of the PRC
MOFCOM	:	Ministry of Commerce of the PRC
MOHURD	:	Ministry of Housing and Urban-Rural Development of the PRC
Nan Fung	:	Nan Fung Group and its affiliates
Nan Fung Group	:	means a privately held group of companies and business interests controlled by Mr Chen Din Hwa that carries on business under the trade name of "Nan Fung", which is principally engaged in the business of property development, property investment, construction, property management, investment and financing

Nan Fung Subscription Agreement	:	The subscription agreement dated 23 February 2011 (as amended) entered into between, among others, the Trustee-Manager, Cosmo Top and Ace Best, pursuant to which Cosmo Top has agreed to subscribe for 134,600,000 Units at the Offering Price
NAV	:	Net asset value
NDRC	:	The National Development and Reform Commission
Nenking	:	Nanhai Nenking (Holdings) Group Co., Ltd.
Nenking Group	:	Nenking and its subsidiaries
Nenking Group Strategic Agreement	:	A strategic agreement between the Sponsor, Nenking and Guangdong Nenking pursuant to which Nenking and Guangdong Nenking have given the Sponsor a first right to (a) acquire the retail projects as set out in the Nenking Group Strategic Agreement or (b) acquire the rights to or the right to develop the real estate investment projects in respect of which Nenking or Guangdong Nenking have entered into co-operation agreements with the Guangdong Municipal Government, on terms to be agreed
Net Income from Operations	:	<p>Comprises the consolidated profit/(loss) for that distribution period adjusted for the following:</p> <ul style="list-style-type: none"> • adding back amortisation of capitalised transaction costs and depreciation of property, plant and equipment; • deducting unrealised income (including unrealised exchange differences and fair value adjustments relating to financial instruments and investment properties); • deducting accounting gains from the disposal of shares or investment properties (including strata sales); • adding back unrealised expenses (including unrealised exchange differences and fair value adjustments relating to financial instruments and investment properties); • deducting any income from uncompleted properties; • adding back the portion of the Trustee-Manager's management fees paid or payable in Units; • deducting general reserves required to be set aside under PRC law; • adding deferred tax expense or deducting deferred tax credit, to the extent that such deferred tax expense or credit relate to items added back or deducted as described above; and • adding back any non-recurring expenses and deducting any non-recurring income (as deemed appropriate by the Trustee-Manager)
Net Property Income	:	Consists of Gross Revenue less Property Expenses

New Agreements on Free Use of Properties	:	The confirmation given by Shenyang Summit to the Trustee-Manager on 22 February 2011 that it would enter into the new Agreements on Free Use of Properties in relation to Shenyang Longemont Shopping Centre and Shenyang Red Star Macalline Furniture Mall with a subsidiary of Shenyang Summit
New Regulation	:	The “Circular on Strengthening Administration of Approval and Filing of Foreign Investment in Real Estate Industry” (Shang Ban Zi Han [2010] No. 1542 (《商务部办公厅关于加强外商投资房地产业备案管理的通知》(商办资函[2010]1542号)) issued by the General Office of Ministry of Commerce of the People's Republic of China on 22 November 2010
New Summit Entities	:	Shenyang Summit and the new companies within the Summit Group which had been set up pursuant to the Corporate Division, being 沈阳景峰房地产开发有限公司, 沈阳畅峰房地产开发有限公司, 沈阳轩峰房地产开发有限公司, 沈阳霓峰房地产开发有限公司, 沈阳虹峰房地产开发有限公司, 沈阳瀚峰房地产开发有限公司
NLA	:	Net Lettable Area. Area in a building that is to be leased, excluding common areas such as common corridors, lift shafts, fire escape staircases and toilets, and is usually the area in respect of which rent is payable
Non-Defaulting Party	:	A party with the right to terminate the Shenyang Summit Co-operative Framework Agreement in the event of a Material Breach by the Defaulting Party and such breach is not cured
Notice on Strengthening the Management	:	The “Notice on Strengthening the Management of Commercial Real Estate Credit and Loans” (关于加强商业性房地产信贷管理的通知) issued by the PBOC and the CBRC on 27 September 2007
Novation Agreements	:	Novation agreements between Shenyang Summit, the New Summit Entities and the relevant third parties under some of the Old Contracts, pursuant to which the rights and obligations of Shenyang Summit under certain material contracts it had entered into prior to the Corporate Division that do not relate to the Shenyang Properties have been novated to the New Summit Entities
NPC	:	National People's Congress
Offering	:	The offering of 563,579,000 Units by the Trustee-Manager for subscription at the Offering Price under the Placement Tranche and the Public Offer
Offering Price	:	S\$0.70 per Unit

Offshore Companies	:	Collectively, Perennial China Retail Pte. Ltd., Shenyang Retail (BVI) 1 Limited, Shenyang Retail (BVI) 2 Limited, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, Perennial Qingyang Retail Limited, Perennial Qingyang Retail (BVI) Limited, Sky Surpass Investments Limited and Best Field Holdings Limited
Old Contracts	:	All the contracts Shenyang Summit had entered into prior to the Corporate Division
Opinion on Regulating Access and Management	:	The “Opinion on Regulating the Access to and Management of Foreign Capital in the Property Market” (关于规范房地产市场外资准入和管理的意见) jointly promulgated by the MOC, MOFCOM, the NDRC, the PBOC, the SAIC and SAFE on 11 July 2006
Opinions	:	The “Opinions of the MOHURD, the MOFCOM, the NDRC, the PBOC, the SAIC and SAFE on Regulating the Access and Management of Foreign Capital in the Real Estate Market (Jian Zhu Fang [2006] No. 171)” jointly promulgated by the MOHURD, the MOFCOM, the NDRC, the PBOC, the SAIC and SAFE on 11 July 2006
Opinions on Further Facilitating	:	The “Opinions on Further Facilitating the Utilisation of Foreign Investment” (关于进一步做好利用外资工作的若干意见)
Option to Purchase Agreements	:	The options to purchase granted by Shanghai Summit (Group) and Shanghai Summit to the Sponsor and PCRPL in relation to the commercial components of the Chengdu Longemont Railway Commercial Development and the Xi’an Longemont Railway Commercial Development on 21 March 2011
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Other Property Operating Expenses	:	Consists of utility expenses, maintenance expenses, advertising and promotion, salary and related expenses, as well as general and administrative expenses
Outstanding Works	:	The uncompleted development of Longemont Asia Pacific City, and <i>inter alia</i> , the Shenyang Longemont Offices
PAM Singapore	:	Prudential Asset Management (Singapore) Limited
Participating Banks	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited (OCBC) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (UOB Group)
PBOC	:	People’s Bank of China
PCRPL	:	Perennial China Retail Pte. Ltd.
PCRT	:	Perennial China Retail Trust
PCRT Group	:	PCRT and its subsidiaries, collectively

Perennial Development and Property Manager	:	Perennial (Shanghai) Retail Management Co., Ltd, as the development and property manager of the Perennial PMA Properties
Perennial PMA Properties	:	Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall and any properties subsequently acquired by the Trustee-Manager on behalf of PCRT and in respect of which the Trustee-Manager has the right, to appoint or, as the case may be, procure the appointment of, the development and property manager
Perennial Private Funds	:	Future private funds managed by the Sponsor Group
Performance Fee	:	The performance fee which the Trustee-Manager is entitled to is calculated at a rate not exceeding 4.5% per annum of the Net Property Income (as defined in the Trust Deed) of the real estate held by PCRT, whether directly or indirectly, in the relevant Financial Year (calculated based on the currency in which the property income of such real estate is received and before accounting for the management fee in that Financial Year), and paid quarterly
Perennial-Summit Development and Property Management Agreement	:	The development and property management agreement to be entered into between the Trustee-Manager and the Perennial-Summit Development and Property Manager
Perennial-Summit Development and Property Manager	:	Perennial-Summit (Shenyang) Property Management Co., Ltd, as the development and property manager of Shenyang Longemont
Pipeline Agreements	:	Certain agreements entered into by Shanghai Summit (Group) with three local Chinese city governments in relation to the development of large-scale commercial complexes in Chengdu, Xi'an and Changsha
Placement Tranche	:	The international placement of Units to investors, including institutional and other investors in Singapore, pursuant to the Offering
PRC	:	Mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region
PRC Fund	:	Beijing Hualian Perennial Retail Investment Management Co., Ltd (北京华联鹏瑞商业投资管理有限公司)
PRC Manager	:	Perennial (Beijing) Retail Investment Consultancy Co., Ltd.
Pre-Funding Facility	:	The pre-funding facility entered into by the Trustee-Manager, DBS Bank Ltd., Goldman Sachs Foreign Exchange (Singapore) Pte, Standard Chartered Bank and Citibank N. A., Singapore branch on 23 May 2011
Pre-Sale Agreement	:	The pre-sale agreement in relation to the Foshan Yicui Shijia Shopping Mall development project

Pre-Sale Measures	:	The “Administrative Measures on the Pre-Sale of Urban Commercial Housing” (城市商品房预售管理办法)
Projection Year 2012	:	The period from 1 January 2012 to 31 December 2012 both dates inclusive
Properties	:	The properties comprising PCRT’s initial asset portfolio as at the Listing Date, namely Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall, Shenyang Longemont Offices, Foshan Yicui Shijia Shopping Mall, and Chengdu Qingyang Guanghua Shopping Mall collectively, and each a “ Property ”
Property Companies	:	The various property companies located in the PRC which directly own the Properties
Property Expenses	:	Consists of China land use tax, real estate tax, property management fees and Other Property Operating Expenses but excluding depreciation of real properties
Property Managers	:	The Perennial Development and Property Manager, the Perennial-Summit Development and Property Manager and Red Star Macalline collectively, and each a “ Property Manager ”
Proposed Acquisition	:	In relation to the Sponsor’s ROFR, any Proposed Offer of sale by a third party to a Relevant Entity of any Relevant Asset
Proposed Disposal	:	In relation to the Sponsor’s ROFR, any Proposed Offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity
Proposed Offer	:	In relation to the Sponsor’s ROFR, a proposed offer of a Proposed Acquisition or a Proposed Disposal
Prospectus Directive		Directive 2003/71/EC including any relevant implementing measure in each Relevant Member State
Provisional Administrative Measures	:	The “Provisional Administrative Measures on the Examination and Approval of Foreign Investment Projects” (外商投资专案核准暂行管理办法)
Provisional Regulations on Grant and Transfer	:	The “Provisional Regulations of the People’s Republic of China on the Grant and Transfer of the Land-Use Rights of State-owned Urban Land” (中华人民共和国城镇国有土地使用权出让和转让暂行条例)
Provisions on Administration of Qualification	:	The “Provisions on Administration of Qualification of Real Estate Development Enterprise” (房地产开发企业资质管理规定)
Public Offer	:	The offering to the public in Singapore
QCB	:	Qatar Central Bank
QFCA	:	Qatar Financial Centre Authority
QFCRA	:	Qatar Financial Centre Regulatory Authority

QFMA	:	Qatar Financial Markets Authority
Qingyang Retail BVI Sale Shares	:	All the shares of Perennial Qingyang Retail (BVI) Limited
Real Estate	:	Any land, and any interest, option or other right in or over any land, situated in mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region, whether held directly or indirectly by the Trustee-Manager.
Real Estate File Recording Formality	:	Where the relevant Department of Commerce reports to the provincial commerce authority for the file recording formality of foreign invested real estate enterprises with the MOFCOM
Real Estate Project Transfer Agreement	:	The separate real estate project transfer agreement for the transfer of the Chengdu Qingyang Guanghua Shopping Mall development project which Chengdu Railway and the Chengdu Qingyang WFOE will be entering into in accordance with the relevant regulatory requirements
Realised Gains	:	Gains in the distribution period from the disposal of shares or investment properties (including strata sales)
Recognised Stock Exchange	:	Any stock exchange of repute in any part of the world
Regulation S	:	Regulation S under the Securities Act
Red Star Macalline	:	Shanghai Red Star Macalline Home Furnishing Co., Ltd.
Relevant Asset	:	In relation to the Sponsor's ROFR, any Retail Property Development or income-producing Completed Retail Property located in the PRC. Where such Retail Property Development or income-producing Completed Retail Property is held by a Relevant Entity through an SPV established solely to own such Retail Property Development or income-producing Completed Retail Property, the term " Relevant Asset " shall refer to the shares or equity interests, as the case may be, in that SPV
Relevant Date	:	The date of the Foshan Completion
Relevant Entity	:	In relation to the Sponsor's ROFR, the Sponsor Group or Perennial Private Funds
Relevant Member State	:	Each Member State of the European Economic Area which has implemented the Prospectus Directive
Relevant Period	:	A stipulated period
Renminbi or RMB or Chinese RMB	:	The lawful currency of the People's Republic of China
RET	:	Real Estate Tax
Retail BVI 1 Sale Shares	:	All the shares of Shenyang Retail (BVI) 1 Limited
Retail BVI 2 Sale Shares	:	All the shares of Shenyang Retail (BVI) 2 Limited

Retail Property Development	:	A retail property development, in respect of which structural work has not been completed, which shall include any mixed-use development which will have a substantial retail component and, if applicable, the shares or equity interests in a single purpose company or entity which holds such retail property development.
S\$, SGD or Singapore dollars and cents	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
SAFE	:	State Administration of Foreign Exchange of the PRC
SAIC	:	State Administration for Industry and Commerce of the PRC
SAT	:	China State Administration of Taxation
SC	:	Securities Commission of Malaysia
SD	:	Stamp Duty
Second Equity Joint Venture Agreement	:	The agreement governing the rights and obligations of Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit that will be entered into upon the entry into the Share Transfer Agreement
Second Lock-up Period	:	The period commencing from the day immediately following the First Lock-up Period until the date falling 12 months after the Listing Date, both dates inclusive
Securities Act	:	U.S. Securities Act of 1933, as amended
Securities Account	:	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP
SFA or Securities and Futures Act	:	Securities and Futures Act, Chapter 289 of Singapore
SGX-ST	:	Singapore Exchange Securities Trading Limited
Shanghai Summit	:	Shanghai Summit Real Estate Development Co., Ltd.
Shanghai Summit (Group)	:	Shanghai Summit (Group) Co., Ltd
Share Transfer Agreement	:	The share transfer agreement that Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Mr Tong Jinquan and Shanghai Summit entered into on 12 January 2011 as supplemented by an agreement entered into by the same parties on 21 March 2011
Shenyang Assets Transaction Value	:	The transaction value of Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices
Shenyang Longemont	:	Shenyang Longemont Shopping Mall and Shenyang Longemont Offices (沈阳龙之梦)
Shenyang Longemont Asia Pacific City	:	A major mixed-use commercial hub in Shenyang with a development site of 557,500 sq m and expected total floor area of more than 4.3 million sq m (沈阳龙之梦亚太中心)

Shenyang Longemont Offices	:	Two quality 56-level office towers under development (沈阳龙之梦写字楼) within Shenyang Longemont Asia Pacific City
Shenyang Longemont Shopping Mall	:	A 10-level shopping mall under development (沈阳龙之梦购物中心) within Shenyang Longemont Asia Pacific City
Shenyang Malls Net Property Income	:	The Net Property Income for Shenyang Longemont Shopping Mall and Shenyang Red Star Macalline Furniture Mall
Shenyang Phase I Project	:	The land on which Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont are constructed
Shenyang Properties	:	Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices
Shenyang Red Star Macalline Furniture Mall	:	Red Star Macalline Global Home Furniture Lifestyle Mall — Longemont (红星美凯龙全球家居生活Mall龙之梦店)
Shenyang Summit	:	Shenyang Summit Real Estate Development Co., Ltd.
Shenyang Summit Completion	:	The completion of the acquisition of, and subscription for, 50.0% of the total equity interests of Shenyang Summit by Shenyang Retail 1 Limited and Shenyang Retail 2 Limited
Shenyang Summit Co-operative Framework Agreement	:	The co-operative framework agreement entered into between Shanghai Summit Group, Shanghai Summit, Shenyang Summit, the Sponsor, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited on 30 September 2010 as supplemented by an agreement entered into by the same parties on 17 November 2010, amended and restated on 12 January 2011 and further supplemented by an agreement entered into by the same parties on 21 March 2011
Shenyang Summit Purchase Price	:	The purchase price of RMB1,507.0 million (based on the Offering Price) that Shenyang Retail 2 Limited agrees to pay Mr Tong Jinqun to acquire his equity interest in Shenyang Summit including any corresponding rights and liabilities, and Mr Tong Jinqun agrees to transfer to Shenyang Retail 2 Limited his equity interest and the corresponding rights and liabilities thereof, under the Share Transfer Agreement
Shenyang Summit Transaction Price	:	The aggregate transaction price for the acquisition of the registered capital and the subscription for new registered capital of Shenyang Summit by PCRT
SingCo	:	Shanghai Summit Pte. Ltd., a wholly-owned entity of Mr Tong Jinqun
Sky Surpass Share Transfer Agreement	:	The share transfer agreement that will be entered into between King Harvest and PCRPL within a month from the entry into of the Foshan Yicui Co-operative Framework Agreement, in relation to the transfer of the equity interest in Sky Surpass Investments Limited from King Harvest to PCRPL
SOHO	:	Small-office-home-offices
SOL	:	Sino Ocean Land

Sole Financial Advisor	:	DBS Bank Ltd.
Sponsor or Perennial	:	Perennial Real Estate Pte. Ltd.
Sponsor Group or the Group	:	The Sponsor and its existing or future subsidiaries
Sponsor's ROFR	:	The right of first refusal granted by the Sponsor to the Trustee-Manager on 22 February 2011 over future retail and predominantly-retail real estate assets located in the PRC which are offered to it or any of its subsidiaries or a proposed offer of sale by the Sponsor or any of its subsidiaries to dispose of any interest in such assets
Sponsor Units	:	Such number of Units subscribed by the Sponsor at the Offering Price for an aggregate subscription amount equal to S\$20.0 million
SPV	:	A special purpose company, vehicle or entity
sq m	:	Square metres
Stage I Closing Day	:	The day on which Shenyang Retail 1 Limited pays the remaining amount payable in respect of the Subscription Price less RMB1.0 billion to Shenyang Summit
Subscription Price	:	In relation to the Capital Increase Agreement, RMB1,965.0 million to subscribe for new equity interest of Shenyang Summit
Substantial Unitholder	:	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Summit Group	:	Shanghai Summit (Group) and its subsidiaries
Summit Parties	:	Mr Tong Jinquan together with Shanghai Summit
Summit Strategic Agreement	:	A strategic agreement between the Sponsor, Shanghai Summit (Group) and Shanghai Summit pursuant to which Shanghai Summit (Group) and Shanghai Summit granted the Sponsor a right of first refusal to acquire at least a 50.0% interest in the commercial component of their identified potential asset pipeline comprising the Chengdu Longemont Railway Commercial Development, the Xi'an Longemont Railway Commercial Development and the Changsha Longemont Railway Commercial Development, as well as other future assets at an agreed acquisition price of between RMB8,000 per sq m and RMB10,000 per sq m of GFA, and up to a maximum of 1.0 million sq m of GFA per asset, subject to the terms and conditions of the co-investment to be agreed between the relevant parties

Tax Ruling	:	<p>The tax ruling that PCRT has obtained from the IRAS to confirm that:</p> <p>(a) any direct remittance of PCRT's foreign-sourced income from PCRT's offshore bank account into CDP bank account in Singapore for the purpose of making distributions to Unitholders will not result in PCRT being regarded as having received or deemed to have received the said income in Singapore from outside Singapore; and</p> <p>(b) the payment of tax-exempt (one-tier) dividends by PCRPL out of its unremitted foreign-sourced income directly to PCRT's bank account outside Singapore will not result in PCRPL being regarded as having received or deemed to have received the said foreign-sourced income in Singapore</p>
Termination Agreement	:	A termination agreement entered into on 30 September 2010 between Shenyang Summit and Shenyang Longemont Furniture Co., Ltd.
Threshold Amount	:	Has the meaning ascribed to it in the Earn-out Deed
TRE	:	China tax resident enterprise
Trust Deed	:	The trust deed dated 22 February 2011 constituting PCRT as supplemented by a supplemental deed dated 18 May 2011
Trust Property	:	Has the meaning ascribed to it in the BTA, including the Authorised Investments (as defined in the Trust Deed) of PCRT for the time being held or deemed to be held upon the terms of the Trust Deed
Trustee Fee	:	Up to 0.03% per annum of the value of the Trust Property of PCRT, and paid quarterly
Trustee-Manager	:	Perennial China Retail Trust Management Pte. Ltd., as trustee-manager of PCRT
Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date	:	The Unaudited Pro Forma Consolidated Balance Sheet setting out the assets and liabilities of PCRT as of the Listing Date
Uncommitted RCF	:	The uncommitted revolving credit facility of S\$130.0 million to finance the remaining Acquisition and Development Costs
Underwriting Agreement	:	The Underwriting Agreement dated 27 May 2011 entered into between the Joint Bookrunners, the Trustee-Manager and the Sponsor
Underwriting, Selling and Management Commission	:	The financial advisory fee and underwriting, selling and management commission payable by PCRT to the Sole Financial Advisor and the Joint Bookrunners for their services in connection with the Offering

Unit	:	An undivided interest in PCRT as provided for in the Trust Deed
Unit Issue Mandate	:	The general mandate for the Trustee-Manager to issue Units within certain time limits until (i) the conclusion of the first annual general meeting of PCRT or (ii) the date by which the first annual general meeting of PCRT is required by applicable regulations to be held, whichever is earlier
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
Unitholder(s)	:	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
Urban Property Law	:	The “Law of the People’s Republic of China on the Administration of Urban Property” (中华人民共和国城市房地产管理法)
Urban Real Estate Law	:	The “PRC Urban Real Estate Administration Law” (中华人民共和国城市房地产管理法)
US\$, USD or US dollars and cents	:	U.S. dollars and cents, the lawful currency of the U.S.
U.S. or United States	:	United States of America
U.S. Securities Act	:	U.S. Securities Act of 1933, as amended
Vantage Up	:	Vantage Up Group Limited
WFOE	:	A wholly foreign-owned enterprise in China
WFOE Law	:	The “Wholly Foreign-owned Enterprise Law of the PRC” (中华人民共和国外资企业法)
WHT	:	Withholding Income Tax
Xi’an Co-operation Framework Agreement	:	A co-operation framework Agreement dated 23 October 2010 between Shanghai Summit (Group) and Xi’an City Infrastructure Development Group Private Limited in relation to their joint development of the Northern Xi’an Railway Station South Plaza City Commerce Complex Project which is part of the Xi’an Longemont Railway Station Development
Xi’an Longemont Railway Commercial Development	:	The development of the area surrounding the Northern Xi’an Railway Station
Yicui Nandu	:	Foshan City Yicui Nandu Development Co., Ltd.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTION

The Board of Directors
Perennial China Retail Trust Management Pte. Ltd.
(as trustee-manager of Perennial China Retail Trust)
6 Temasek Boulevard
#25-04/05 Suntec Tower Four
Singapore 038986

27 May 2011

Dear Sirs

Letter from the Independent Accountants on the profit forecast for the year ending 31 December 2011 and the profit projection for the year ending 31 December 2012

This letter has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the initial public offering of units in Perennial China Retail Trust ("PCRT") at the offering price of S\$0.70 per unit (the "Offering").

The directors of Perennial China Retail Trust Management Pte. Ltd. (the "Directors") are responsible for the preparation and presentation of the forecast and projected income statements for the year ending 31 December 2011 (the "Profit Forecast") and the year ending 31 December 2012 (the "Profit Projection") as set out on page 108 of the Prospectus, which have been prepared on the basis of the assumptions set out on pages 109 to 121 of the Prospectus.

We have examined the Profit Forecast of PCRT and its subsidiaries for the year ending 31 December 2011 and the Profit Projection for the year ending 31 December 2012 as set out on page 108 of the Prospectus in accordance with Singapore Standard on Assurance Engagements ("SSAE") 3400 *The Examination of Prospective Financial Information*. The Directors are solely responsible for the Profit Forecast and Profit Projection including the assumptions set out on pages 109 to 121 of the Prospectus on which they are based.

Profit Forecast

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages C-5 to C-12 of the Prospectus, and is presented in accordance with Singapore Financial Reporting Standards (but not all the required disclosures), which is the framework to be adopted by PCRT in the preparation of its financial statements.

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As PCRT is newly established without any history of activities and because the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which include hypothetical assumptions about future events

which may not necessarily occur) are more subjective than would be appropriate for a profit forecast. The Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion the Profit Projection, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages C-5 to C-12 of the Prospectus, and is presented in accordance with Singapore Financial Reporting Standards (but not all the required disclosures), which is the framework to be adopted by PCRT in the preparation of its financial statements.

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

Attention is drawn, in particular, to the risk factors set out on pages 46 to 80 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit Forecast and Profit Projection relate and the sensitivity analysis of the Profit Forecast and Profit Projection set out on pages 122 to 124 of the Prospectus.

Yours faithfully

KPMG LLP

*Public Accountants and
Certified Public Accountants*
(Partner-in-charge: Lo Mun Wai)

Singapore

**INDEPENDENT ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA
CONSOLIDATED BALANCE SHEET AS AT THE LISTING DATE**

The Board of Directors
Perennial China Retail Trust Management Pte. Ltd.
(as trustee-manager of Perennial China Retail Trust)
6 Temasek Boulevard
#25-04/05 Suntec Tower Four
Singapore 038986

27 May 2011

Dear Sirs

Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date

We report on the unaudited pro forma consolidated balance sheet of Perennial China Retail Trust ("PCRT") and its subsidiaries (collectively, the "Group") set out on pages C-4 and C-5 of the prospectus (the "Prospectus") to be issued in connection with the initial public offering of units in PCRT, which has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments.

The unaudited pro forma consolidated balance sheet of the Group as of the date PCRT is admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "Listing Date") (the "Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date"), has been prepared to provide information on the financial position of the Group, had the Group been in place, completed its acquisition of 50% equity interest in Shenyang Summit Real Estate Development Co., Ltd. ("Shenyang Summit") (which owns Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont which comprises Shenyang Longemont Shopping Mall and Shenyang Longemont Offices) and obtained the contractual rights and obligations to Foshan Yicui Shijia Shopping Mall and the Chengdu Qingyang Guanghua Shopping Mall, under the same terms set out in the Prospectus, on the Listing Date.

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Group's actual financial position.

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is the responsibility of the directors of Perennial China Retail Trust Management Pte. Ltd. (the "Directors"). Our responsibility is to express an opinion on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice ("SSAP") 24 *Auditors and Public Offering Documents*. Our work, which involved no independent examination of the underlying financial information, consisted primarily of:

- (a) comparing the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date to the unaudited balance sheet of PCRT at its constitution; and
- (b) considering the evidence supporting the pro forma adjustments and discussing the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date with the Directors.

In our opinion:

- (a) the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been properly prepared from the unaudited balance sheet of PCRT at its constitution (which was prepared in accordance with Singapore Financial Reporting Standards);
- (b) the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies to be adopted by PCRT;
- (c) each material adjustment to the information used in the preparation of the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is appropriate for the purpose of preparing such a balance sheet and in accordance with SSAP 24; and
- (d) the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been properly prepared on the basis of the assumptions set out on pages C-2 to C-4 after making the adjustments described on page C-3 of the Prospectus.

Yours faithfully

KPMG LLP

Public Accountants and

Certified Public Accountants

(Partner-in-charge: Lo Mun Wai)

Singapore

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AS AT THE LISTING DATE

(A) Introduction

The unaudited pro forma consolidated balance sheet has been prepared for inclusion in the prospectus (the “Prospectus”) to be issued in connection with the proposed listing of Perennial China Retail Trust (“PCRT” or the “Trust”) on the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

PCRT is a business trust constituted under a trust deed dated 22 February 2011 with the principal investment objectives of:

- investing in, owning and developing 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”), to be used for retail or predominantly-retail purposes and other real estate-related assets in relation to the foregoing; and
- investing in listed securities of real estate companies which invest in retail or predominantly-retail real estate located in the PRC.

The initial portfolio of PCRT at the date of its admission to the Official List of the SGX-ST (the “Listing Date”) will comprise:

Property	Percentage
Red Star Macalline Global Home Furniture Lifestyle Mall — Longemont (“Shenyang Red Star Macalline Furniture Mall”)	50% ⁽¹⁾
Shenyang Longemont, comprising Shenyang Longemont Shopping Mall and Shenyang Longemont Offices	50% ^{(1) (2)}
<i>Contractual rights and obligations to acquire development projects</i>	
Foshan Yicui Shijia Shopping Mall	100% ⁽³⁾
Chengdu Qingyang Guanghua Shopping Mall	100% ⁽³⁾

Notes:

- (1) PCRT, through its wholly-owned subsidiaries, Shenyang Retail 1 Limited and Shenyang Retail 2 Limited, is expected to own 50% equity interest in Shenyang Summit Real Estate Development Co, Ltd. (“Shenyang Summit”) on the Listing Date. Shenyang Summit owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices.
- (2) Shenyang Longemont Shopping Mall and Shenyang Longemont Offices are under development and are expected to commence operations in the third quarter of 2011 and second quarter of 2012 respectively.
- (3) As at the Listing Date, PCRT will not have legal title to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall and will only have the contractual rights and obligations to acquire these development projects.

Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall, Shenyang Longemont Offices, Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall shall collectively be referred to as the “Properties”.

PCRT’s acquisition of interests in the Properties will be funded by proceeds from the proposed issuance of 1,108,800,000 units in PCRT. Under the proposed initial public offering of units in PCRT (the “Offering”), 563,579,000 units will be offered at S\$0.70 per unit (the “Offering Price”).

The Offering consists of: (i) an international placement to investors, including institutional and other investors in Singapore (the “Placement Tranche”) and (ii) an offering to the public in Singapore (the “Public Offer”). Concurrently with, but separate from the Offering, Perennial Real Estate Pte. Ltd. (the “Sponsor”) has entered into a subscription agreement to subscribe for such number of units at the Offering Price for an aggregate subscription amount equal to S\$20.0 million (the “Sponsor Units”). In conjunction with but separate from the Offering, each of AEW Capital Management, L.P., Asdew Acquisitions Pte Ltd, CB Richard Ellis Global Real Estate Securities, LLC, Cosmo Top Limited, Henderson Global Investors Limited, Prudential Asset Management (Singapore) Limited, Shanghai Summit Pte. Ltd. and Vantage Up Group Limited has entered into cornerstone subscription agreements with the Trustee-Manager to subscribe for an aggregate of 516,650,000 units at the Offering Price (the “Cornerstone Units”).

Details of the Trustee-Manager’s fees and Property Manager’s fees are set out in Section F.

(B) Pro Forma Historical Financial Information

No pro forma consolidated income statement, statement of cash flows and balance sheet have been prepared to show the pro forma historical financial performance of PCRT and its subsidiaries (the “Group”) and the Group’s interest in a jointly controlled entity because relevant information for the preparation of meaningful pro forma historical financial statements does not exist. This is due to the following reasons:

- The assets are newly acquired by PCRT’s subsidiaries and do not have historical financial information available;
- The assets acquired do not have a meaningful track record as they are either newly opened or are under development; and
- PCRT’s subsidiaries are also similarly newly set up, and thus do not have historical financial information available.

For the reasons stated above, the SGX-ST has granted PCRT a waiver from the requirement to prepare historical pro forma financial statements.

In lieu of the above, the Trustee-Manager has prepared the unaudited pro forma consolidated balance sheet below setting out the assets and liabilities of the Group as at the Listing Date (the “Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date”), upon completion of the Offering and the acquisition of 50% equity interest in Shenyang Summit (which owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices), and assuming the completion of the contractual rights and obligations to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall.

(C) Basis of Preparation of the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date set out in this report, expressed in Singapore Dollars (“S\$”) and rounded to the nearest thousand, unless otherwise stated, has been prepared for illustrative purposes only and is based on certain assumptions after making certain adjustments.

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been prepared on the basis of the accounting policies set out in Section E and is to be read in conjunction with

Section F. In addition, the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been prepared assuming that the Offering Price of the Units under the Offering is S\$0.70 per unit.

The objective of the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is to show, subject to certain assumptions, what the financial position of the Group would have been on the Listing Date upon completion of the Offering and assuming the completion of the acquisition of 50% equity interest in Shenyang Summit (which owns Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall and Shenyang Longemont Offices) and the contractual rights and obligations to Foshan Yicui Shijia Shopping Mall and Chengdu Qingyang Guanghua Shopping Mall, under the same terms set out in the Prospectus, on the Listing Date. However, the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is not necessarily indicative of the actual financial position that would have been attained had the Group actually existed earlier. The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date, because of its nature, may not give a true picture of the Group's actual financial position.

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been prepared after incorporating the following key adjustments:

- Adjustments to reflect drawdown of a pre-funding facility of S\$79,500,000 before the Listing Date for the payment of approximately 20% of the subscription proceeds for an equity interest in Shenyang Summit and transaction costs incurred of S\$896,000;
- Adjustments to reflect PCRT's acquisition of 50% equity interest in Shenyang Summit, comprising an assumed purchase consideration of S\$668,638,000, estimated additional consideration of S\$11,015,000 payable under the Earn-out Deed, estimated acquisition fee of S\$9,175,000 paid/payable to the Trustee Manager and estimated acquisition related costs of S\$2,614,000. The assumed purchase consideration is based on a gross floor area of 802,066 sq m;
- Adjustments to reflect PCRT's issuance of 1,108,800,000 units at the Offering Price of S\$0.70 per unit for cash amounting to S\$776,160,000 to fund the acquisition of Shenyang Summit, repayment of the pre-funding facility, payment of related transaction costs incurred, and costs relating to the Offering;
- Adjustment to reflect incorporation expenses of PCRT's subsidiaries of S\$142,000;
- Adjustments to reflect issue costs relating to the Offering, estimated to be S\$31,287,000; and
- Adjustments to reflect transaction costs incurred of S\$4,595,000 on the undrawn committed term loan facilities of S\$195,000,000 to fund the acquisition of Foshan Yicui Shijia Shopping Mall, acquisition of and construction costs to be incurred on Chengdu Qingyang Guanghua Shopping Mall and interest expense on these term loans.

In addition, the following key assumptions were made:

- The Listing Date is 1 June 2011.
- The Group is successful in obtaining all the relevant regulatory approvals necessary for the completion of its acquisition of the 50% equity interest in Shenyang Summit on the Listing Date.
- The Group's share of the estimated net assets of Shenyang Summit as at the date of acquisition by PCRT is S\$662,966,000. In estimating the net assets of Shenyang Summit as

at the date of acquisition, the properties owned by Shenyang Summit are stated at the valuations as at 31 December 2010 based on the independent valuation undertaken by CB Richard Ellis (Pte) Ltd as set out below:

	Valuation	
	RMB'000	S\$'000
Shenyang Red Star Macalline Furniture Mall	2,904,000	557,711
Shenyang Longemont Shopping Mall	3,450,000	662,570
Shenyang Longemont Offices	1,759,000	337,814

- The valuations adopted for the above properties as at the Listing Date remain unchanged from those as at 31 December 2010;
- Exchange rates as at the Listing Date are as set out below:
 - Chinese Renminbi (“RMB”) to S\$1 5.2070
 - Hong Kong Dollar (“HKD”) to S\$1 6.2234
 - US Dollar (“USD”) to S\$1 0.8003

(D) Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been prepared for inclusion in the Prospectus and is presented below. The assumptions used to prepare the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date are consistent with those described in the Basis of Preparation of Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date set out in Section C.

	Note	Unaudited	Pro forma adjustments					Unaudited
		as at the Constitution Date ^(a) S\$'000	S\$'000 (c)	S\$'000 (d)	S\$'000 (e)	S\$'000 (f)	Pro Forma as at Listing Date ^(b) S\$'000	
Non-current assets								
Jointly controlled entity	3	—	79,500	—	611,942	—	691,442	
Current assets								
Other asset	4	—	—	—	—	4,595	4,595	
Cash and cash equivalents	5	— ^(g)	—	744,731	(672,148)	(4,595)	67,988	
		—	—	744,731	(672,148)	—	72,583	
Total assets		—	79,500	744,731	(60,206)	—	764,025	
Current liabilities								
Loans and borrowings		—	80,396	—	(80,396)	—	—	
Non-current liabilities								
Other payables	7	—	—	—	11,163	—	11,163	
Total liabilities		—	80,396	—	(69,233)	—	11,163	

	Note	Unaudited	Pro forma adjustments			Unaudited	
		as at the				Pro Forma	
		Constitution				as at Listing	
		Date ^(a)				Date ^(b)	
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
			(c)	(d)	(e)	(f)	
Net assets attributable to unitholders		—	(896)	744,731	9,027	—	752,862
Unitholders' funds							
Units in issue	8	— ^(g)	—	776,160	9,027	—	785,187
Issue costs		—	—	(31,287)	—	—	(31,287)
Unappropriated profits		—	(896)	(142)	—	—	(1,038)
		—	(896)	744,731	9,027	—	752,862
Units in issue ('000)							1,121,695
Net asset value per unit (S\$)							0.67

Notes:

- (a) As at 22 February 2011.
- (b) Based on the Offering Price of S\$0.70.
- (c) Being adjustment to reflect borrowings for the payment of 20% of the subscription proceeds for equity interest in Shenyang Summit and transaction costs incurred on pre-funding facility prior to the Listing Date.
- (d) Being adjustment to reflect PCRT's issuance of units.
- (e) Being adjustment to reflect PCRT's acquisition of 50% equity interest in Shenyang Summit, repayment of the pre-funding facility and payment of related transaction costs incurred.
- (f) Being adjustment to reflect transaction costs incurred on the undrawn committed term loan facilities.
- (g) Less than S\$1,000.

(E) Notes to the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date

1. Significant accounting policies

The significant accounting policies of the Group, which have been consistently applied in preparing the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date set out in this report, are as follows:

(a) Statement of compliance

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is prepared in accordance with the bases set out in Section C and applied to financial information prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

(b) Basis of measurement

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been prepared on the historical cost basis except as otherwise described below.

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date is presented in Singapore dollars which is the functional currency of PCRT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date in conformity with FRS requires management to make judgements, estimates and assumptions to be made that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date are described in note (e): Basis of consolidation — Investments in jointly controlled entities (equity-accounted investees).

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment to the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date within the next financial year are described in note 10: Estimation of fair values.

(e) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the PCRT. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where the accounting policies of subsidiaries are different from those adopted by the Group, adjustments have been made to their financial statements in order that accounting policies are consistently applied in the consolidated financial statements.

Investments in jointly controlled entities (equity-accounted investees)

Joint ventures are those entities over whose activities PCRT has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Goodwill

For acquisitions, the Group measures goodwill at the acquisition date as:

- (i) the fair value of the consideration transferred; plus
- (ii) the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (iii) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are

eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities in the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

(g) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss as a net change in fair value of investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent

registered valuers at least once a year. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

(h) Financial instruments

Non-derivative financial assets

Non-derivative financial assets relate to other asset and cash and cash equivalents which comprise cash balances and bank deposits.

The Group initially recognises non-derivative financial assets on the date that they are originated.

Non-derivative financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective method, less any impairment losses.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Non-derivative financial liabilities

Non-derivative financial liabilities comprise interest-bearing borrowings and other payables.

The Group initially recognises non-derivative liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or disappearance of an active market for a security.

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(i) Impairment — non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Unitholders' funds

Unitholders' funds represent the unitholders' residual interest in the Group's net assets upon termination and is classified as equity.

Incremental costs directly attributable to the issue of units are recognised as a deduction from unitholders' funds.

(k) Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(l) Expenses

Property operating expenses

Operating expenses consist of land use tax, real estate tax, property management fees, utility expenses, maintenance expenses, advertising and promotion, salary and related expenses and general and administrative expenses in relation to investment properties where such expenses are the responsibility of the Group.

Trustee-Manager and property management fees

Trustee-Manager and property management fees are recognised on an accrual basis using the applicable formula stipulated in Section F.

(m) Finance costs

Finance costs comprise interest expense on interest-bearing borrowings and amortisation of borrowings related costs, which are recognised in profit or loss using the effective interest rate method over the period for which the interest-bearing borrowings are granted.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segments and assess its performance and for which discrete financial information is available.

2. Subsidiaries

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group %
Held by the Trust		
Perennial China Retail Pte. Ltd.	Singapore	100
Held through subsidiaries		
Perennial (Chengdu) Industries Co., Ltd	PRC	100
Shenyang Retail 1 Limited	Hong Kong	100
Shenyang Retail 2 Limited	Hong Kong	100
Perennial Qingyang Retail Limited	Hong Kong	100
Best Field Holdings Limited	Hong Kong	100
Shenyang Retail (BVI) 1 Limited	British Virgin Islands	100
Shenyang Retail (BVI) 2 Limited	British Virgin Islands	100
Perennial Qingyang Retail (BVI) Limited	British Virgin Islands	100
Sky Surpass Investments Limited	British Virgin Islands	100

Shares in the above subsidiaries are pledged as security to secure credit facilities (see note 6).

3. Jointly controlled entity

Details of the jointly controlled entity are as follows:

Jointly controlled entity	Country of incorporation	Effective equity interest held by the Group
Shenyang Summit Real Estate Development Co, Ltd.	PRC	50%

Shares in the jointly controlled entity are pledged as security to secure credit facilities (see note 6).

The Group's share of the jointly controlled entity's assets, liabilities and commitments is as follows:

	Unaudited Pro Forma as at Listing Date S\$'000
Assets and liabilities	
Non-current assets	800,458
Current assets	75,805
Total assets	876,263
Current liabilities	67,976
Non-current liabilities	145,321
Total liabilities	213,297
Commitments	
Capital expenditure contracted but not provided for in the financial statements	10,098

Non-current liabilities of the jointly controlled entity relate to deferred tax liabilities.

Contingent liabilities

The acquisition of the 50% equity interest in Shenyang Summit may expose PCRT to any liabilities, including contingent liabilities, of Shenyang Summit from its previous operations prior to the corporate restructuring undergone by Shenyang Summit before the acquisition by PCRT (the "Corporate Division"). PCRT's share of the liabilities recorded by Shenyang Summit prior to the Corporate Division that are not recognised as at the Listing Date could be up to S\$6,970,000. In addition, Shenyang Summit may be subject to additional tax liabilities as a result of the Corporate Division. The application of the relevant tax regulations associated with corporate division is subject to the interpretation and practice of the local tax authority on a case-by-case basis. At the Listing Date, a reliable estimate of PCRT's share of the contingent liabilities prior to the Corporate Division, including contingent tax liabilities, cannot be made.

Representations and warranties have been obtained from the vendors of Shenyang Summit that they will be responsible for any liabilities of Shenyang Summit that are not directly related to Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Shopping Mall or the Shenyang Longemont Offices. An undertaking has also been obtained from a vendor of Shenyang Summit that he will bear all taxes incurred in the PRC in connection with the Corporate Division.

Earn-out Deed

The Group entered into an Earn-out Deed with the vendor of Shenyang Summit.

Under the terms of the Earn-out Deed, the Group will deposit an aggregate amount of S\$47,052,000 (RMB245,000,000) into bank accounts under escrow to be drawn down for payment to the unitholders of PCRT in the event that:

- (i) the net property income of Shenyang Summit for each relevant period from the Listing Date to 31 December 2012 falls below S\$54,446,000 (RMB283,500,000) (the "Threshold Amount"); or
- (ii) the net property income of Shenyang Longemont Offices for each relevant period from 1 January to 31 December 2013 falls below S\$13,461,000 (RMB70,090,000).

The Threshold Amount in respect of the first relevant period from the Listing Date to 30 June 2011 will be calculated in accordance with the following formula:

$$\frac{A}{B} \times C$$

where:

- A = the number of days from and including the Listing Date to and including 30 June 2011;
- B = the number of days from and including 1 January 2011 to and including 30 June 2011;
and
- C = RMB283,500,000

The amount to be drawn down in respect of each relevant period shall be the lower of (i) the difference between the actual net property income or, as the case may be, the Shenyang Longemont Offices net property income plus the Excess Amount (as defined herein), and the Threshold Amount in respect of each relevant period and (ii) the relevant amount in respect of each relevant period as follows:

- (a) for the period from the Listing Date to 30 June 2011, RMB28.0 million;
- (b) for the period from 1 July 2011 to 31 December 2011, RMB57.5 million;

- (c) for the period from 1 January 2012 to 30 June 2012, RMB56.0 million;
- (d) for the period from 1 July 2012 to 31 December 2012, RMB38.5 million;
- (e) for the period from 1 January 2013 to 30 June 2013, RMB32.5 million; and
- (f) for the period from 1 July 2013 to 31 December 2013, RMB32.5 million.

In respect of each six-month period referred to in the above (e) or (f), should the net property income of Shenyang Longemont Offices fall below RMB70,090,000, but the net property income of Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall for the corresponding six-month period exceed RMB213,410,000, the difference (the "Excess Amount") will be added to the net property income of Shenyang Longemont Offices for such relevant period, and if such aggregate sum of the Excess Amount and the net property income of Shenyang Longemont Offices falls below RMB70,090,000, then the amount in respect of such relevant period will be drawn in accordance with the provisions of the Earn-out Deed.

The aggregate amount of all the drawdowns under the Earn-out Deed shall not exceed RMB245.0 million.

Immediately upon the applicable Threshold Amount being attained in respect of any two consecutive relevant periods, the Earn-out Deed shall terminate and the Group will not be entitled to any further drawdowns.

Any amounts not drawn down for payment to the unitholders of PCRT will be paid to the vendor of Shenyang Summit as additional consideration.

The Group has assessed the expected net property income of Shenyang Summit from the Listing Date to 31 December 2013 and estimates that an amount of S\$11,015,000 (RMB57,353,000) would be payable to the vendor of Shenyang Summit. This amount is included in the carrying value of the jointly controlled entity and other payables (see note 7).

4. Other asset

	Unaudited Pro Forma as at Listing Date S\$'000
Prepaid transaction costs	4,595

Other asset relates to transaction costs incurred on the undrawn committed term loan facilities of S\$195,000,000 (see note 6).

5. Cash and cash equivalents

	Unaudited Pro Forma as at Listing Date S\$'000
Restricted cash	47,052
Bank balances	20,936
	<u>67,988</u>

Restricted cash relates to funds deposited into an escrow account under the Earn-out Deed (see note 3).

6. Loans and borrowings

Details of the undrawn credit facilities are as follows:

	Nominal interest rate	Year of maturity	Amount \$'000
Committed SGD term loan	Swap Offer Rate + 2.7%	2014	40,000
Committed SGD term loan	Swap Offer Rate + 2.7%	2014	25,000
Committed SGD term loan	Swap Offer Rate + 2.7%	2014	130,000
Uncommitted SGD revolving credit facility	Swap Offer Rate + 2.7%	2014	130,000
			325,000
			325,000

As at the Listing Date, the Trustee-Manager has entered into a secured loan agreement (the "Credit Facilities Agreement") setting out the terms and conditions of the following credit facilities (collectively, the "Credit Facilities") made available thereunder:

- (a) a committed term loan facility of up to S\$40.0 million to finance the payment of distributions to Unitholders (the "Dividend Facility");
- (b) a committed term loan facility of up to S\$25.0 million to finance interest payments by the Trust under the Credit Facilities (the "Interest Facility");
- (c) a committed term loan facility of up to S\$130.0 million (the "Acquisition Facility"); and
- (d) an uncommitted revolving loan facility (the "Revolving Credit Facility") of up to S\$130.0 million, to finance the acquisition of Foshan Yicui Shijia Shopping Mall and acquisition of and construction costs to be incurred on Chengdu Qingyang Guanghua Shopping Mall.

The Acquisition Facility and Revolving Credit Facility will be disbursed in accordance with the payment milestones in relation to the acquisition of the properties and certificate of works done and/or any documentary evidence in relation to construction costs incurred on Chengdu Qingyang Guanghua Shopping Mall.

A commitment fee of 1% per annum is payable on the unutilised portion of the amounts set out in the drawdown schedule of the Dividend Facility, Interest Facility and Acquisition Facility.

Securities

The Credit Facilities are to be secured by:

- (a) share charges over all the shares in certain subsidiaries, namely Perennial China Retail Pte. Ltd., Shenyang Retail 1 Limited, Shenyang Retail 2 Limited, Perennial Qingyang Retail Limited, Best Field Holdings Limited, Shenyang Retail (BVI) 1 Limited, Shenyang Retail (BVI) 2 Limited, Perennial Qingyang Retail (BVI) Limited and Sky Surpass Investments Limited (collectively, the "Offshore Companies") (see note 2);

- (b) an equity pledge over the Group's interest in the jointly controlled entity, Shenyang Summit (see note 3);
- (c) equity pledges over all the shares in Perennial (Chengdu) Industries Co., Ltd (see note 2) and a project company to be incorporated in Foshan (collectively, the "WFOEs") to acquire the Chengdu Qingyang Guanghua Shopping Mall and Foshan Yicui Shijia Shopping Mall respectively;
- (d) assignments by the Trust 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 the Trust;
- (f) corporate guarantees from the Offshore Companies;
- (g) debentures over the Offshore Companies; and
- (h) subordination deeds to subordinate the repayment of all related party loans and interest on such loans made to the Trust.

Financial covenants

The Credit Facilities Agreement contain the following financial covenants:

- (a) consolidated total assets is to be no less than S\$700.0 million;
- (b) total borrowings in the PRC is not to exceed 50% of the consolidated assets in the PRC;
- (c) consolidated total liabilities is not to exceed 50% of consolidated total assets;
- (d) total consolidated borrowings (including any unutilised bank borrowings) is not to exceed 50% of the Group's share of the properties measured at fair value which are owned either directly or indirectly by PCRT; and
- (e) minimum interest service coverage ratio of 150% at all times from the Listing Date to 31 December 2013 and 175% at all times from 1 January 2014.

7. Other payables

	Unaudited Pro Forma as at Listing Date S\$'000
Contingent consideration	11,015
Acquisition fees payable to Trustee-Manager	148
	<hr/>
	11,163
	<hr/> <hr/>

The contingent consideration relates to the estimated additional purchase consideration payable in respect of Shenyang Summit under the Earn-out Deed entered into between the Group and the vendor of Shenyang Summit (see note 3). The acquisition fee on the contingent consideration is payable to the Trustee-Manager in the form of cash and/or units (as the Trustee-Manager may elect) at the prevailing market price.

8. Units in Issue

	Number of Units '000	Unaudited Pro Forma as at Listing Date S\$'000
Creation of new units relating to:		
— establishment	— ⁽¹⁾	— ⁽²⁾
— the Offering	563,579	394,505
— Sponsor Units	28,571	20,000
— Cornerstone Units	516,650	361,655
— acquisition fee payable to the Trustee-Manager ⁽³⁾	12,895	9,027
	1,121,695	785,187
	1,121,695	785,187

Notes:

(1) Less than 1,000 units.

(2) Less than S\$1,000.

(3) This relates to the acquisition fee payable to the Trustee-Manager in respect of the acquisition of 50% equity interest in Shenyang Summit.

Each unit in PCRT represents an undivided interest in the Trust and carries the same voting rights. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- receive audited financial statements and the annual reports of PCRT;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
- attend all unitholders' meetings.

The restrictions of a unitholder include the following:

- a unitholder has no right to request the Trustee-Manager to redeem his units while the units are listed on SGX-ST.
- a unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:
 - PCRT ceasing to comply with applicable laws and regulations; or
 - the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

A unitholder's liability is limited to the amount paid or payable for any units in PCRT. The provisions of the Trust Deed provide that no unitholder will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of PCRT (excluding net assets attributable to Unitholders) exceed its assets.

9. Financial Instruments

(a) Credit risk

The maximum exposure to credit risk at the Listing Date was:

	Unaudited Pro Forma as at Listing Date S\$'000
Cash and cash equivalents	67,988

There was no significant concentration of credit risk at the Listing Date.

(b) Liquidity risk

The following are the contractual maturities of financial liabilities:

As at Listing Date	Carrying amount S\$'000	Cash flows	
		Contractual cash flows S\$'000	Within 2 to 5 years S\$'000
Non-derivative financial liabilities			
Other payables	11,163	11,163	11,163

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Foreign currency risk

The Group's exposure to foreign currency risk as at the Listing Date is as follows:

	RMB S\$'000
Other payables	11,163

Results of the analysis as presented in the above table represent an aggregation of the effects on the balance sheet of each of the entities within the Group, measured in their respective functional currencies, translated into Singapore dollars at the exchange rate at the balance sheet date for presentation purposes.

(d) Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date, are as follows:

	Note	Loans and receivables S\$'000	Other financial liabilities S\$'000	Fair value S\$'000
Unaudited Pro Forma as at Listing Date				
Financial assets				
Cash and cash equivalents	5	67,988	—	67,988
Financial liabilities				
Other payables	7	—	11,163	11,163

The basis of determining fair values is disclosed in note 10.

10. Estimation of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The methodologies and assumptions used in the estimation of fair values depend on the terms and characteristics of the various assets and liabilities and include the following:

Financial instruments for which fair value is equal to the carrying value

These financial instruments include cash and cash equivalents. The carrying values of these financial instruments are an approximation of the fair values because they are short-term in nature.

Investment properties

In determining the fair value of investment properties, the valuers have used valuation methods which involve certain estimates. The key assumptions used to determine the fair value of the investment properties include estimated net cash flows expected to be received on renting out the properties, market-corroborated capitalisation yield, terminal yield and discount rate. The Trustee-Manager is of the view that the valuation methods and estimates are reflective of the market conditions at the date of the valuation.

Contingent consideration

The fair value of contingent consideration is calculated using expected payment amounts and their associated probabilities (i.e. probability weighted). Since the contingent consideration is long-term in nature, it is discounted to present value.

11. Financial risk management

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Group's business. The Group's written risk management policies and guidelines set out its overall business strategies, tolerance of risk and general risk management philosophy.

Credit risk

Credit risk is the potential financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the Group, as and when they fall due. Credit risk arises principally from the Group's cash and cash equivalents and receivables from tenants.

The Group limits its exposure to credit risk by placing surplus funds with reputable financial institutions which are regulated.

The Group may also be exposed to credit risk on its trade and other receivables which relate mainly to its tenants. Such exposure to credit risk is influenced by the individual characteristics of each tenant. Receivables are reviewed regularly.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors and maintains a level of cash and cash equivalents and bank credit facilities deemed adequate by management to finance its operations and to have sufficient liquidity to meet its liabilities when due.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group's exposure to changes in interest rates relates primarily to interest-bearing borrowings held through a jointly controlled entity and any borrowings to be incurred to fund its acquisition of and construction costs on certain Properties, distributions and interest expense thereon. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group incurs foreign currency risks as a result of its operations in the PRC. The currency giving rise to this risk at the balance sheet date is the RMB. Where feasible, borrowings will be denominated in currencies that match the cash flows generated by the underlying operations of the Group.

12. Commitments

Capital Commitment

Acquisition of development projects pursuant to the contractual rights and obligations held by PCRT as at the Listing Date

**Unaudited
Pro Forma
as at Listing Date
S\$'000**

129,921

13. Significant Related Party Transactions

For the purposes of the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date, parties are considered to be related to the Group if the Group has the ability, directly or indirectly,

to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Trustee-Manager or the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than those disclosed elsewhere in the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date, there were the following transactions carried out on terms agreed between the related parties.

	Unaudited Pro Forma as at Listing Date S\$'000
Acquisition fee paid/payable to the Trustee-Manager in respect of the acquisition of Shenyang Summit	9,175

14. Operating segments

For the purpose of making resource allocation decisions and the assessment of segment performance, the CODM reviews internal/management reports of PCRT's investment properties, including investment properties held through a jointly controlled entity. This forms the basis of identifying the reportable segments of the Group under FRS 108 *Operating Segments*.

Segment information on the Group's non-current assets by geographical area is not presented as they relate to assets located in the PRC.

(F) Trustee-Manager's Fees and Property Manager's Fees

1. Management Fees

The Trustee-Manager is entitled under the Trust Deed to management fees comprising a base fee and a performance fee as follows:

- (a) The base fee which the Trustee-Manager is entitled to is calculated at a rate in accordance with the formula below:
 - (i) if the value of the Trust Property (as defined in the Trust Deed) is less than or equal to S\$10.0 billion, the base fee will be 0.35% per annum of the value of the Trust Property; and
 - (ii) if the value of the Trust Property is greater than S\$10.0 billion, the base fee will be 0.35% per annum of the value of the Trust Property up to S\$10.0 billion; plus 0.30% per annum of the value of the Trust Property which exceeds S\$10.0 billion.
- (b) The performance fee is calculated at a rate not exceeding 4.5% per annum of the Net Property Income (as defined in the Trust Deed) of the real estate¹ held by PCRT, whether directly or indirectly, in the relevant financial year (calculated based on the currency in which the property income of such real estate is received and before accounting for the management fee in that financial year).

¹ "real estate" refers to any land, and any interest, option or other right in or over any land, situated in mainland China, the Hong Kong Special Administrative Region and the Macau Special Administrative Region, whether held directly or indirectly by the Trustee-Manager.

2. Trustee Fee

The Trustee-Manager is entitled under the Trust Deed to a trustee fee in cash of 0.03% per annum of the value of the Trust Property of PCRT.

3. Property Management Fees

Under the property management agreement in respect of the Properties, the property manager will provide property management services, development management services, lease management services and general management services in relation to the Properties.

The property manager is entitled to the following fees set out in the table below, with the exception of Shenyang Red Star Macalline Furniture Mall which has signed a 20-year property management agreement with Red Star Macalline.

The latter agreement includes a base fee of RMB8.0 million per annum with an incentive fee calculated based on the terms detailed in the table below.

	Basis for computation of property management fee		
	Base fee: RMB8.0 million per annum		
	Management period	Average monthly revenue per sq m of GFA (excluding car park areas)	% of outperformance as incentive fee
Shenyang Red Star Macalline Furniture Mall	Incentive fee First 10 years (Oct 2008 ⁽¹⁾ — Oct 2018)	Between RMB80.0 and RMB100.0	10.0% of revenue above RMB80.0 per sq m of GFA
		Above RMB100.0	20.0% of revenue above RMB100.0 per sq m of GFA
	Incentive fee Second 10 years (Oct 2018 — Oct 2028)	Between RMB80.0 and RMB100.0	5.0% of revenue above RMB80.0 per sq m of GFA
		Above RMB100.0	15.0% of revenue above RMB100.0 per sq m of GFA
Shenyang Longemont Shopping Mall	2.0% of the monthly Gross Revenue + 2.0% of the monthly Net Property Income + 0.5% of the monthly Net Property Income of the relevant property in lieu of leasing commissions otherwise payable to the respective property manager and/or third party agents for each property.		
Shenyang Longemont Offices	2.0% of the monthly Gross Revenue + 2.0% of the monthly Net Property Income + 0.5% of the monthly Net Property Income of the relevant property in lieu of leasing commissions otherwise payable to the respective property manager and/or third party agents for each property.		

Note:

(1) The Shenyang Red Star Macalline Property Management Agreement was entered into, and took effect from 16 October 2008.

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INDEPENDENT TAXATION REPORT

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

19 May 2011

TAXATION REPORT

Dear Sirs:

This letter has been prepared at the request of Perennial China Retail Trust Management Pte. Ltd. (as Trustee-Manager of Perennial China Retail Trust (“**PCRT**”)) for inclusion in the Prospectus to be issued in relation to the initial public offering of units in PCRT (“**Units**”) on the Singapore Exchange Securities Trading Limited.

The purpose of this letter is to provide prospective investors of the Units with an overview of the Singapore income tax consequences of the purchase, ownership and disposal of the Units. This letter addresses principally investors who acquire and hold the Units as investment assets. Investors who acquire or hold the Units for dealing purposes should consult their own tax advisors concerning the tax consequences of their particular situations.

This letter also provides an overview of the BVI, Hong Kong and China tax consequences applicable to the BVI Holding Companies, the Hong Kong Holding Companies and the China Property Companies.

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Prospective investors in the Units should consult their own tax advisors to take into account the tax law applicable to their particular situations. In particular, prospective investors who are not Singapore tax residents are advised to consult their own tax advisors to take into account the tax laws of their respective countries of tax residence and the existence of any tax treaty which their countries of tax residence may have with Singapore.

This letter is based on the Singapore, BVI, Hong Kong and China tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions in this letter have the same meaning as defined in the Prospectus. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include any gender.

A. SINGAPORE TAXATION**Singapore taxation of trusts registered under the Business Trusts Act (Chapter 31A) (“Business Trusts Act”)**

A trust registered under the Business Trusts Act is treated like a company under the one-tier system for income tax purposes. This tax treatment is effective from the first year such a trust commences operation as a registered business trust. Accordingly, like a company under the one-tier system, a registered business trust is subject to Singapore income tax in accordance with the same provisions of the income tax laws applicable to a company.

The income of a registered business trust is taxed at the trust level. Taxable income comprises income accruing in or derived from Singapore as well as income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law unless such income is otherwise exempt from tax. There is no capital gains tax in Singapore. However, gains from the sale of investments are chargeable to tax if such gains arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

Singapore income tax is imposed on the chargeable income of a registered business trust after deduction of allowable expenses and any allowances permitted under the law. The tax is assessed on the trustee-manager of the registered business trust.

The first S\$300,000 of chargeable income of a registered business trust is exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000 of chargeable income; and
- (b) 50.0% of up to the next S\$290,000 of chargeable income.

The remaining chargeable income (after deducting the applicable tax exemption on the first S\$300,000 of chargeable income) will be taxed at the prevailing corporate rate, currently 17.0%. The distributions made by a registered business trust to its unitholders are exempt from Singapore income tax in the hands of the unitholders, regardless of their nationality, corporate identity or tax residence status. No credit will be allowed to the unitholders for any tax paid by the trustee-manager on the income of the registered business trust.

For tax purposes, a registered business trust is considered a tax resident of Singapore if:

- (a) the trustee-manager of the registered business trust in his capacity as such carries on a trade or business in Singapore; and
- (b) the control and management of the business is in Singapore.

Taxation of PCRT

The receipts of PCRT will comprise substantially tax-exempt (one-tier) dividends from PCRPL and interest income derived from loans granted to the BVI Holding Companies.

The tax-exempt (one-tier) dividends from PCRPL will be exempt from Singapore income tax in the hands of PCRT.

Provided the interest income derived from loans granted to the BVI Holding Companies is foreign-sourced income, PCRT will only be liable to Singapore income tax on the interest income to the extent of the amount received or deemed to have been received in Singapore. In this respect, PCRT has obtained an advance ruling from the IRAS to confirm that the direct remittance of any of its foreign-sourced income from its offshore bank account (i.e. bank account maintained outside Singapore) to the bank account of the CDP for the purpose of making distributions to Unitholders will not cause such foreign-sourced income to be considered income received in Singapore or deemed to have been received in Singapore. Accordingly, PCRT will not be liable to Singapore income tax if it uses its foreign-sourced interest income for making distributions to the Unitholders in the manner as described.

Gain on disposal of shares in PCRPL

Singapore currently does not impose tax on capital gains. In the event that PCRT disposes of its shares in PCRPL, any gain derived from the disposal will not be liable to Singapore income tax

unless such gain is considered income derived from a trade or business carried on by PCRT. Such gain may also be liable to Singapore income tax if the shares in PCRPL were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

Singapore taxation of companies resident in Singapore

Singapore tax resident corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and on income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law unless such income is otherwise exempt from tax.

The corporate tax rate in Singapore is currently 17.0%, with partial tax exemption granted for the first S\$300,000 of chargeable income.

Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to have been received in Singapore by Singapore tax resident corporate taxpayers is exempt from Singapore income tax if the following conditions are met:

- (i) the income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15.0%; and
- (iii) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

Taxation of PCRPL

The income of PCRPL will comprise substantially dividends from the BVI Holding Companies and interest income that may be charged in the future on loans granted by PCRPL to the BVI Holding Companies.

Provided such dividends and interest income are foreign-sourced income, PCRPL will only be liable to Singapore income tax on such income to the extent of the amount received in Singapore or deemed to have been received in Singapore. In this respect, PCRPL has obtained an advance ruling from the IRAS to confirm that the payment of tax-exempt (one-tier) dividends by PCRPL out of its unremitted foreign-sourced income directly to PCRT's bank account outside Singapore will not result in such foreign-sourced income being regarded as received in Singapore or deemed to have been received in Singapore by PCRPL. This ruling applies even if PCRT were to subsequently remit to Singapore the moneys that it has received in its bank account outside Singapore.

Accordingly, PCRPL will not be liable to Singapore income tax if it uses its foreign-sourced income to pay tax-exempt (one-tier) dividends to PCRT in the manner as described.

Gain on disposal of shares in the BVI Holding Companies

Singapore currently does not impose tax on capital gains. In the event that PCRPL disposes of its shares in any of the BVI Holding Companies, any gain derived from the disposal will not be liable to Singapore income tax unless the gain is considered income derived from a trade or business carried on by PCRPL. Such gain may also be liable to Singapore income tax if the shares in the

BVI Holding Companies were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

Terms of the tax rulings

The validity of the tax rulings granted by the IRAS is subject to certain stipulated conditions. Where these conditions are not satisfied, or are no longer satisfied, the tax rulings may no longer apply.

The tax rulings are also issued based on the facts presented to the IRAS. Where the facts turn out to be different from those represented to the IRAS, or where there is a subsequent change in the tax laws or interpretation thereof, the tax rulings may no longer apply.

Taxation of Unitholders

Distributions by PCRT

Distributions made by PCRT are exempt from Singapore income tax in the hands of all Unitholders. These distributions are also not subject to Singapore withholding tax. Unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager on the income of PCRT.

Gain on disposal of the Units

Singapore currently does not impose tax on capital gains. Therefore, gains on disposal of the Units that are capital in nature will not be subject to Singapore income tax. However, such gains may be considered income in nature and subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the intention of the Unitholder was not to hold the Units as long-term investments.

As the precise tax status of one Unitholder will vary from another, Unitholders are advised to consult their own professional advisors on the Singapore tax consequences that may apply to their individual circumstances.

Unitholders who are required to adopt Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement (“**FRS 39**”) for financial reporting purposes may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Units, irrespective of disposal. Unitholders should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Units arising from the adoption of FRS 39.

B. BRITISH VIRGIN ISLANDS (“BVI”) TAXATION

Taxation of the BVI Holding Companies

The BVI Holding Companies, being BVI business companies, are exempt from the provisions of the Income Tax Act in the BVI. All dividends, interest, rents, royalties, compensation and other amounts paid by the BVI Holding Companies to persons who are not resident in the BVI are also exempt from the provisions of the Income Tax Act in the BVI. Any capital gains realised by persons who are not resident in the BVI from the disposal of any shares, debt obligations, or other securities of the BVI Holding Companies are not subject to tax in the BVI.

All instruments relating to (i) transfers of property to or by a BVI Holding Company; (ii) transactions in respect of the shares, debt obligations or other securities of such company; and (iii) other transactions relating to the business of such company are exempt from the payment of stamp duty in the BVI. Only instruments relating to the transfer of an interest in land in the BVI or in respect of a company owning land in the BVI would be subject to stamp duty.

There are currently no withholding taxes in the BVI applicable to a BVI business company or its members.

C. HONG KONG TAXATION

Profits tax

Profits tax is charged on every person carrying on a trade, profession or business in Hong Kong, either by himself or through another person, in respect of his profits arising in or derived from Hong Kong from such trade, profession or business. Hong Kong does not levy tax on profits of a capital nature.

The Hong Kong Holding Companies will be subject to profits tax in respect of profits arising in or derived from Hong Kong at the prevailing profits tax rate (currently 16.5%) if they are regarded as carrying on a trade, profession or business in Hong Kong. Profits which are capital in nature are not subject to profits tax.

Dividend income

Dividend income received by the Hong Kong Holding Companies from the Property Companies is, in practice, exempt from Hong Kong profits tax.

Disposal of Property Companies

Hong Kong does not currently impose any tax on capital gains. In the event that the Hong Kong Holding Companies dispose of their shares in the Property Companies, any gains on such disposal should not be subject to Hong Kong profits tax if the shares of the Property Companies qualify as capital assets of the Hong Kong Holding Companies. In addition, only Hong Kong sourced profits are subject to profits tax in Hong Kong. If the gains derived by the Hong Kong Holding Companies from disposal of their shares in the Property Companies are considered to be sourced outside Hong Kong (i.e. both the sales and purchase contracts are effected outside Hong Kong), such gains should not be subject to profits tax in Hong Kong.

Withholding tax

There is no withholding tax imposed on payment of dividends or interest. Any dividends or interest payable by the Hong Kong Holding Companies to the BVI Holding Companies will not be subject to any withholding tax in Hong Kong.

Stamp duty

The purchase and sale of the shares in any of the Hong Kong Holding Companies will be subject to Hong Kong stamp duty at 0.1% on the higher of the consideration or the value of the shares sold. The stamp duty is chargeable on both the purchase and sale, i.e. a total stamp duty of 0.2% is payable. In addition, a fixed duty of HK\$5 is payable on the instrument of transfer of the shares.

D. CHINA TAXATION

Taxation of the Property Companies

Corporate Income Tax (“CIT”)

Under the current China CIT Law which came into effect from 1 January 2008, the CIT rate has been unified at 25.0% for all China resident enterprises, including domestic enterprises and foreign invested enterprises. Therefore, the Property Companies will be subject to CIT at 25.0% on their respective taxable profits generated from the leasing of properties and other business operations. In general, subject to certain limitations and specific allowances, all relevant and reasonable expenses (including tax depreciation) incurred in carrying out a business are deductible for the purpose of computing taxable profits. Tax losses can be carried forward for five consecutive years.

In the event of a disposal of any property by the Property Companies, any gains arising therefrom will be included as taxable profits and subject to CIT at 25.0%.

Business Tax

Pursuant to the China Business Tax Provisional Regulations and its Implementation Rules, business tax is imposed on enterprises engaging in the provision of taxable services, transfer of intangible assets or sale of immovable properties in China. The prevailing business tax rate is 5.0%. Effective from 1 December 2010, foreign invested enterprises, foreign enterprises and foreign individuals are also subject to city construction tax (at the rate of 1.0%, 5.0% or 7.0% of business tax payable) and education surcharge at 3.0% of business tax payable. In addition, the Ministry of Finance has issued Caizong [2010] No. 98 to unify the collection of Local Education Surcharge (“LES”) which is charged at 2% of the turnover tax paid (including Business Tax). In this connection, it is expected that local tax authorities will follow and issue local implementation rules to commence the collection of LES from individuals and entities (including foreign invested enterprises, foreign enterprises and foreign individuals).

Each Property Company will be subject to business tax at 5.0% on gross rental income from the leasing of properties and other service income derived therefrom. In addition, education surcharge, city construction tax and LES will be imposed and depending on the location of the Property Companies, certain local surcharges at certain percentage of the business tax payable may also be imposed.

In the event of a disposal of any property by the Property Companies, the proceeds from the sale of the property will also be subject to business tax. If the property was originally acquired by the Property Company, i.e. not self-developed by the Property Company, and the Property Company can provide all required supporting documents, the Property Company is allowed to deduct the cost of acquisition of the property from the sale proceeds received from the sale of property for business tax purposes.

Land Appreciation Tax (“LAT”)

Pursuant to the China LAT Provisional Regulations and its Implementation Rules, appreciation derived from the transfer of properties in China will be subject to LAT. LAT is calculated at progressive tax rates ranging from 30.0% to 60.0% on the amount of appreciation realised from the transfer of properties. The amount of appreciation realised is the amount of sale proceeds in excess of deductible items. Deductible items generally include costs of land use rights and development (for self-developed property), taxes and fees incurred for the transfer of the property and other items that may be permitted under the China LAT regulations.

Real Estate Tax (“RET”)

RET is levied on the owner of real estate properties. Subject to the local practice in the locality where the property is located, there are two RET calculation methods depending on whether the property is for self-use or held for lease. RET on self-used property should be calculated by applying RET rate of 1.2% per annum on 70.0% to 90.0% of the original cost of the self-used property. If the property is leased, RET should be calculated at 12.0% per annum on the rental income received. The choice of method used in each locality may be either of these methods regardless of the use to which the property is put.

Land Use Tax (“LUT”)

Effective from 1 January 2007, the LUT has been expanded to include foreign invested enterprises and foreign enterprises which own land use rights. The annual tax rates of LUT range from RMB0.6 to RMB30 per square metre of land occupied depending on location and type of usage. The exact LUT rate would be subject to the detailed implementation rules issued by the relevant local governments where the real estate properties are located.

Stamp Duty (“SD”)

According to the relevant SD regulations, SD should be affixed on all dutiable documents at the time when the dutiable documents are concluded or received in China. The applicable SD rates would depend on the type of dutiable documents. SD is levied at 0.05% on the transacted value stated in contracts for transfer of property, 0.1% on the rental for leasing contracts and 0.005% on the loan amount for loan contracts. SD is payable by each contractual party to the dutiable contract.

Deed Tax (“DT”)

According to the relevant DT regulations, transferees or buyers are subject to DT on the transfer of land use rights or ownership of real estate property. DT is imposed at 3.0% to 5.0% of the transacted price.

Withholding Income Tax (“WHT”)

Pursuant to the China CIT Law and its Implementation Rules, non-China tax resident enterprises which have no establishment or place of business in China would be subject to China WHT at 10.0% on dividends, interest, capital gains, rental, royalties and other income sourced in China. The 10.0% WHT may be reduced under the tax treaty in force between China and the country of residence of the non-China tax resident enterprise, subject to the terms and conditions of the relevant tax treaty.

Under the China-Hong Kong Double Taxation Arrangement (“**China-HK DTA**”), the withholding tax rates on China-sourced dividends and interest payable to a resident of Hong Kong are reduced in certain circumstances. Provided that each Hong Kong Holding Company (i) qualifies as a Hong Kong tax resident enterprise under the China-HK DTA; (ii) does not have a permanent establishment in China; and (iii) is the beneficial owner of the China-sourced income, it should, subject to complying with the requirements in Guoshuifa [2009] 124, be eligible to the following treaty benefits pursuant to the China-HK DTA.

Dividends from Property Companies

As stipulated in Guoshuihan [2009] 81, provided the Hong Kong Holding Company holds at least 25.0% of the capital of the relevant Property Company at any time during the twelve-month period preceding the receipt of the dividends, the dividends it receives from that Property Company should be eligible for the reduced WHT rate of 5.0% on a gross basis as prescribed under the China-HK DTA.

Interest from Property Companies

Interest income, if any, received by a Hong Kong Holding Company from a Property Company should be eligible for the reduced WHT rate of 7.0% on a gross basis as prescribed under the China-HK DTA.

Such interest income will also be subject to 5.0% business tax.

Gains on disposal of equity interest in the Property Companies by the Hong Kong Holding Companies

Capital gains derived by the Hong Kong Holding Companies in the event of a disposal of their respective equity interest in the Property Companies should be subject to WHT at 10.0% on a gross basis, if:

- (a) the assets of the Property Company comprise, directly or indirectly, mainly of immovable property situated in China. The Property Company would be considered to be a company with assets comprising, directly or indirectly, mainly immovable property situated in China if the value of its immovable property in China is at least 50.0% of the value of its total assets at any time during the three-year period before alienation of the equity interest in the Property Company; or
- (b) the equity interest owned by a Hong Kong Holding Company exceeded 25.0% of the entire equity interest of the Property Company at any time during the twelve-month period before the alienation of the equity interest in the Property Company.

Guoshuihan [2009] 601 (“Circular 601”)

In order to enjoy tax treaty benefits on China-sourced dividend and interest, the non-resident income recipient must be the “beneficial owner” of the China-sourced dividend and interest.

In this respect, the China State Administration of Taxation has issued Circular 601 to provide guidance on the interpretation of “beneficial owner” for the purposes of according tax treaty access on dividends, interest and royalties under the tax treaty network of China. According to Circular 601, a “beneficial owner” should have the ownership and right of control over the income, the rights to the income or properties which give rise to the income. In addition, the beneficial owner should engage in substantial business operations.

Circular 601 also states that a conduit company would not qualify as a “beneficial owner”. A conduit company refers to a company which is established for the purposes of tax avoidance, reduction or deferral or for the accumulation of profits and which does not engage in substantial business operations such as trading and manufacturing. The China tax authorities will adopt a substance-over-form approach in assessing beneficial ownership. Circular 601 sets out a list of unfavourable factors that the China tax authorities will take into account for the purpose of determining beneficial ownership.

Taxation of PCRT

Provided that (i) PCRT is not a China tax resident enterprise; and (ii) it does not have a place of business or establishment in China, PCRT should only be subject to China tax if it directly derives China-sourced income.

However, pursuant to Guoshuihan [2009] 698 (“**Circular 698**”), if PCRT has indirectly transferred the equity interest in the Property Companies through the disposal of equity interest in the offshore companies, PCRT may be required to report such disposal to the China tax authorities (see section below on “Guoshuihan [2009] 698” for details).

Taxation of Unitholders

A Unitholder should not be subject to China tax on distributions from PCRT unless PCRT is a China tax resident enterprise or the Unitholder is a China tax resident.

Pursuant to Circular 698, if any corporate Unitholder has indirectly transferred the equity interest in the Property Companies through the disposal of Units, the corporate Unitholder may be required to report such disposal to the China tax authorities if certain conditions are met. However, in practice, the China tax authorities are not enforcing Circular 698 reporting for sale of equity interest in listed non-China companies with underlying China investments (see section below on “Guoshuihan [2009] 698” for details).

Guoshuihan [2009] 698 (“Circular 698”)

Circular 698 was issued on 10 December 2009 (but applies retroactively from 1 January 2008) to regulate and strengthen the CIT administration of capital gains derived by non-residents through the direct or indirect transfer of China equity interest. It covers tax filing and tax payment responsibility for the non-resident seller in the case of a direct disposal, as well as the reporting responsibility for the non-resident seller in the case of an indirect disposal. However, Circular 698 has specifically excluded the transfer of listed shares of China resident companies where both the purchase and disposal are concluded on a public stock exchange (in or outside China).

For indirect transfer of equity interest in a China entity by any non-resident enterprise, the non-resident seller is required to report the transaction if the transfer is of equity interest in an offshore company that is located in a jurisdiction where the applicable effective tax rate on the capital gains derived by the non-resident enterprise from that particular share transfer is lower than 12.5% or which exempts foreign income from tax. The non-resident seller should report the equity transfer to the in-charge tax bureau of the China company whose equity is being (indirectly) transferred within thirty days after the conclusion of the equity transfer contract. If the China tax authorities consider that the establishment of the offshore company does not have any reasonable commercial purposes and the offshore company is established for tax avoidance purposes, the China tax authorities may disregard the existence of the offshore company and deem the offshore transfer as an indirect transfer of equity interest in the relevant China company. If this should happen, the transfer of equity interest in the offshore company would trigger China CIT for the non-resident enterprise.

Therefore, pursuant to Circular 698, in the event of a disposal of the shares in the Hong Kong Holding Companies, the BVI Holding Companies, PCRPL and the Units, the gain arising from such disposal may be subject to China CIT. However, in accordance with the practice of the China tax authorities, Circular 698 reporting is not enforced for sale of equity interest in listed non-China companies with underlying China investments, such as the Units.

China General Anti-Avoidance Provisions

With the introduction of the GAA provisions under the China CIT regime, if an enterprise carries out any business arrangements without reasonable commercial purposes (i.e. the primary purpose is to reduce, avoid or defer China tax payment) which result in reduction of its taxable revenue or income, the China tax authorities are empowered to make adjustments using reasonable methods.

According to Guoshuifa [2009] 2, the China tax authorities can initiate a GAA investigation pursuant to the GAA provisions of the China CIT Law and its Implementation Rules if the following tax avoidance arrangements are identified:

- (a) Abusive use of tax incentives
- (b) Abusive use of tax treaties
- (c) Abusive use of the forms of enterprise organisations
- (d) Tax avoidance through tax havens
- (e) Other business arrangements without *bona fide* commercial purposes

The China tax authorities will adopt a “substance over form” approach in assessing whether an enterprise has entered into tax avoidance arrangements and if so, it would deny any tax benefits associated with such arrangements. The China tax authorities can disregard the existence of an enterprise that does not have any economic substance, especially one that is established in a tax haven that leads to tax avoidance results for its related and unrelated parties.

Yours faithfully

Lim Gek Khim
Partner, Tax
For and on behalf of
Ernst & Young Solutions LLP
Singapore

INDEPENDENT PROPERTY VALUATION SUMMARY REPORT

International Valuation, Asia



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15 February 2011

Perennial China Retail Trust Management Pte. Ltd.
(As Trustee-Manager of Perennial China Retail Trust)
6 Temasek Boulevard
#25-04/05 Suntec Tower Four
Singapore 038986

Dear Sirs

PERENNIAL CHINA RETAIL TRUST PORTFOLIO COMPRISING 4 RETAIL MALLS AND 2 OFFICE TOWERS (Together “the Properties”)

Instructions

We refer to instructions issued by Perennial China Retail Trust Management Pte. Ltd. (as Trustee-Manager of Perennial China Retail Trust), requesting formal valuation advice in respect of the abovementioned retail and office properties. We have specifically been instructed to provide our opinion of Market Value as at 31 December 2010 of the remaining leasehold interest in the Properties, subject to existing leases and occupancy arrangements and/or development proposals as disclosed.

We have prepared comprehensive formal valuation reports (individually a “Report” and collectively the “Reports”) in accordance with the requirements of our instructions and the following international definition of Market Value, namely:

“Market Value is the estimated amount for which an asset 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.”

and also on the following basis:

“The price at which the property might reasonably be expected to be sold at the date of the valuation assuming:

- (i) a willing, but not anxious, buyer and seller; and
- (ii) a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Properties and the state of the market for property of the same kind; and

- (iii) that the Properties will be reasonably exposed to the market; and
- (iv) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the Properties being valued; and
- (v) that the seller has sufficient resources to allow a reasonable period for the exposure of the Properties for sale; and
- (vi) that the seller has sufficient resources to negotiate an agreement for the sale of the Properties.”

In adopting this definition of value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institution of Chartered Surveyors (RICS).

For the specific purposes of this Prospectus, we provide a Summary of the Reports outlining key factors that have been considered in arriving at our opinions of value. The value conclusions reflect all information known by the valuers of CB Richard Ellis who worked on the valuations in respect of the Properties, market conditions and available data.

Reliance on This Letter

This short format report alone does not contain the necessary data and support information included in our Reports. For further information to that contained herein, reference should be made to the Reports, copies of which are held by the Trustee-Manager.

CB Richard Ellis has provided the Trustee-Manager with comprehensive valuation reports for each of the Properties. The valuations and market information are not guarantees or predictions and must be read in consideration of the following:

- Each report is approximately 40 to 50 pages in length and the conclusions as to the estimated value are based upon the factual information set forth in that report. Whilst CB Richard Ellis has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by the Trustee-Manager (primarily copies of leases and financial information with respect to the Properties as well as reports by independent consultants engaged by the Trustee-Manager). CB Richard Ellis believes that every investor, before making an investment in the Perennial China Retail Trust, should review at least one of the reports to understand the complexity of the methodology and the many variables involved.
- The methodologies used by CB Richard Ellis in valuing the Properties — the Capitalisation of Income and Direct Comparison Approach — are based upon estimates of future results and are not predictions. These valuation methodologies are summarised in the Valuation Rationale section of this letter. Each methodology begins with a set of assumptions as to income and expenses of the Property and future economic conditions in the respective local markets. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate, but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions. The basic assumptions utilised for the properties are summarised in the Valuation Rationale of this letter.

15 February 2011

- The Reports were undertaken based upon information available as at December 2010. CB Richard Ellis accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

This confidential document is for the sole use of persons directly provided with it by CB Richard Ellis (Pte) Ltd. Use by, or reliance upon this document by anyone other than Perennial China Retail Trust Management Pte. Ltd. (as Trustee-Manager of Perennial China Retail Trust) is not authorised by CB Richard Ellis and CB Richard Ellis is not liable for any loss arising from such unauthorised use or reliance. This document should not be reproduced without our prior written authority.

Portfolio Summary

In total, the portfolio includes 4 individual retail malls and 2 office towers containing a combined land area of 185,406 sq m which yields a total Gross Floor Area (GFA) of 960,899 sq m and a Net Lettable Area (NLA) of 674,387 sq m. The Portfolio comprises a mix of Retail (73.7% of total NLA) and Office (26.3% of total NLA) properties located in three Tier 2 cities in the People's Republic of China; namely Shenyang, Chengdu and Foshan.

Property Descriptions

The following pages provide a brief summary of each of the Properties.

(1) Foshan Yicui Shijia Shopping Mall

The Foshan Yicui Shijia development site is situated at the south-western corner of the junction between Jihua 7 Road and Guilan Road in Nanhai District of Foshan City. It is approximately 35 km west of Guangzhou city centre and 45 km from the Baiyun International Airport. The major commercial areas in Foshan City are located in Nanhai District and neighbouring Chancheng District. Jihua Road area is generally considered the first business street of Foshan City, and there are plans by the local government to expand this commercial area and the development site is within this planned expansion area. Apart from the Ancestral Temple area in the city centre, other notable commercial precincts are located around Nanhai Avenue and Guicheng East within Nanhai District. There are several existing retail facilities within these precincts such as Oriental Plaza (Jusco), Guicheng Jiaxinmao (Wal-mart), City Square (Lotus) and Carrefour. Poly Canal Town, a newly opened retail destination is also located close by.

The proposed Foshan Yicui Shijia Shopping Mall is part of a mixed-use development incorporating a residential component, retail component and a kindergarten. The retail component will comprise 3 above ground levels and 1 basement level which will be linked to the planned Light Rail Line 6 station. Surface car parking facilities for approximately 230 vehicles will be provided, with another approximately 600 vehicular lots located at the 2nd basement level. Construction completion is targeted for 1Q2013.

The mall will be anchored by a supermarket at the basement level and a cineplex at Level 3. There will be approximately 218 specialty shops located over the 3 above ground levels and basement level. The major tenants will occupy a total lettable area of approximately 11,615 sm, representing approximately 25% of the total lettable area, while the specialty component of the property contains a total area of 35,795 sm, representing approximately 75% of the total lettable area.

(2) Chengdu Qingyang Guanghua Shopping Mall

The Chengdu Qingyang Guanghua development site is situated at the north-eastern corner of the junction between Guanghua Avenue and Chengfei Avenue in Qingyang District, Chengdu. It is approximately 1 km west of the Supo Overpass on the West Third Ring Road 4th Section. Qingyang District is a middle-to-high income residential area with a population catchment of approximately 750,000. A number of large scale residential developments are being built or have been completed in the vicinity, including CapitaLand's 4,400 unit The LOFT which is adjacent to the development site and Vanke's proposed development across Guanghua Avenue. The Chengdu Female and Children Hospital and the planned Qingyang District Municipal Office are also located nearby.

The proposed Chengdu Qingyang Guanghua Shopping Mall is part of a mixed-use development incorporating a 4-storey retail podium, one 13-storey office block, a 5-star hotel, one 18-storey block of SOHO units and 2 basement levels. Car parking facilities are located at the 2nd basement level accommodating 1,658 car parking lots of which 728 lots will be designated for the retail mall. The retail mall, with completion targeted for 3Q2013 will accommodate 3 above-ground levels and 1 basement level.

The mall will be anchored by a departmental store on levels 1-3 and a supermarket at the basement level. There will be approximately 270 specialty shops located over the 4 levels of retail floors with a retail connection at the basement to the proposed Line 4 subway station just north of the development. The major tenants will occupy a total lettable area of approximately 22,279 sq m, representing approximately 38% of the total lettable area, while the specialty component of the property contains a total area of 36,221 sq m, representing approximately 62% of the total lettable area.

(3) Shenyang Red Star Macalline Furniture Mall

Shenyang Red Star Macalline Furniture Mall is one of the three most prime assets in a comprehensive development known as Longemont Asia Pacific City to be developed on a 55.75ha site and which will be about 4.3 million sq m in size. Situated close to the Shenhai Overpass, the development is just east of Zhong Jie which is the commercial heart of Shenyang. Longemont Asia Pacific City when fully completed will comprise retail, office, hotel, residential and recreational facilities. It will be the largest mixed-use development in Liaoning Province. Shenyang Red Star Macalline Furniture Mall is the largest one stop furniture centre in China. Consisting of 8 levels of furniture, home accessories and interior decoration retail outlets, it is linked at every level to the Shenyang Longemont Shopping Mall which is nearing completion. The shopping mall is connected at the basement to the newly opened Line 1 subway station. The planned Line 10 will also have a station within the development. In addition to being an inter-linked car park serving the entire development, the basement level also houses a public transport terminal, thus ensuring a constant and heavy flow of pedestrian traffic into the malls.

The property is newly completed and opened for business in end-Sep 2010. Managed by Red Star Macalline, it has approximately 830 tenants over the 8 levels of retail floors. All the leases are on 1-year terms.

(4) Shenyang Longemont Shopping Mall

Shenyang Longemont Shopping Mall will be one of the three most prime assets in a comprehensive development known as Longemont Asia Pacific City to be developed on a 55.75ha site and which will be about 4.3 million sq m in size. Situated close to the Shenhai Overpass, the development is just east of Zhong Jie which is the commercial heart of Shenyang. Longemont Asia Pacific City when fully completed will comprise retail, office, hotel, residential and recreational facilities. It will be the largest mixed-use development in Liaoning Province. Consisting of 10 levels of retail space, it is linked at every level to the Shenyang Red Star Macalline Furniture Mall which is newly completed and opened for business end-Sep 2010. The property is connected at the basement to the newly opened Line 1 subway station. The planned Line 10 will also have a station within the development. In addition to being an inter-linked car park serving the entire development, the basement level also houses a public transport terminal, thus ensuring a constant and heavy flow of pedestrian traffic into the malls.

The property is in its final stages of construction, with completion targeted for 1Q2011. The mall will be anchored by Longemont Supermarket to be located at Basement Levels 1 & 2, an indoor amusement park to be located at Level 8 and an indoor ice skating rink to be located at Level 7. There will be approximately 800 specialty shops located over the other 9 levels of retail floors. The major tenants will occupy a total lettable area of 55,767 sq m, representing approximately 27% of the total lettable area. The specialty component of the property contains a total area of 153,525 sq m, representing approximately 73% of the total lettable area.

(5) Shenyang Longemont Office Towers 1 & 2

Shenyang Longemont Office Towers 1 & 2 will be one of the three most prime assets in a comprehensive development known as Longemont Asia Pacific City to be developed on a 55.75ha site and which will be about 4.3 million sq m in size. Situated close to the Shenhai Overpass, the development is just east of Zhong Jie which is the commercial heart of Shenyang. Longemont Asia Pacific City when fully completed will comprise retail, office, hotel, residential and recreational facilities. It will be the largest mixed-use development in Liaoning Province. The Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall are connected by aerial walkways and the basement level is linked to the newly opened Line 1 subway station. The planned Line 10 will also have a station within the development. In addition to being an inter-linked car park serving the entire development, the basement level also houses a public transport terminal, thus ensuring a constant and heavy flow of pedestrian traffic into the malls.

Each of the office towers will be approximately 245m high and will accommodate 56 levels. Construction is in progress and completion is targeted for 4Q2011. Each of the office towers will have a central services core with 3 banks of elevators for low, mid, and high-rise vertical transportation. Office space configuration is regular-shaped and the typical floor plate is approximately 1,700 sm of lettable area.

Summary of Property Details

The following table summarises the key property details for each of the Properties:

PROPERTY PORTFOLIO	Remaining Lease Term (years)	Type	Land Area (sqm)	GFA (sqm)	NLA (sqm)
Foshan Yicui Shijia Shopping Mall	38.39	Retail	34,412	68,833	47,410
Chengdu Qingyang Guanghua Shopping Mall	40.00	Retail	52,820	90,000	58,500
Shenyang Red Star Macalline Furniture Mall	38.06	Retail	44,845	276,474	181,595
Shenyang Longemont Shopping Mall	38.06	Retail	53,328	327,789	209,292
Shenyang Longemont Office Towers 1 & 2	38.06	Office		197,803	177,590
Total Portfolio			185,406	960,899	674,387

Market Commentary

Asia began to emerge from the recession towards the end of the first half of 2009 as the slump in exports eased and investment confidence strengthened under the influence of massive government stimulus packages. Beginning in April 09, most countries in Asia reported the easing of the rate of fall in exports and industrial output, with China being the first major economy in the region to record the expansion of its manufacturing sector.

China's economy expanded by 9.6% in the 3rd quarter of 2010. While much of the economic growth in 2009 was the result of massive stimulus effort by the government to boost domestic demand and infrastructure investment, economic growth in 2010 is broader based, driven by a myriad of factors. This includes consumption growth driven by favourable labour market, rebounding exports driven by the recovery of the global economy and stronger real estate investment. Moving forward, World Bank projected the Chinese economy to grow by 9.5% in 2010 as a whole, followed by 8.5% in 2011. The projected GDP growth is slightly lower than the growth reported in the last 2 quarters, with expectations that economic growth is likely to ease with implementation of measures to cool the property market and normalisation on the macro policy stance.

Other key economic indicators also supported the optimistic outlook. Total retail sales have been showing steady and fast growth. Retail sales in China managed to sustain double digit growth in 2009 despite the current global downturn, posting 15.5% y-o-y growth. For the 1st ten months of 2010, the total retail sales of consumer goods were 12.53 trillion Yuan, reflecting a y-o-y growth of 18.3%. The strong domestic demand is likely to persist with positive growth in both wage and employment levels.

15 February 2011

Overall, the outlook of China's economy remains rosy though the importance of external trade for China's economy has fell significantly, with the gross exports being increasingly less significant to China's GDP, from 40% of GDP in 2007 to 27% of GDP in 2009. With the expected appreciation of Yuan, the growing domestic demand for imported products, China is expected to be more of a consumer economy rather than the "world's factory" as before, with the economy underpinned by domestic demand, consumption and the growing services sector.

The past decade has seen the retail sector in China undergo significant development as foreign entities enter the segment. Modern shopping facilities have sprouted up across the country as retailers look to capitalise on a more affluent populace and rising domestic consumption. With emerging retail markets in second and third tier cities experiencing higher rentals and undersupply, together with rapid urbanisation in these cities, the retail sector is expected to develop rapidly in the next few years. Strong opportunities reside within the up and coming lower tier cities as more quality branded retailers are seeking to penetrate into these growing markets.

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the relevant market. We have utilised the Capitalisation of Income Approach in undertaking our assessment for each of the Properties. The Direct Comparison Approach is adopted as a secondary method of valuation

Capitalisation of Income Approach

We have utilised a capitalisation approach in which the sustainable net income on a fully leased basis has been estimated having regard to the net rental income.

The resultant net income has thereafter been capitalised for the remaining tenure of the respective 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.

Summary of Values

Based on the above, the following table summarises the assessed market values for the Properties:

PROPERTY PORTFOLIO	Assessed Market Value (RMB)	RMB psm of GFA	RMB psm of NLA
Foshan Yicui Shijia Shopping Mall	795,000,000	11,550	16,769
Chengdu Qingyang Guanghua Shopping Mall	849,000,000	9,433	14,513
Shenyang Red Star Macalline Furniture Mall	2,904,000,000	10,504	15,992
Shenyang Longemont Shopping Mall	3,450,000,000	10,525	16,484
Shenyang Longemont Office Towers 1 & 2	2,154,000,000	10,890	12,129
Total Portfolio	10,152,000,000		

Please see Appendix for our Valuation Certificates of the respective Properties.

Assessment of Value

We are of the opinion that the Market Value of the leasehold interest in the Properties, subject to the proposed tenancies and occupancy arrangements and/or development proposals, is:

Total Portfolio:
RMB10,152,000,000
(Renminbi Ten Billion One Hundred and Fifty-Two Million)

Specific Reporting Requirement

The client has asked CBRE for advice regarding a possible price or values for the properties in the future. This is beyond the scope of the valuation by CBRE and the following is an extrapolation of the analysis contained within our full valuation reports. It is not a forecast or prediction or valuation and the extrapolation is based on prevailing market and economic conditions as at the date of valuation.

This request for a future price or value in Year 2014 assumes appropriate tenancy mix and lease negotiations to achieve the full income potential of the property. It also takes into account the level of income/rental escalation which has historically been achieved within the retail sector in China.

There is expectation within the market that yields for institutional quality real estate will firm over the next 5 to 10 years as China further develops an extensive domestic institutional platform.

15 February 2011

We detail our extrapolation for each property below and we state that this is not to be misconstrued as a valuation into the future.

PROPERTY PORTFOLIO	Range (RMB)	
Foshan Yicui Shijia Shopping Mall	876,000,000	927,000,000
Chengdu Qingyang Guanghua Shopping Mall	933,000,000	983,000,000
Shenyang Red Star Macalline Furniture Mall	3,070,000,000	3,370,000,000
Shenyang Longemont Shopping Mall	3,700,000,000	4,061,000,000
Shenyang Longemont Office Towers 1 & 2	2,320,000,000	2,470,000,000
Total Portfolio	10,899,000,000	11,811,000,000

Disclaimer

CB Richard Ellis has relied upon property data supplied by the Trustee-Manager which we assume to be true and accurate. CB Richard Ellis takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. Messrs Danny Mohr and Lim Khee Boon have no present or prospective interest in the Properties and have no personal interest or bias with respect to the party/s involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorised to practise as valuers and have at least 15 years continuous experience in valuation.

Yours sincerely
 CB Richard Ellis (Pte) Ltd



Danny Mohr AAPI MRICS
 Registered Valuer
 Executive Director – International Valuation, Asia



Lim Khee Boon (Est.Mgt) Hons MSISV
 Appraiser's Licence No. AD04-2004195E
 Director – International Valuation, Asia

APPENDICES

Property:	Proposed Foshan Yicui Shijia Shopping Mall No. 45 Guilan South Road, Nanhai District, Foshan, Guangdong Province The People's Republic of China	
Client:	Perennial China Retail Management Pte. Ltd. (As Trustee- Manager of Perennial China Retail Trust)	
Purpose:	Acquisition and Corporate Finance	
Interest Valued:	Leasehold interest of 40 years expiring 20 May 2049. Balance lease term is 38.39 years.	
Basis of Valuation:	Market Value "As if Complete & fully leased" and "As Is Condition"	
Land Area:	34,411.6 sqm	
Land Use Rights:	Commercial	
Brief Description:	The Foshan Yicui Shijia development site is situated at the south-western corner of the junction between Jihua 7 Road and Guilan Road in Nanhai District of Foshan City. It is approximately 35 km west of Guangzhou city centre and 45 km from the Baiyun International Airport. The major commercial areas in Foshan City are located in Nanhai District and neighbouring Chancheng District. Jihua Road area is generally considered the first business street of Foshan City, and there are plans by the local government to expand this commercial area and the development site is within this planned expansion area. Apart from the Ancestral Temple area in the city centre, other notable commercial precincts are located around Nanhai Avenue and Guicheng East within Nanhai District. There are several existing retail facilities within these precincts such as Oriental Plaza (Jusco), Guicheng Jiaxinmao (Wal-mart), City Square (Lotus) and Carrefour. Poly Canal Town, a newly opened retail destination is also located close by.	
Proposed Development:	The proposed Foshan Yicui Shijia Shopping Mall is part of a mixed-use development incorporating a residential component, retail component and a kindergarten. The retail component will comprise 3 above ground levels and 1 basement level which will be linked to the planned Light Rail Line 6 station. Surface car parking facilities for approximately 230 vehicles will be provided, with another approximately 600 vehicular lots located at the 2nd basement level. Construction completion is targeted for 1Q2013.	
Tenancy Profile:	The mall will be anchored by a supermarket at the basement level and a cineplex at Level 3. There will be approximately 218 specialty shops located over the 3 above ground levels and basement level. The major tenants will occupy a total lettable area of approximately 11,615 sm, representing approximately 25% of the total lettable area, while the specialty component of the property contains a total area of 35,795 sm, representing approximately 75% of the total lettable area.	
NLA (sqm)	47,410.00	
GRA (sqm)	68,833.00	
GFA (sqm)	68,833.00	
Car Spaces:	830 lots	
Car Space Ratio:	1.75 lots per 100 square metres of lettable area.	
General Comment:	China's GDP registered a strong 9.6% y-o-y growth in the 3rd quarter 2010. While much of the economic growth in 2009 was the result of massive stimulus effort by the government, economic growth in 2010 is broader based, driven by a myriad of factors like a favourable labour market, higher level of exports and stronger real estate investments. Total retail sales have also been showing steady and fast growth. For the 1st ten months of 2010, the total retail sales of consumer goods was 12.53 trillion Yuan, reflecting a y-o-y growth of 18.3%. The strong domestic demand is likely to persist with positive growth in both wage and employment levels. Overall, the outlook of China's economy remains rosy, supported by the trade and capital flows, and robust domestic demand driven by the strong labour market. Higher domestic demand and rising affluence brought about by continued urbanisation augurs well for the retail sector. In particular retail activities in 2nd and 3rd tier cities will experience greater transformation and growth, especially those in focus regions in the south-west and north-east.	
Valuation Approaches:	Capitalisation Approach & Residual Cashflow Analysis	
Date of Valuation:	31 December 2010	
Assessed Value (RMB): [assumed completed]	¥795,000,000 (Seven Hundred Ninety Five Million RMB)	
Assumptions, Disclaimers, Limitations & Qualifications	<i>This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.</i>	
Prepared By:	CB Richard Ellis (Pte) Ltd	
		
	Per: Danny Mohr AAPI MRICS Registered Valuer Executive Director - International Valuation, Asia	Per: Lim Khee Boon BSc (Est. Mgt) Hons MSISV Appraiser's Licence, No. AD041-2004195E Director - International Valuation, Asia

Property:	Proposed Chengdu Qingyang Guanghua Shopping Mall Guanghua Avenue, Qingyang District, Chengdu, Sichuan Province The People's Republic of China	
Client:	Perennial China Retail Management Pte. Ltd. (As Trustee-Manager of Perennial China Retail Trust)	
Purpose:	Acquisition and Corporate Finance	
Interest Valued:	Leasehold interest of 40 years from the date of delivery of the land. Balance lease term assumed to be 40 years.	
Basis of Valuation:	Market Value "As if Complete & fully leased" and "As is condition"	
Land Area:	52,823.0 sqm	
Land Use Rights:	Commercial	
Brief Description:	The Chengdu Qingyang Guanghua development site is situated at the north-eastern corner of the junction between Guanghua Avenue and Chengfei Avenue in Qingyang District, Chengdu. It is approximately 1 km west of the Supo Overpass on the West Third Ring Road 4th Section. Qingyang District is a middle-to-high income residential area with a population catchment of approximately 750,000. A number of large scale residential developments are being built or have been completed in the vicinity, including Capitaland's 4,400 unit The LOFT which is adjacent to the development site and Vanke's proposed development across Guanghua Avenue. The Chengdu Female and Children Hospital and the planned Qingyang District Municipal Office are also located nearby.	
Proposed Development:	The proposed Chengdu Qingyang Guanghua Shopping Mall is part of a mixed-use development incorporating a 4-storey retail podium, one 13-storey office block, a 5-star hotel, one 18-storey block of SOHO units and 2 basement levels. Car parking facilities are located at the 2nd basement level accommodating 1,658 car parking lots of which 728 lots will be designated for the retail mall. The retail mall, with completion targeted for 3Q2013 will accommodate 3 above-ground levels and 1 basement level.	
Tenancy Profile:	The mall will be anchored by a departmental store on levels 1-3 and a supermarket at the basement level. There will be approximately 270 specialty shops located over the 4 levels of retail floors with a retail connection at the basement to the proposed Line 4 subway station just north of the development. The major tenants will occupy a total lettable area of approximately 22,279 square metres, representing approximately 38% of the total lettable area, while the specialty component of the property contains a total area of 36,221 square metres, representing approximately 62% of the total lettable area.	
NLA (sqm)	58,500.00	
GRA (sqm)	90,000.00	
GFA (sqm)	90,000.00	
Car Spaces:	728 lots	
Car Space Ratio:	1.24 lots per 100 square metres of lettable area.	
General Comment:	China's GDP registered a strong 9.6% y-o-y growth in the 3rd quarter 2010. While much of the economic growth in 2009 was the result of massive stimulus effort by the government, economic growth in 2010 is broader based, driven by a myriad of factors like a favourable labour market, higher level of exports and stronger real estate investments. Total retail sales have also been showing steady and fast growth. For the 1st ten months of 2010, the total retail sales of consumer goods was 12.53 trillion Yuan, reflecting a y-o-y growth of 18.3%. The strong domestic demand is likely to persist with positive growth in both wage and employment levels. Overall, the outlook of China's economy remains rosy, supported by the trade and capital flows, and robust domestic demand driven by the strong labour market. Higher domestic demand and rising affluence brought about by continued urbanisation augurs well for the retail sector. In particular retail activities in 2nd and 3rd tier cities will experience greater transformation and growth, especially those in focus regions in the south-west and north-east.	
Valuation Approaches:	Capitalisation Approach & Residual Cashflow Analysis	
Date of Valuation:	31 December 2010	
Assessed Value (RMB): [assumed completed]	¥849,000,000 (Eight Hundred Forty Nine Million RMB)	
Assumptions, Disclaimers, Limitations & Qualifications	<i>This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.</i>	
Prepared By:	CB Richard Ellis (Pte) Ltd	
	 	
Per:	Danny Mohr AAPI MRICS Registered Valuer Executive Director - International Valuation, Asia	
Per:	Lim Khee Boon BSc (Est. Mgt) Hons MSISV Appraiser's Licence, No. AD041-2004195E Director - International Valuation, Asia	

Property: Shenyang Red Star Macalline Furniture Mall, Longemont Asia Pacific City
Pangjiang Street, Dadong District, Shenyang, Liaoning Province
The People's Republic of China

Client: Perennial China Retail Trust Management Pte. Ltd. (As Trustee-
Manager of Perennial China Retail Trust)

Purpose: Acquisition and Corporate Finance

Interest Valued: Leasehold interest of 40 years expiring 20 January 2049. Balance
lease term is 38.06 years.

Basis of Valuation: Market Value subject to existing tenancies and occupational
arrangements

Land Area: 44,845.4 sqm

Land Use Rights: Commercial

Brief Description: Shenyang Red Star Macalline Furniture Mall is one of the three most prime assets in a comprehensive development known as Longemont Asia Pacific City to be developed on a 55.75ha site and which will be about 4.3 million square metres in size. Situated close to the Shenhai Overpass, the development is just east of Zhong Jie which is the commercial heart of Shenyang. Longemont Asia Pacific City when fully completed will comprise retail, office, hotel, residential and recreational facilities. It will be the largest mixed-use development in Liaoning Province. Shenyang Red Star Macalline Furniture Mall is the largest one stop furniture centre in China. Consisting of 8 levels of furniture, home accessories and interior decoration retail outlets, it is linked at every level to the Shenyang Longemont Shopping Mall which is nearing completion. The shopping mall is connected at the basement to the newly opened Line 1 subway station. The planned Line 10 will also have a station within the development. In addition to being an inter-linked car park serving the entire development, the basement level also houses a public transport terminal, thus ensuring a constant and heavy flow of pedestrian traffic into the malls.

Tenancy Profile: The property is newly completed and opened for business in end-Sep 2010. Managed by Red Star Macalline, it has approximately 830 tenants over the 8 levels of retail floors. All the leases are on 1-year terms.

NLA (sqm) 181,595.00

GRA (sqm) 276,474.00

GFA (sqm) 276,474.00

Car Spaces: 1,065 lots

Car Space Ratio: 0.59 lots per 100 square metres of lettable area.

General Comment: China's GDP registered a strong 9.6% y-o-y growth in the 3rd quarter 2010. While much of the economic growth in 2009 was the result of massive stimulus effort by the government, economic growth in 2010 is broader based, driven by a myriad of factors like a favourable labour market, higher level of exports and stronger real estate investments. Total retail sales have also been showing steady and fast growth. For the 1st ten months of 2010, the total retail sales of consumer goods was 12.53 trillion Yuan, reflecting a y-o-y growth of 18.3%. The strong domestic demand is likely to persist with positive growth in both wage and employment levels. Overall, the outlook of China's economy remains rosy, supported by the trade and capital flows, and robust domestic demand driven by the strong labour market. Higher domestic demand and rising affluence brought about by continued urbanisation augurs well for the retail sector. In particular retail activities in 2nd and 3rd tier cities will experience greater transformation and growth, especially those in focus regions in the south-west and north-east.

Date of Valuation: 31 December 2010

Assessed Value (RMB): **¥2,904,000,000**
(Two Billion Nine Hundred Four Million RMB)

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Executive Director - International Valuation, Asia



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Appraiser's Licence, No. AD041-2004195E
Director - International Valuation, Asia



Property: Shenyang Longemont Shopping Mall, Longemont Asia Pacific City
 Pangjiang Street, Dadong District, Shenyang, Liaoning Province
 The People's Republic of China

Client: Perennial China Retail Management Pte. Ltd. (As Trustee-Manager
 of Perennial China Retail Trust)

Purpose: Acquisition and Corporate Finance

Interest Valued: Leasehold interest of 40 years expiring 20 January 2049. Balance
 lease term is 38.06 years.

Basis of Valuation: Market Value "As if Complete" and fully leased.

Land Area: 53,328.2 sqm

Land Use Rights: Commercial



Brief Description: Shenyang Longemont Shopping Mall will be one of the three most prime assets in a comprehensive development known as Longemont Asia Pacific City to be developed on a 55.75ha site and which will be about 4.3 million square metres in size. Situated close to the Shenhai Overpass, the development is just east of Zhong Jie which is the commercial heart of Shenyang. Longemont Asia Pacific City when fully completed will comprise retail, office, hotel, residential and recreational facilities. It will be the largest mixed-use development in Liaoning Province. Consisting of 10 levels of retail space, it is linked at every level to the Shenyang Red Star Macalline Furniture Mall which is newly completed and opened for business end-Sep 2010. The property is connected at the basement to the newly opened Line 1 subway station. The planned Line 10 will also have a station within the development. In addition to being an inter-linked car park serving the entire development, the basement level also houses a public transport terminal, thus ensuring a constant and heavy flow of pedestrian traffic into the malls.

Tenancy Profile: The property is in its final stages of construction, with completion targeted for 1Q2011. The mall will be anchored by Longemont Supermarket to be located at Basement Levels 1 & 2, an indoor amusement park to be located at Level 8 and an indoor ice skating rink to be located at Level 7. There will be approximately 800 specialty shops located over the other 9 levels of retail floors. The major tenants will occupy a total lettable area of 55,767 square metres, representing approximately 27% of the total lettable area. The specialty component of the property contains a total area of 153,525 square metres, representing approximately 73% of the total lettable area.

NLA (sqm) 209,292.00
GRA (sqm) 327,789.00
GFA (sqm) 327,789.00

General Comment: China's GDP registered a strong 9.6% y-o-y growth in the 3rd quarter 2010. While much of the economic growth in 2009 was the result of massive stimulus effort by the government, economic growth in 2010 is broader based, driven by a myriad of factors like a favourable labour market, higher level of exports and stronger real estate investments. Total retail sales have also been showing steady and fast growth. For the 1st ten months of 2010, the total retail sales of consumer goods was 12.53 trillion Yuan, reflecting a y-o-y growth of 18.3%. The strong domestic demand is likely to persist with positive growth in both wage and employment levels. Overall, the outlook of China's economy remains rosy, supported by the trade and capital flows, and robust domestic demand driven by the strong labour market. Higher domestic demand and rising affluence brought about by continued urbanisation augurs well for the retail sector. In particular retail activities in 2nd and 3rd tier cities will experience greater transformation and growth, especially those in focus regions in the south-west and north-east.

Valuation Approaches: Capitalisation Approach & Direct Comparison Method
Date of Valuation: 31 December 2010

Assessed Value (RMB): **¥3,450,000,000**
[assumed completed] **(Three Billion Four Hundred Fifty Million RMB)**

Assumptions, Disclaimers, Limitations & Qualifications *This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*

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 Appraiser's Licence, No. AD041-2004195E
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Property: Shenyang Longemont Office Towers 1 & 2, Longemont Asia Pacific City
Pangjiang Street, Dadong District, Shenyang, Liaoning Province
The People's Republic of China

Client: Perennial China Retail Management Pte. Ltd. (As Trustee-
Manager of Perennial China Retail Trust)

Purpose: Acquisition and Corporate Finance

Interest Valued: Leasehold interest of 40 years expiring 20 January 2049. Balance
lease term is 38.06 years.

Basis of Valuation: Market Value "As if Complete & fully leased" and "As Is
Condition"

Land Area: 53,328.2 sqm

Land Use Rights: Commercial

Brief Description: Shenyang Longemont Office Towers 1 & 2 will be one of the three most prime assets in a comprehensive development known as Longemont Asia Pacific City to be developed on a 55.75ha site and which will be about 4.3 million square metres in size. Situated close to the Shenhai Overpass, the development is just east of Zhong Jie which is the commercial heart of Shenyang. Longemont Asia Pacific City when fully completed will comprise retail, office, hotel, residential and recreational facilities. It will be the largest mixed-use development in Liaoning Province. The Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Shopping Mall are connected by aerial walkways and the basement level is linked to the newly opened Line 1 subway station. The planned Line 10 will also have a station within the development. In addition to being an inter-linked car park serving the entire development, the basement level also houses a public transport terminal, thus ensuring a constant and heavy flow of pedestrian traffic into the malls.

Proposed Development: Each of the office towers will be approximately 245m high and will accommodate 56 levels. Construction is in progress and completion is targeted for 4Q2011. Each of the office towers will have a central services core with 3 banks of elevators for low, mid, and high-rise vertical transportation. Office space configuration is regular-shaped and the typical floor plate is approximately 1,700 sm of lettable area.

NLA (sqm) 177,590.00

GRA (sqm) 197,803.40

GFA (sqm) 197,803.40

General Comment: China's GDP registered a strong 9.6% y-o-y growth in the 3rd quarter 2010. While much of the economic growth in 2009 was the result of massive stimulus effort by the government, economic growth in 2010 is broader based, driven by a myriad of factors like a favourable labour market, higher level of exports and stronger real estate investments. Total retail sales have also been showing steady and fast growth. For the 1st ten months of 2010, the total retail sales of consumer goods was 12.53 trillion Yuan, reflecting a y-o-y growth of 18.3%. The strong domestic demand is likely to persist with positive growth in both wage and employment levels. Overall, the outlook of China's economy remains rosy, supported by the trade and capital flows, and robust domestic demand driven by the strong labour market. Higher domestic demand and rising affluence brought about by continued urbanisation augurs well for the retail sector. In particular retail activities in 2nd and 3rd tier cities will experience greater transformation and growth, especially those in focus regions in the south-west and north-east.

Valuation Approaches: Capitalisation Approach & Residual Cashflow Analysis

Date of Valuation: 31 December 2010

Assessed Value (RMB): **¥2,154,000,000**
[assumed completed] **(Two Billion One Hundred Fifty Four Million RMB)**

**Assumptions,
Disclaimers,
Limitations &
Qualifications**

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INDEPENDENT CHINA RETAIL MARKET RESEARCH REPORT

**PERENNIAL
CHINA RETAIL TRUST**

Independent Market Review

February 2011

Prepared for:
Perennial China Retail Trust Management Pte. Ltd.
(as Trustee-Manager of Perennial China Retail Trust)

A handwritten signature in black ink, appearing to read 'Jack Backen', with a long horizontal line extending to the right.

Jack Backen
Associate Director

DISCLAIMER

This report is prepared on the instructions of the party to whom or which it is addressed. As the report involves future forecasts, it can be affected by a number of unforeseen variables. It represents for the party to whom or which it is addressed the best estimates of Urbis Pty Ltd, but no assurance is able to be given by Urbis Pty Ltd that the forecasts will be achieved.

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

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Job Code	MPEA-0026
Report Number	M10/135I

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Introduction

Perennial China Retail Trust Management Pte. Ltd. (as Trustee-Manager of Perennial China Retail Trust (“PCRT”)) commissioned Urbis to conduct a study to provide an independent review of the China retail property market for the purpose of inclusion in the prospectus to be issued in connection with the initial public offering of the units in PCRT and the listing on Singapore Exchange Securities Trading Limited. The report has been prepared by Urbis with assistance provided by Savills and Jones Lang LaSalle.

The report provides an independent market review of the retail sector in China as well as individual reviews of the five assets namely; the Qingyang Guanghua Mall in Chengdu; the Yicui Shijia Mall in Foshan; the Red Star Macalline Furniture Mall in Shenyang; the Longemont Shopping Mall in Shenyang and the Longemont Office complex in the Shenyang.

Format of Report

The report commences with an executive summary followed by eight sections:

- **Section 1** — outlines the recent and projected performance of China with reference to the key economic measures including population, GDP growth, inflation and retail sales.
- **Section 2** — provides an overview of the China retail property market including consideration of the emergence and evolution of shopping centres in China; the key players and competitors; the key cities and growth areas for retail; barriers to entry for foreign investors; future development trends and the overall market outlook for this sector.
- **Section 3** — provides a brief summary of the Perennial portfolio in China with reference to the geographic spread and the type of properties.

Sections 4-8 provide a market review for each of the five specific assets namely:

- **Section 4** — Red Star Macalline Furniture Mall, Shenyang
- **Section 5** — Shenyang Longemont Shopping Mall, Shenyang
- **Section 6** — Longemont Office Complex, Shenyang
- **Section 7** — Yicui Shijia Shopping Mall, Foshan
- **Section 8** — Qingyang Guanghua Mall, Chengdu

Abbreviations

CPI	Consumer Price Index
GDP	Gross Domestic Product
GFA	Gross Floor Area
NLA	Net Leasable Area
PLA	People’s Liberation Army
PPP	Purchasing Power Parity
China	People’s Republic of China
RPI	Retail Price Inflation
SEZ	Special Economic Zones
WTO	World Trade Organisation

Executive Summary

Overview of Chinese Economy

- China is the world's fourth-largest country by land area and the largest by population. The current population is estimated at 1.34 billion as of mid-2010.
- Despite the centrally-planned approach to government practiced by the communist party, China has shifted gradually from a system of public ownership toward a market-based one, euphemistically referred to as "socialism with Chinese characteristics".
- China's economic reform is generally regarded as a success story with over two decades of exceptionally strong economic growth. The standard of living of most residents has improved quite dramatically since reforms began. Evidence of modernisation is visible throughout the country, with its new highways, skyscrapers, airports, and telecommunication facilities.
- China's economy was one of the strongest performers throughout the global financial crisis, not only managing to stay out of recession but continuing to experience relatively robust growth that has persisted throughout the first half of 2010. This has been achieved despite the contraction of export markets in the US and Europe.
- Despite continuing favourable trends in the official economic data there is still some room for caution. The consensus view is that the economy will continue to grow for the next five years at a robust pace (9.1% CAGR), albeit slightly slower than in the lead-up to the global crisis in 2008. Rising exports and a strong labour market are likely to keep a reasonably high platform under household consumption spending even as macro policy returns to its pre-2008 stance.
- The shift to a more consumer-led economy is still contending with structural headwinds. China's households — particularly those headed by older people — still hold large precautionary bank balances and when extra disposable income is available it tends to be squirreled away rather than spent. This is likely to become a less-prevalent behaviour pattern over time as younger generations move into their peak earning years and the quality of China's retailers and shopping centres converge on the world class.
- China has the world's largest population but annual growth has been slowing in recent decades to its current pace of about 0.5%. The IMF forecasts a continuation of this stable but low population growth rate for the remainder of the forecast period. Looking forward over the short to medium term, it is expected that urbanisation within China will continue. More than half of the population will be urban dwellers by the end of 2013 and by 2025 a billion people will live in the nation's cities.
- Urbis has examined China's national accounts over a number of years and determined that sales of what are conventionally accepted as retail goods, excluding motor vehicles and automotive fuels, have typically been around 55% of household consumer spending. Using this estimate we have constructed time series for what we call "actual" retail sales
- Using these alternative constructs, retail sales in China have grown from RMB2.5 trillion in 2000 to RMB6.7 trillion in 2009, representing a CAGR of 11.6%. Sales are expected to increase to approximately RMB13.3 trillion in 2015. This represents a robust 12.2% CAGR, which is just slightly below the 13.7% CAGR that sales achieved over the 2004–09 period.

Overview of the Retail Property Sector

Evolution of Shopping Centres

- Despite the progress of the industry in China, the quality of mall assets is highly variable. While the superior ones have attracted the better domestic retailers and high-profile international ones, the worst have either withered away or await a similar fate.
- Professional management of shopping centres as a unified entity is sometimes conspicuous by its absence, and in many cases explicitly prevented by the shopping centre business model itself. The two main reasons centres struggle are because they are strata titled centres and lack flexibility to adapt to changing market conditions, or they are too large for their market. This, in turn, is driven by two major factors — a lack of management skills on the part of developers, and non-rational motivation for development in the first place.
- The positive side of the story is that the development community in China is now turning out centres that in some cases are of genuinely international standard. Furthermore, the financial crisis accelerated the sense of urgency among developed country retail chains to get a foothold in China as quickly as they could.
- China is now evolving toward a multidimensional shopping centre industry not just tied to large super regional malls, but encompassing smaller and highly popular neighbourhood and community centres as well.
- Our indicative estimate is that there is approximately 1.75 billion sq.m of retail floorspace in China and this equates to an overall average provision of 1.3 sq.m per person. This is relatively low by western standards, particularly compared with the United States at 4.2 sq.m per person and Australia (2.1). It is comparable however to the United Kingdom (1.3) and Korea (1.2), but slightly above Hong Kong (1.1) and Singapore (1.0), where the planning environment is highly controlled.
- With China it must be noted that a significant proportion of the retail floorspace is located in rural areas and it is relatively old, inefficient and of low quality.
- Based on total 2010 retail sales for China of RMB7.6 trillion and with an estimated floorspace of 1.75 billion sq.m, we estimate an overall average productivity level of around RMB4,300 per sq.m per annum. This is very low when compared with most other countries but is to be expected given the lower incomes and lower quality of retail generally throughout China.
- Retail development is now shifting focus away from the mega-cities of Shanghai, Beijing, Shenzhen, Guangzhou and Dongguan, to fast-growing secondary cities with high concentrations of population and relatively high purchasing power.

Future Development Trends

- While the geographic emphasis of new development will fan out into the secondary and tertiary locations, there will also be many redevelopment and infill opportunities for centres in the first tier cities such as Beijing and Shanghai.
- As less competitive centres are repositioned and new ones improve on the old in terms of design, configuration, leasing strategies, rightsizing and other factors, the Chinese shopping centre industry will converge toward a truly international level.

- At the same time, the signs are that China's retail sector is moving toward a diversified menu of formats that serves convenience shopping, discretionary shopping and entertainment needs. This is evident in some of the supermarket/hypermarket-anchored neighbourhood centres mentioned above.
- However, doing business in China continues to have its difficulties. According to World Bank "Doing Business Report 2010" rankings, China is an unimpressive 89th out of 183 in "ease of doing business." With respect to investor protection it ranks 93rd, based on a survey of the legal protection afforded minority shareholders' interests against "directors' misuse of corporate assets for personal gain". Dealing with construction permits is also a huge problem and China is ranked 180th out of 183 in this category, based on an analysis of the number of procedures required, the time required to clear the procedural hurdles and the inordinate cost of clearing them.
- Despite these caveats China's accession to the WTO in 2001 significantly eased the regulatory barriers facing foreign retailers seeking to establish themselves in China. Generally speaking, it is now much easier for foreign firms to operate in China than ever before.

General Outlook and Potential Opportunities

- The overall outlook for retail property within China, in our view, is sound. We expect continued strong nominal growth in retail sales over the next five years. This will be attributable to a number of factors, including ongoing strong economic growth; rising incomes; the increasing acceptance of western-style living and brand consciousness; the ongoing shift from rural areas to cities and the very strong desire by many international retailers to gain a presence within China's major and secondary metropolitan areas.

The Perennial China Retail Trust Portfolio

- The PCRT portfolio consists of four shopping malls and one office development located across three major cities. Foshan and Chengdu both contain one PCRT portfolio shopping mall, while the remaining assets are located in Shenyang.
- The shopping malls range in size from 47,410 sq.m (NLA) to 209,292 sq.m (NLA). The only asset to be open and operating is the Red Star Macalline Furniture Mall which opened in September 2010. The remaining assets (all part of larger mixed use developments) will be opened over the next three years.
- All of the assets are located in non-CBD locations, in emerging commercial locations. The trade areas that are expected to be served by the shopping malls are expected to experience strong retail market growth of between 10.9% and 12.6% CAGR over the next five years, with these strong rates of growth largely driven by continued growth in person incomes and per capita retail expenditure.
- The main attributes of each centre are summarised in the following table, while the rent outlook for each of the assets is summarised below.

Red Star Macalline Furniture Mall, Shenyang

- The centre is currently operational and tenanted, and is 96% occupied on one year leases. Budgeted rents are at or below the low end of the range achieved in the major commercial precincts of Shenyang. Indeed, with such high occupancy there may be scope for increasing rents particularly as the Longemont Asia Pacific City becomes more established, and the remaining components are completed and occupied.

- Over the longer term, the successful establishment of Longemont Asia Pacific City as a vibrant destination for workers, shoppers and tourists will help support the ongoing performance of the Furniture Mall. This, coupled with the competitive advantages the precinct will have in terms of scale, road and public transport access, should allow rents to grow in line with the market over the longer term.

Longemont Shopping Mall, Shenyang

- Budgeted ground floor rents for Longemont Shopping Mall compare favourably with market growth floor prime rents. Urbis believes that the budgeted rents for Longemont Shopping Mall are supportable assuming the centre is well managed over the longer term, and the broader Longemont Asia Pacific City is developed successfully.
- Over the longer term, the successful establishment of Longemont Asia Pacific City as a vibrant destination for workers, shoppers and tourists will help support the ongoing performance of the Longemont Shopping Mall. This, coupled with the competitive advantages the centre will have in terms of scale, road and public transport access, should allow rents to grow in line with the market over the longer term.

Longemont Office, Shenyang

- The Longemont office development will bring a significant amount of floorspace to the market at a time when many other office developments are expected to be taking place, and as a consequence may take a number of years to lease up and be fully occupied. It will take time for the broader Longemont Asia Pacific City to be fully established and occupied, and achieve the strength of precinct required to make the office development a popular choice for tenants.
- Therefore starting rents will certainly need to be lower than those achieved in the broader market. It is expected that the budgeted rents for Longemont are appropriately discounted to take account of a possible oversupply of floorspace in the market, and the need to establish Longemont as a strong office destination.

Over the long term, the successful establishment of Longemont Asia Pacific City as a vibrant and easily accessible commercial centre should allow rents to grow in line with the broader Shenyang Grade A office market.

Yicui Shijia Mall, Foshan

- The budgeted rentals are supportable given that the centre has a reasonably captive primary trade area, and the centre itself will not open until 2013, a year which there is relatively limited new supply forecast to be completed.
- Rental growth for the Yicui Shi Jia Mall therefore should at least be in line with rental growth for Foshan as a whole.

Qingyang Guanghua Mall, Chengdu

- Budgeted rental levels are conservative and therefore appear reasonable and supportable. Importantly, rental growth for Qingyang Guanghua Mall is expected to be higher than for the Chengdu retail market as a whole for several reasons, namely:
 - The relatively limited competition within the main trade area.
 - The strong future population growth forecast for the primary trade area.
 - The relatively modest starting rentals.
 - The retail connection to the mass transit railway station at Level B1 should increase pedestrian flow into the centre.

**Perennial China Retail Trust Portfolio
Summary of Key Characteristics for the 5 Property Assets**

Property Characteristics	Red Star Macalline Furniture Mall	Longemont Shopping Mall	Longemont Offices	Yicui Shijia Mall	Qingyang Guanghua Mall
Principal Use	Furniture Mall	Retail Mall	Office Towers	Retail Mall	Retail Mall
Gross Floor Area (GFA) (sq.m)	276,474	327,789	197,803	68,833	90,000
Net Lettable Area (NLA) (sq.m)	181,595	209,292	177,590	47,410	58,500
Main Levels	B, 1-7	B2, B1, 1-8	L1-L2, L8-56	B, 1-3	B, 1-3
On-Site Parking Spaces (No.)	1,065	—	—	830	728
Approximate No. of Tenants	833	600 - 800	n.a.	218	270
Scheduled Completion Year	Sept 2010	2011	2012	2013	2014
Location Characteristics					
City Located In	Shenyang	Shenyang	Shenyang	Foshan	Chengdu
City Population (2009) (mil) ¹	5.3	5.3	5.3	6.0	5.2
Distance from CBD	4 km east	4 km east	4 km east	4 km east	9 km west
Immediate Catchment	Established	Established	Established	Semi-estab.	Semi-estab.
Main Trade Area (MTA) Population, 2009	1,511,000	1,511,000	n.a.	408,000	641,000
Future Trade Area Pop Growth (% p.a), 2009-2014	0.9%	0.9%	n.a.	1.4%	2.1%
MTA Retail Market 2009 (RMB Billion)	13.5	13.5	n.a.	4.7	6.0
Existing Local Competition	Limited at this scale	Strong	Strong	Moderate	Moderate
Future Outlook					
Future Competition to Property	Moderate	Strong	Strong	Strong	Moderate
MTA Retail Spending Forecast Growth 09-14 (% p.a)	11.0%	11.0%	n.a.	11.3%	12.6%
Property Forecast Rental Growth Outlook 09-15	Market	Market	Market	Market	Above Market

1. City populations differ to Section 2 due to different geographic boundaries.
2. Car parks shared with other parts of the broader development

Source: Perennial; China National Bureau of Statistics; Urbis

1 Overview of the Chinese Economy

This section of the report provides an overview of the Chinese economy with particular focus on the phenomenal growth it has achieved over the past two decades. This growth has been largely attributable to the economic reforms introduced into China over the past three decades including an easing of restrictions on foreign investment.

Overall, China's economic outlook is extremely robust, with strong growth expected into the future and with some economic experts predicting that by 2030, China will have overtaken the United States as the world's largest economy. This section on China economy specifically covers:

- Regional context and background
- System of government and political background
- Economic transformation in China
- Recent economic trends
- GDP trends and forecasts
- Retail sales growth
- Inflation
- Population characteristics
- Income growth and the vaunted Chinese middle class

1.1 Regional Context & Background

China is the world's fourth-largest country by land area and the largest by population.

China has an area of 9.6 million sq.km (more than 6% of the planet's total land surface). It stretches 5,200 km from the Pacific Ocean in the east deep into Central Asia. From north to south it extends 5,500 km. In all, the country has 14,500 km of coastline and more than 22,000 km of land border with 14 countries (refer Map 1.1).

Administratively, China has 23 provinces, five autonomous regions (Tibet, Guangxi, Inner Mongolia, Xinjiang and Ningxia) and four municipalities (Beijing, Chongqing, Shanghai and Tianjin).

The current population, estimated at 1.34 billion as of mid-2010, is composed mostly of Han Chinese (92%). However, this still leaves 107 million people belonging to ethnic minorities. Many of these live in the five mainland "autonomous" regions listed above.

China has a long and glorious past in which it has stood out as one of the great civilisations of human history, leading the way in science, the arts, government and commerce. In the early 1800's it was the world's largest economy. This great historical legacy has been disrupted somewhat by episodic civil unrest, military calamity and foreign occupation that plagued the country during much of the 19th and 20th centuries.

After World War II, Mao Zedong's Communists established a dictatorship that imposed strict controls over everyday life. His successors have looked more kindly on market-oriented economic development and modernisation, which has resulted in rapid and vast improvement in living standards and expanded personal freedoms.

Map 1.1 — China in Asia



1.2 System of Government and Political Background

China is a communist state, meaning in essence that supreme power resides with the Communist Party of China, which was founded in July 1921 and had 78 million members at the end of 2009. The Party exercises its power through the government and armed forces.

The latter — formally called the People’s Liberation Army (PLA) — is the real enforcer behind the state apparatus. The PLA is reputed to be the world’s largest military force with approximately three million troops. Although it is technically subordinate to the government it enjoys substantial independence and influence.

The current China head of state is President Hu Jintao while the official head of government is Premier Wen Jiabao. Chief policymaking body is the National People’s Congress and its Standing Committee, whose policies are implemented by a cabinet called the “State Council” that controls the various ministries and agencies beneath it.

1.3 Economic Transformation in China

Despite the centrally-planned approach to government practiced by the communists, China has shifted gradually from a system of public ownership toward a market-based one, euphemistically referred to as “socialism with Chinese characteristics”. In this hybrid system, publicly and privately-owned enterprises function together cheek-by-jowl.

The transformation of the economy has been implemented in a series of phases beginning in the 1970s and 1980s. First reforms consisted of opening up trade links with the outside world, allowing farmers to sell their surplus on the open market and establishing local enterprises that took over businesses hitherto run by the state.

The second wave of reform in the late 1980s and early 1990s involved the development of a pricing system and de-emphasised the role of the state in resource allocation.

A third wave in the late 1990s saw the closure of many (though by no means all) unprofitable state enterprises and addressed the insolvency of China’s state banking system.

In the fourth wave, currently underway, more attention is being given to the growing gap in living standards between China’s haves and have-nots. The government’s economic strategy is also

trying to shift toward growth driven more by domestic consumption and less by exports and fixed asset investment. There has also been a push towards more balance between services and manufacturing, and to tilt both manufacturing and services toward high-tech industries.

One of the tools employed by the government to drive foreign investment and to facilitate innovation, trade and economic growth is the establishment of Special Economic Zones (SEZ), which are regions within whose boundaries companies are granted preferential policies. Such policies include tax incentives and subsidies for foreign investment, less red tape and greater independence to conduct “outward-looking” (read: export-oriented) economic activities.

SEZs have been established in coastal areas, including the Pudong District of Shanghai, Shenzhen in the Pearl River Delta and Qingdao on the south coast of the Shandong Peninsula.

China’s economic reform is generally regarded as a success story with over two decades of exceptionally strong economic growth. The standard of living of most residents has improved quite dramatically since reforms began. Evidence of modernisation is visible throughout the country, with its new highways, skyscrapers, airports, and telecommunication facilities.

Such visual evidence of improved conditions and openness to the international economic community is supported by a raft of statistics. China is:

- Number 10 in the world for stock of inward foreign direct investment — US \$456.3 billion at the end of 2009
- Second-largest economy in the world in purchasing power parity (PPP) terms after the US
- World’s largest exporter, with exports of US \$1.2 trillion in 2009, a year of global recession
- Possessor of the world’s largest reserves of foreign exchange and gold: more than US \$2.4 trillion
- Second-largest producer of electricity after the US

There is still much work to do. China’s GDP per capita of US \$6,600 (PPP terms) gives it the modest ranking of 128th in the world out of 227 countries.

1.4 Recent Economic Trends

China’s economy was one of the strongest performers throughout the global financial crisis, not only managing to stay out of recession but continuing to experience relatively robust growth that has persisted throughout the first half of 2010. This has been achieved despite the contraction of export markets in the US and Europe.

With plenty of fiscal firepower in the form of a large budget surplus in 2007, the Chinese government pumped approximately US \$600 billion in stimulus money into the economy in an endeavour to offset declining exports with heightened domestic consumption and investment. The fiscal measures were harnessed to accommodative monetary policies.

The stimulus efforts during 2009–10 were focused on projects such as low-income housing, water, electricity and rural infrastructure. The package also included tax reform and the abolition of commercial banks’ credit ceilings, which resulted in US \$1.5 trillion of bank lending on balance sheets in 2009. There has also been an unknown amount of lending off balance sheets that is raising concern about the health of the banking system.

For now, the economy seems hardly to be missing a beat. Despite a temporary hiccup in early 2009, real GDP bounced back and grew by 11.1% in the first half of 2010. Even export volumes

have recovered somewhat as companies appear to have restructured to improve their competitiveness and entered new markets. In relative terms the overall outlook for China's economy is extremely positive. Having said this, there are some minor concerns, particularly:

- The durability of private consumption as an engine of growth as the government stimulus measures wane; e.g. the removal of incentives for vehicle purchases.
- The broader macroeconomic effects of measures taken by the government earlier in 2010 to clamp down on soaring property prices. More narrowly, the curbing of the housing boom will also flow through to reduced sales of home goods and construction materials.
- The heightened role of state-owned enterprises in the economy, due to the fact that these were conduits for much of the stimulus money.

There is also some concern about the quality of the GDP growth. What goes into the numbers is not necessarily the kind of activity that creates long-term wealth. For example, there have been instances whereby there has been a suspected mismatch between the type of real estate and infrastructure investments required in China and the type that have been made in recent years, as well as the way these projects have been financed by state-owned Chinese banks. (This has raised questions about the health of the banks as noted above.)

So despite continuing favourable trends in the official economic data there is still some room for caution. The consensus view is that the economy will continue to grow for the next five years at a robust pace (9.1% CAGR), albeit slightly slower than in the lead-up to the global crisis in 2008. Rising exports and a strong labour market are likely to keep a reasonably high platform under household consumption spending even as macro policy returns to its pre-2008 stance.

The shift to a more consumer-led economy is still contending with structural headwinds. China's households — particularly those headed by older people — still hold large precautionary bank balances and when extra disposable income is available it tends to be squirreled away rather than spent.

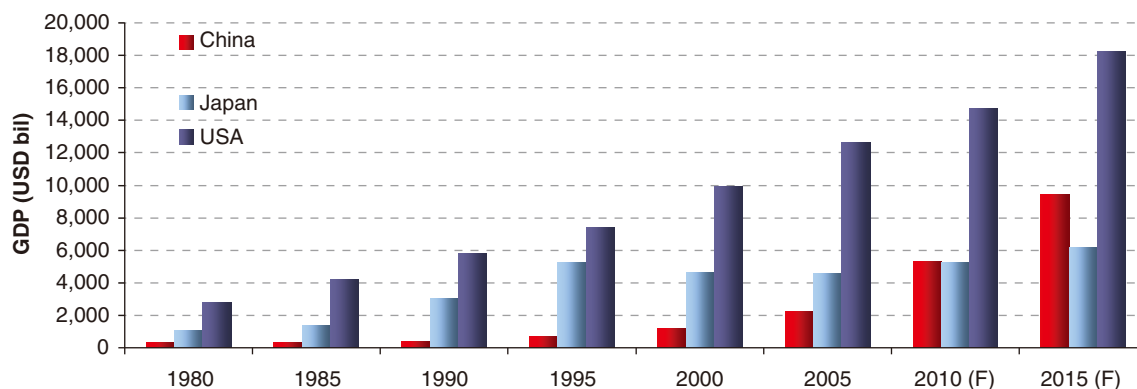
This is likely to become a less-prevalent behaviour pattern over time as younger generations move into their peak earning years and the quality of China's retailers and shopping centres converge on the world class.

It is also important to note that the pace of retail spending in China, while impressive on the surface, is not all that it appears to be because of definitional differences with more conventional retail sales measures used in other parts of the world. This, together with issues that have been raised over the veracity of China's economic statistics generally, suggest a degree of circumspection should be involved when interpreting data to be used as the basis for investment decisions.

1.5 Quantitative Analysis of GDP Trends and Forecasts

China has been the world's second-largest economy in PPP terms for some time, and this year has surpassed Japan for the same mantle at market exchange rates (refer Chart 1.1 and following data in RMB).

China, Japan & USA, Nominal GDP, 1980–2015 (USD bil. at Market Exchange Rates) Chart 1.1

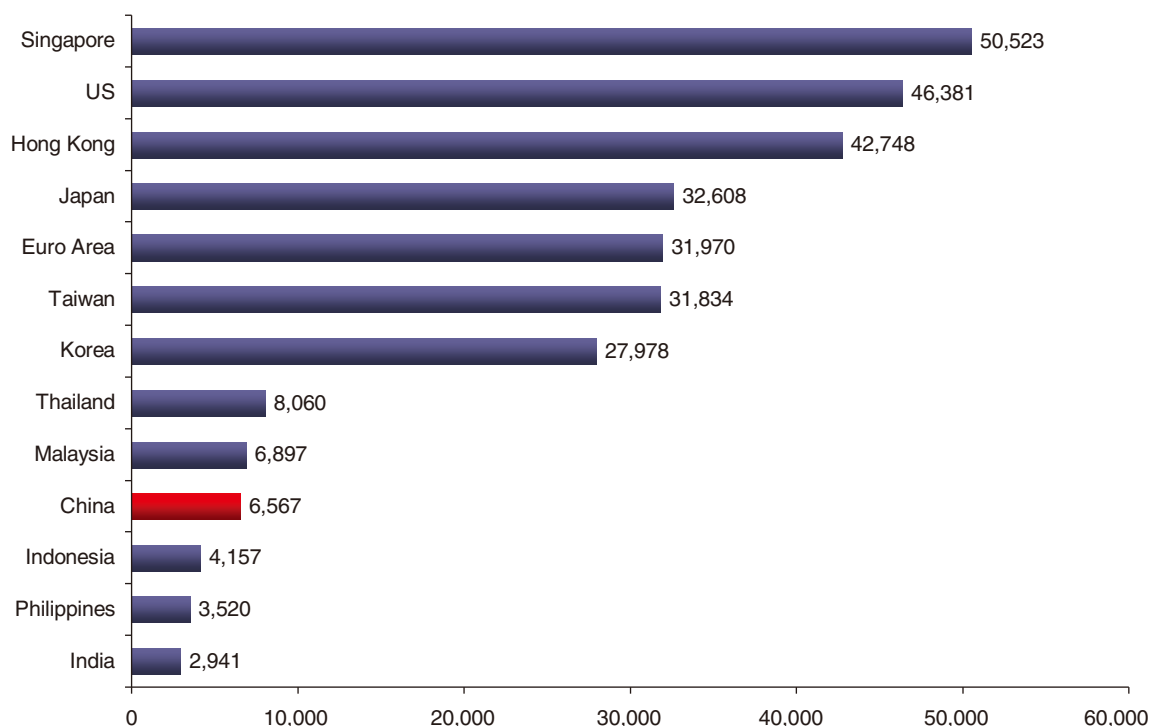


Source: IMF World Economic Outlook, April 2010 update

	2005	2006	2007	2008	2009
China GDP (RMB Billion)	18,494	21,631	26,581	31,405	34,051

However, in terms of GDP per capita at both purchasing power parity and market exchange rates, China still lags well behind the developed countries (refer Chart 1.2).

GDP per Capita, 2009 (USD, PPP Adjusted) Chart 1.2



Source: IMF World Economic Outlook, April 2010 update; European Central Bank

The still relatively low level of GDP per capita should come as no surprise since China has a massive population with highly variable productivity levels from region to region and countryside to city. For example, while GDP per capita for China as a whole was just over RMB25,500 in 2009, GDP per capita for Beijing was RMB67,613 and that for Guangzhou was RMB88,834. If Guangzhou were a country in its own right it would have close to the same level of GDP per capita as Korea.

This heterogeneity in terms of economic productivity across the country means that the headline economic aggregates can be misleading indicators of the prosperity of individual regions.

While the absolute level of GDP per capita for China is still modest by the standards of other Asian and developed countries, the growth rate continues to be very impressive. With a forecast 11.9% CAGR China's GDP per capita will approximately double and breach the RMB50,000 threshold by 2015.

Real GDP in China has been growing at an average rate of 10.1% CAGR since 2001 (refer Chart 1.3). In nominal terms, GDP per capita has grown at a CAGR of 14.6% over the same period (refer Chart 1.4),

As discussed above, the outlook during the forecast period is favourable but weighted with considerable risk. Both the IMF and the World Bank forecast an annual average percentage growth rate in the high single digits through to 2015, which is consistent with the recent past. In the case of the slightly more pessimistic World Bank projection (an 8.3% annual growth forecast vs. 9.8% for the IMF) some ground is conceded to the economic headwinds noted above, specifically:

- The normalisation of macroeconomic policies will reduce the level of consumer spending, particularly on durable goods such as cars
- Softer growth potential in the trade sector due to slower growth in major export markets
- Softer fixed investment as a result of the waning stimulus and government measures to restrain property prices

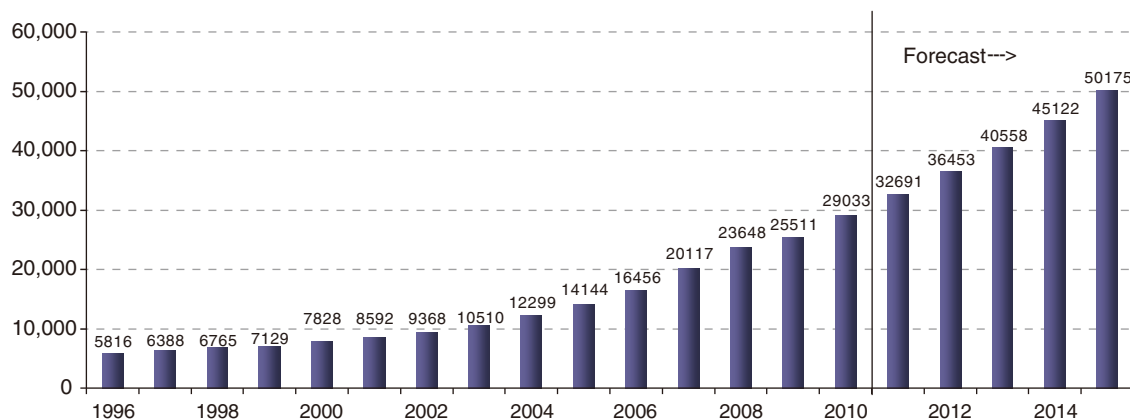
Urbis believes that these forecasts are the most plausible in current circumstances. The risks to growth and concerns about the quality of growth are real, yet not sufficient at this point to cause a material downgrade of GDP growth expectations. We believe that the China growth “story” remains intact, with its compelling demographics and ongoing economic liberalisation.



Source: IMF World Economic Outlook, April 2010 Update; World Bank Beijing Office Quarterly Update, June 2010

China GDP Per Capita 1980 to 2015

Chart 1.4



Source: International Monetary Fund; Urbis.

1.6 Retail Sales

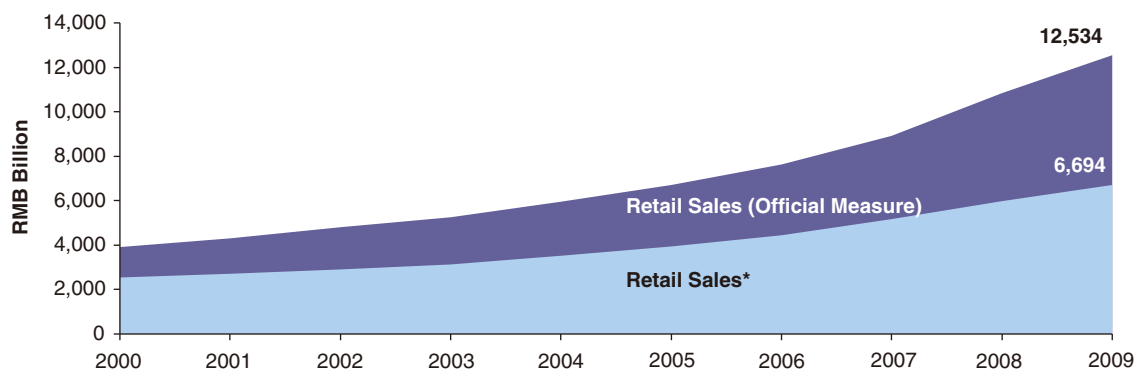
China’s retail sales measure reported by the government’s National Bureau of Statistics and widely cited in the world business media has surged at an annual average rate of almost 14% over the past decade, reaching approximately RMB12.5 trillion in 2009. However, this measure includes wholesale trade, motor vehicle sales, accommodation and other items that make it inconsistent with the retail sales measures of developed countries such as the US, Australia, Singapore and Europe. Consequently, the Chinese government retail figures should not be used as a strict indicator of the level and pace of sales at outlets commonly found in shopping centres.

Urbis has examined China’s national accounts over a number of years and determined that sales of goods that are conventionally accepted as retail goods, excluding motor vehicles and automotive fuels, have typically been around 55% of household consumer spending. We have further estimated that food spending is approximately 36% of consumer spending, leaving the remaining 19% to be allocated among non-food retail goods.

Using these estimates we have constructed time series for what we call “actual” retail sales. The estimates have been calibrated in recognition of the fact that as consumers become more affluent, spending on food diminishes as a percent of retail sales, while spending on more discretionary goods increases (refer Chart 1.5).

China Retail Sales, 2000–2009 (RMB bil)

Chart 1.5



* Urbis Estimates

Source: China National Bureau of Statistics, Urbis

Using these alternative constructs, retail sales in China have grown from RMB2.5 trillion in 2000 to RMB6.7 trillion in 2009, representing a CAGR of 11.6%. Sales are expected to increase to approximately RMB13.3 trillion in 2015 (refer Chart 1.6). This represents a robust 12.2% CAGR, which is just slightly below the 13.7% CAGR that sales achieved over the 2004–09 period. The outlook for a 12.2% CAGR despite a marginal slowing in overall GDP growth is justifiable in view of:

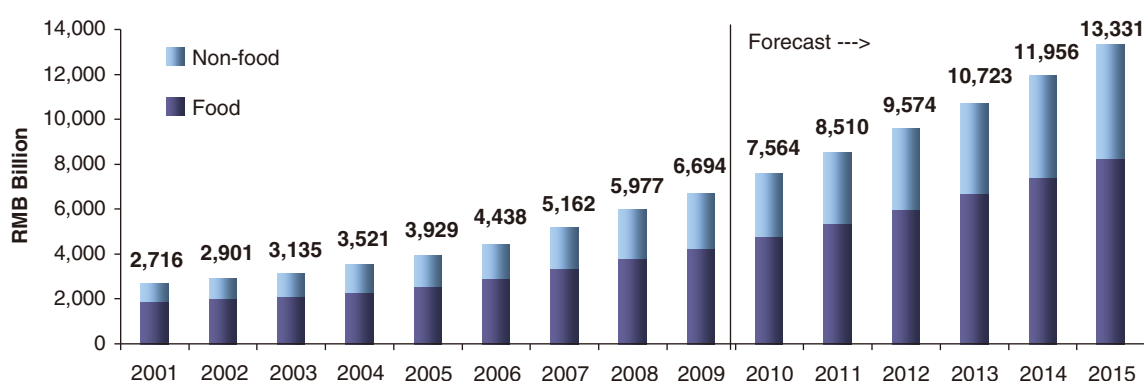
- The economic growth outlook remains generally favourable, which will raise disposable incomes
- Improved retail supply, both in amount and quality
- The macroeconomic policy emphasis shifting from trade to domestic consumption

The gap between food and non-food spending will gradually close during the forecast period but food spending should still account for more than 60% of the household retail spending budget. Food spending is forecast to grow at an annual rate of 11.7%, slightly higher than its 10.1% pace during 2001–09.

Meanwhile, non-food spending rises sharply from an estimated RMB2.4 trillion in 2009 to RMB5.1 trillion in 2015. This is a nominal annual average growth rate of 13.0% and represents a modest acceleration from the trend during 2001–09.

Why will non-food retail spending accelerate at a time when real GDP growth is actually slowing slightly? The answer resides largely with the three drivers of sales growth mentioned above, which should have a disproportionate effect on non-food spending because food consumption per capita plateaus as incomes grow. However, the second driver of the three — improvement in the amount and quality of retail space — will be a key determinant of non-food spending growth. This is because China is fast arriving at a point where the standard of its better shopping centres and the quality of its retailers will drive above-average growth for some time.

China Estimated Total Retail Sales*, 2001–2015 (RMB bil) **Chart 1.6**



* Urbis Estimates

Source: China National Bureau of Statistics, Urbis

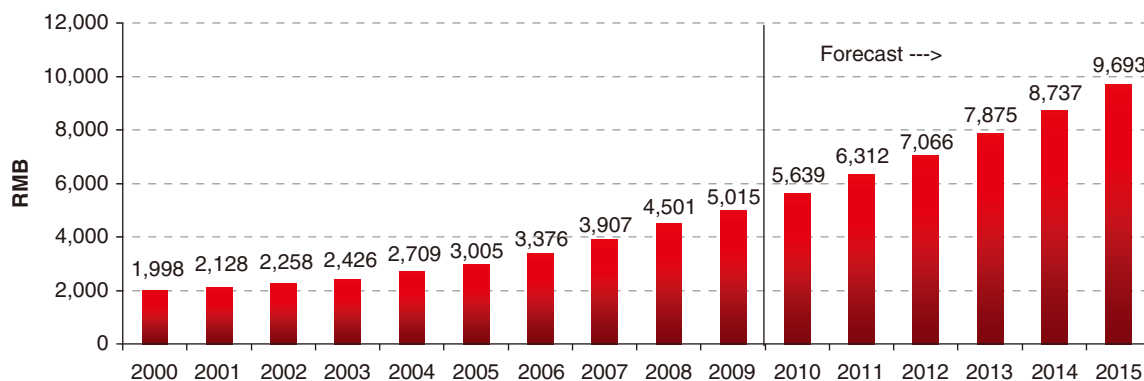
Despite growth in international tourism to China over recent years, foreign tourists contribute little to total retail sales. In 2009, the Chinese government reported foreign exchange earnings from tourism of US \$4.36 billion, of which approximately 30% goes to shopping, food and beverage. This translates to less than 1% of retail sales.

With population growing at about 0.5% annually, retail spending per capita will approximately track annual total retail sales growth, minus 0.5%. This means retail sales per capita can be

expected to grow from their 2009 level of about RMB5,015 to RMB9,693 by 2015 (refer Chart 1.7) At current exchange rates, this amounts to US \$1,430 in 2015.

Of course, it must be kept in mind that this is a national average encompassing a vast area and a vast population with plenty of heterogeneity with respect to income and spending propensity. The larger cities in particular such as Shanghai and Beijing with their higher incomes, will have considerably higher per capita sales and spending levels than China as a whole.

China Estimated Retail Sales Per Capita, 2000–2015 (RMB) **Chart 1.7**



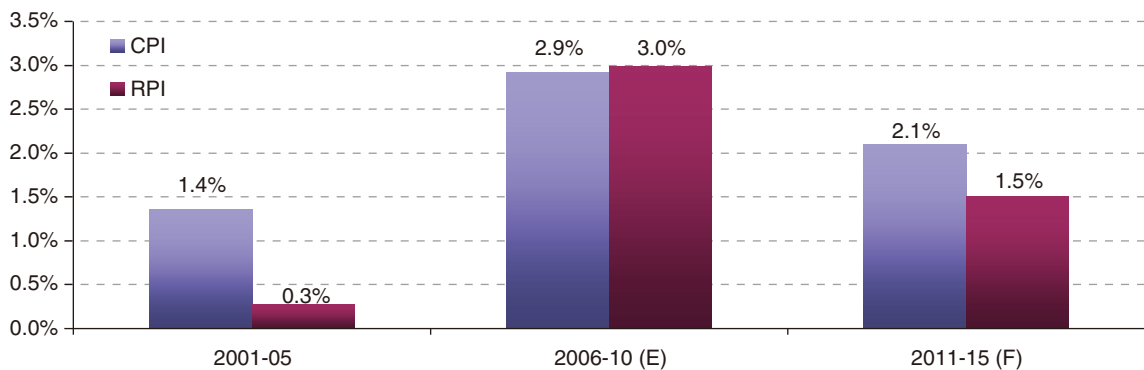
Source: China National Bureau of Statistics, Urbis

1.7 Inflation

Throughout the 1980s and 1990s China experienced relatively high inflation by global standards, with average rates of 7.5% and 7.8% respectively for those two decades. Since 2000 the inflation rate has been brought down materially to an annual average of only 2.1% over 2001–09. Prices fell slightly with the downturn in 2009 but have recovered in 2010. The outlook is for modest consumer price growth of just over 2% throughout the forecast period (refer Chart 1.8).

Retail Price Inflation (RPI) measures movement in prices of retail goods and services over time. Since it tracks only retail items it is a narrower measure than the CPI. Moreover, as it tends to move in the same direction as the CPI, it is apt to be ignored by many analysts. The recent history and forecast for the RPI are included in Chart 1.7 along with the CPI. We expect the RPI to edge forward at a benign average annual rate of approximately 1.5% during the next five years.

China Average Consumer and Retail Price Inflation, 2001–2015 **Chart 1.8**



E = estimate; F = forecast

Source: China National Bureau of Statistics, IMF, Urbis

1.8 Population Characteristics

China has the world's largest population but annual growth has been slowing in recent decades to its current pace of about 0.5%.

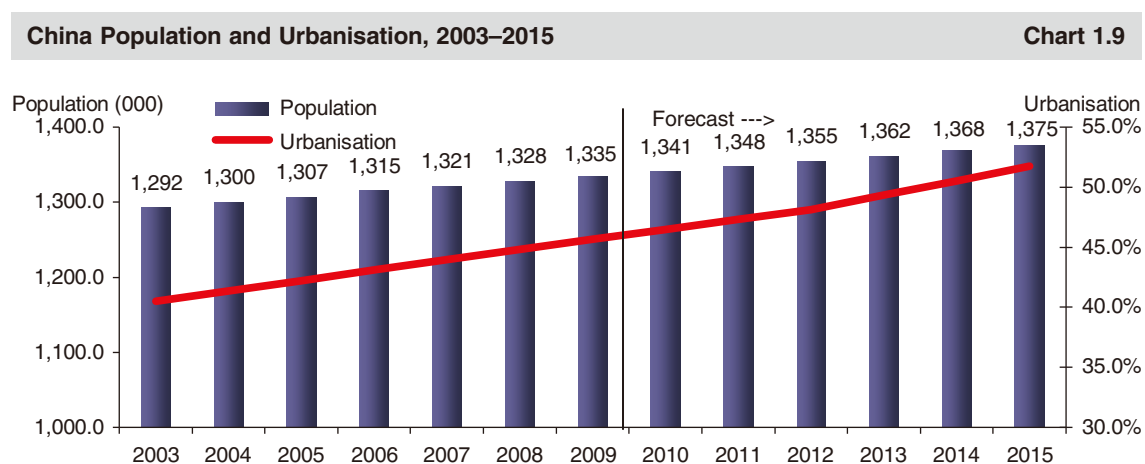
The IMF forecasts a continuation of this stable but low population growth rate for the remainder of the forecast period (refer Chart 1.9). The modest pace of growth is a result of both an ageing population and the one-child policy initiated in the late 1970's.

Accompanying this headline growth trend has been a dramatic process of urbanisation, particularly since the beginning of the last decade. The percentage of people living in urban areas surged to nearly 46% in 2009, up from 36% in 2000 (refer Table 1.1 and Chart 1.9).

Looking forward over the short to medium term, it is expected that urbanisation within China will continue. More than half of the population will be urban dwellers by the end of 2013 and by 2025 a billion people will live in the nation's cities.

As a result of this urbanisation process, China now has 25 urban areas with a population greater than 2.5 million people (refer Chart 2.2 in the next section of this report). Shanghai, the largest, is ranked number 10 in the world.

Like much of the developed world, China's population is ageing, not just as a result of low birth-rates but also improvements in hygiene and medical technology that have increased life expectancy (refer Table 1.1).



Source: IMF; Concensus Economics Inc; Urbis

	2005	2006	2007	2008	2009
Urbanised Population%	42.5%	43.1%	44.0%	44.8%	45.7%

Item	Unit	Year	
		2000	2009
Life Expectancy			
Male	years	66.8	69.6
Female	years	70.5	73.3
Literacy Rate			
Total	%	93.3%	92.2%
Male	%	n.a	95.7%
Female	%	n.a	87.6%
Annual per Capita Income of Households			
Urban	USD	\$930	\$2,545
Rural	USD	\$334	\$765
Gender Split			
Male	%	51.6%	51.4%
Female	%	48.4%	48.6%
Educational Attainment			
No schooling	%	15.6%	7.5%
Primary school	%	35.7%	31.2%
Junior secondary school	%	34.0%	40.9%
Senior secondary school	%	11.1%	13.7%
College or higher	%	3.6%	6.7%
Age Distribution			
0–14	%	22.9%	18.5%
15–64	%	70.2%	73.0%
65+	%	7.0%	8.5%
Urbanisation			
Urban dwellers	%	36.2%	45.7%
Rural dwellers	%	63.8%	54.3%

Source: China National Bureau of Statistics

1.9 Income Growth and the Chinese Middle Class

During the past 15 years personal incomes have increased significantly along with GDP growth. This has made possible increasing household penetration of basic consumer goods, including washing machines, refrigerators, televisions, mobile phones and computers (refer Table 1.2).

Ownership of Consumer Durables by Chinese Urban Households, Selected Years

Table 1.2

Item	Ownership per 100 Urban Households			
	1990	1995	2000	2008
Car	—	—	0.5	8.8
Motorcycle	1.9	6.3	18.8	21.4
Washing machine	78.4	89.0	90.5	94.7
Refrigerator	42.3	66.2	80.1	93.6
Colour television	59.0	89.8	116.6	132.9
Air conditioner	0.3	8.1	30.8	100.3
Water heater	—	30.1	49.1	80.7
Computer	—	—	9.7	59.3
Microwave	—	—	17.6	54.6
Mobile phone	—	—	19.5	172.0

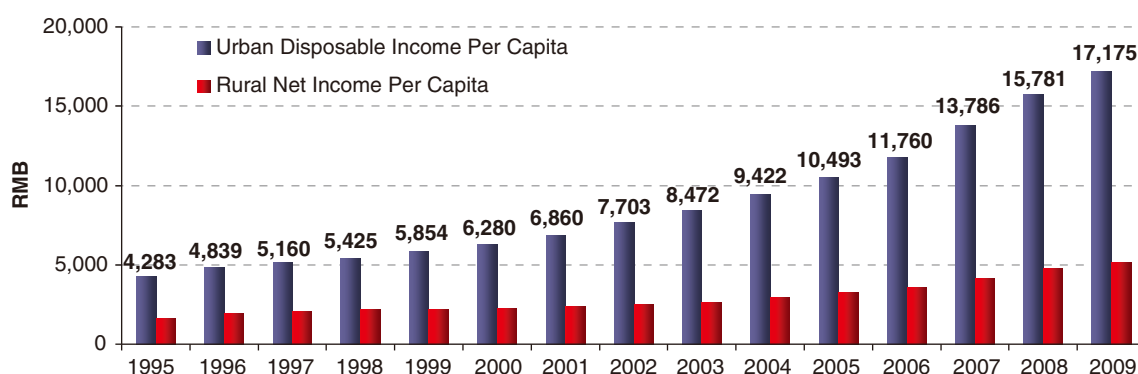
Source: China National Bureau of Statistics

At the same time, however, the gap in well-being between urban and rural residents has widened considerably. In 1995 rural dwellers enjoyed approximately 37% of the disposable income per capita of urban dwellers. By 2009 that figure had dropped to 30% (refer Chart 1.10).

Since 1995 urban disposable income per capita has grown at a very strong 10.4% CAGR.

Per Capita Income of Urban and Rural Households, 1995–2009 (RMB)

Chart 1.10



Source: China National Bureau of Statistics

Strong income per capita growth in urban areas is resulting in the emergence of a middle class that is being eyed enthusiastically by domestic and foreign retailers alike.

Table 1.3 shows estimates compiled by McKinsey Global Institute of the number of China's urban households in various income brackets in 2005 and 2015¹. McKinsey defines five different household income segments: global affluent, mass affluent, upper middle class, lower middle class and poor. The lower middle class segment has an annual after-tax income of RMB25,001–40,000 (US \$12,500–20,000 using a common PPP conversion rate for 2005) while the upper middle class has an annual income of RMB40,001–100,000 (US \$20,001–50,000).

¹ Diana Farrell, Ulrich A. Gersch, Elizabeth Stephenson *The Value of China's Emerging Middle Class in McKinsey Quarterly*, 2006 special edition.

Income Category	Disposable Income (RMB)	Urban Households (mil)	
		2005	2015
Global Affluent	>200,000	0.2	1.1
Mass Affluent	100,001–200,000	1.0	15.7
Upper Middle Class	40,001–100,000	18.0	59.4
Lower Middle Class	25,001–40,000	24.1	139.2
Poor	<25,000	147.6	65.0

Source: McKinsey & Company, IMF, Urbis

Thus, within the middle class bracket defined by McKinsey were an estimated 42.1 million households in 2005, expected to grow to 198.6 million households in 2015 representing a CAGR of 16.8%. The vast majority of the numeric growth — 115.1 million households — will occur in the lower middle class as rising wages and incomes lift the standard of living of erstwhile poor families to a new condition where they have some limited amount of discretionary income.

Meanwhile, the number of households in the more affluent income segments above the middle class is estimated to grow from just over one million in 2005 to almost 17 million in 2015.

Two key implications emerge from this data:

1. China's middle class as it is commonly defined by McKinsey and other sources and cited in media reports, is growing rapidly and will reach huge proportions within a relatively short time-frame. Within 10 years, the number of households encompassed by these middle class definitions is likely to approach 200 million.
2. Over the next five to ten years the standard of living of this middle class will not be directly comparable to the middle class in the US and other developed countries. Households will have some limited amount of discretionary income to spend and most of this will be allocated to mass consumer products rather than high-end or luxury products.

From the standpoint of shopping centre operators it is hardly surprising when looking at the McKinsey data, and at China's income data in general, that mass market retailers such as hypermarkets are currently the growth vehicles and preferred anchor stores for much of China retail. From the standpoint of merchandise assortment and market positioning, these retailers are situated at retail's "sweet spot" and will be the chief beneficiaries of China's emergent middle class.

2 Overview of the Retail Property Sector

2.1 General Overview of the Chinese Retail Market

2.1.1 Emergence and Evolution of Shopping Centres in China

China's shopping centre industry is relatively new. As recently as the late 1980's there were virtually no shopping centres in China in the sense of independently managed entities operating with modern shopping centre business models. There were, however, department stores that charged fees to manufacturers and dealers to operate their own shops within the department store envelope.

These department stores gradually expanded their offer by bringing in a greater variety of tenants, such as food and beverage. They began to look a little bit more like shopping centres but they were still a long way from the real thing.

In the early 1990's entities resembling genuine shopping centres began to appear, mostly multi-level buildings in downtown locations built with the financial backing of local governments. Examples included China World Trade Center in the Beijing CBD (opened 1990), Guangzhou Tee Mall in Guangzhou (1996), and Shanghai Bailian Nanfang Shopping Mall (1998), Shanghai Grand Gateway (1999) and Plaza 66 (2001) all in Shanghai. These centres were operated approximately according to western practices with regard to management and leasing, and they represented the leading edge of a retail property boom driven by growing disposable incomes and urbanisation.

Mall developments now are typically anchored by hypermarkets, department stores and/or supermarkets and include scores of fashion specialty, food and entertainment tenants. Most are multi-level and often include mixed-use elements such as residential, hotel and office space.

Many, though by no means all, of the newer centres exhibit improvement over their predecessors because their developers have understood and applied the lessons of past mistakes. The quality of mall management is also improving as international best practices seep into the market and professional management companies with a global profile are hired to operate properties.

The profitability of the better developed and managed centres has attracted a stronger flow of capital into the retail sector and the participation of more robust investors such as Citic and COFCO, and developers such as Wanda Group, R&F Properties and Longhu Properties. High-profile international firms have joined the fray, including Singapore's CapitaLand, Charoen Pokphand Group of Thailand, SM Investments Corporation of the Philippines, Simon Properties from the US (now exited) and Japan's Aeon.

2.1.2 Heterogeneity of Shopping Centres

Despite the progress of the industry in China, the quality of mall assets is highly variable. While the superior ones have attracted the better domestic retailers and high-profile international ones, the worst have either withered away or await a similar fate.

Professional management of shopping centres as a unified entity is sometimes conspicuous by its absence, and in many cases explicitly prevented by the shopping centre business model itself. The most egregious examples of this latter are so-called "strata titled" centres, in which shops are sold off to individual investors instead of being leased to retail tenants under finite terms that enable the owner to turn over the space to more competitive retailers as the situation warrants. The tenant mix consequently becomes fragmented and incoherent, making it impossible for the mall to achieve optimal retail operation. These strata titled centres probably account for about half of all shopping centres in China.

Many other centres fail not because they suffer from leasing fragmentation but because they were wrongly sized to market demand or incorrectly positioned for the prevailing local market demographics. It is not uncommon to see shopping centres that are too upscale for local spending power, too large, poorly designed, configured impractically or not fitted out in a manner that approaches international standards. Sadly, these shortcomings frequently occur simultaneously under the one roof.

The principal reasons for these kinds of failures are twofold: first, a lack of professional development and management skills on the part of the developers, many of whom come from a residential development background and don't understand retail particularly well; second, dubious motivation for development in the first place. In a number of instances, projects have been financed by state-owned local entities that are competing with one another to build the biggest and the best without heed to sound shopping centre economics.

Golden Resources Mall, which opened in Beijing in late 2004, was at that time the world's largest shopping centre with 680,000 sq.m of leasable area. One of the mall's general managers (the property did not have a single unified management) told the *Christian Science Monitor* that: "From the beginning we wanted the largest shopping centre in the world. We are the country with the most people in the world. We have the fastest growing economy. The largest mall shows our progress as a society."²

South China Mall, which "opened" in Dongguan a year after Golden Resources and challenged the latter for the title of world's largest mall, was in reality mostly an empty shell, conceived more out of competitive hubris than genuine consumer demand.

This kind of competitive sentiment is widespread, particularly among larger cities such as Shanghai, Beijing, Shenzhen and Guangzhou. Moreover, smaller cities try to attract investment in large shopping centres in an endeavour to raise the city's profile, to prove that they have "arrived".

As noted, the positive side of the story is that the development community in China is now turning out centres that in some cases are of genuinely international standard.

Well before the global downturn of 2008–2009, large US and European retail chains in just about every category were eyeing China as their potential future growth engine. Unable to expand further in their domestic markets and struggling to generate same-store sales growth within existing store fleets, the chains saw China as their "get out of jail ticket" — a sanctuary with almost unlimited market potential to counterbalance less risky but only glacial growth at home.

In other words, retail chains had hit upon a new concept that they borrowed from the world of investing — this was "diversification," an opportunity for rapid growth — or any growth at all — in one place to offset a downturn elsewhere.

The financial crisis only accelerated the sense of urgency among developed country retail chains to get a foothold in China as quickly as they could.

However, these retailers generally will not go into substandard shopping centres. This is driving a bigger wedge between the shopping centre "haves" and "have nots" in China — those with the best brands and those without them — and accelerating either the demise or repositioning of the less competitive properties.

At the same time as fashion brands and other specialty chains are going into China's new generation of regional malls, hypermarket operators such as Carrefour, Wal-Mart and Tesco are in many cases becoming de facto shopping centre operators with themselves as anchors. These

² Robert Marquand, "China's Supersized Mall," *Christian Science Monitor*, 24 November 2004.

retailers are creating neighbourhood/community-type centres which often consist of three levels, with the ground floor leased to small tenants and the upper two levels occupied by the hypermarket itself.

In this manner, China is now evolving toward a multidimensional shopping centre industry not just tied to large super regional malls, but encompassing smaller and highly popular neighbourhood and community centres as well.

2.2 Key Retail Players & Competitors as Consumption Patterns Evolve

As their disposable incomes increase, the consumption patterns of middle class urban Chinese households will change.

However, households are likely to maintain a very high rate of savings by world standards. At approximately 40%, China already has one of the highest saving/income ratios in the world and this culture restrains consumer spending and borrowing. The characteristic is particularly evident among older people. Attitudes are changing with the advent of a new generation that has not grown up with the economic and political upheavals that affected their parents' lives and influenced their more conservative spending behaviour.

Nonetheless, although the rate of discretionary spending will rise in the coming years, a good deal of household income will be saved. From the standpoint of China's wage earners there are compelling reasons for this. In the US or western Europe an individual's upward mobility occurs in an environment where health care and education systems are relatively strong, housing is of a generally high standard, and the unemployed, sick or retired are provided for by the state.

In contrast, China's new middle class will be focused on improving all of these elements of life largely self-financed. Saving will therefore continue to be of critical importance. With the passing of the baton from one generation to another we expect China's saving rate to come down but to remain at relatively high level.

Even as they stand by their need to save, middle-class consumers can be expected to improve their living standards by purchasing as many discretionary items as they can afford. Consumers will be price-sensitive and formats that are able to sell at low price points such as hypermarkets are well-placed to continue their leading role in the market foreseeable future.

The three largest foreign hypermarket operators are Wal-Mart (279 stores), Auchan/RT-Mart (172 stores) and Carrefour (160 stores), all of which are expanding successfully in the market along with powerful domestic players such as Wu Mart (113 stores). New entrants in the China hypermarket sector such as Jusco from Japan and Lotte from Korea have also arrived.

Department stores — long the mainstay of China's retail scene — are still an important format although their numbers have plateaued and they will continue to be challenged by the more value-oriented formats, particularly the hypermarkets. According to the National Bureau of Statistics, there were 3,805 chain department stores in China at the end of 2008, slightly fewer than the 3,853 they numbered in 2005.

In contrast specialty stores are multiplying rapidly, with the number of units operated by chains increasing by almost 40% from 2005 to 2008. This is not surprising in view of the increasing primacy of shopping centres as a distribution channel. The demand for specialty retail stores is being met by domestic and international fashion brands, digital product retailers and home goods retailers.

The next big wave of specialty stores entering the China market are the fast fashion players, including Zara and Mango from Spain, Hennes & Mauritz from Sweden, Uniqlo from Japan and

Forever 21 from the US. These retailers will deliver compelling value to China's youthful fashion-oriented market, with trendy clothing that is generally accessible in price.

Zara opened 33 stores in China in 2009 alone, ending the year with 60, while H&M opened 13 to bring its China portfolio to 33.

American lifestyle brands such as Gap, American Eagle Outfitters, Bebe, Levi's and Guess have also arrived in China and have significant expansion plans. Levi's has created a format called "Denizen" specifically for the China market, believing that it is essential for the success of western brands in China that their store formats be customised to local conditions. More of these kinds of tailored store formats, many of them with new names over their doors, can be expected to emanate from established chain stores and brands.

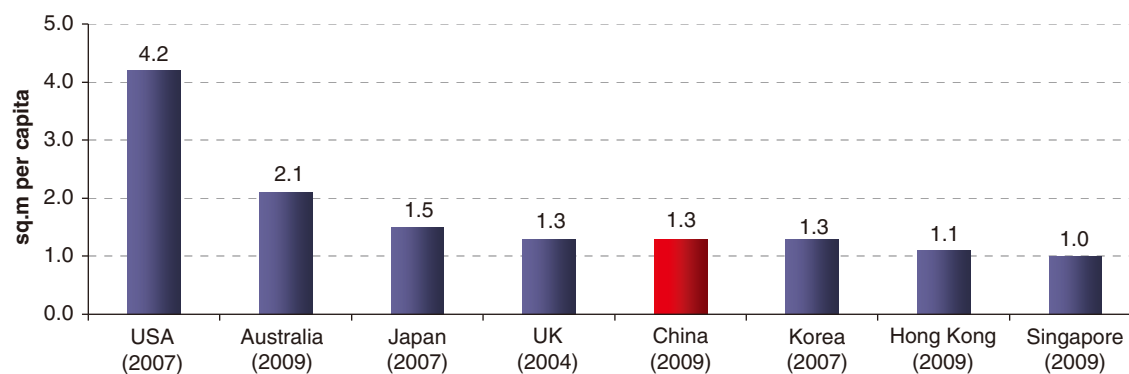
Further up the food chain, sales of luxury products are increasing materially in China but with high taxes on these products many luxury stores in mainland China are currently highly effective marketing vehicles for the brand more than sales channels. However, some brands report that their China businesses are flourishing and view China as the next Japan in terms of its sales potential.

There are two key reasons for the urgency of luxury brands to expand in secondary and even tertiary Chinese markets even before consumers are necessarily able to buy their products. First, they want to increase brand awareness and the preferred form of marketing for a luxury brand is a physical presence. Second, they are seeking to acquire the optimal locations in Chinese cities just as they did in New York and Paris. When conspicuous consumption in these secondary and tertiary China markets begins to hit its stride, the brands want to be on the cities' Fifth Avenues or Champs-Elysees.

Except for some significant pockets of wealth in cities such as Beijing and Shanghai, high-end designer brands will have to wait a few more years for a ready target market of sufficient critical mass in most parts of the country. For most shopping centre owner/developers, a well researched tenant roster that matches the local demographic profile of a local market and focuses primarily on food, mass market consumer goods and moderately-priced fashion is more likely to be a successful formula for the short-term success of a centre than a lavish assortment of upscale brands.

2.3 Retail Floorspace Estimates

Our indicative estimate is that there is approximately 1.75 billion sq.m of retail floorspace in China and this equates to an overall average provision of 1.3 sq.m per person. This is relatively low by western standards, particularly compared with the United States at 4.2 sq.m per person and Australia (2.1). It is comparable however to the United Kingdom (1.3) and Korea (1.2), but slightly above Hong Kong (1.1) Singapore (1.0), where the planning environment is highly controlled (refer Chart 2.1).



Source: Urbis, International Council of Shopping Centres

With China it must be noted that a significant proportion of the retail floorspace is located in rural areas and it is relatively old, inefficient and of low quality. The amount of retail floorspace accounted for by shopping centres is also lower in China than in more developed retail markets (less than 12% compared with around 50% in the US and 38% in Singapore), suggesting that there is significant scope for further development of shopping malls in the near term.

As with the quality of shopping centres there is also a significant variation in retail productivity throughout China both in terms of retailer type and location. Based on total 2010 retail sales for China of RMB7.6 trillion and with an estimated floorspace of 1.75 billion sq.m, we estimate an overall average productivity level of around RMB4,300 per sq.m per annum. This is very low when compared with most other countries but is to be expected given the lower incomes and lower quality of retail generally throughout China. In PPP-adjusted terms, the average productivity level would be closer to RMB7,700 per sq.m.

While the overall productivity level for China is estimated RMB7,700 per sq.m, we would expect the shopping centre average productivity level to be considerably higher.

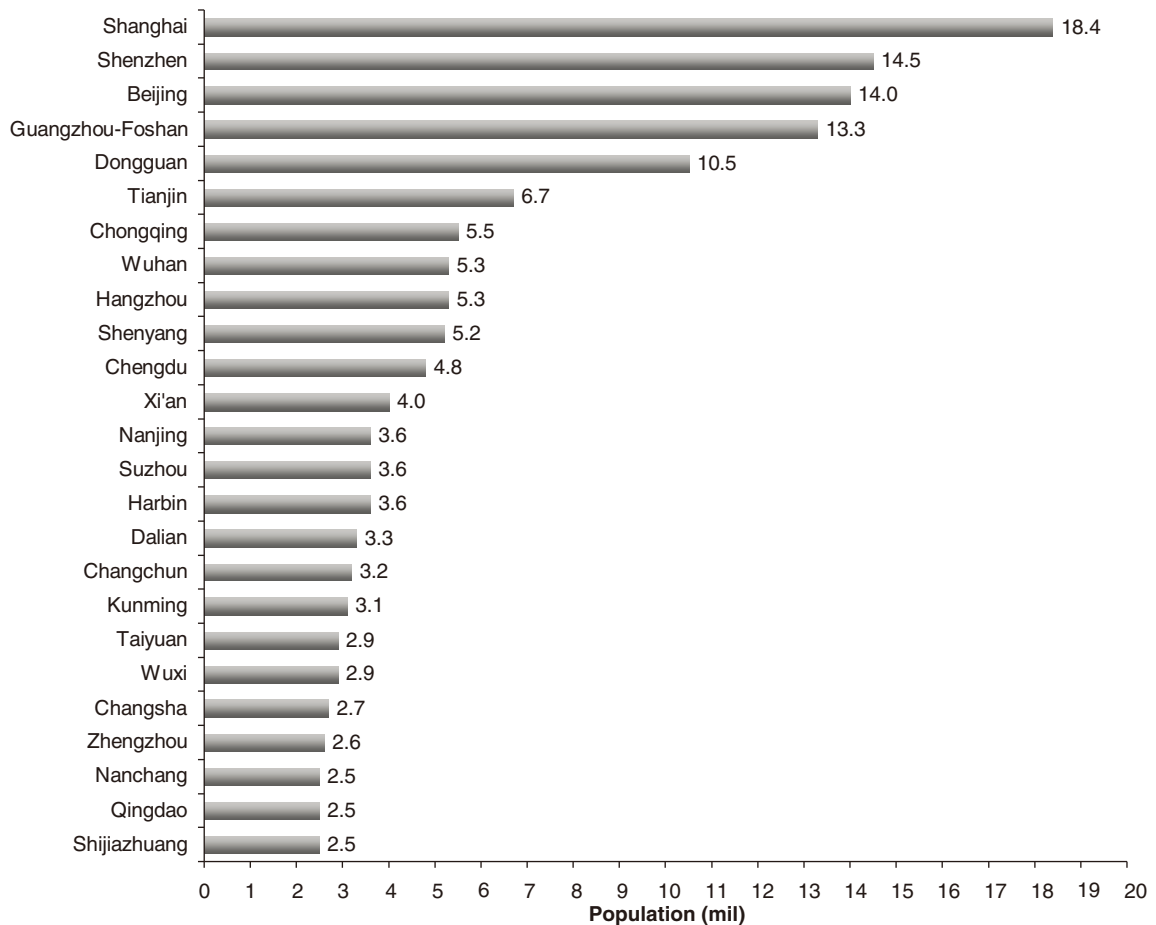
2.4 Key Cities & Growth Areas for Retail

Retail development is now shifting focus away from the mega-cities of Shanghai, Beijing, Shenzhen, Guangzhou and Dongguan, to fast-growing secondary cities with high concentrations of population and relatively high purchasing power.

As indicated in Chart 2.2 there are 20 of these “second tier” cities with populations in excess of 2.5 million and more to be added in a short time-frame as the urbanisation process goes on.

The shift of retail development is occurring for a number of “push” and “pull” reasons.

The major “push” factors are increasing saturation of both mall space and retailers in the first tier cities. Moreover, the cost basis of operating in those large cities is growing, particularly with respect to land and labour.



Source: *Demographia: World Urban Areas and Population Projections, Edition 6.1, July 2010*

There are numerous compelling “pull” factors, including:

- The central government has a “go west” policy and also a strategy to revitalise the northeast of the country.
- Rising incomes in the secondary cities, particularly the provincial capitals, make mass market operations profitable immediately. These same cities are undersupplied with quality retail.
- Increasing urbanisation makes it easier to reach consumers through various advertising media.
- Facilities for retailing and wholesaling operations are improving.
- Transport links such as high-speed rail, urban rapid transit systems, freeways and airports are improving intercity travel greatly. The government has a firm commitment to massive infrastructure investment.
- Improving facilities for expatriates such as hotels, schools, hospitals and residences.

2.5 Future Development Trends

While the geographic emphasis of new development will fan out into the secondary and tertiary locations, there will also be many redevelopment and infill opportunities for centres in the first tier cities such as Beijing and Shanghai.

As less competitive centres are repositioned and new ones improve on the old in terms of design, configuration, leasing strategies, rightsizing and other factors, the Chinese shopping centre industry will converge toward a truly international level.

At the same time, the signs are that China's retail sector is moving toward a diversified menu of formats that serves convenience shopping, discretionary shopping and entertainment needs. This is evident in some of the supermarket/hypermarket-anchored neighbourhood centres mentioned above.

Other key development trends to look forward to over the next five to ten years are as follows:

1. Tenant mixes will change, and in particular this will mean more experimentation with anchors as department stores continue to fade in appeal and competitiveness. Weaker department stores will depart the scene and while better ones will survive and even be supplemented by high-profile players from abroad, there is little reason that China will not follow trends overseas and use more contemporary anchor types. This can already be seen with growing ubiquity of hypermarkets, which will be supplemented by mega-entertainment tenants, junior anchors in categories such as casual dining, fast fashion and digital products, and precincts offering traditional and/or local products.
2. Shopping centres will need to be right-sized (usually downscaled) so that they meet individual market conditions. Unfortunately, the tendency toward building triumphal "trophy" centres is likely to persist as development spreads to secondary markets, and many of these centres will, like some of their predecessors such as the aforementioned South China Mall, not arrive at a happy ending. These will ultimately become a second generation of repositioning candidates.
3. Experimentation will occur with town centre formats involving open-air space, alfresco dining and community-oriented design elements, subject to climatic limitations.
4. Environmental sustainability will be increasingly important in the design of future shopping centres. Given the extent of China's environmental damage and the ability of the authoritarian government to exert its will more rapidly and less tactfully than in places such as the US and Europe, China could become a world leader in this area.
5. Mixed-use properties will be the dominant types of shopping centre projects, involving office, residential, hotel and sports facilities.
6. China's malls, like those elsewhere in the world, will need to have state-of-the-art communications capability to enable consumers and retailers to tap into emerging retail technologies. Such technologies will become sufficiently important that for a mall operator not to facilitate them will be a competitive disadvantage, particularly in a country where young shoppers are so engaged with technology.

2.6 Barriers to Entry for Foreign Investors

Before it joined the World Trade Organisation (WTO) in 2001, foreign investment in the retail sector was limited. However, as a condition of its WTO accession, China committed to gradually

eliminate market access barriers for foreign retailers and permitted them to establish a presence within China without geographic limitations.

Now, China regularly appears with other developing nations such as India and Russia on lists of attractive places for retailers to invest. The principal reasons for this are:

- General attractiveness of the market in terms of economic growth and rising purchasing power
- Fragmentation of the market. The top 20 retailers have less than 10% of the market and this will lend itself to investments aimed at consolidation
- As more international brands arrive in the market more will follow, creating a virtuous circle of success and opportunity for the better developers

One of the most widely-cited of these lists is A.T. Kearney's Global Retail Development Index, which is published annually and ranks countries in order of attractiveness for retailers to do business. In 2010 China topped the rankings ahead of Kuwait, India, Saudi Arabia and Brazil.

Still, according to World Bank "Doing Business Report 2010" rankings, China is an unimpressive 89th out of 183 in "ease of doing business." With respect to investor protection it ranks 93rd, based on a surveys of the legal protection afforded minority shareholders' interests against "directors' misuse of corporate assets for personal gain."

Dealing with construction permits is also a huge problem and China is ranked 180th out of 183 in this category, based on an analysis of the number of procedures required, the time required to clear the procedural hurdles and the inordinate cost of clearing them.

Despite these caveats China's accession to the WTO in 2001 significantly eased the regulatory barriers facing foreign retailers seeking to establish themselves in China. Generally speaking, it is now much easier for foreign firms to operate in China than ever before.

2.7 General Outlook & Potential Opportunities

The overall outlook for retail property within China, in our view, is sound. We expect continued strong nominal growth in retail sales over the next five years. This will be attributable to a number of factors, including ongoing strong economic growth; rising incomes; the increasing acceptance of western-style living and brand consciousness; the ongoing shift from rural areas to cities and the very strong desire by many international retailers to gain a presence within China's major and secondary metropolitan areas.

Other factors of more secondary importance include higher levels of car ownership; increased demand for merchandise with elevated design and quality attributes; increasing acceptance of the hypermarket format for food and grocery shopping; and the increasing acceptance of the shopping centre as preferred format for all shopping needs.

Finally, international retailer chains have focused their efforts to date on the major cities of Beijing, Shanghai and Guangzhou. However, they are now beginning to turn their attention to secondary markets in the interior of the country where wealth and income are both lower and more dispersed. As they learn to reach these consumers more efficiently, new demand will be created and retail sales will accelerate.

3 Perennial China Retail Trust Portfolio

The two previous sections have examined the strong growth that has occurred and continues to occur in the Chinese economy and, in particular, in the retail market. Perennial Real Estate, in creating its proposed Perennial China Retail Trust, has selected five properties for inclusion in the Trust, four of which are retail malls and one of which is an office property.

This section provides a very brief overview of the assets and analyses their geographic spread and characteristics.

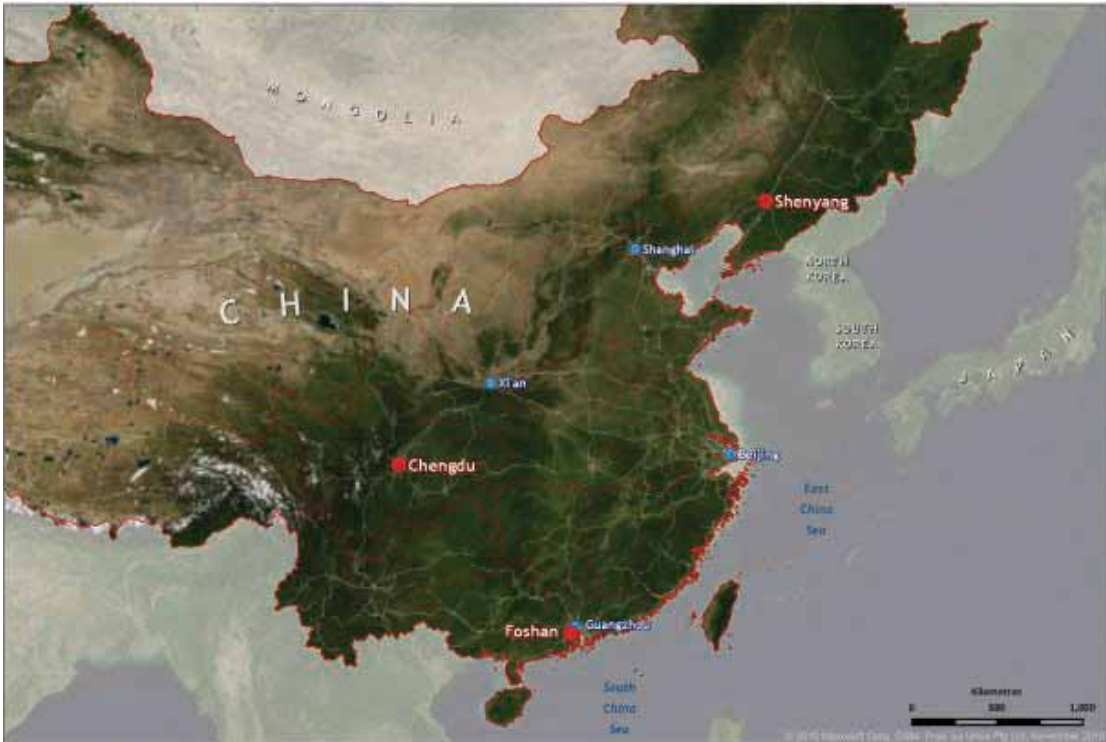
3.1 Geographic Spread

Perennial has included four retail malls and one office property from three different cities for the Trust (refer Map 3.1) and they include:

- Two retail malls in Shenyang (Liaoning Province in north-east China).
- One retail mall in Chengdu (Sichuan Province in south-west China).
- One retail mall in Foshan (Guangdong Province in south-east China).
- One office property in Shenyang (Liaoning Province in north-east China).

More detailed maps showing the location of each of the properties within their respective metropolitan area is included in the market overview for each property as detailed in Sections 4–8 of this report.

Map 3.1 — Geographic Spread of Assets



Source: Base map courtesy of Bing © 2010 Microsoft Corporation

3.2 Summary of Properties

A brief summary of each of the five properties including the characteristics of the properties themselves as well as their location is outlined in Table 3.1. A more detailed review of each of the properties is contained within Sections 4–8.

Some of the more interesting points to emerge from Table 3.1 which relates to this group of five properties as a whole, are as follows:

- In total the five properties have a collective net lettable area (NLA) of around 675,000 sq.m of which the majority or 74% is accounted for by the four retail malls.
- The retail malls range in size from 47,410 sq.m in the case of the smallest mall up to the largest mall, Longemont Mall at 209,292 sq.m. All of the retail malls are multi level and range between 4–10 levels.
- All of the properties are due for completion between 2011–14. Only the Red Star Macalline Furniture Mall is currently open and operating.
- All of the retail malls have on-site/dedicated parking.
- The main trade area catchment population for the four malls ranges between 408,000 and 1.51 million people. All of the malls are located in catchments which are experiencing population growth and retail spending growth forecast average between 11% and 12.6% per annum.
- Future population growth in the trade area served by the retail malls ranges between 0.9% and 2.1%. This is a higher rate of growth than for China as a whole which is forecast at around 0.5% per annum.
- For all four malls the level of retail competition from their respective catchments is expected to increase over the next five years. Much of this new competition however, will be offset by strong growth expected to occur in the retail spending market.

Perennial China Retail Trust Portfolio

Table 3.1

Summary of Key Characteristics for the 5 Property Assets

	Red Star Macalline Furniture Mall	Longemont Shopping Mall	Longemont Offices	Yicui Shijia Mall	Qingyang Guanghua Mall
Property Characteristics					
Principal Use	Furniture Mall	Retail Mall	Office Towers	Retail Mall	Retail Mall
Gross Floor Area (GFA) (sq.m)	276,474	327,789	197,803	68,833	90,000
Net Lettable Area (NLA) (sq.m)	181,595	209,292	177,590	47,410	58,500
Main Levels	B, 1-7	B2, B1, 1-8	L1-L2, L8-56	B, 1-3	B, 1-3
On-Site Parking Spaces (No.)	1,065	—	—	830	728
Approximate No. of Tenants	833	600-800	n.a.	218	270
Scheduled Completion Year	Sept 2010	2011	2012	2013	2014
Location Characteristics					
City Located In	Shenyang	Shenyang	Shenyang	Foshan	Chengdu
City Population (2009) (mil) ¹	5.3	5.3	5.3	6.0	5.2
Distance from CBD	4 km east	4 km east	4 km east	4 km east	9 km west
Immediate Catchment	Established	Established	Established	Semi-estab.	Semi-estab.
Main Trade Area (MTA) Population, 2009	1,511,000	1,511,000	n.a.	408,000	641,000
Future Trade Area Pop Growth (% p.a), 2009-2014	0.9%	0.9%	n.a.	1.4%	2.1%
MTA Retail Market 2009 (RMB Billion)	13.5	13.5	n.a.	4.7	6.0
Existing Local Competition	Limited at this scale	Strong	Strong	Moderate	Moderate
Future Outlook					
Future Competition to Property	Moderate	Strong	Strong	Strong	Moderate
MTA Retail Spending Forecast Growth 09-14 (% p.a)	11.0%	11.0%	n.a.	11.3%	12.6%
Property Forecast Rental Growth Outlook 09-15	Market	Market	Market	Market	Above Market

1. City populations differ to Section 2 due to different geographic boundaries.

2. Car parks shared with other parts of the broader development

Source: Perennial; China National Bureau of Statistics; Urbis

4 Red Star Macalline Furniture Mall, Shenyang

This centre is co-located with the Longemont Shopping Mall, and is a major component of Longemont Asia Pacific City currently under development. The Red Star Macalline Furniture Mall (“the Furniture Mall”) opened in September 2010.

The Furniture Mall is to be managed by Red Star Macalline, one of the largest furniture mall operators in China.

4.1 Overview of the Shenyang Economy

4.1.1 Regional Context and Background

The city also has road and rail links to both Russia and North Korea.

The eight-lane Jingshen Expressway connects Shenyang with Beijing about 650 km distant, and another expressway — the Shen-da — goes to the port city of Dalian 390 km away. Fast rail links are also developing — within a couple of years Shenyang will have fast rail links to Beijing, Harbin and Dalian.

Air connections are also good with Shenyang’s international airport being the largest in north-eastern China, handling 7.5 million passengers in 2009. The airport gives Shenyang links with 132 other cities including 27 outside of China.

Nearby industrial cities of significant size are Anshan, Benxi, Fushun, Tieling and Yinkou (refer Maps 4.1). These cities have a combined population of approximately 25 million and contribute materially to Shenyang’s retail demand.

Map 4.1 — Shenyang and Liaoning Province In South East Asia



Source: Base map courtesy of Bing © 2010 Microsoft Corporation

The broader metropolitan road network is as illustrated in Map 4.2 which also shows the location of Longemont Shopping Centre. Map 4.2 shows the strong network of concentric roads that ring the centre of Shenyang. Longemont Shopping Centre is located just to the east of the centre of Shenyang.

Map 4.2 — Metropolitan Road Network



Source: Base map courtesy of Bing © 2010 Microsoft Corporation

4.1.2 Macro Economy

The city's economy has traditionally been heavily dependent on secondary industry, particularly the production of machinery, cars, machine tools and other heavy manufacturing activities. In 2009, the secondary sector accounted for just over 50% of Shenyang's GDP, up from 43.5% in 2005. During the same four year period the contribution of agriculture declined from 6.1% to 4.5% and that of services from 50.5% to 44.7%.

Thus, in contrast to other large cities in China with an old industrial base (e.g. Beijing), Shenyang has not shifted toward a more services-based economy but has instead consolidated its position as an important industrial centre. Shenyang accordingly has a large technically-skilled blue collar work force.

State-owned enterprises are particularly important for the economy of Shenyang, employing 58% of the city's workers in 2009. However, Shenyang is also the target for a significant amount of foreign direct investment with an inflow of \$5.4 billion in 2009. Companies with plants around the city include BMW, GE, Tyco, GM and Michelin. The foreign investment has an important indirect effect in shaping the economic profile of Shenyang, since it is accompanied by elevated demand for office space, high-end residential units and higher-end retail.

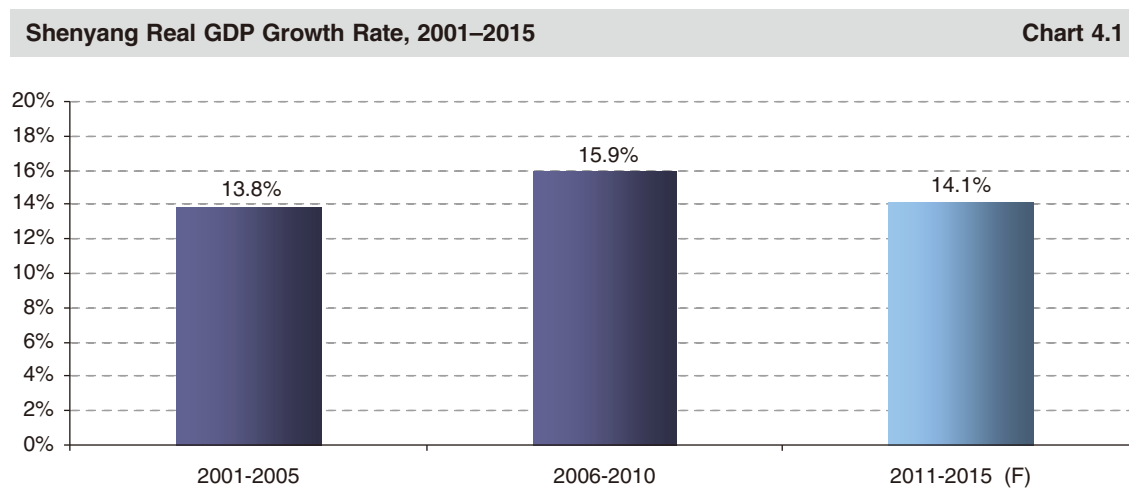
Construction is also a key component of Shenyang's growth. Construction includes both the commercial development mentioned above and substantial public funding for infrastructure projects such as road upgrades, a new subway system and sports facilities that were built for the 2008 Olympics.

To some extent the Olympic events staged in Shenyang succeeded in raising the profile and prestige of the city and strengthened its credentials as an economic hub and tourist centre. The city had almost 500,000 tourists from abroad in 2009.

4.1.3 GDP Growth Trends and Forecast

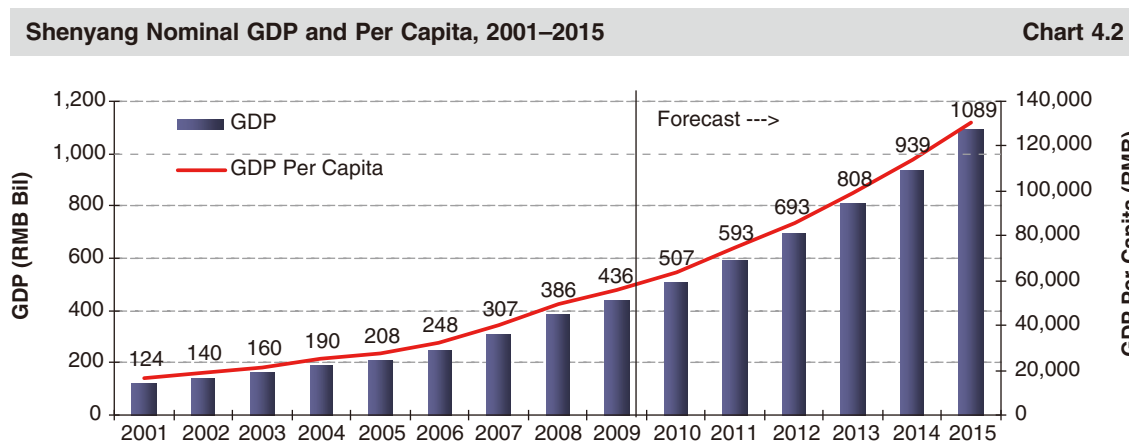
Shenyang's real GDP growth has been outpacing the national average over the past decade with an impressive CAGR of 14.8% between 2001 and 2009 as compared with 10.1% for China as a whole. When the China economy decelerated quite sharply in 2009, Shenyang achieved 14.1% growth.

Similar growth rates can be expected over the forecast period (refer Chart 4.1).



Source: Shenyang Statistical Bureau, Urbis

In nominal terms the size of the Shenyang economy doubled in the five years from 2001–06 and will have doubled again by the end of this year. By 2015 it is expected to have doubled yet again, to approximately RMB1,089 billion. Meanwhile, GDP per capita should reach RMB130,753 by 2015, up from RMB55,458 in 2009, representing a CAGR of 15.4% (refer Chart 4.2).

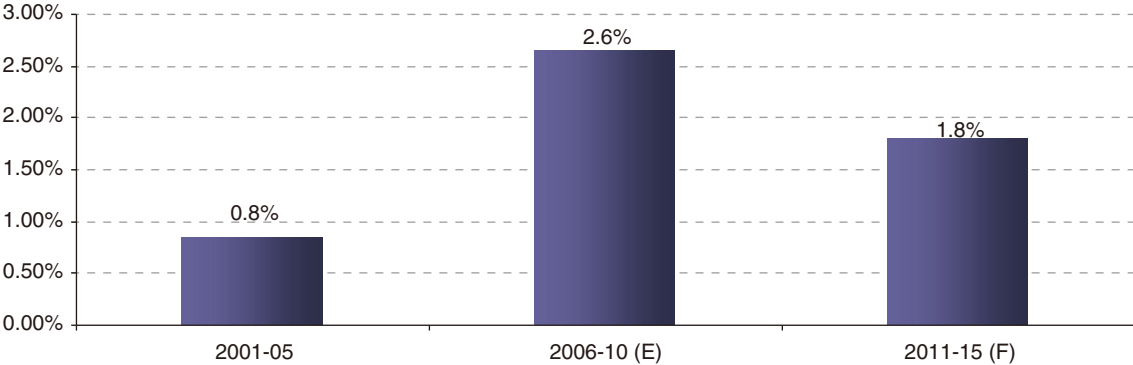


Source: Shenyang Bureau of Statistics, Urbis

4.1.4 Inflation

Following the national pattern inflation in Shenyang has not been much of a problem throughout the past decade except in 2007–08. Prices were flat in 2009 but have bounced back slightly in 2010 closer to their recent historical average (refer Chart 4.3).

Shenyang Consumer Price Index Annual Growth Rate, 2001–2015 **Chart 4.3**



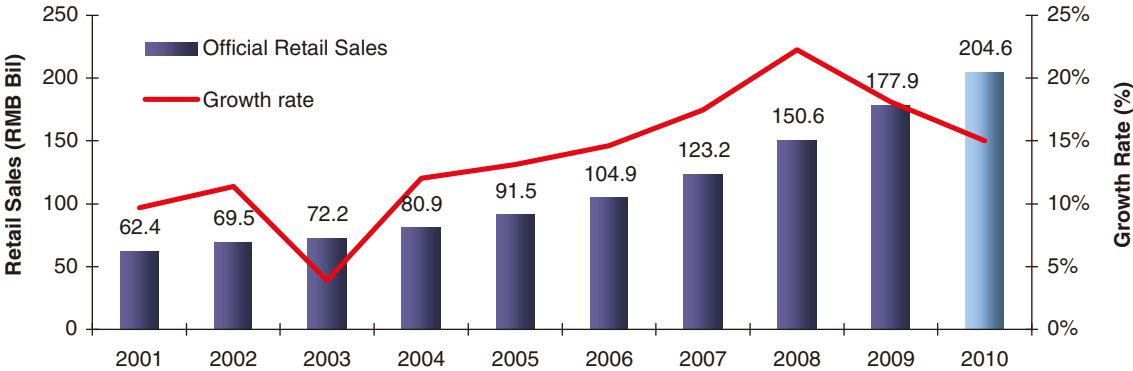
E = estimate; F = forecast
 Source: Shenyang Bureau of Statistics, Urbis

4.1.5 Retail Sales

Strong retail demand in Shenyang in recent years has been driven primarily by rising disposable income in the urban area and growth in tourism on the demand side, matched by growth in retail floorspace and an improvement in the quality of the retail offer on the supply side.

According to the official government measure of retail sales growth, nominal sales growth peaked at over 22% in the inflationary year of 2008, after which it subsided slightly to a still extremely robust 18.1% in 2009 (refer Chart 4.4).

Shenyang Official Retail Sales¹ Level and Growth Rate, 2001–2010 **Chart 4.4**



1. Official Government estimate of retail sales includes wholesale trade, automotive sales and accommodation
 Source: Shenyang Statistical Bureau, Urbis

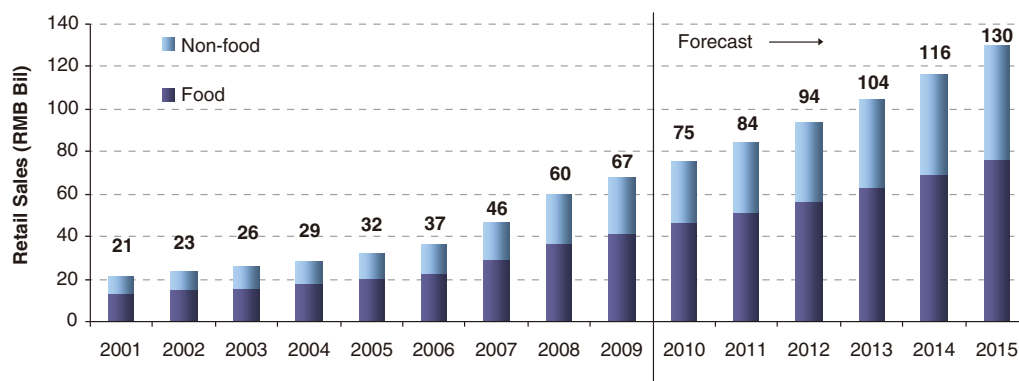
Using our alternative and more conventional measure of retail sales that strips out wholesale, the automotive sector and other non-retail goods, we estimate that sales were approximately RMB67 billion in 2009 and will grow to approximately RMB130 billion by 2015 at a CAGR of 11.7% (refer Chart 4.5).

This estimate includes the contribution of both domestic and foreign tourism. According to Shenyang government statistics, the city received 52.9 million domestic tourist visits and 496,000 international tourist visits in 2009. The domestic and international visits generated income of RMB42.8 billion and RMB370 million respectively.

Of the total retail sales, food spending will grow from RMB42.0 billion in 2009 to RMB76.5 billion in 2015. Meanwhile, non-food sales will grow somewhat faster, from RMB25.5 billion to RMB53.1 billion. This means non-food spending will increase its share of total retail sales from 38% to 41%, consistent with the typical pattern of consumer spending as income increases.

Overall, retail sales have grown from RMB21 billion to RMB67 billion from 2001 to 2009 at a CAGR of 15.6% and they are forecast to grow to 130 billion by 2015 which represents a CAGR of 11.5% over the 2009–2015 period.

Shenyang Estimated Retail Sales, 2001–2015 Chart 4.5



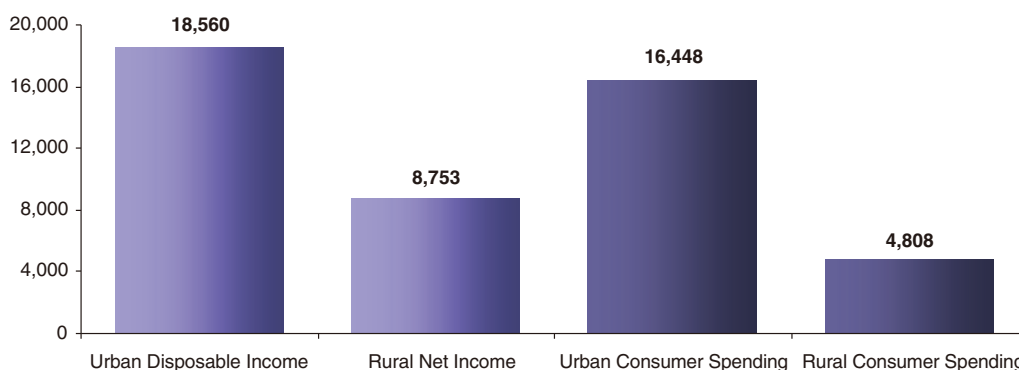
Source: Shenyang Statistical Bureau, Urbis

On a per capita basis, retail sales by urban residents will grow from RMB9,869 in 2009 (including a component of tourist and other non-resident spending) to RMB15,822 by 2014 (about US \$2,375 at current exchange rates). The situation for rural households is clearly poorer, with current retail spending per capita estimated at RMB2,885 growing to RMB5,433. Disposable income per capita for the approximately 2.5 million rural residents of Shenyang is only 30% of that of urban residents.

4.1.6 Population Trends and Key Demographics

At the end of 2009, Shenyang's registered population was 7.17 million with an additional transient population estimated at about 700,000. Approximately 2.5 million people lived in the countryside and there is a significant divide in living standards between rural and the urban dwellers (refer Chart 4.6). Consumer spending in the city is more than 3 times that of rural residents.

Shenyang Urban vs Rural Income and Consumption Per Capita, 2009 (RMB) Chart 4.6



1 Includes expenditure on non-retail goods

Source: Shenyang Statistical Bureau, Urbis

Overall population growth in Shenyang has been slow (approximately 0.6% annual growth between 2001 and 2009) but all of the growth has occurred in the urban area with the rural component having remained stable around its current level.

However, as Shenyang is the major city in Liaoning Province it constitutes a substantial economic magnet for workers outside the city. As the pace of urbanisation continues and Shenyang's economic drawing power grows, the potential exists for continued population growth in the future even as demographic factors put downward pressure on growth.

A small but important component of population growth is the expatriate segment. They contribute significantly to the demand for higher-end consumer goods and services, as well as office space and upscale residential dwellings. There are about 12,000 expats in Shenyang, including employees of foreign companies and consulates and their families. The largest expat community is from Korea since about one-third of all the foreign companies in Shenyang are Korean.

Although about 91% of the Shenyang population is ethnic Han Chinese, the remaining 9% is ethnically and culturally diverse and the city is dotted with mosques, churches and other sites that reflect the heterogeneity.

4.1.7 Economic Outlook

The key assumptions underlying the robust growth outlook for Shenyang over the next five years are as follows:

- A healthy level of reinvestment in the ageing manufacturing base. Almost one-third of the manufacturing sector's output emanates from government-owned enterprises, making it particularly important to the continuing economic vitality of the city that these enterprises be kept competitive by an aggressive investment program and gradual devolution of the sector into private hands.
- Increased diversification of the local economy into services such as real estate, finance and retail.
- Adequate controls on environmental pollution from manufacturing facilities without imposing an unbearable cost burden on industry.
- Maintenance of the current rate of population growth.
- Broader global economic conditions. The Chinese economy as a whole is highly dependent on its external sector, and factors that impact this (including global economic growth and possible movements in the Chinese currency) could have an impact on Shenyang's economy, particularly its manufacturing base.

4.2 Overview of Shenyang Retail Property Market

Except for a few street stores and localised retail podiums, Shenyang's retail property market mainly features three types of retail area. The first type is the comprehensive retail area, which features large department stores and modern shopping malls. Most of the large and comprehensive retailers in the city are located in established retail areas such as Zhongjie, Taiyuanjie and the Golden Corridor.

The second type is the retail area with local character such as Xita Korean Flavour Street and Beishi Guandong Antique Market Street.

The third type is the specialty retail street such as the wholesale garment market in Wu Ai Clothing Town & Market (Dadong), Sanhao Street Computer and Software City and Communication Street in Xiaobeiguan.

4.2.1 Existing Retail Supply

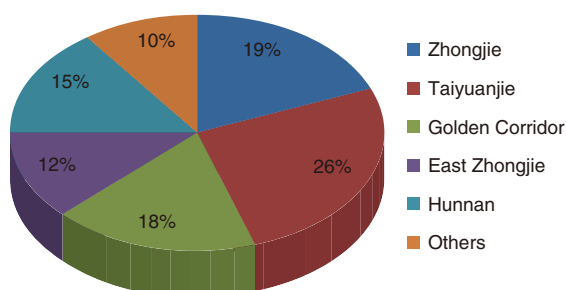
Retail stock has grown rapidly in Shenyang over the past 10 years. The total stock of retail space in Shenyang as at the end of 2010 is estimated at around 5.3 million sq.m of NLA of which department stores and malls account for an estimated 1.4 million sq.m or 26%. Most of the floorspace growth, particularly over the past five years, as shown in Table 4.1, has been attributable to new shopping malls.

Chart 4.1 shows the stock of major mid-to-high-end retail properties in Shenyang by retail area (as at September 2010). It is clear that the majority of properties are located in Taiyuanjie, Zhongjie and the Golden Corridor, the three most prominent retail areas in the city. Except for Shenyang Commercial City, Shenyang Spring, Zhongxing Department Store and New World Department Store, which were launched before 2000, all the mid-to-high-end retail properties were opened after 2000.

Until 2003, there were eight mid-to-high-end retail premises in operation in Shenyang totalling 705,000 sq.m GFA. No new supply came online in 2004. In 2006, New World Department Store opened its third store in Taiyuanjie, in close proximity to its two predecessors and indicating New World's confidence in the area's retail business.

A significant volume of new stock came on stream from 2007 to 2010 with a total of 1.89 million sq.m of retail facilities launched. This took the total mid-to-high-end retail stock in the city to 2.93 million sq.m GFA by the third quarter of 2010.

Chart 4.1 — Stock by Retail Area



Area	Stock (sq.m)	Stock %
Zhongjie	542,700	18%
Taiyuanjie	775,000	26%
Golden Corridor	525,000	18%
East Zhongjie	340,000	12%
Hunnan	450,000	15%
Others	302,000	10%
Total	2,934,700	100%

Note: Stock sizes are gross floor area.

Source: Savills Research & Consultancy

Summary of Major Existing Mid-to-High-End Retail Projects in Shenyang

Table 4.1

Retail Properties	GFA (sq.m)	Est NLA (Sq.m)	Year of Opening	Location	Retail Type
Zhongxing Department Store	170,000	144,500	1987	Taiyuanjie	Dept. Store
Shenyang Commercial City	79,000	67,150	1991	Zhongjie	Dept. Store
Shenyang Spring	24,000	20,400	1993	Zhongjie	Dept. Store
New World Department Store I	84,000	71,400	1995	Taiyuanjie	Dept. Store
New World Department Store II	13,000	11,050	2001	Taiyuanjie	Dept. Store
New Mart	100,000	85,000	2002	Zhongjie	Dept. Store
Happy Family Mall	197,000	128,050	2002	Zhongjie	Shopping Mall
Parkson	38,000	32,300	2003	Taiyuanjie	Dept. Store
0101 Department Store	23,000	19,550	2005	Zhongjie	Dept. Store
Hualian Department Store	50,000	42,500	2006	Taiyuanjie	Dept. Store
New World Department Store III	51,000	43,350	2006	Taiyuanjie	Dept. Store
Dongshun Department Store	60,000	51,000	2006	Taiyuanjie	Dept. Store
Wuzhou Commercial Plaza	60,000	51,000	2006	Taiyuanjie	Dept. Store
Shenyang Charter Shopping Centre	91,000	59,150	2006	Golden Corridor	Shopping Mall
New Mart Tiexie	40,000	34,000	2007	Others-Tiexi	Dept. Store
Happy Family Department Store	45,000	38,250	2007	Others-Dadong	Dept. Store
Seibu Department Store	15,000	9,000	2007	Golden Corridor	Shopping Mall
Bailian Shopping Centre	83,000	53,950	2007	Golden Corridor	Shopping Mall
Huafu Tiandi Shopping Centre	240,000	156,000	2007	Golden Corridor	Shopping Mall
ISETAN Department Store	47,000	39,950	2008	Taiyuanjie	Dept. Store
Rich Gate	109,000	70,850	2008	Golden Corridor	Shopping Mall
No.77 Zhongjie	10,000	8,500	2009	Zhongjie	Dept. Store
Hualan Wulihe Shopping Mall	50,000	42,500	2009	Golden Corridor	Dept. Store
Wanda Plaza	150,000	97,500	2009	Taiyuanjie	Shopping Mall
Joy City	340,000	221,000	2009	East Zhongjie	Shopping Mall
Shimao Department Store	46,000	39,100	2010	Golden Corridor	Dept. Store
Mid Town	52,000	31,200	2010	Taiyuanjie	Shopping Mall
Tiexi Wanda Plaza	80,000	52,000	2010	Others-Tiexi	Shopping Mall
Hang Lung Zhongjie Plaza	109,700	71,305	2010	Zhongjie	Shopping Mall
Happy Family	137,000	89,050	2010	Others-Tiexi	Shopping Mall
Yifeng Times Plaza	450,000	292,500	2010	Hunnan	Shopping Mall

Source: Savills Research & Consultancy

4.2.2 Major Retail Areas

Shenyang, like many cities in China, has three rather distinct divisions within its retail market. These include established retail centres offering a range of products featured in shopping centres and department stores, ethnic retail streets selling Korean and Japanese products, and product-specific retail areas.

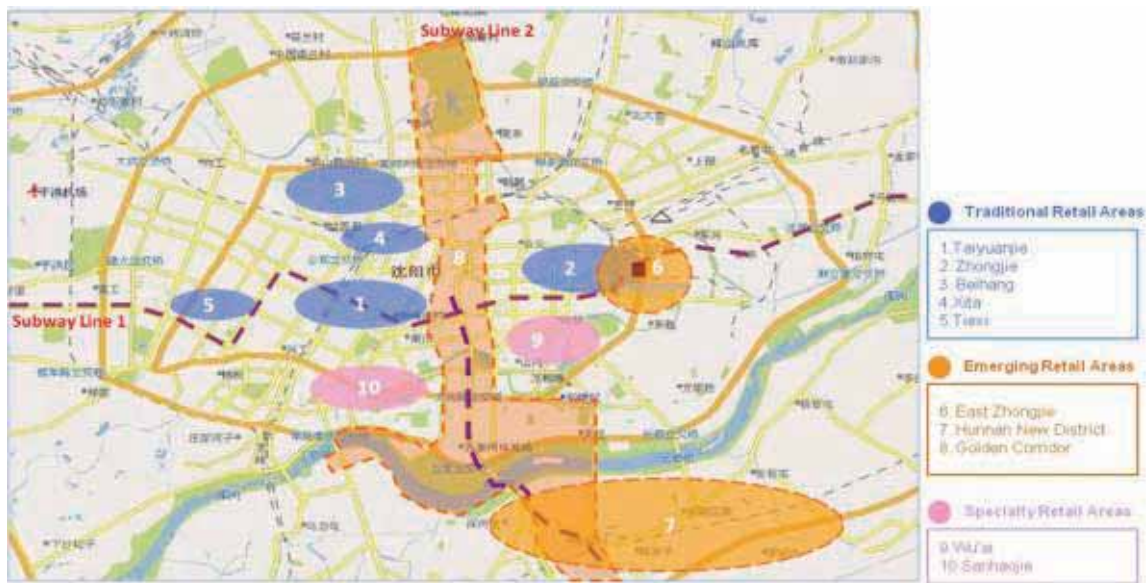
Summary of Major Retail Areas in Shenyang

Table 4.2

Retail Area	Positioning	Retail Character	Representative Retailers & Centres
Zhongjie	Mid to High-End	Department store, traditional store, retail outlet	Shenyang Commercial Centre, New Mart Shopping Mall, Happy Family Shopping Centre and the Shenyang Spring Shopping Centre, Fashion Town
Taiyuanjie	Mid to High-End	Department store, shopping centre	Zhongxing Shopping Mall, New World Shopping Centre, Parkson Department Store, Wanda Shopping Mall, Wuzhou Shopping Centre
The Golden Corridor	Mid to High-End	Shopping centre, department store	Shenyang Charter Shopping Centre, Seibu Department Store, Bailian Shopping Centre
Changjiangjie/Beihang	Low to Mid-End	Specialty, department store, F&B	Qiansheng Department Store (originally Parkson), Beihang Department Store
Tiexi	Mid-End	Department store, large specialty store	Tiexi Department, Friendship Shopping Centre
Xita	Mid-End	Korean, F&B, leisure	Korean Ethnic Group Department Store, F&B facilities

Source: Savills Research & Consultancy

Map 4.3 — Distribution of Major Retail Areas in Shenyang



Source: Savills Research & Consultancy

Each of these main retail areas are now considered in more detail.

Taiyuanjie

Taiyuanjie is located in Heping district. The core area comprises Taiyuanjie and Zhonghualu.

In Taiyuanjie there are retail outlets selling garments, shoes and electronic products among other things; hotels; food and beverage outlets; and entertainment venues and other related services. The retail area is mainly comprised of shopping centres, department stores and specialty stores.

The main retail projects in the area include Zhongxing Shopping Mall, three New World shopping centres, Parkson Department Store, Shenyang Lianying Department Store, Wanda Shopping Mall, Wuzhou Shopping Centre and Walmart Shopping Centre as well as speciality retail markets such as the Fashion Underground Retail Centre and Pengda Sportsware City, and electric appliances stores such as Gome and Pengrun.

Taiyuan is a traditional shopping area and is gradually becoming a key tourist attraction and a place for selling medium-to-high-end merchandise. Major customer target groups include high-income shoppers, white collar workers, young people, and both domestic and international tourists.

Major shopping destinations in the area are listed in Table 4.3.

Retail Destinations in Taiyuan				Table 4.3
Name of Store	Retail GFA (sq.m)	Est NLA (sq.m)	Positioning	Target Customers
Zhongxing Department Store	170,000	144,500	High-end	High income group
New World Department Store I	84,000	71,400	High-end	High income group
New World Department Store II	13,000	11,050	Mid and Mid-to high-end	Middle to high income group
Parkson	38,000	32,300	Mid and Mid-to high-end	Middle to high income group
New World Department Store III	51,000	43,350	Mid-end	Middle to high income group
Hualian Department Store	50,000	42,500	Mid-end	Middle income group
Dongshun Department Store	60,000	51,000	Mid-end	Middle income group
Wuzhou Commercial Plaza	60,000	51,000	Low to mid-end	Low to middle income group
Isetan Department Store	47,000	39,950	Mid to high-end	Middle to high income group
Wanda Plaza	150,000	97,500	Mid and Mid- to high-end	Middle income group
Mid Town	52,000	31,200	Mid-end	Teenagers and young adults

Source: Savills Research & Consultancy

Zhongjie

Zhongjie is located in Shenhe district, and defined by Xiaoshizijie and Xishun Cheng in the east, and Beishun Cheng and Nanshun Cheng in the north. The area has a long history as a retail area, and is close to Shenyang Imperial City — the cultural centre of Shenyang. Unlike Taiyuanjie, the protection of historical cultural and architecture styles is a prerequisite in terms of the future development of the area. The Shenyang government is planning to develop Zhongjie into a multifunctional tourist district comprising retail and cultural elements that will attract both consumers and tourists (both domestic and overseas).

The daily pedestrian flow is recorded at about 600,000 in Zhongjie and this figure may reach more than one million during public holidays or on weekends. The proportion of tourists is quite high, especially during public holidays. Zhongjie includes a pedestrian street around 1.5 km in length and about 300 shops. The Shenyang Commercial Centre, Happy Family Mall, New Mart Shopping Mall and Hang Lung Zhongjie Plaza are major large-scale retail projects in Zhongjie (refer Table 4.4).

Retail Destinations in Zhongjie

Table 4.4

Name of Store	Retail GFA (sq.m)	Est NLA (sq.m)	Positioning	Target Customers
Shenyang Commercial City	79,000	67,150	Mid-end	Middle-aged group
Shenyang Spring	24,000	20,400	Low to mid-end	Middle income group
Happy Family Mall	197,000	128,050	Mid-end	Middle income group
New Mart	100,000	85,000	Mid-end	Family shoppers
0101 Department Store	23,000	19,550	Mid-end	Teenagers and young adults
No.77 Zhongjie	10,000	8,500	Mid-end	Teenagers and young adults
Hang Lung Zhongjie Plaza	109,700	71,305	Mid & mid to high-end	Middle and high income group

Source: Savills Research & Consultancy

The Golden Corridor

The Golden Corridor initiative, one of the most significant changes to Shenyang's skyline that has ever taken place, aims to create a new economic belt and has significant implications for the future of the retail market. The 12 km long, 1 km to 2 km wide corridor will accommodate a number of new companies from the finance, trade, and business services sectors and will possess a number of convention and exhibition centres as well as recreation and cultural venues. One of Shenyang's two planned metro lines will be constructed along the length of the Golden Corridor by the end of 2010, helping to connect the planned retail projects and establish the areas as a major retail centre in the city.

After seven years of construction and development, the Golden Corridor has begun to take shape (refer Table 4.5). Representative projects include Shenyang Charter Shopping Centre (developed by Changchun Charter Group), Seibu Department Store (developed by Hong Kong Dickson Group) and Shimao Department Store (developed by Shimao Group). The Golden Corridor is the retail hub serving office workers, wealthier local residents and residents in Liaoning, Jilin and Heilongjiang provinces.

Retail Destinations in the Golden Corridor

Table 4.5

Name of Store	Retail GFA (sq.m)	Est NLA (sq.m)	Positioning	Target Customers
Shenyang Charter Shopping Centre	91,000	59,150	High-end	High income group
Huafu Tiandi Shopping Centre	240,000	156,000	Mid-end	Middle income group
Seibu Department Store	15,000	9,000	Mid-to-high end	High income group
Bailian Shopping Centre	83,000	53,950	Mid-end	Middle income group
Hualan Wulihe Shopping Mall	50,000	42,500	Mid-end	Middle income group
Shimao Department Store	46,000	39,100	Mid & mid to high-end	Middle income group

Source: Savills Research & Consultancy

4.2.3 Market Performance — Rents

While almost 70% of new supply that came on stream earlier in the decade were placed directly onto the sales market, developers are now far more willing to hold on to properties for lease only. This bodes well for the market as properties held en bloc will typically be able to provide better managed retail environments for higher-end retailers and hence be able to charge higher rents than strata projects.

Retail rents in Shenyang are quoted in three different ways. Fixed rent is a common method for most properties while turnover rents (rents as a percentage of turnover), are common for department stores. Combined fixed and turnover rents are a third method, widely adopted throughout the market.

Department Stores

Generally, department store rents are based on turnover rent plus a merchandise-related percentage, ranging from 3% to 7% for supermarkets to 20% to 30% for fashion outlets. For turnover rents, the usual percentage adopted is 25% to 27% of turnover. Actual percentages are negotiated between tenants and landlords. In some cases, landlords will charge an additional 1% to 2% as a management fee.

Ground Floor Rents of Selected Department Stores in Shenyang Table 4.6

Retail Properties	Location	GFA (sq.m)	Est NLA (sq.m)	Ground Floor Rent (RMB/sq.m/month)
Zhongxing Department Store	Taiyuanjie	150,000	144,500	26% of turnover
New World Department Store III	Taiyuanjie	44,000	37,400	27% of turnover
New Mart	Zhongjie	100,000	85,000	25% of turnover

Source: Savills Research & Consultancy

Shopping Malls

Rent in a shopping centre is usually charged at a fixed rate, depending on the location, size, frontage, floor level and type of merchandise being sold within a particular unit. Fixed rents are usually quoted on a net area basis and exclusive of management fees.

Rents have been fairly stable for the past few years. The average rent for ground floor (prime) mid- to high-end retail properties is currently around RMB300–450 per sq.m per month, however this can vary depending on the type of stock and the location:

- Zhongjie Street: RMB300–420
- Taiyuan Street: RMB105–600
- Golden Corridor: RMB120–420
- Hunnan New District: RMB80–350³

Known examples of rents achieved in some of the major retail areas of Shenyang are presented in Table 4.7.

Ground Floor Rents of Selected Shopping Centres in Shenyang, 2010 Table 4.7

Retail Properties	Location	GFA (sq.m)	Est NLA (sq.m)	Ground Floor Rent (RMB/sq.m/month)
Happy Family Mall	Zhongjie, Shenhe District	197,000	128,050	300-350
Wanda Plaza	Taiyuanjie, Heping District	230,000	97,500	320
Wuzhou Commercial Plaza	Taiyuanjie, Heping District	200,000	51,000	350
Rich Gate Shopping Mall	North Station, Shenhe District	109,000	70,850	450

Source: Savills Research & Consultancy

³ DTZ Research, Property Times Shenyang Q2 2010.

4.2.4 Market Performance — Occupancy Rate

Most large-scale higher quality shopping centres in the urban area achieve an occupancy rate of 85% to 100%. Table 4.8 provides a number of examples of shopping centres with up to 20% vacancy. It is estimated that total shopping centre vacancy is currently around 17%, however in the major areas of Zhongjie and Taiyuanjie reportedly have close to zero vacancy except within the weakest centres.

Given the high level of supply that has come onto the market in recent years, this is not surprising that many centres are experiencing higher vacancy. Notwithstanding the high level of economic growth, large increases in supply usually take some time to be absorbed and we expect this market dynamic to continue over the medium term.

Occupancy Rates of Selected Recently Launched Projects in Shenyang (Sept 2010) Table 4.8

Retail Properties	Location	GFA (sq.m)	Est NLA (sq.m) ¹	Year of Opening	Occupancy Rate
Joy City	East Zhongjie	340,000	221,000	2009	80%–85%
Wanda Plaza	Taiyuanjie	150,000	97,500	2009	95%
Mid Town	Taiyuanjie	52,000	31,200	2010	85%
Tiexi Wanda Plaza	Others — Tiexi	80,000	52,000	2010	85%

1. Urbis estimate based on assumed efficiency ratios

Source: Savills Research & Consultancy

4.2.5 Future Supply and Market Outlook

According to Shenyang's 11th Five-Year Plan, the local government is supportive of retail development in the city and has a comprehensive plan for future development over the coming years. It is believed that clear direction, good planning and improved infrastructure will form a strong foundation for the future development of the retail market and will stimulate both the leasing and investment markets.

It is anticipated that, in terms of shopping malls and department stores in excess of 600,000 sq.m NLA or 1.2 million sq.m GFA will be completed in Shenyang over the next two years. This is a very large level of supply to be absorbed into any market, and would represent a reasonably large proportion of the total Shenyang shopping centre market.

Most new supply will be in the Golden Corridor and East Zhongjie, as well as in other emerging areas such as Hunnan and Tiexi.

In terms of future development of mid- to high-end retail space, while the focus used to be on Taiyuanjie and Zhongjie, the gradual saturation of these two traditional retail centres and the municipal government's priority of developing the Golden Corridor mean that much of the higher end retail will be re-focused towards the Golden Corridor.

Table 4.9 shows 12 large mid- to high-end retail projects scheduled to be completed by 2012, most of which are located in the emerging retail areas such as the Golden Corridor and East Zhongjie. A feature of the majority of the retail projects to be located along the Golden Corridor is that they tend to be a part of large comprehensive developments, including star-rated hotels, Grade 'A' offices and residential units. In some cases, the GFA measure includes non-retail uses.

Future Shopping Mall Supply in Shenyang

Table 4.9

Year of Opening	Retail Properties	Location	GFA (sq.m)	Est NLA (sq.m) ¹	Retail Type
2010	Northeast World Trade Plaza	The Golden Corridor	90,000	58,500	Shopping Mall
2010	Sunwah International Financial Centre Shopping Mall	The Golden Corridor	90,000	58,500	Shopping Mall
2010	Shenyang Eton Centre	The Golden Corridor	150,000	97,500	Shopping Mall
2010	Zhuoyue Shopping Mall	The Golden Corridor	40,000	34,000	Department Store
2010	Maoye Centre	The Golden Corridor	60,000	39,000	NA
2011	Shenyang Tiandi	The Golden Corridor	39,000	33,150	Department Store
2011	Hang Lung Municipal Plaza	The Golden Corridor	80,000	52,000	Shopping Mall
2011	Mix City	The Golden Corridor	200,000	130,000	Shopping Mall
2012	Shenyang International Finance Centre	The Golden Corridor	NA		Shopping Mall
2011	Tianrun Plaza	East Zhongjie	130,000	84,500	Shopping Mall
2011	Fengrui	East Zhongjie	325,000	276,250	Department Store
2011	East Land	East Zhongjie	NA		Shopping Mall
2011	Dunan Qiansheng Mall	East Zhongjie	230,000	149,500	Shopping Mall
2011	Longemont Shopping Mall	East Zhongjie	327,789	209,292	Shopping Mall
2010	Star Mall	Others-Tiexi	150,000	97,500	Shopping Mall
2010	Shenyang Pan-China Plaza	Others-Hunnan	30,000	19,500	Shopping Mall

1. Urbis estimate based on assumed efficiency ratios

Source: Savills Research & Consultancy

4.2.6 Market Outlook

Although the sizes of some future retail developments are not available, most are planned to be developed into large shopping malls. Substantial supply of mid- to high-end retail is thus expected in Shenyang over the next few years. Although the market demand for mid- to high-end retail will grow in line with Shenyang's overall economic growth, such large volumes of supply will likely result in increasing market competition, even possibly oversupply. Therefore, it is expected that rental growth will remain benign over the next few years and rents for mid- to high-end retail will only grow marginally over the next few years.

4.3 Location & Accessibility of Red Star Macalline Furniture Mall

Red Star Macalline Furniture Mall is co-located with the Longemont Shopping Mall on Pangjiang Street, in the district of Dadong (refer Map 4.4). These two centres form important components of the major Longemont Asia Pacific City mixed use development, a major project that is to be one of the largest single commercial developments ever undertaken in China (refer Figure 4.1). The development site area is 55.75 hectares, and total floor area is expected to exceed 4.3 million sq.m, a quarter of which will be underground. The major components of this development are as follows:

- A 50,000 sq.m public transit centre (servicing two metro lines and 56 bus lines).
- 25,000 car parks.
- Class A Office Towers (198,000 sq.m GFA).
- Seven luxury hotels, including a 325 room 7 star hotel.

- The largest exhibition centre in northeast China.
- 'Yes' Department Store (~100,000 sq.m GFA).
- Asia Pacific Digital Centre — a major electronics retail centre (~200,000 sq.m GFA)
- Large cinema, aquarium and other entertainment leisure uses.
- Longemont Shopping Mall (327,789 sq.m GFA).
- Red Star Macalline Furniture Mall (276,474 sq.m GFA)
- Around 1.1 million sq.m of residential development, which we estimate could include 11,000 to 12,000 apartments.

Longemont Asia Pacific City has the potential to be a major commercial focal point for Shenyang. Strong public transport options and a high provision of both retail, leisure and entertainment uses should result in the development being a highly vibrant and popular destination for both locals in Shenyang as well as visitors from the nearby cities given its easy accessibility.

Figure 4.1 — Longemont Mixed Use Development



Upon completion in 2011, Longemont Shopping Mall will become one of Shenyang's largest shopping centres, with a floor area of 209,292 sq.m NLA. The centre will provide a wide range of retail, leisure and entertainment over ten levels, including two basement levels. It is a core component of the Longemont Asia Pacific City project.

Pangjiang Street is a major arterial acting as an inner ring road around the centre of Shenyang. The site is also located in very close proximity to the major intersection of Pangjiang Street and Zhulin Road. Zhulin Road provides strong east west linkages into the centre of Shenyang and along the Hunhe River to the east. This road network provides Longemont Asia Pacific City with strong exposure and accessibility from all over Shenyang.

Public transport access to Red Star Macalline Furniture Mall will ultimately be extremely strong, with Longemont Asia Pacific City directly serviced by two metro lines, and the transit hub designed to support 56 bus lines. Both metro lines and the transit hub will connect directly to the basement of the Red Star Macalline Furniture Mall.

As this development is completed and becomes more established, the site is expected to be an increasingly strong location for retail with a growing local residential population, a large workforce, tourists, and relatively easy regional access.

4.4 Description of the Property

The Furniture Mall has eight retail levels, including one level below ground. It also has a carpark level in Basement 2. It has a total NLA of 181,595 sq.m dedicated to homewares and furniture, approximately 833 stores, and a minimum of 55 stores per floor. Each level has 21,000–24,000 sq.m of floorspace (NLA).

The Furniture Mall layout is reasonably consistent across each of the levels. The Furniture Mall's tenants are all relatively small (<1,000 sq.m), resulting in a very large number of shops providing a wide range of retailers and products.

Due to the high number of individual shops, the layout necessarily has a large number of corridors and secondary corridors. Vertical integration is via four vertical circulation hubs. These are well distributed through the Furniture Mall optimising circulation.

The Furniture Mall will have a number of precincts systematically distributed across each floor as follows:

- Basement: Ceiling related accessories; water appliances (heaters etc); Interior design; sliding doors; lighting & accessories.
- Level 1: Tiles; sofas.
- Level 2: Bathroom; sofas.
- Level 3: Flooring, mattresses and bedding accessories.
- Level 4: Wooden doors; stairs; wooden furniture; wall paper.
- Level 5: Curtains; hardwood furniture; pinewood furniture; kid's furniture.
- Level 6: Plants & landscape; hardwood furniture; redwood furniture.
- Level 7: European furniture.

4.5 Trade Area Analysis

The scale of the Furniture Mall and its location should result in it having very broad appeal from throughout urban Shenyang. However the majority of the Furniture Mall's customers are likely to come from a more confined area similar to that defined in Section 5.6.1 for the Longemont Shopping Mall.

For further details, as well as the market analysis of the trade area retail market, refer to Section 5.6.

4.6 Review of Competitive Environment

The Furniture Mall will be subject to competition from a wide range of furniture shops and centres located throughout Shenyang. Many of these are presented in Map 4.4. Some of the major locations include:

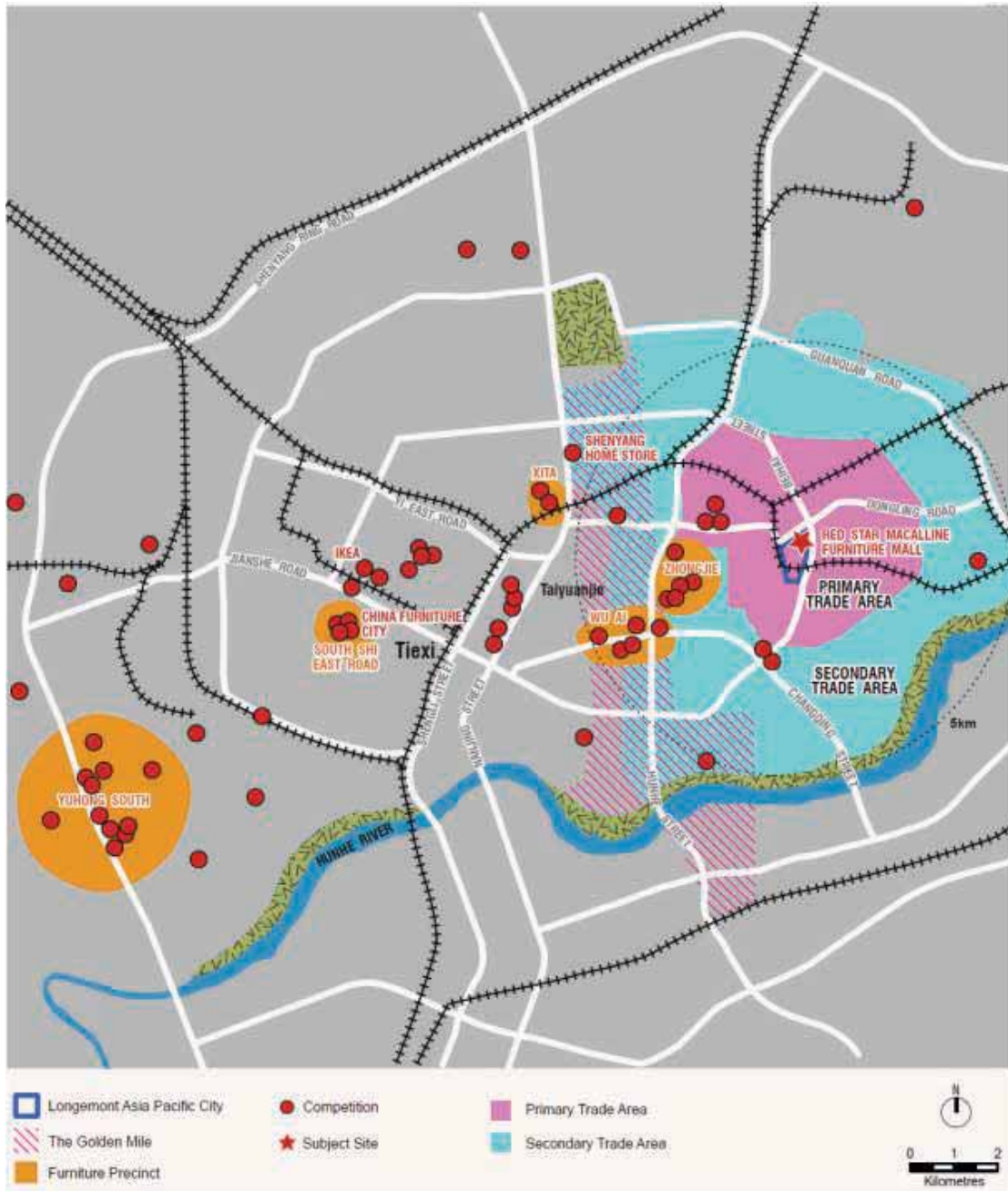
- **Shenyang Home Store:** this is a major furniture development located to the north west of Longemont within the Golden Triangle. The Furniture Mall is estimated at be around 80,000 sq.m (NLA), and provides a wide range of furniture and homewares.
- **Zhongjie & Wu Ai:** There is a wide range of furniture stores scattered throughout Dadong, to the east and south east of the subject centre. Some of these are located in larger commercial centres (e.g. Zhongxing), while others are in precincts to the south east of the subject centre (e.g. near corner of Shenzhou Rd and Xishuncheng Street).
- **Ikea/Red Star Macalline:** IKEA is located in Tiexi, a retail precinct located 10.9km drive to the west of the subject site. IKEA is a dominant retailer that would have strong regional draw from throughout Shenyang and beyond. The store is reportedly one of the largest IKEA stores in Asia, reportedly having a floor area (GFA) of 116,400 sq.m.

Co-located with the IKEA is another Red Star Macalline furniture store (part of a larger retail precinct). When combined with the IKEA, this precinct is a major competitor to the Red Star Macalline Furniture Mall, and has major drawing power from throughout Shenyang.

- **South Shi East Road (near Xinghua Beijie):** Just south of Tiexi, 15 km drive from the subject site, is a furniture precinct that contains a large number of mostly standalone stores. Within this area is the China Furniture City, which provides 32,000 sq.m (NLA) of small furniture stores. Until the opening of Red Star Macalline Furniture Mall, this centre claimed to be one of the largest markets of its kind in China.
- **Yuhong South:** further afield, around 23km to the west of the subject site is another furniture store precinct. This is located near to the Shenyang Ring Road.

The above represent some of the larger precincts. However given the nature of furniture retailing, competitive influences are likely to come from a very wide range of locations and shops. The scale of the Red Star Macalline Furniture Mall, coupled with its strong location in terms of access and exposure, should provide the Furniture Mall with a strong competitive advantage over all of its competition.

Map 4.4 — Red Star Macalline Furniture Mall Trade Area and Competition



4.7 Market & Rental Growth Outlook for Red Star Macalline Furniture Mall

It is understood that current actual rents achieved for the furniture specialty shops are as outlined below (per sq.m per month):

- Basement: RMB110
- Level 1: RMB130
- Level 2: RMB130
- Level 3: RMB130
- Level 4: RMB130

- Level 5: RMB120
- Level 6: RMB110
- Level 7: RMB80

It is also understood that these rents are being achieved on one year leases, and the Furniture Mall is currently 96% occupied.

These rents are largely in line with those being budgeted for the upper levels of the Longemont Shopping Mall, but are significantly below the prime rents being budgeted for on the ground floor (RMB274 per sq.m per month).

Furthermore, the rents are at or below the low end of the range achieved in the major commercial precincts including Taiyuan Street and the Golden Corridor (refer Section 4.2.3). Weaker space in Taiyuan Street achieves rent of around RMB105, while similar space in the Golden Corridor rents at RMB120 per sq.m per month. Only Hunnan New District has lower rents, with weaker space renting at around RMB80 per sq.m per month.

This suggests that the rents being achieved by Red Star Macalline Furniture Mall are supportable over the longer term. Indeed, with such high occupancy there may be scope for increasing rents particularly as the Longemont Asia Pacific City becomes more established, and the remaining components are completed and occupied.

Over the longer term, the successful establishment of Longemont Asia Pacific City as a vibrant destination for workers, shoppers and tourists will help support the ongoing performance of the Furniture Mall. This, coupled with the competitive advantages the precinct will have in terms of scale, road and public transport access, should allow rents to grow in line with the market over the longer term.

5 Longemont Shopping Mall, Shenyang

As much of the detail for this chapter is the same as for Red Star Macalline Furniture Mall, for certain sections please refer to Section 4.

5.1 Overview of the Shenyang Economy

Refer to Section 4.1.

5.2 Overview of Shenyang Retail Property Market

Refer to Section 4.2.

5.3 Location & Accessibility of Longemont Shopping Mall

Refer to Section 4.3.

5.4 Description of Project & Mall

Longemont Shopping Mall is part of Longemont Asia Pacific City, a major mixed use project that is to be one of the largest single commercial developments ever undertaken in China (refer Figure 4.1). For further details on this development see Section 4.3.

The majority of the shopping mall layout is a simple 'racetrack'. Each floor will be themed and will include a central core of retailers, including mini-majors, as follows:

- Basement 2: F&B, Supermarket & Lifestyle.
- Basement 1: F&B, Supermarket & Lifestyle.
- Level 1 — Jewellery concept shoplets (concessions).
- Level 2 — Shoes concept shoplets.
- Level 3 — Children concept shoplets.
- Level 4 — Sports and sports related concept shoplets.
- Level 5 — Home Accessories concept shoplets.
- Level 6 — Leisure & entertainment concept such as KTV and spa outlets.
- Level 7 — Leisure & entertainment — ice skating rink.
- Level 8 — Leisure & entertainment — indoor theme park.

Each floor is expected to include a central core of retailers (including mini-majors) that will operate similarly to a department store (with central cashiering, and tenants largely paying turnover rent). The mall will form a ring around this quasi department store, with regular retail specialties around the outside.

Table 5.1 provides a summary of the major or anchor components for the centre by level. As with most components of the centre, the supermarket will be relatively large at 20,000 sq.m. Similarly the foodcourt and restaurant precincts will be of a scale that should allow them to have broad

appeal. Entertainment is a key feature of the centre which will include an ice-skating rink (~5,777 sq.m) and an indoor theme park which will be the largest indoor theme park in Shenyang.

Longemont Shopping Mall — Indicative Composition, 2011 **Table 5.1**

Tenant	Level	Retail NLA (sq.m.)
Supermarket	B1 B2	20,000
Ice Skating Rink	7	5,777
Indoor Theme Park	8	29,990
Other Specialty Shops & Mini Anchors	All	153,525
Total Centre		209,292

Source: Perennial Real Estate; Urbis

The shopping mall should have strong vertical integration and circulation, with a number of escalators around the 'race track' mall.

5.5 Target Market & Trade Area Analysis

Due to its location, scale and extensive retail and entertainment offerings, the Longemont Shopping Mall is expected to be a focal point for both Shenyang residents and tourists visiting Shenyang.

5.5.1 Trade Area Definition

The four main factors that will drive the extent of the shopping mall's trade area are:

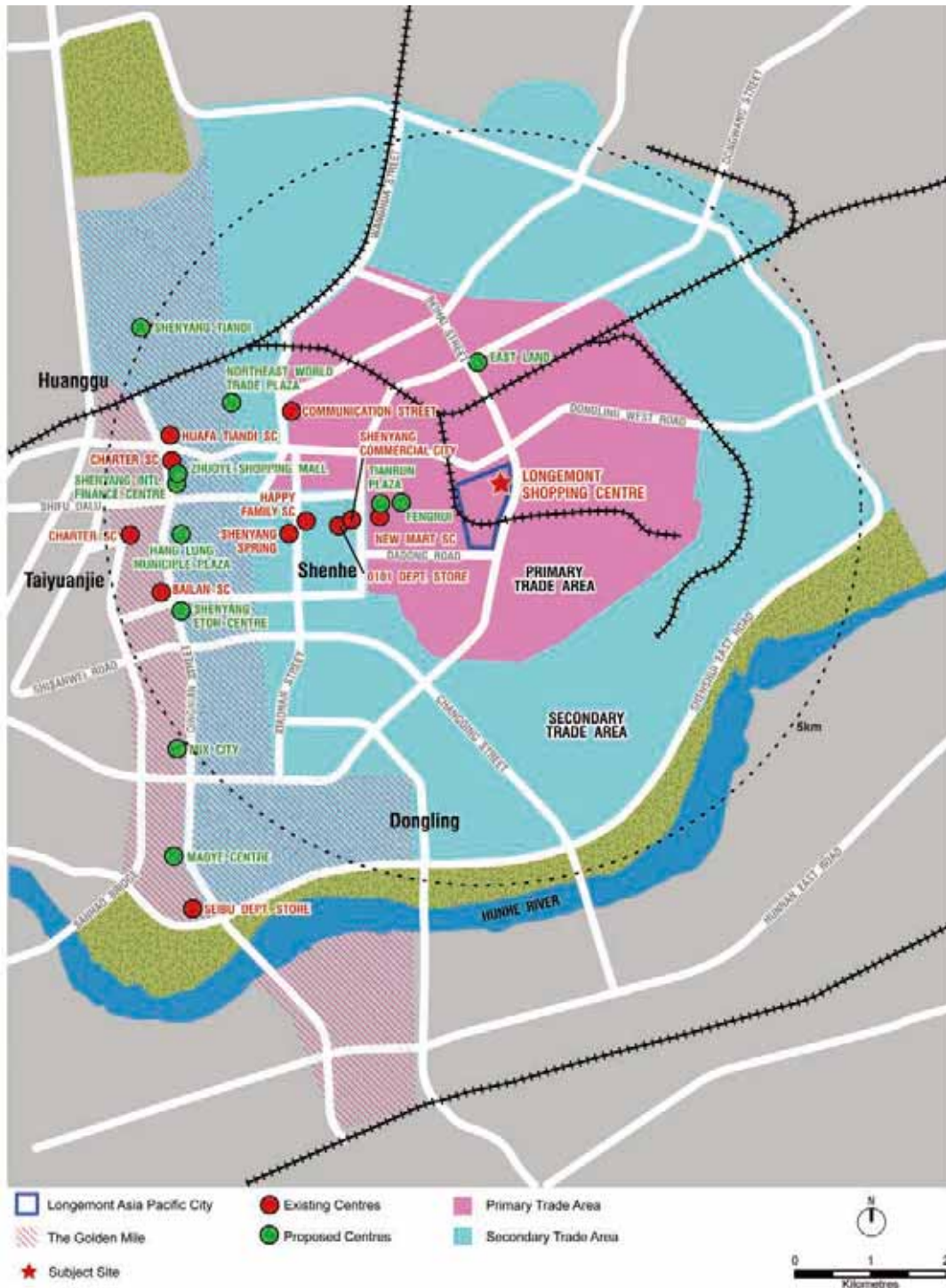
- The relative ease of access to the shopping mall from throughout the city by road or public transport as demonstrated by the available road networks and strong public transport infrastructure (including two metro lines and a major bus transit hub);
- The scale of the shopping mall — at 209,292 sq.m (NLA), the shopping mall is large by international standards. As such it would be expected to have a strong regional draw.
- Upon completion of the broader development, the shopping mall will be co-located with a range of highly complementary land uses that will create a commercial precinct of a scale that is likely to have draw from throughout the city of Shenyang, as well as strong exposure to tourists.
- The presence of a large hypermarket should result in increased popularity of the shopping mall for local residents doing more regular shopping.

The designated trade area for Longemont Shopping Mall is as shown in Map 5.1, and comprises:

- The **Primary Sector** extends between 2 km and 3 km drive from the shopping mall. Visitation from this area will be relatively strong, particularly the use of the hypermarket.
- The **Secondary Sector** extends around 5–7 km drive from the shopping mall. The primary and secondary sectors combined make up the shopping mall's **main trade area**, and is expected to be the area from which the majority of the mall's turnover is derived.

- A **Tertiary Sector** has also been defined for Longemont Shopping Mall principally as a consequence of its scale and its co-location with a major commercial centre and the Shenyang Furniture Mall. This tertiary sector has been defined to be the balance of the Shenyang urban area.

Map 5.1 — Longemont Shopping Mall Trade Area and Competition



5.5.2 Trade Area Population & Retail Spending

The population of the primary trade area is estimated at 462,000, while the secondary trade area adds a further 1,050,000 people. This gives a 2009 main trade area (primary plus secondary) population of 1.51 million people. This is a substantial trade area reflecting the scale of the shopping mall and its location within a major commercial precinct.

Population growth in the main trade area for Longemont Shopping Mall has averaged around 0.8% per annum since 2005. With the anticipated ongoing strong growth of the Shenyang economy together with the significant amount of residential development that is occurring in the inner city (including Longemont) we would expect a similar rate of growth to continue through to 2014 as indicated in Table 5.2. On this basis the main trade area population is expected to increase from its current level of 1.51 million in 2009 to 1.58 million in 2014 at a growth rate of 0.9% CAGR.

Longemont Shopping Mall, Shenyang					Table 5.2
Population and Retail Spending Forecast 2000 – 2014¹					
	2005	2009	2014	2005–09	2009–14
Resident Population					
Primary Trade Area	452	462	480	0.5%	0.8%
Secondary Trade Area	<u>1,011</u>	<u>1,050</u>	<u>1,101</u>	<u>0.9%</u>	<u>1.0%</u>
Main Trade Area³	1,463	1,511	1,581	0.8%	0.9%
Urban Shenyang Balance	3,468	3,597	3,778	0.9%	1.0%
Retail Spend Per Capita (Inflated RMB)²					
Primary Trade Area		8,926	14,339		9.9%
Secondary Trade Area		<u>8,926</u>	<u>14,339</u>		<u>9.9%</u>
Main Trade Area³		8,926	14,339		9.9%
Urban Shenyang Balance		8,926	14,339		9.9%
Total Retail Spend (Inflated RMB million)²					
Primary Trade Area		4,120	6,881		10.8%
Secondary Trade Area		<u>9,369</u>	<u>15,783</u>		<u>11.0%</u>
Main Trade Area³		13,489	22,663		10.9%
Urban Shenyang Balance		32,108	54,180		11.0%

1. Excludes Tourists and Non-Permanent Residents

2. Inflation assumed at 1.8% per annum between 2009 and 2014

3. Main Trade Area is the primary trade area plus the secondary trade area.

Source: Global Demographics; Shenyang Statistical Bureau; Urbis;

Urban residents of Shenyang generate an estimated retail expenditure per capita of RMB8,926 annually. On this basis, total primary sector retail market is estimated at RMB4.1 billion, while the main trade area retail market is estimated to be approximately RMB13.5 billion. We expect that per capita expenditure can continue to grow at just under 10% CAGR over the next few years, which would result in the main trade area retail market increasing to more than RMB6.9 billion by 2014, and the main trade area market increasing to RMB22.7 billion.

As a major retail centre, and being part of a large commercial centre, the shopping mall will also be able to draw customers from throughout the Shenyang urban region. We estimate that this retail market is worth approximately RMB32.1 billion in 2009, growing to RMB54.2 billion in 2014 (representing a growth rate of 10.9% CAGR).

5.6 Review of Competitive Environment

5.6.1 Existing Competition

Due to its scale and location, Longemont Shopping Mall will compete to some degree with all major shopping centres throughout Shenyang. However, its main competition will come from those centres located in relatively close proximity, particularly those in Zhongxing and East Zhongxing, and to a lesser extent, the Golden Corridor.

In addition to shopping centre competition, Longemont Shopping Mall will face competition from other formats of retail, including major retail streets and markets (e.g. Wu Ai Clothing Town & Market).

The major competition to Longemont Shopping Mall are listed in Table 5.3, and their locations are illustrated in Map 5.1.

5.6.2 Future Competition

There are a significant number of shopping centres set for completion in the next couple of years. Major centres are expected in East Zhongxing, and continued expansion of retail supply in the Golden Corridor continues (refer Table 5.3 and Map 5.1).

5.7 Market & Rental Growth Outlook for the Mall

5.7.1 Market Outlook

There are currently a total of 2,934,700 sq.m (GFA) of mid-to-high-end retail stock in Shenyang.

Currently, most of the established and good quality large-scale shopping centres in the urban area achieve an occupancy rate of 95% to 100%. As is usually the case, what vacancy exists is concentrated in the poorer quality centres, with tenants choosing to locate in the best centres in the best locations.

Supply in shopping centre floorspace is growing strongly, responding to an economy that is growing and continued population growth in the city. A total of 1.61 million sq.m (GFA) of retail space is expected to be completed over the next two years. Such strong growth in supply is expected to result in increased market competition, with the weaker shopping centres (in terms of quality, offer and location) likely to feel the most pressure on occupancy or rents. Given the expectation for continued strong economic growth and growth in personal incomes, the impact of any 'oversupply' is likely to be reasonably short, with the market adjusting over the following couple of years. Again, we expect that the majority of the impact will be felt by poorer centres who fail to sustain their competitive position. Strong, highly competitive centres should still be in a position to sustain high levels of occupancy.

5.7.2 Rents

It is understood that budgeted rents are as outlined below (per sq.m per month):

	Specialty Shops (RMB per sq.m per month)	Total Level (RMB per sq.m per month)
Basement 2	167	139
Basement 1	213	187
Level 1	274	274
Level 2	198	198
Level 3	137	137
Level 4	122	122
Level 5	91	91
Level 6	106	106
Level 7	106	106
Level 8	—	55
Total Centre	152	137

These rents are not directly comparable with the market rents for Shenyang presented in Section 4.2.3. The rents presented Section 4.2.3 are prime or ground floor rents, whereas the rents presented above are average rents for a whole floor (including both prime and non-prime floorspace).

The ground floor rents shown above for the shopping mall (RMB274 per sq.m per month) compare favourably with the market ground floor rents discussed in Section 4.2.3. Zhongjie ground floor rents generally range from RMB300–420. Rich Gate Shopping Mall (near North Gate, Shenhe District) is a relatively new centre achieving prime ground floor rents of RMB450 per sq.m per month. Urbis believes that the rents listed above are supportable assuming the centre is well managed over the longer term, and the broader Longemont Asia Pacific City is developed successfully.

While the rents listed above appear below market, the Shenyang market rents presented in Section 4.2.3 are generally for more established centres in established locations. Longemont Shopping Mall will bring a significantly amount of floorspace onto the market (including the space used by concessions within the central part of the shopping mall (quasi department store) and as a consequence it will take a number of years to become fully established and achieve its full potential.

Starting rents will therefore need to be lower than market (as budgeted) in the earlier years while the broader Longemont Asia Pacific City is complete and occupied. Given the large amount of new retail supply coming on stream in East Zhongjie over the next couple of years, rental growth in the early years is expected to be limited but at the same time net income should increase as the shopping mall becomes fully tenanted. Following a 3–4 year establishment period and with anticipated lower levels of new supply, it is expected that the shopping mall’s specialty shops should experience some solid rental growth.

Over the longer term, the successful establishment of Longemont Asia Pacific City as a vibrant destination for workers, shoppers and tourists will help support the ongoing performance of the Longemont Shopping Mall. This, coupled with the competitive advantages the centre will have in terms of scale, road and public transport access, should allow rents to grow in line with the market over the longer term.

Shenyang Longemont Shopping Centre — Major Competition
Table 5.3

	GFA (sq.m)	Est NLA (sq.m)	Year Opened
Existing Competition			
<u>Zhongxing</u>			
Shenyang Commercial City	79,000	67,150	1991
Shenyang Spring	24,000	20,400	1993
Happy Family Mall	197,000	128,050	2002
New Mart	100,000	85,000	2002
0101 Department Store	23,000	19,550	2005
No.77 Zhongjie	10,000	8,500	2009
Hang Lung Zhongjie Plaza	109,700	71,305	2010
<u>East Zhongxing</u>			
Joy City	340,000	221,000	2009
<u>Golden Corridor</u>			
Shenyang Charter Shopping Centre	91,000	59,150	2006
Huafu Tiandi Shopping Centre	240,000	156,000	2007
Seibu Department Store	15,000	9,000	2007
Bailian Shopping Centre	83,000	53,950	2007
Hualan Wulihe Shopping Mall	50,000	42,500	2009
Shimao Department Store	46,000	39,100	2010
Future Competition			
<u>East Zhongxing</u>			
Tianrun Plaza	130,000	84,500	2011
Fengrui	325,000	211,250	2011
East Land	NA		2011
Dunan Qiansheng Mall	230,000	149,500	2011
Longemont 'Yes' Department Store	100,000	85,000	2011
<u>Golden Corridor</u>			
Northeast World Trade Plaza	90,000	58,500	2010
Sunwah International Financial Centre Shopping Mall	90,000	58,500	2010
Shenyang Eton Centre	150,000	97,500	2010
Zhuoyue Shopping Mall	40,000	24,000	2010
Maoye Centre	60,000	36,000	2010
Shenyang Tiandi	39,000	23,400	2011
Hang Lung Municipal Plaza	80,000	52,000	2011
Mix City	200,000	130,000	2011
Shenyang International Finance Centre	NA		2012

Source: Savills; Urbis

6 Longemont Office Development, Shenyang

6.1 Overview of Shenyang Economy

Please refer to Section 4.1.

6.2 Definitions

- **Office Market:** includes all types of purpose built office buildings available for sale or lease in the office market with an area more than 15,000 sq.m. Offices constructed for self-use by developers or state-owned enterprises, converted office space in hotels and residential apartments are excluded from this analysis.
- **Grading:** Offices are graded A, B or C according to building age, quality, amenities and state of repair. It should be noted that Grade A does not reach the level typically ascribed to international Grade A buildings. Like many other second-tier cities, the Grade A office market in Shenyang has been developing slowly. Only a very small number of office buildings are regarded as Grade A in terms of their market reputation, rental level and tenant mix.

6.3 Overview of Shenyang Office Market

6.3.1 Driver of Demand

Key Industries & Government Aspirations

Recently the demand for high-quality, high-profile office towers has been driven by the development plans of the municipal government to support its bid to make Shenyang the financial centre of north-eastern China. The municipal government has promoted the development of office space in anticipation of future demand arising from the successful implementation of its financial centre development plans.

While it is reasonable to assume that Shenyang will see growth of the finance and service industries as the economy develops and incomes rise, one should distinguish between government plans and the reality that much of the current office demand is from companies in manufacturing, logistics and trade or from retailers setting up regional offices in the city. These are all positive developments, but the office specifications demanded by these types of tenants may be different than those envisioned in government plans.

Preferences

The relatively small number of international financial companies in the city have taken space in the best buildings that Shenyang has to offer, and it is expected that these tenants will possibly consider upgrading if higher-quality, higher-profile buildings become available at reasonable rents. Demand in Shenyang from international financial companies at present however is not great, and there is no indication there is a significant demand for higher-profile office space from these tenants.

Many of the large international companies in Shenyang are engaged in manufacturing, and they often build offices for their own occupation within industrial parks, thus generating little leasing demand for Grade A office space.

With respect to local demand, much of this comes from small domestic companies engaged in the trade, agency and service sectors. Generally speaking, these companies do not place a great premium on high-profile space. They can usually only afford low-grade offices; and some of them choose to buy offices or business apartments for self use.

Key Players in Market

There are around 200 office buildings in Shenyang of greater than 15,000 sq.m. These buildings vary greatly in terms of location, facilities, tenant composition and rent/sales level. Although there are some relatively high-profile developers in the market (including Hongkong Sun Wah Group, Huaxin International Company, Kerry Property Limited, Shimao Group, and China Resources Land Limited), none of these same developers have expanded in the city to the extent that they hold significant market share or can be considered a dominant player. Nonetheless, these developers have generally raised standards for office buildings in Shenyang in terms of building design, building specification and management.

6.3.2 Existing Office Supply

Grade A office buildings in Shenyang are mainly located in four areas — North Station, Municipal Government Square, Zhongshan Square and Wulihe. These locations are shown in Map 6.1

Table 6.1 shows the major A Grade office buildings in each of the major areas of Shenyang. North Station remains a key location for high quality office space, and in the past few years a significant proportion of new A Grade office space has been developed in this area. The other major area is the Golden Corridor which has seen three major developments in the past year or so.

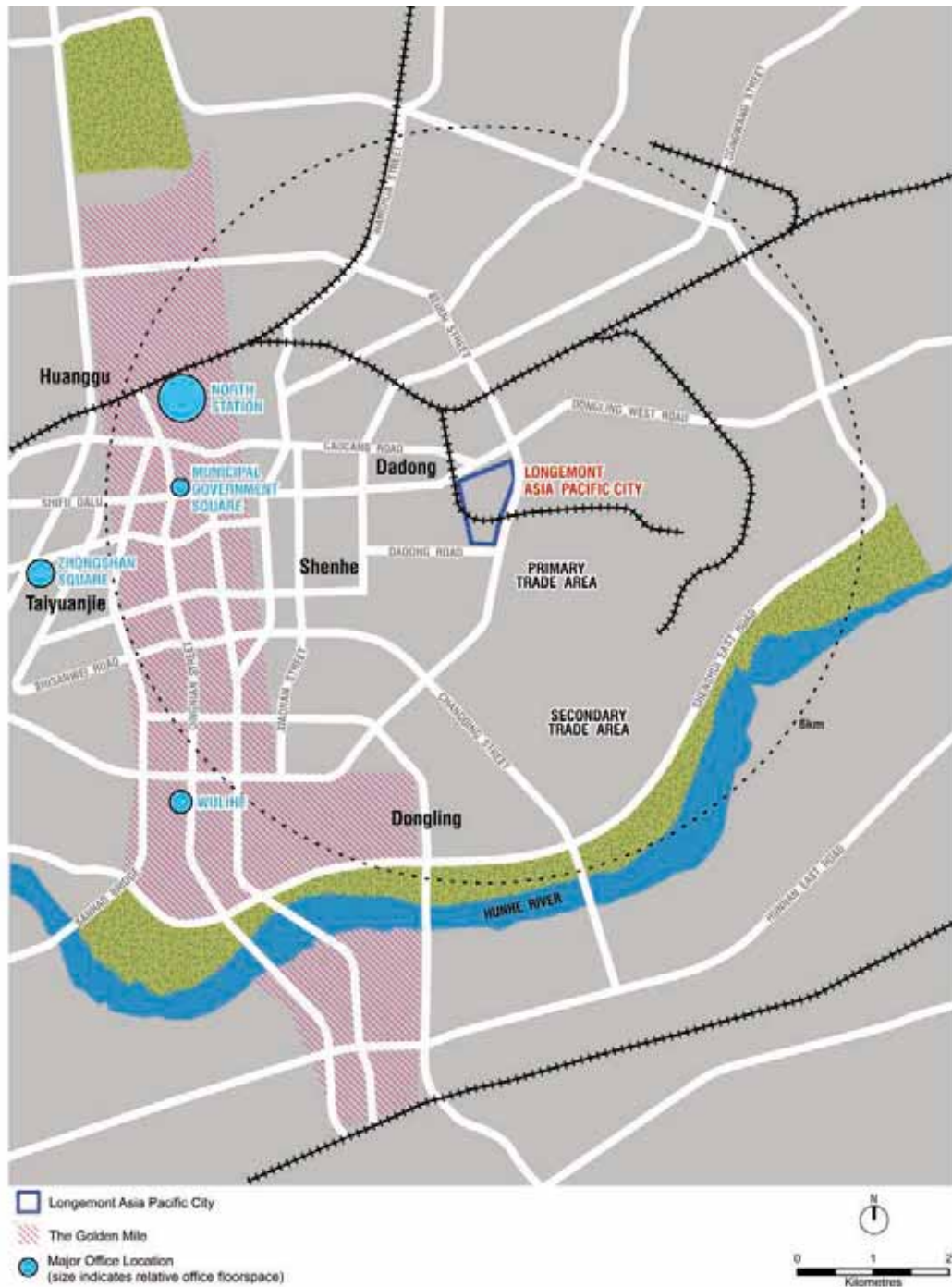
Current Major A Grade Office Buildings in Shenyang

Table 6.1

Property	Year of Completion	Location	Estimated Floor Area	
			GFA	NLA
Sunwah Hi-tech Building	1995	Municipal Government Square	53,000	42,400
Huaxin International Building	1997	Wulihe	31,800	25,440
President Tower (A&C)	2003	Zhongshan Square	68,000	54,400
Fangyuan Mansion	2003	North Station	48,000	38,400
New Henderson International Mansion	2005	Zhongjie	28,000	22,400
Shenyang Fortune Center Tower E	2006	North Station	45,800	36,640
North Media Center	2006	Wulihe	29,000	23,200
Gold Building Tower B	2007	North Station	33,600	26,880
Rich Gate 1st Phase	2008	North Station	18,852	15,082
Galaxy International	2008	North Station	45,000	36,000
Shenyang Fortune Plaza Tower B	2008	North Station	25,000	20,000
Royal Wanxin Building	2009	Wulihe	45,000	36,000
L'Avenue Mansion	2009	North Station	41,010	32,808
Headquarters Square	2009	Golden Corridor	28,000	22,400
Excellence Tower	2009	Municipal Government Square	76,790	61,432
Shenyang World Trade Tower	2010	Golden Corridor	86,052	68,842
Leading International Center	2010	Golden Corridor	60,000	48,000
SK Tower	2010	Zhongshan Square	74,096	59,277
Xinhui International Mansion	2010	North Station	43,200	34,560

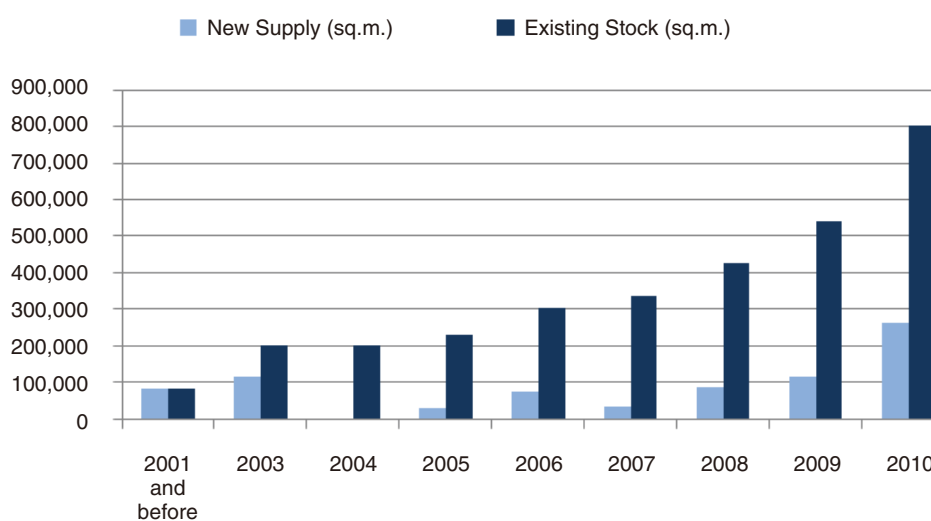
Source: Savills, Urbis

Map 6.1 — Major Grade A Office Locations in Shenyang



The supply of Grade A office space has grown strongly over the past decade. In 2001, there was less than 100,000 sq.m of Grade A office space, compared to just over 800,000 sq.m currently. This represents an average annual increase of around 80,000 sq.m per annum (refer Chart 6.1).

In 2010 the increase in Grade A office space has been significantly higher than this longer term average. Over 260,000 sq.m (GFA) will come online in 2010, representing a 40% increase. This will have a major impact on the Shenyang office market.



Source: Savills Research & Consultancy

6.3.3 Market Performance — Occupancy

Due to limited supply, Grade A offices in Shenyang have maintained relatively high occupancy rates over the past few years.

However, the contemporaneous entry of new supply and the slowing of demand as a result of the financial crisis has resulted in lower citywide occupancy rates, with overall vacancy around 10%–15%. A recent improvement in occupancy has coincided with the improvement in economic conditions and confidence, with vacancy now just above 10%.

The level of vacancy is not consistent across the main office regions. Vacancy is highest in Wulihe (~15%–17%), lowest at Zhongshan Square (~10%). North Station has vacancy of around 13%⁴.

6.3.4 Market Performance — Rents

Grade A office rent in Shenyang is usually quoted on a gross area basis and inclusive of management fees. As no breakdown of management fees is available in most rental data, therefore Grade A rents quoted in this report are gross inclusive of management fee. All rents are quoted on a per sq.m per month basis.

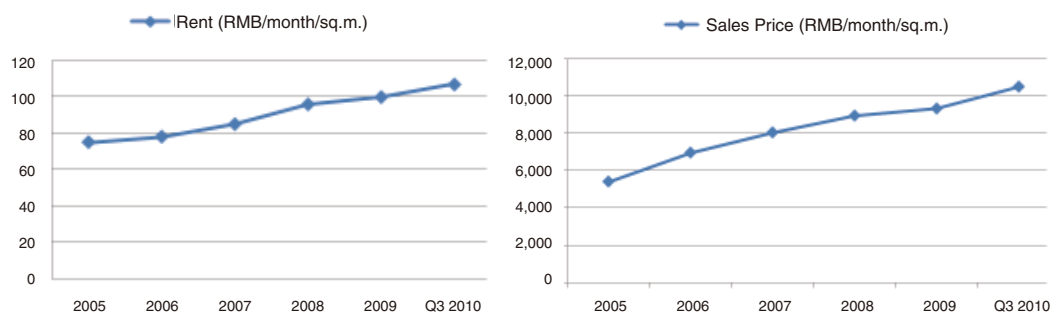
Overall Grade A office rents have experienced reasonably stable growth over the past five years, increasing from RMB75 in 2005 to RMB107 currently, representing a CAGR of 7.3% (refer Chart 6.2). Given the historic low level of Grade A supply, high quality developments could command higher rents. Thus the addition of new high quality floorspace such as Fortune Plaza, North Media Center and Gold Building Tower B in 2006 and 2007 caused average rents to increase during this period. However, as the supply of Grade A office space increases, this effect will diminish as the market gets more competitive.

⁴ DTZ Research, Property Times Shenyang Q3 2010.

Most recently, the rebound in economic activity in Shenyang has driven a slight increase in rents over the past couple of quarters, after low growth in 2009.

The regions where rents are strongest are North Station and Wulihe. Rents in these areas can be as high as RMB120 or RMB130 respectively. Zhongshan is clearly the weakest area, achieving rents that are well below average (~ RMB95 per month per sq.m).

Shenyang Office Market — Historic Rents and Capital Values **Chart 6.1**



Source: Savills Research & Consultancy

6.3.5 Market Performance — Capital Values

The capital value of office floorspace has also increased steadily over the past few years (Table 6.2). In 2005 Grade A office space was worth around RMB5,400 per sq.m; it is currently worth around RMB10,480 per sq.m. This represents a healthy growth rate of around 14% (CAGR).

Furthermore, good development continues to achieve strong capital values. The Headquarters Square Building has attracted a premium price of approximately RMB13,300 per sq.m, well above the average of RMB10,480 per sq.m.

6.3.6 Future Supply

There are a number of office developments in the pipeline currently, with the market responding to strong economic growth and improving occupancy rates. Our best estimate of the growth of total Grade 'A' office stock is as follows (source: Savills):

Year	Total Stock
• 2009	540,062 sq.m
• 2010	803,410 sq.m
• 2011	978,410 sq.m
• 2012	1,118,410 sq.m

As Table 6.2 shows, a total of 12 Grade A office buildings are scheduled to be launched onto the market between 2011 and 2013. It should be noted that this is not a complete list of future Grade A office space, since some proposed developments may not have been made public. A peak period of new office supply is expected to be in 2011–2012 when more than 350,000 sq.m (GFA) of Grade A office space are expected to be released onto the market.

Given the large jump in supply that has happened during 2010 and the current level of vacancy (10%–15%), this increase in supply is expected to have a major impact on the overall office market. The three developments for which floorspace is known (refer Table 6.2) are expected to provide almost 297,000 sq.m of NLA floorspace by themselves, which is equal to around 42% of the current Grade A market. This is likely to result in an oversupply in the short to medium term

as the market absorbs this new supply. Vacancy is likely to be experienced most strongly by poorer quality buildings in weaker office locations, where as high quality buildings in good locations should perform better.

Shenyang citywide Grade 'A' office occupancy rates registered at 84.9% and 84.5% in 2008 and 2009 respectively. At the end of the third quarter 2010, occupancy rates had improved to 87%. A peak period of new office supply is expected to be in 2011–2012 when more than 350,000 sq.m of Grade 'A' office space could be released onto the market. While a number of developments currently being mooted are unlikely to go ahead, the growth in supply is expected to remain strong.

The impact of the new supply is likely to result in lower occupancy rates. While the actual outcome will be driven by the level of supply that ultimately does occur, it is estimated that occupancy could decline to around 81% in 2012 (Source: Savills).

The impact on individual developments will be different depending on their location and quality, with vacancy likely to be concentrated in poorer quality buildings and locations.

Proposed Major A Grade Office Buildings in Shenyang **Table 6.2**

Property	Year of Completion	Location	Estimated Floor Area	
			GFA	NLA
Northeast World Trade Center	2011	North Station	TBC	
Maoye Town	2011	Wulihe	TBC	
Rich Gate Phase II	2011	North Station	TBC	
Century Huafeng Cultural Plaza	2011	Wulihe	78,641	62,913
Longemont Asia Pacific City	2011	East	197,803	177,590
MixCity	2011	Golden Corridor	70,000	56,000
Kerry Center	2012	Golden Corridor	TBC	
Finance Center	2012	North Station	TBC	
HangLung Municipal Government Square	2012	Golden Corridor	TBC	
Shimao Property Wulihe Stadium Project	2012	Wulihe	TBC	
Sunwah International Financial Center	2013	Municipal Government Square	TBC	
Huachen Zhongji Mansion	2013	Golden Corridor	TBC	
Kaisa Center	2013	Golden Corridor	TBC	

Source: Savills; Urbis

6.3.7 Market Outlook

In the short term, the large increase in supply of Grade A floorspace is going to result in major restructuring of the market. We expect that there will be downward pressure on rents as developers compete for tenants.

Mitigating this pressure from oversupply will be the following factors:

- The Shenyang economy continues to grow strongly, driving demand for office space at all levels.

- New developments are likely to be of higher quality, which will help attract tenants out of poorer quality office locations. This should allow Grade A office space to achieve relatively high occupancy, albeit at the expense of poorer occupancy for lower quality space.
- Long term, the municipal Government has an objective to create a financial hub within Shenyang. To date, the Shenyang economy has been largely reliant on manufacturing, which has limited demand for high quality office development. The successful implementation of this policy should help drive increased demand for high quality office space.

Urbis expects that over the next couple of years there will be some significant short term vacancy as the market adjusts to the increase in supply. However with the expectation of a strong growing economy and the potential to 'poach' tenants out of lower quality floorspace, Grade A floorspace should return to long term occupancy rates relatively quickly (2–3 years).

While occupancy rates are lower, increasing rents will be difficult. Urbis expects that as competition for tenants gets stronger, there will be some downward pressure on rents. Again, however, it is expected that the market will grow and adjust and rents will rebound accordingly. Subject to a more balanced increase in supply over the long term, the outlook for Grade A office rents in Shenyang remains positive.

6.4 Description of Project

The subject office development is part of the Longemont Asia Pacific City mixed use development occurring in East Zhongxing. For full details on this development refer to Section 4.4.

The development includes two office towers attached to the Longemont Shopping Mall (refer Section 4). The two office towers will provide a total of 197,803 sq.m GFA, or an estimated 177,590 sq.m NLA. Each tower will be 245 metres in height, making them significant landmarks for Shenyang.

There are currently 18 Grade 'A' office buildings in Shenyang, with total GFA of approximately 803,410 sq.m. The new supply of the Longemont Offices will be equivalent to about 25% of the existing Grade 'A' office stock. However the market continues to grow and mature, so other stock will also come on-line over the next couple of years. On completion, therefore, the Longemont Office development is likely to make up a smaller proportion of the market.

In a market where major office locations tend to be disbursed between a number of different areas, and no single CBD, there is an opportunity for Longemont to establish itself as an alternative location with a number of positive attributes that should drive its ultimate success:

- The two towers will be 245 metres high, making them major landmark developments in Shenyang. In weak markets, tenants tend to gravitate towards the best quality locations as affordability improves.
- The surrounding retail, entertainment, leisure and tourist developments should create a vibrant location popular with office workers.
- Public transport options are very strong — two metro lines and very strong bus linkages will provide the location with a strong competitive advantage over most other locations.

The office towers will both complement the shopping centre, and also benefit from it. The offices will provide a further catchment from which the shopping centre can draw, while the shopping centre will provide the office towers with strong amenities and services that are generally attractive to office workers.

6.5 Review of Competitive Environment

The Longemont development is occurring in a new area for office development. As noted previously, most Grade A office floorspace is located at North Station, Wulihe, Municipal Government Square, and Zhongshan Square. More recently, most development is occurring in North Station and the Golden Corridor (refer Map 6.1).

The Longemont offices will ultimately be part of a larger commercial precinct. It will have very strong public transport and road linkages which should provide it with a competitive advantage over many other developments. However, being in a new commercial zone means that it is likely to take some time to become fully established.

6.6 Rental Growth Outlook

It is understood that the budgeted average rent for the Longemont office tower is equal to RMB91.25 per sq.m per month. When compared to the rents being achieved at the major office locations, the rents budgeted for Longemont could be considered conservative. As noted in Section 6.3.4, average rents for Grade A office space are around RMB107, but in better areas rents can be as high as RMB130 per sq.m per month.

While the budgeted rents listed above appear achievable compared to market rents, the market rents presented in Section 6.3.4 are for more established centres in established locations. The Longemont office development will bring a significant amount of floorspace to the market at a time when many other office developments are expected to be taking place, it will take time for the broader Longemont Asia Pacific City to be fully established and occupied, and achieve the strength of precinct required to make the office development a popular choice for tenants.

Therefore starting rents will certainly need to be lower than market, as budgeted. At RMB91.25 per sq.m per month, it is expected that the rents are appropriately discounted to take account of the potential state of the market, and the need to establish Longemont as a strong office destination.

Given the large amount of new office supply coming on stream in the more established precincts over the next couple of years, rental growth in the early years is expected to be limited but at the same time net income should increase as the centre becomes fully tenanted. Following a 3–4 year establishment period and with anticipated lower levels of new supply, it is expected that the rent achieved by the development should improve to be closer to market rents.

Over the long term, the successful establishment of Longemont Asia Pacific City as a vibrant and easily accessible commercial centre should allow rents to grow in line with the broader Shenyang Grade A office market.

7 Yicui Shijia Mall, Foshan

7.1 Overview of the Foshan Economy

7.1.1 Regional Context and Background

Foshan is an ancient city with record of occupation on the site going back 5,000 years to the Jin Dynasty. Its name is derived from three statues of the Buddha unearthed there that date back to the Tang Dynasty (618–917).

It is located in the heart of the Pearl River Delta in Guangdong Province adjacent to the western border of Guangzhou. Drive-time from Foshan city centre to Guangzhou's New Baiyun Airport, Guangzhou Nansha Seaport and Guangzhou Railway Station is approximately one hour. The Foshan metro system is now also linked to the Guangdong metro system via an intercity subway (Guang-Fo line). Foshan is also just two hours by road to Hong Kong (230 km away) and Macao (140 km).

The city has a temperate climate with no extremes of heat and cold and good rainfall, making it a productive area for growing rice and fishing. However, agriculture plays a relatively minor role in the local economy, accounting for just 2% of city GDP.

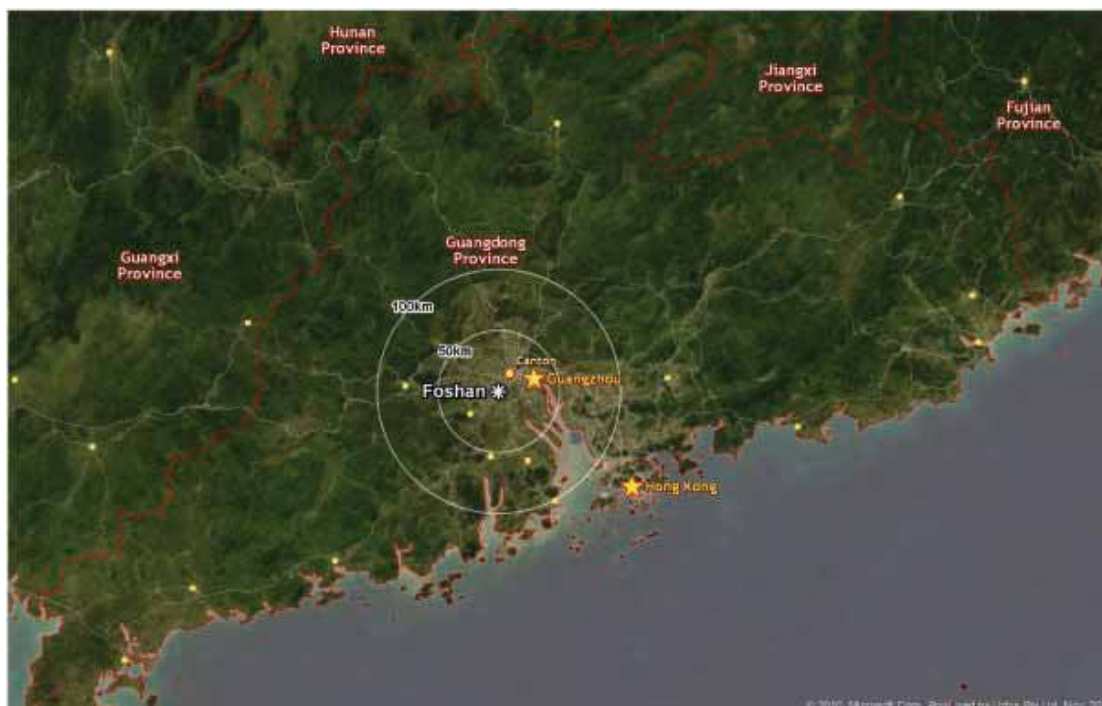
Foshan has always been famous for its porcelain and folk arts, and for being a cradle of the martial arts and Cantonese opera. In the modern era it has also become a major industrial centre and particularly a manufacturing base for household appliances and their associated supply chain.

Significant infrastructure investment has occurred in recent years and is still very much in progress. The focus has been to upgrade the road network, creating a grid consisting of five major north-south arteries, nine major east-west arteries and two ring roads (The Ring Expressway and Exterior Ring Expressway) that will not only link Foshan's five districts but provide better connectivity with other cities in the Delta.

Due to its proximity to Guangzhou, Foshan can share with Guangzhou a number of important resources such as transportation networks, the international airport, railway station and seaport, financial institutions, social services and labour.

The interdependency of the two cities is expected to accelerate as the result of the signing in March 2009 of a series of agreements to tighten and formalise their integration. The four areas of initial focus for integration are urban planning, transport infrastructure, industrial cooperation and environmental protection.

Map 7.1 — Foshan in the Pearl River Delta



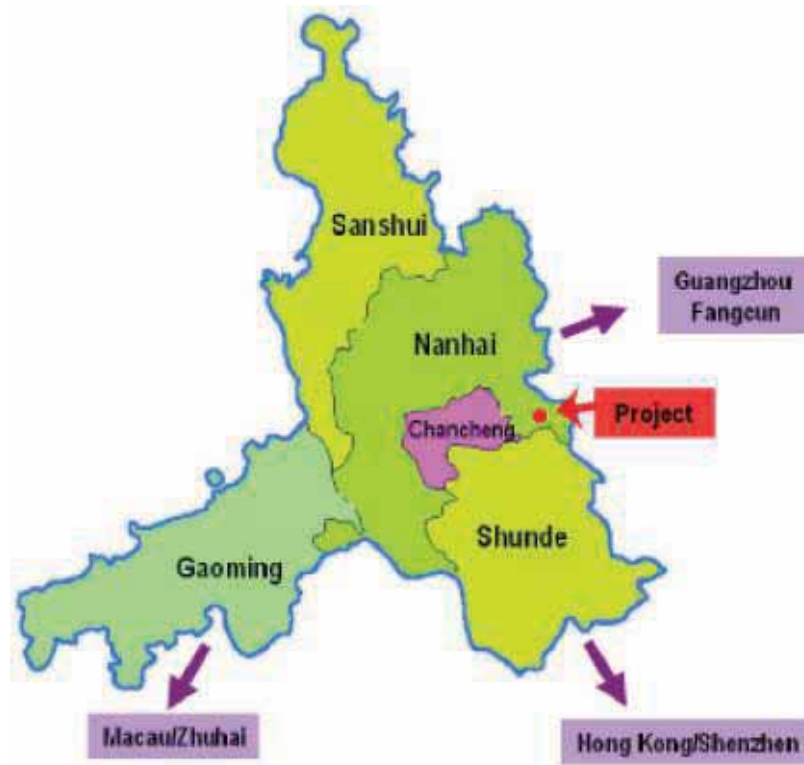
Source: Base map courtesy of Bing © 2010 Microsoft Corporation

With an area of 3,868 sq. km and a population estimated at 6.0 million in 2009, Foshan comprises the five districts of Chancheng (the city centre), Nanhai, Shunde, Gaoming and Sanshui (refer Table 7.1 and Map 7.2).

Foshan's Five Districts				Table 7.1
	Area (sq. km)	Population (2009 est.)	Share of Foshan GDP (%)	Remarks
Chancheng	154.0	990,000	18%	City centre and seat of municipal government; also a centre for culture and ser and headquarters for Foshan ceramics production, exhibition and sales.
Nanhai	1,074.1	1,910,000	32%	North inner-suburban district with a modernising economic base including electronics, financial services and information technology.
Shunde	806.1	1,980,000	34%	South inner-suburban district and a centre for white goods (household appliances) and furniture manufacturing.
Sanshui	874.2	640,000	9%	North outer-suburban district with diverse manufacturing base including medical equipment, auto parts, food processing and electronics.
Gaoming	960.0	481,000	7%	Outer suburban area to the southwest with a varied industrial base that include textiles, chemicals, building materials and household appliances.
Total	3,868.4	6,001,000	100%	

Source: Foshan Bureau of Foreign Trade & Economic Cooperation, Urbis

Map 7.2 — Foshan Metropolitan Area



Source: Jones Lang LaSalle

7.1.2 Macro Economy

Foshan is first and foremost a manufacturing centre, with approximately 63% of its GDP emanating from the industrial sector. It is the biggest producer of household appliances in China. International appliance manufacturers such as Toshiba, Panasonic and Whirlpool have a presence in the city as well as many domestic brands.

According to the Foshan Bureau of Foreign Trade and Economic Cooperation, the city had almost 300 large-scale household appliances enterprises in 2008, accounting for approximately 10% of the city GDP and 15% of China's total output of household appliances. Production of microwave ovens is almost 50% of the national output and refrigerators 80%.

The local supply chain for the sector consists of more than 2,000 companies employing about 200,000 people, and is so well developed that local components comprise more than 90% of production requirements. Components and finished appliances are major export items.

Other key industries are ceramics and ceramic machinery, textiles, electrical machinery and equipment, information technology, metals processing and fabricated products (particularly aluminium and stainless steel), plastics, food and beverage processing, furniture and auto parts.

The auto parts industry is a good example of the potential for economic integration between Foshan and neighbouring Guangzhou. The latter is second only to Shanghai in China for motor vehicle production. It has three automobile manufacturing clusters associated with Nissan/Hyundai, Honda and Toyota that are located adjacent to Foshan's Sanshui, Nanhai and Shunde districts respectively. Within these three districts are approximately 300 auto parts manufacturers supplying the factories on the Guangzhou side.

Foshan is also an important trading city and boasts a number of large wholesale markets at which commodities are bought, sold and dispatched. Among the more important markets are those trading in textiles, ceramics, machinery and even flowers.

Foshan also has its own 7.6 sq.km Hi-Tech Development Zone, established in 1992 near national highway G325 and Guangzhou Baiyun International Airport. The major industries there are automobile assembly, biotechnology and chemicals processing.

Like other cities in the Pearl River Delta, Foshan is an important foreign investment target with 8,000 foreign invested enterprises. Apart from those mentioned above in connection with household appliances, multinational companies with installations in Foshan include Siemens, BP, HSBC and Total from Europe; Anheuser-Busch, Tyco and DuPont from the US; Sanyo, Honda, Toyota and Denso from Japan; and Samsung from Korea.

The foreign investment has greatly facilitated export industries such as appliances, computer equipment, textiles and metal products. The leading export target countries for Foshan are Hong Kong (25%), the US (23%), European Union (19%) and Japan (7%).

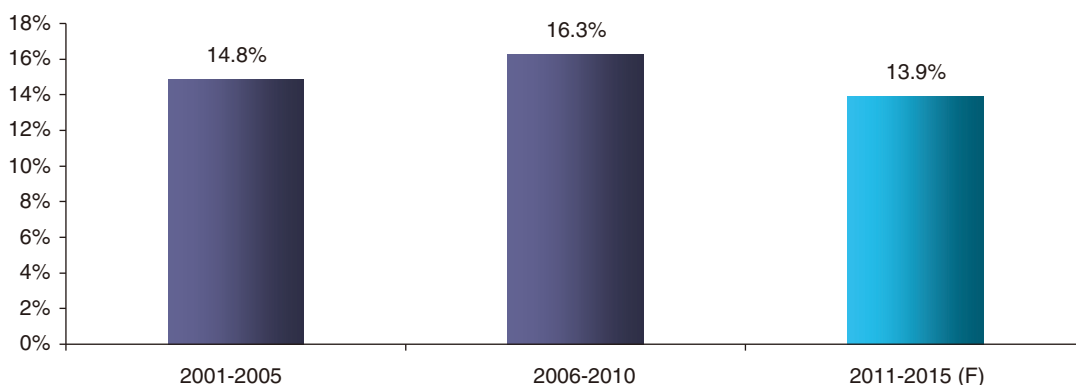
7.1.3 GDP Growth Trends and Outlook

Real GDP growth in Foshan averaged almost 15% per year from 2001–2005 and on current trends will have averaged more than 16% from 2006–2010. As integration with Guangzhou accelerates and significant investments in infrastructure and the manufacturing base are made the local economy is expected to continue fairly close to trend over the forecast period.

Key potential threats to this outlook would be unexpectedly sharp increases in commodity input prices and persistent weakness in international exports and foreign investment. With almost two-thirds of its economy based on manufacturing, Foshan is certainly vulnerable, as is Guangzhou, to circumstances out of its control that adversely affect exports and foreign investment.

However, barring a more significant turn for the worst in demand for its industrial products than is currently evident, Foshan’s growth rate should remain above that of China’s over the forecast period, at just under 14% per year (refer Chart 7.1).

Foshan Real Average GDP Growth Rate, Selected Periods Chart 7.1

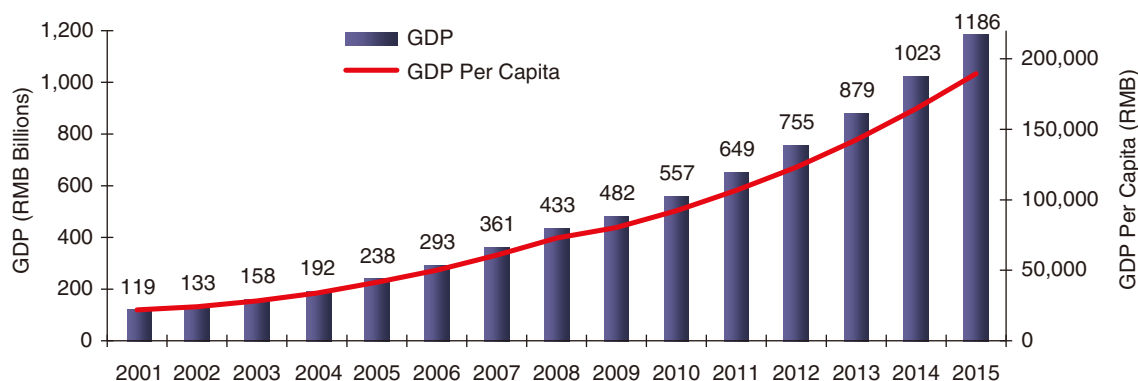


Source: Foshan Municipal Bureau of Statistics, Urbis

Under this scenario nominal GDP will grow from approximately RMB481.5 billion in 2009 to RMB1,186 billion in 2015 representing a CAGR of 16.2%(refer Chart 7.2). For perspective, the size of Foshan’s economy should be approximately 60% that of Guangzhou’s in 2015, with about 55% of the population. Currently its economy is about 54% the size of Guangzhou’s with 58% of the population. In other words, Foshan’s economic performance should be superior to that of Guangzhou over the forecast period but from a lower base.

GDP per capita in Foshan is estimated to have almost quadrupled between 2001 and 2009, from RMB21,941 to RMB80,250, a CAGR of 17.6%. It is expected to increase at a CAGR of 15.4% between now and 2015, to reach RMB189,490 (refer Chart 7.2).

Foshan Nominal GDP and GDP Per Capita, 2001 - 2015(F) **Chart 7.2**



Source: Foshan Municipal Bureau of Statistics, Urbis

7.1.4 Inflation

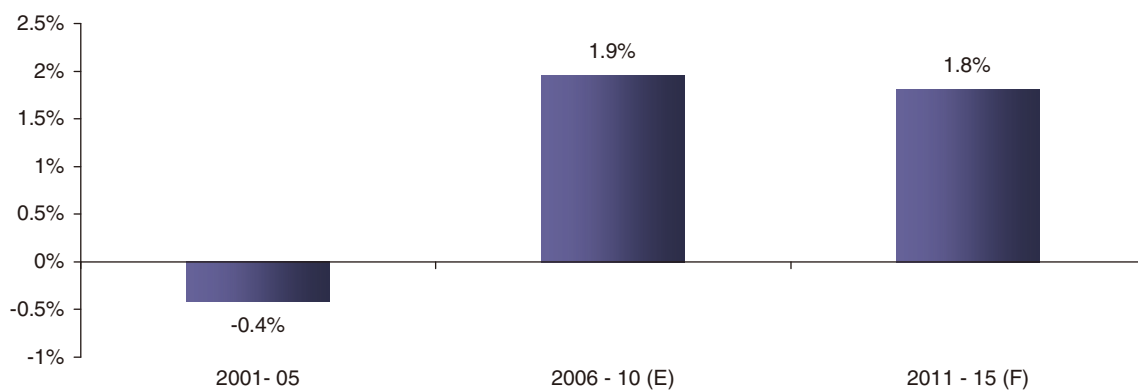
Inflation was moderate in Foshan as elsewhere in China during the first half of the last decade. Average price growth was virtually zero during the period 2001–06. However, pressure from food prices began to lift the CPI in 2007 and by 2008 it hit a decade-high 4.9%. The city’s food CPI in that year reached 13.0%.

The CPI subsided again in 2009 with negative growth. In 2010 it has rebounded to recover the ground lost in 2009. Overall for 2006 — 2010 inflation is expected to average out at 1.9% per annum.

Looking forward, since food is such a large component of the CPI it is likely to be a key driver of future directions for the CPI as a whole. However, as we have noted elsewhere in this report, food price spikes are often governed by one-off events such as animal epidemics or crop failures, which could cause unforeseen temporary disturbances in underlying CPI growth trends during the forecast period. The same is true for volatility in fuel prices, particularly automotive fuels.

With this caveat in mind, the expectation is for a steady low price growth regime of just under 2% per year for the next few years (refer Chart 7.3).

Foshan Consumer Price Index Annual Growth Rate, 2001 - 2015(F) **Chart 7.3**



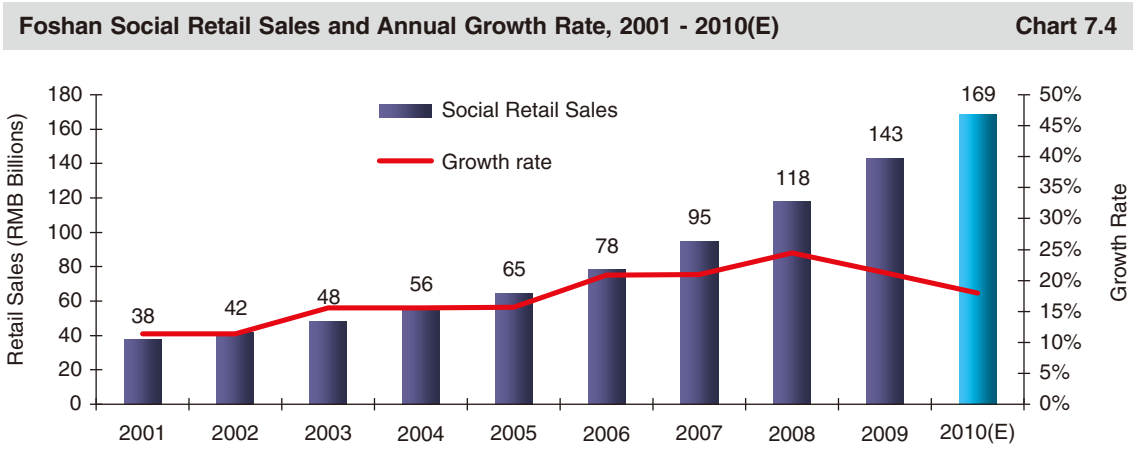
Source: Foshan Municipal Bureau of Statistics, Urbis

7.1.5 Retail Sales

Foshan’s retail sales have experienced impressive growth in recent years. The government’s measure of “social” retail sales is estimated to have almost quadrupled between 2001 and 2009, with growth of over 20% in each of the four years from 2006 to 2009.

According to Foshan government statistics, sales also increased by 18.5% year over year in the first seven months of 2010, suggesting that the pace of activity has not decelerated much this year, if at all (refer Chart 7.4).

As in neighbouring Guangzhou, sales growth has occurred because of moderate population growth and double digit annual growth of urban disposable income per capita, which reached an estimated RMB24,300 in 2009. This income per capita level is impressive by national standards, comparing favourably for example with Beijing (RMB26,738 in 2009) and Guangzhou (RMB27,610).



Source: Foshan Municipal Bureau of Statistics, Urbis

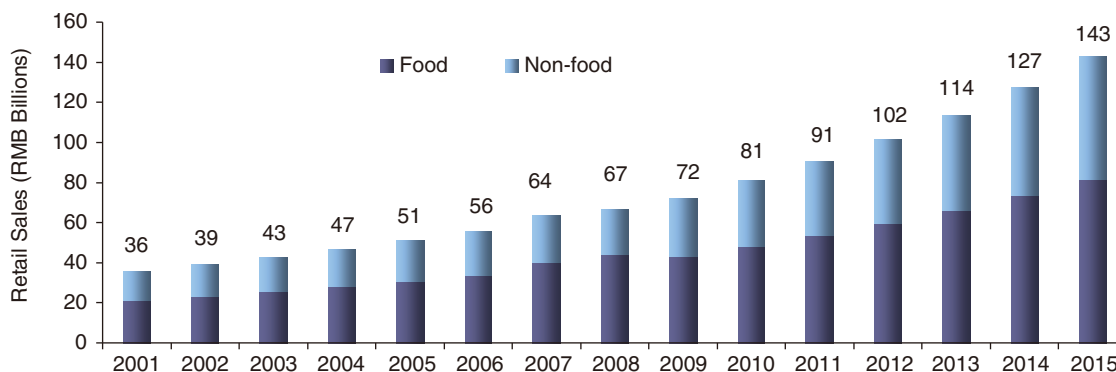
Excluding the automotive sector (which accounted for 14% of the total government tally in the first seven months of this year), wholesale trade and other items not typically associated with the retail sector, Foshan’s actual retail sales are estimated at RMB72.3 billion in 2009, having increased at a CAGR of 9.2% since 2001. It is forecast to increase to RMB142.7 billion by 2015, representing a CAGR of 12.0%. This latter number includes RMB81.3 billion of food sales and RMB61.4 billion of non-food sales (refer Chart 7.5).

The more rapid growth of non-food discretionary retail spending is expected to take non-food sales to approximately 43% of the total by 2015 from its current level of 40%. This is due the twin impacts of a tapering of food spending in the household budget as incomes increase, and the development of improved retail shopping facilities.

The outlook for retail sales growth includes a small component of tourist spending, which we estimate to be 5% of the total in 2009. Although Foshan is an important area for porcelain and has a number of tourist attractions associated with its ancient history and martial arts tradition, the city’s industrial character and proximity to more attractive destinations such as Hong Kong and Macau could inhibit the rapid development of a particularly vibrant tourist industry.

Foshan Estimated Total Retail Spending, 2001 - 2015 (F)

Chart 7.5



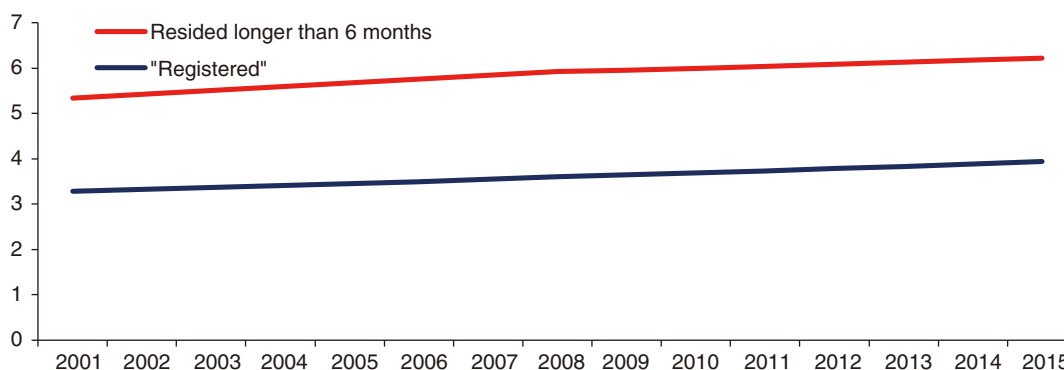
Source: Foshan Municipal Bureau of Statistics, Urbis

7.1.6 Population and Income

The registered household population of Foshan according to official statistics is about 3.7 million but including transients the number is 6.0 million (refer Chart 7.6).

Foshan Population, 2001 - 2015(F), in millions

Chart 7.6



Source: Foshan Municipal Bureau of Statistics, Urbis

Foshan's population has grown at an annual rate of 0.5% since 2004 and should reach 6.2 million by 2015. It should be noted however that the Foshan urban area (which accounts for around 70% of the total Foshan population) experienced much higher average growth (i.e. 1.7%) over the same period.

Average disposable income per capita in Foshan is approximately RMB22,500 for urban dwellers, which compares favourably with that of Guangzhou (RMB27,610) and Beijing (RMB26,740).

7.1.7 Economic Outlook

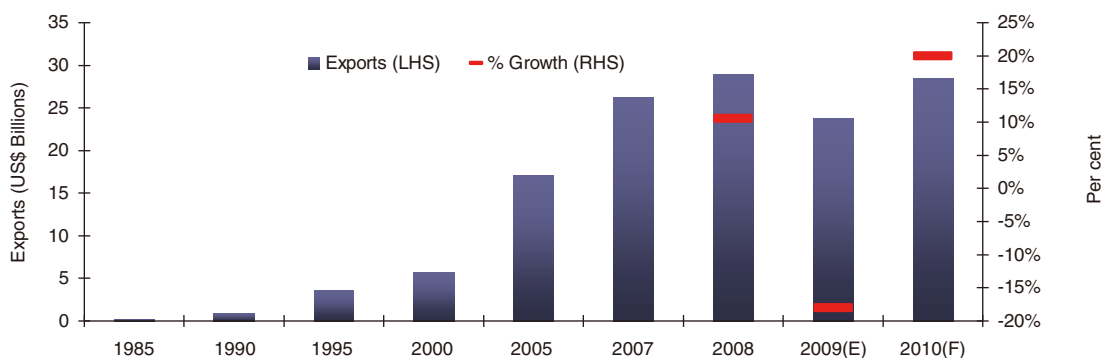
The economic outlook for Foshan, as indicated in the GDP forecast above, is bright. The city has a very powerful existing industrial infrastructure based on its highly propitious location in the Pearl River Delta. The clustering of Foshan, Guangzhou and other regional cities has made it an important foreign investment target and conduit for foreign trade.

Foshan's prospects should be even more enhanced as its integration into Guangzhou metropolitan area is actualised.

Like other cities in the Pearl River Delta, we do however see some risk during the forecast period from conditions in export markets, particularly those in the US, Europe and Japan, and from the potential for a decline in foreign investment. Gross exports fell by an estimated 22% in 2009 (refer Chart 7.7). Foreign direct investment shrank by 30.8%.

There are signs of a stabilisation in 2010 but should there be further bumps along the road to global recovery then investment flows and export markets will clearly be in some peril and this would slow down Foshan's growth under these circumstances that Foshan's growth will not slow.

Foshan Value of Exports in US Dollars and Growth Rate 1985 - 2010(F) **Chart 7.7**



Source: Foshan Municipal Bureau of Statistics, Urbis

Foshan, like Guangzhou, Shenzhen and other Pearl Delta cities, is also now suffering to some extent from the same rising cost structure that caused production to shift to the area initially from Hong Kong. Increasing production costs coupled with a shift of China government economic policy focus to the west, (to cities such as Chengdu), and to the northeast (e.g. to Shenyang), could potentially become a problem for Foshan if it continues to be highly reliant on manufacturing. It is important therefore that Foshan continues to diversify its economic base.

7.2 Overview of Foshan Retail Property Market

7.2.1 Foshan Retail Areas Overview

The retail distribution landscape in Foshan has been changing rapidly. Apart from traditional department stores, various new retail formats such as chain stores, supermarkets, hypermarkets, and shopping malls have recently been introduced into the market.

Although Foshan residents' disposable income ranks fourth in the Province, its population and market size are not comparable to those of Guangzhou and Shenzhen. The city can only attract visitors from other cities in the province to come for short or weekend trips. Moreover, since industry plays a dominant role in Foshan, its retail and catering sectors are less developed than those in Guangzhou and Shenzhen. Accordingly, Foshan does not offer many high-end brands.

However things are changing and with the close geographical language and cultural affinity between Foshan and Hong Kong, local consumers are generally familiar with Hong Kong products and have a preference for them. More recently some Hong Kong brands have opened shops in Foshan indicating that many consumers are able to afford mid-to-high-end products. Importantly, the distribution channels have developed considerably. Importantly some of the better tenanted and designed new malls including Tour Mall, Sunlink International Centre, Nanhai Plaza and Galaxy Mall have been highly popular with the Foshan shopper.

7.2.2 Foshan Key Retail Areas

The Yicui Shijia Shopping Mall is located in Nanhai District. As a key affluent district in Foshan City, Nanhai has a total area of approximately 1,074 sq.km and a population of 1.9 million based on 2009 statistics data.

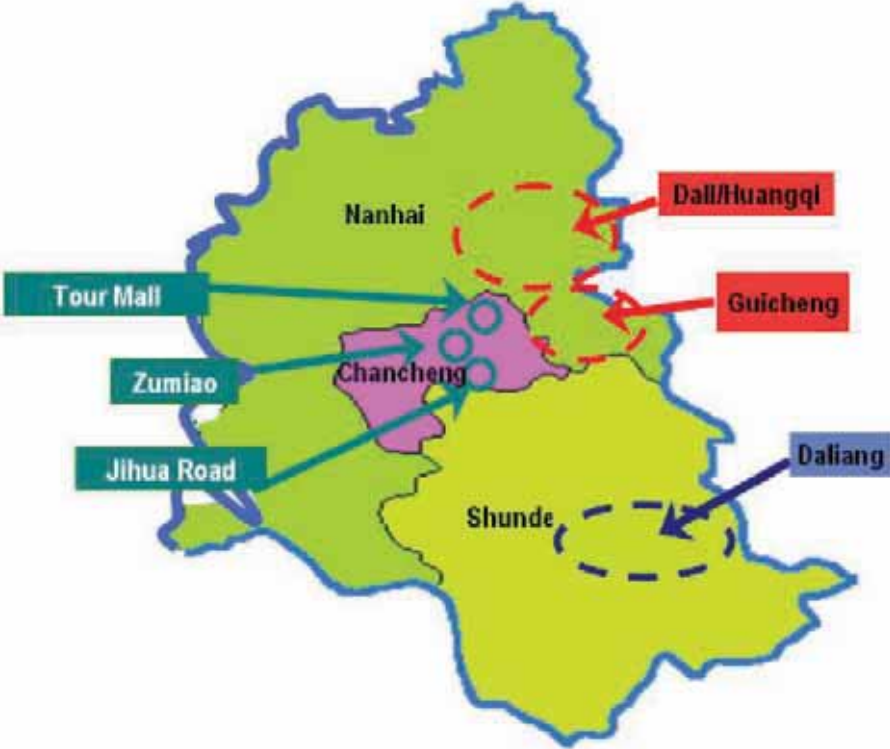
Nanhai includes two sub-districts (Guicheng, Luocun) and six towns (Lishui, Jiujang, Danzao, Dali, Shishan and Xiqiao). The Yicui Shijia Shopping Mall is located in Guicheng sub-district of Nanhai. There are two major retail areas in Nanhai district: Guicheng and Dali/Huangqui (refer Map 7.3).

Chancheng district is the traditional and most established retail district in Foshan City and it has three major retail areas: Zumiao, Jihua Road and Tour Mall (refer Map 7.3).

There is no established retail in Sanshui and Gaoming while Shunde has only one major retail area called Daliang which is too far south to be of any significant relevance.

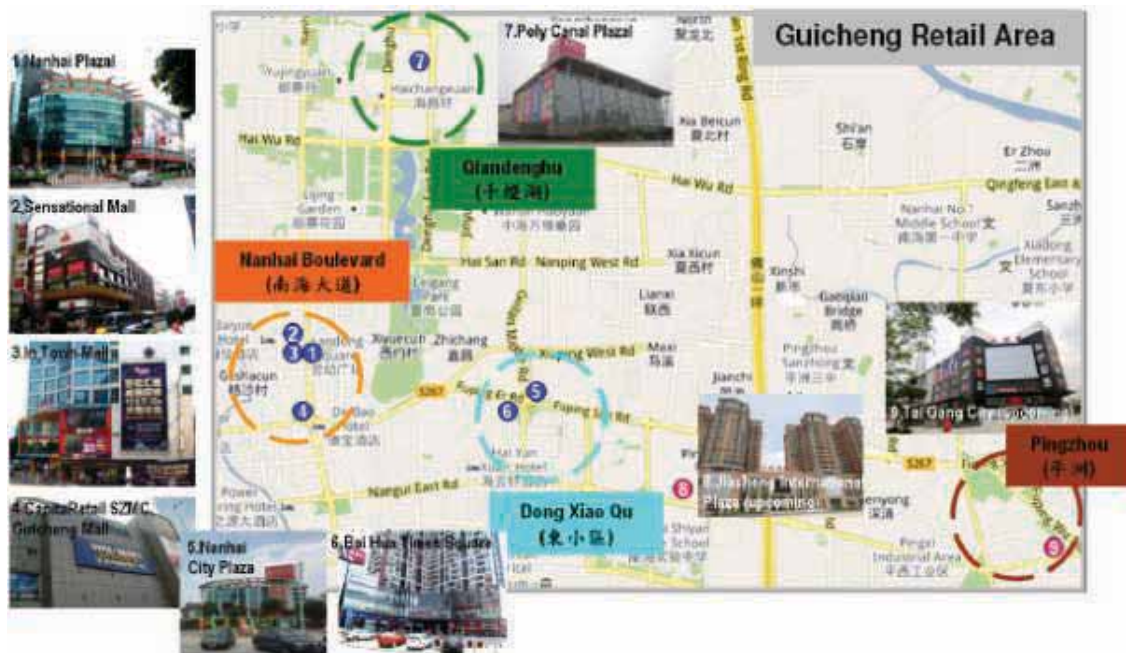
This report therefore focuses on the retail areas in Nanhai and Chancheng.

Map 7.3 — Foshan Main Urban Districts



Source: Jones Lang LaSalle

Map 7.4 — Nanhai/Guicheng Retail Area



Source: Jones Lang LaSalle Retail Consultancy

Guicheng is at the eastern-end of Nanhai district. It has an area of 84 sq.km and a population around 550,000. In 2009, Guicheng's GDP was RMB25.2 billion, up 13.5% from a year earlier.

Guicheng, the downtown of Nanhai District, will be established as the centre of Guangfo Recreational Business District (RBD) under the "Guangzhou-Foshan Integration" concept.

Guicheng consists of four major retail destinations: Nanhai Boulevard, Dong Xian Qu, Qiangdenghu and Pingzhou (refer Map 7.4). A detailed description of each retail destination within the Guicheng Retail Area now follows:

Guicheng-Nanhai Boulevard

Numerous retail facilities including shopping malls, convenience stores, bank branches and street front shops are concentrated along Nanhai Boulevard. With their appropriate market positioning, this retail area has become the most established retail destination in Nanhai District.

Although Dong Xiao Qu has a cluster of high-end residential buildings, most shopping centres are poorly managed, which leads to high vacancy rates and undermines retail synergies in this area.

Major shopping malls in this area include Nanhai City Plaza and Bai Hua Times Square and an upcoming Jiansheng International Plaza.

Guicheng-Qiangdenghu

The new business district, located beside Qiangdenghu (lake), will be developed as a support base for financial institutions. Tax incentives and free land grants have attracted international financial firms to set up back office operations here, which in turn attracts national renowned developers including Poly, Vanke and China Overseas to develop not only residential clusters

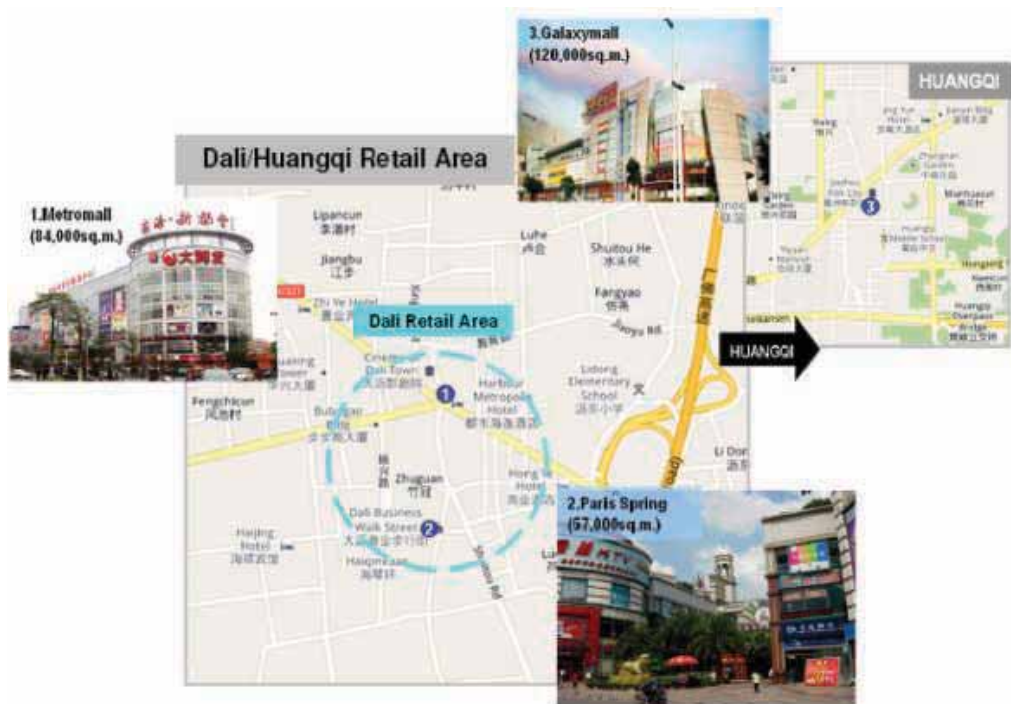
but also office buildings, hotels, as well as a shopping mall: Poly Canal Plaza. However, as it is still a developing area, population density of this community is quite low.

Guicheng-Pingzhou

Major retail formats in Pingzhou include local department stores, supermarkets, stand-alone street shops and specialty markets. They are characterised by old hardware and narrow corridors and the department stores concentrate on local fashion.

The food and beverage offerings and the entertainment facilities are very limited in Pingzhou and there is only one shopping mall.

Map 7.5 — Dali/Huangqi Retail Area



Source: Jones Lang LaSalle Retail Consultancy

As an industrialised town in Nanhai District, Dali/Huangqi has a relatively wealthy population. However, choices in fashion and entertainment are limited. As a result, modern shopping centres providing various choices of fashion brands and entertainment services are popular and have attained high occupancy rates.

Major retail facilities in this area are Metromall and Galaxy Mall and a pedestrian street: Paris Spring.

Map 7.6 — Chancheng Retail Area



Source: Jones Lang LaSalle Retail Consultancy

Chancheng-Zumiao Road Retail Area

As the Zumiao (Ancestral) Temple, Baihua Plaza, Xinghua Shopping Mall, and Foshan Library are located within this neighbourhood, Zumiao Road is a traditional retail area which caters to both local residents and tourists. To rejuvenate this commercial and cultural neighbourhood, an urban redevelopment project covering 650,000 sq.m site area has been undertaken by Shui On Land. This project aims to preserve and modify the traditional Lingnan-style architectures in Zumiao Area and showcase an integration of commercial value and historical heritage similar to Xintiandi in Shanghai.

Chancheng-Jihua Road Retail Area

Jihua Road is a major east-west thoroughfare through Chancheng District. Along this thoroughfare are high-end condominiums, shopping centres, and Class A office buildings occupied by banks, insurance companies, international trading companies, as well as state-owned enterprises. It has become the CBD in Foshan.

The shopper profile within this CBD is characterised by executives, white-collar workers and expatriates with medium to high income levels. Aiming to cater to these shoppers, Sun Link International offers several international luxury fashion brands.

Other shopping malls in this area include Dongjian Century Plaza and One City.

Chancheng-Tour Mall Retail Area

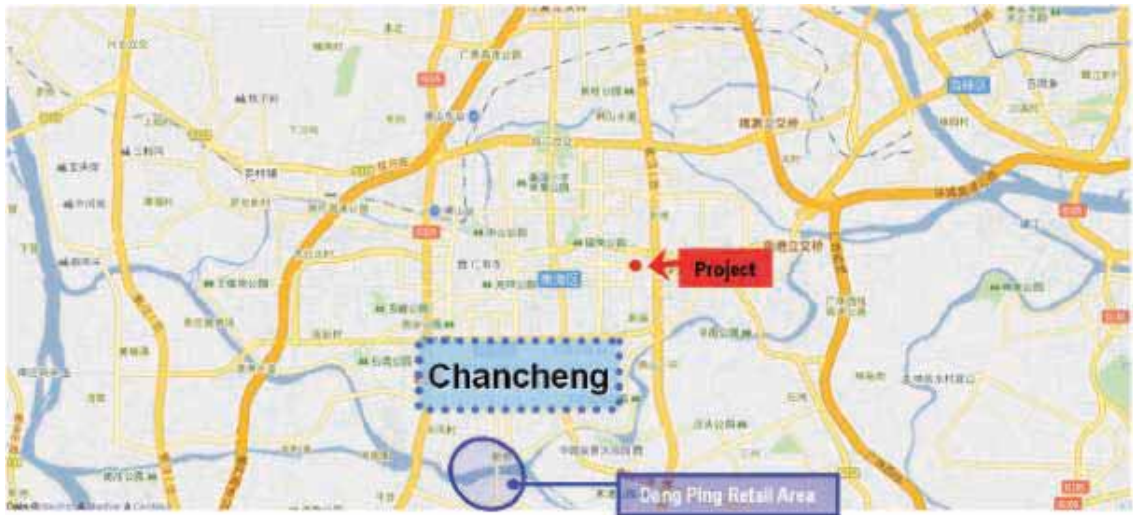
Tour Mall is a large-scale urban redevelopment project, again in Chancheng. The shopping mall of 220,000 sq.m GFA (estimated 140,000 sq.m NLA) has become a landmark shopping destination.

Major retail growth areas in Foshan are concentrated in Chancheng's developing Dongping Retail Area. Dongping New City, with an area of 88.6 sq.km, is a new township located along the border of Chancheng and Shunde Districts, and will become a new CBD of Foshan metropolitan according to Foshan's master city planning. A transportation hub and a number of large scale mixed use development projects have been planned.

Dongping New City

A new township is currently being developed along the border of the Changcheng and Shunde Districts, approximately 15 km south-west of the subject site. According to the Foshan city master plan this new city will become the new CBD for the Foshan metropolitan area and as such will become an important transportation hub and will accommodate a number of large scale mixed use projects. It is anticipated that this area will experience considerable growth in the future and there will be a number of retail centres built there.

Map 7.7 — Dongping New City



Source: Jones Lang LaSalle Retail Consultancy

7.2.3 Key Shopping Mall Developers & Retailers

Table 7.2 includes existing shopping malls with size of at least 60,000 sq.m and are listed in order of size.

Major overseas-invested retail enterprises that have presence in Foshan include Wal-Mart from the US, Carrefour from France, Jusco from Japan, Park’N shop, Watsons and Mannings from Hong Kong, RT Mart from Taiwan and dozens of franchised chain stores (such as G2000, Baleno, Bossini, Giordano, etc.) from Hong Kong.

The most commonly represented international retailers at the 17 most popular shopping centres in Chancheng and Nanhai, are:

- Supermarket: Jusco (2), Walmart (2)
- Fashion: Adidas (13), Nike (11), Converse (8), Bossini (7)
- Accessories: Swatch (8)
- Jewellery: Lukfook (9), Chow Tai Fook (8)
- Convenience: Watson’s (7)
- F&B: McDonald’s (8), KFC (8)

Map 7.8 — Key Shopping Mall Developers & Retailers



Source: Jones Lang LaSalle Retail Consultancy

Major Shopping Mall Developers

Table 7.2

Developer	Shopping Mall	Retail Space (sq.m.)			Major Tenants
		GFA	NLA (Estimated)		
Dongjian Group Co., Ltd.	Foshan Tour Mall	220,000	140,000	Jusco, Mingzhu Department Store	
Poly Real Estate Group Co., Ltd.	Poly Canal Plaza	160,000	100,000	Jusco, Poly International Cinema, Champion Rink	
Nanhai Wei Lin Sheng Shi Ye /Investment Co., Ltd.	Galaxymall	120,000	75,000	Lotus, Galaxy Mall Cinema, Sunning	
Nanhai Gue Nan Real Estate Development Co., Ltd.	Nanhai City Plaza	100,000	60,000	Lotus	
Guangdong E. Trust Information Investment Co., Ltd.	Metromall	80,000	53,000	RT Mart, Ge Wang KTV, China Film Cloud Ring Movie City, Sunning	
Sun Hung Kai Properties Ltd.	Nanhai Plaza	68,000	43,000	G2000	
CapitaRetail Asia	Guicheng Mall	65,412	42,000	Walmart	

Source: Jones Lang La Salle, Foshan Retail Market Overview; Urbis

7.2.4 Major Shopping Malls — Existing & Proposed

Each of the seven largest existing shopping malls in Foshan are now described in more detail.

Foshan Tour Mall

Being the largest shopping mall (140,000 sq.m NLA) in Foshan and located in one of the most crowded business districts, Tour Mall serves as a one-stop shopping mall targeting the mass market (refer Map 7.8). It has a comprehensive tenant mix including Jusco and it draws shoppers from all over Foshan City. The shopping mall has nine towers and each tower has a clear theme, which creates a point of difference for the mall.

The owner, Dongjian Group Co., Ltd., has aspirations of becoming a major retail player in Foshan. In addition to being the landlord of Tour Mall, it also operates its own department store (Mingzhu Department Store) as an anchor tenant.

Tour Mall has fully utilised its facade with light boxes and advertising signage which provides an additional source of revenue. This external advertising increases the publicity and exposure of the tenants and the mall.

Unfortunately however, the shopping mall is poorly managed. The central plaza area is cluttered with food kiosks; there is an uncoordinated display of marketing materials and advertisement boards and there are areas in the centre (particularly the bridges connecting the towers) that are only partly air-conditioned and have very dim lighting. The mall's tenant mix is also problematic with the anchor stores taking most of the prime space and this has resulted in an uneven distribution of shopper flow. The retail planning is also not ideal with the F&B hub (Oriental Cuisine Tower) and the entertainment hub (Jade Tower) isolated from the main centre which in turn, limits the flow-on benefits to the centre as a whole.

Poly Canal Plaza

This 100,000 sq.m NLA shopping centre is strategically located in the financial area where international firms have set up their back offices (refer Map 7.8). Features of the centre include its contemporary design and views across Qiandeng Lake.

Single ownership of Poly Canal Plaza in general ensures better trade mix allocation and proper management of the mall. However, there are still some poor design features of the mall, for example, secondary corridors and hidden corners have affected the horizontal circulation; insufficient escalators and improper signs for lifts have discouraged the vertical circulation. An independent entrance/exit to Jusco on the ground floor also diverts shoppers flow.

Galaxymall

The shopping mall is located in Huangqi town of Nanhai, which is a border town of Foshan to Guangzhou (refer Map 7.8). A feature of the centre is the 24-hour spa and night club which have provided Foshan shoppers and Guangzhou Fangcun residents with a gathering place for night life.

Unfortunately however, chaotic tenant mix planning has affected the mall's positioning. Limited variety and quantity of F&B tenants also decreases the mall's attractiveness as does the presence of uncoordinated kiosks.

Total NLA for the centre is 75,000 sq.m and the major tenant is Lotus.

Nanhai City Plaza

This 100,000 sq.m mall is located at the intersection of two major thoroughfares in Foshan, enjoying excellent visibility and accessibility (refer Map 7.8). It also has the advantage of being located in a high income area with a large number of high-end residential buildings located in the nearby vicinity.

Despite the high income nature of the local area, the overall standard of décor is poor. Without a welcoming main entrance, the mall does not provide shoppers with a sense of arrival and this affects the image of the mall. Most of the shops are leased to mid-low to low-end individual tenants which downgrades the positioning of the mall as well.

The strata title ownership has led to a chaotic trade mix, high vacancy rate (29%) and poor market positioning.

Metromall

The overall trade and tenant mix for this 53,000 sq.m centre works reasonably well. All of the entertainment tenants are located on the same floor, which makes it easier to manage and help draw shoppers to the upper floors (refer Map 7.8).

RT Mart, a reputable Taiwan hypermarket in the basement, attracts a large volume of consumers to the mall. A 5,200 sq.m art gallery on the Level 5, operated by the landlord, has filled up the vacant space and created a point of difference for the mall. Single ownership of the centre also enables better trade mix allocation and proper tenant management.

Unfortunately, to date, the art gallery has not created synergy with other tenants in the mall and has failed to attract shoppers to this floor. There are less than 10 restaurants in the mall and most of them are fast food. Limited variety and quantity of F&B affect the overall attractiveness of this mall.

Nanhai Plaza

Proper shopping mall management and a variety of shopping choices as well as excellent location have contributed to this mall's success. Nanhai Plaza is one of the only few malls carrying out regular promotional activities and providing considerate customer services such as wi-fi access, top-up service for transportation cards, and free rental service of wheelchairs and strollers.

Tenants for this 43,000 sq.m centre are mainly chain stores ranging from international sports brands, Hong Kong casual fashion brands to local chic brands. Except for a few vacancies on Level 7, the mall is almost fully occupied. As a result of Phase 1's success, construction of Phase 2 with 60,000 sq.m GFA to the north of Phase 1 will commence in 2011. Its market positioning aims at the mid-high segment.

CapitaRetail SZMC, Guicheng Mall

Guicheng Mall is a 42,000 sq.m centre anchored by Walmart. Whilst shops around the atrium are fully leased, this centre has not been as successful as originally anticipated and in part, this has been due to its less than optimal layout which includes some secondary corridors and hidden shops. Certain works are underway at present to remedy this situation including the incorporation of a new escalator.

A positive feature of Guicheng Mall is the spacious design of its central atrium which is uncommon for a retail mall in Foshan. This area is excellent for accommodating centre promotions and exhibitions.

7.2.5 Proposed Shopping Malls

There are several proposed shopping malls either under construction or proposed to be completed over the next five years in Foshan. The location of these malls is as indicated in Map 7.9 and their composition and timing is summarised in Table 7.3.

Map 7.9 — Proposed Shopping Malls



Source: Jones Lang LaSalle Retail Consultancy

Foshan Future Shopping Mall Supply, 2010 - 2014

Table 7.3

Opening Date	Project Name	Location	Retail GFA (sq.m)	Retail NLA (sq.m)
2010	Jiasheng International Plaza	Dong Xiaoqu	30,000	20,000
2010	Tai Gang City	Guicheng	30,000	20,000
2010	Foshan Lingnan Tiandi (Phase 1)	Zumiao	23,600	20,000
2011	Foshan ICC	Zumiao	42,800	27,000
2011	Nanhai New World Mall	Dong Xiaoqu	90,000	57,000
2011	One City (Expansion)	Dong Xiaoqu	100,000	63,000
2012	Foshan Lingnan Tiandi (Phase 2)	Zumiao	75,500	48,000
2012	Foshan Vivo City	Guicheng	118,700	71,000
2012	Dong Ping Plaza (Phase 1)	Dong Ping	20,000	13,000
2013	Nanhai Plaza (expansion)	Guicheng	60,000	38,000
2014	Poly East Bay	Dong Ping	80,000	50,000
2014	Yicui Shijia Mall	Guicheng	68,833	47,410

Source: Savills Research & Consultancy

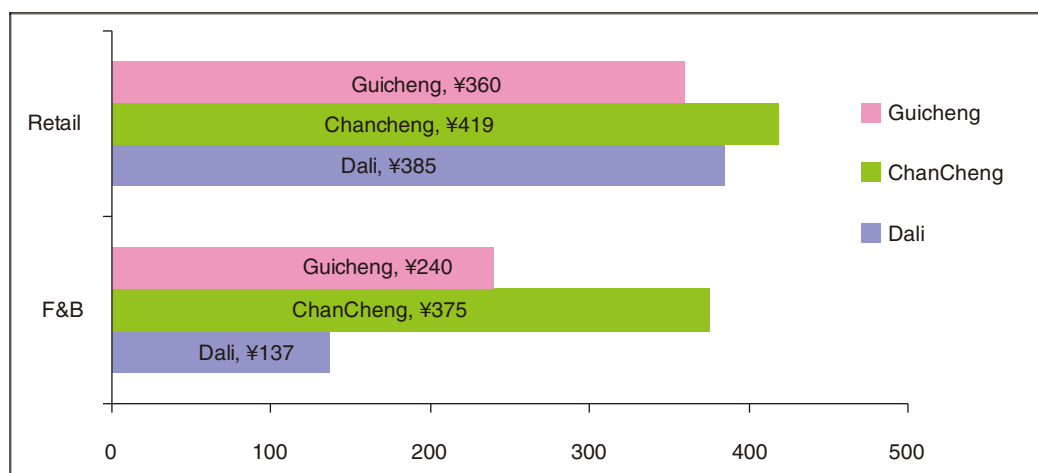
If the above projects are completed on schedule as detailed in Table 7.3 then total new shopping mall supply in Foshan will amount to 60,000 sq.m of new space in 2010 followed by 147,000 sq.m NLA in 2011 and then 183,000 sq.m in 2012 but with lower levels projected for 2013 and 2014. Overall for the five year period as a whole, the average amount of new supply to be completed per annum is just under 100,000 sq.m.

7.2.6 Foshan Retail Market Performance

Retail Rentals

Average retail rentals for prime first floor space in shopping malls is as detailed in Chart 7.8. The asking rents in the Chancheng District are highest and this is principally due to the fact that this is still regarded as the traditional and established shopping area for Foshan. Guicheng on the other hand with its considerable amount of stock and higher vacancy level currently has the lowest average rentals for retail space of the three areas.

Chart 7.8 — Foshan Prime Retail Rentals by Area, 2010

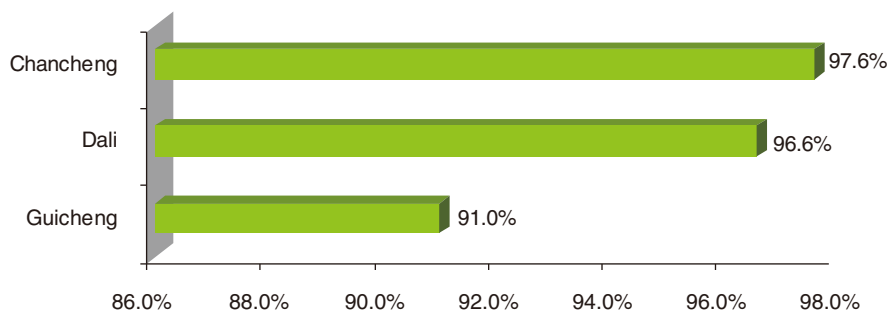


Source: Jones Lang LaSalle Retail Consultancy

Occupancy Rates

The overall average occupancy rate for Foshan is around 95% which is a relatively healthy level. The difference between the main retail areas is as detailed in Chart 7.9.

Chart 7.9 — Foshan Retail Occupancy Rate, 2010



Source: Jones Lang LaSalle Retail Consultancy

Yields

Again with the other retail markets, it is difficult to find good information on yields for shopping centres in Foshan as a consequence of any significant transactions. In general terms, yields in Guangzhou however are considered to be relevant and these currently range between 5%–7%.

7.2.7 Future Trends and Market Outlook

The existing supply of major shopping centre floorspace in Foshan at present amounts to around 1.1 million sq.m GFA or 700,000 sq.m NLA. The majority of the shopping malls are primarily catering to the mass market although they are now becoming more sophisticated with new international retailers entering into the market and with the pitch being also to the middle-upper markets.

Over the next five years new supply is expected to increase by around 478,000 sq.m which represents a 68% increase in supply and this will come from a number of mixed use projects together with the expansion of some existing centres.

The influx of new supply will put some pressure on rentals and it is expected that rental growth over the next few years will be modest. A facet of the new supply however is that only three of the nine projects are being developed by major developers with some retail experience. The other projects are being developed by local developers without retail experience and as a consequence it is expected that some of these projects will perform poorly. The three projects being developed by established developers include VivoCity by Mapletree, Nanhai Plaza Phase 2 by Sun Hung Kai and Lingnan Tiandi by Shui On Land and these three projects are expected to trade at considerably higher levels than the others.

7.3 Location & Accessibility of Yicui Shijia Shopping Mall

The proposed Yicui Shijia Shopping Mall is located at the intersection of Guilan Road and Jihua Road in the Nanhai District of Foshan City. Jihua Road is the major east-west traffic artery for Foshan City and the main CBD area is located some 4 km to the west in Chancheng. The subject site is also easily accessed from the north and southern areas of Foshan City with Jihua Road intersecting with the First Ring Road some 2 km to the east.

In addition to being well served by the road network, the mall will also be very well served by public transport with a direct underground providing close access to the proposed Number 6 Metro Line.

7.4 Description of Project & Mall

The Yicui Shijia Shopping Mall forms part of a much larger integrated development in Foshan City by the Nenking Group. The overall development in its entirety spans over a site area of some 92,890 sq.m and will have a total GFA of 383,815 sq.m. The development will comprise the following components, namely:

- 16 residential towers
- Amenities including a kindergarten, a club and a swimming pool
- The Yicui Shijia Mall
- Underground carparking

The overall development is to be completed in four phases with the first phase comprising 12 apartment towers scheduled for completion in 2012. The second phase comprises the three storey kindergarten whereas the third phase involves the completion of four 39 storey apartment tower blocks. The fourth and final stage scheduled for completion in 2013 is the shopping mall.

The Yicui Shijia Mall will have a total GFA of 68,833 sq.m and a NLA of 47,410 sq.m. The centre comprises two basement levels and three above ground levels with the retail component on Levels B1 through Level 3 and with the carparking situated on B2. The major tenants include a large supermarket/hypermarket on Level B1 and mini majors on Levels 1 and 3. The centre will have a total of approximately 200 specialty shops.

The overall retail plan for the centre is of an L-shape configuration with well placed escalators located in each of the four major voids associated within the centre. In addition to the escalators there is also travelator access connecting the supermarket level (B1) with the carparking on B2. In total there are approximately 600 dedicated car spaces for the centre.

Yicui Shijia Mall — Indicative Composition, 2014 **Table 7.4**

Tenant	Level	No. of Shops	Retail NLA (sq.m.)
<u>Major Tenants</u>			
Supermarket	B1	1	7,849
Mini Major	3	1	3,766
<u>Other Tenants</u>			
Specialty Shops	B1–3	200	35,795
Total Centre		203	47,410

Source: Perennial Real Estate Pte Ltd; Urbis

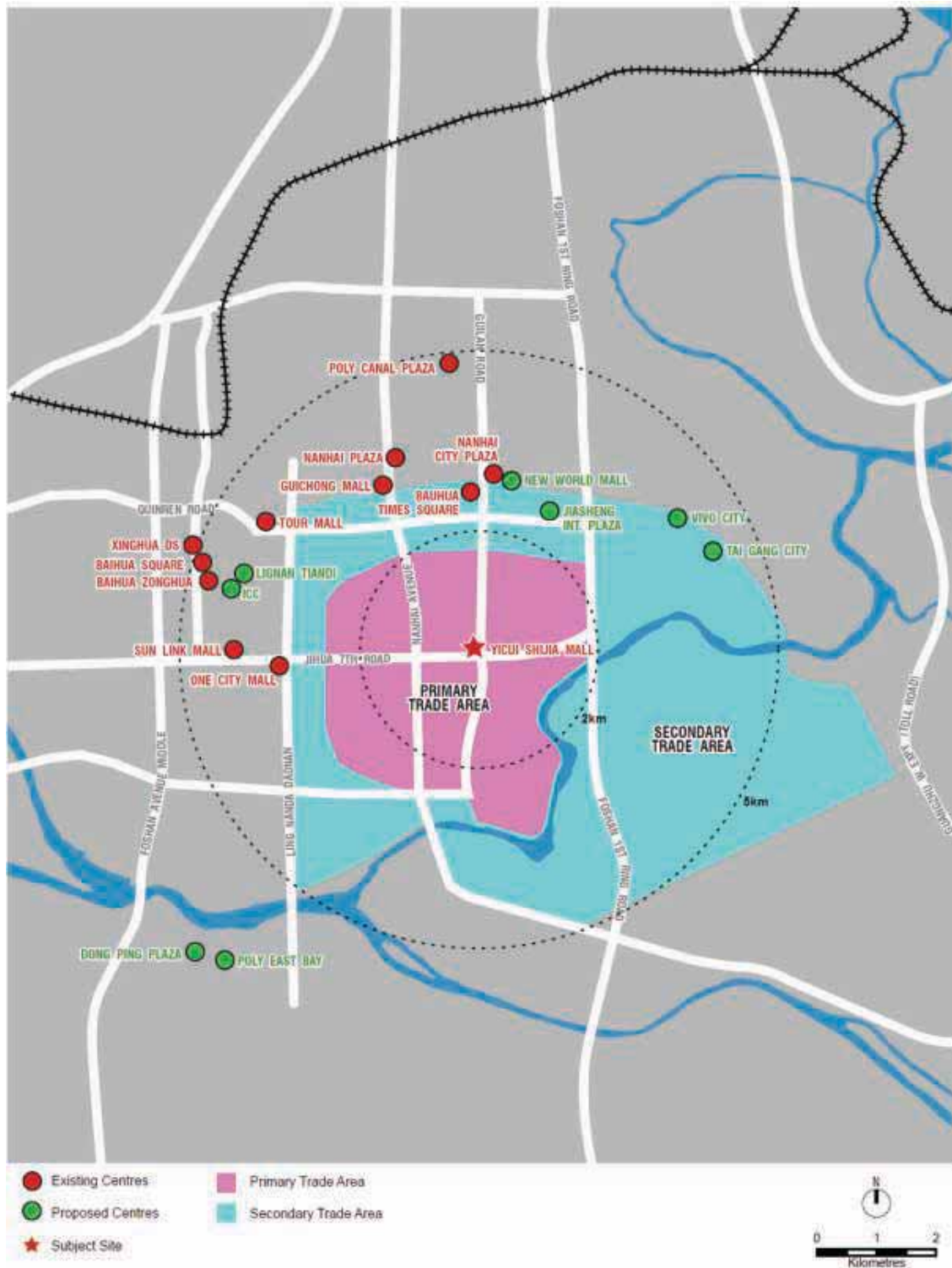
7.5 Target Market & Trade Area Analysis

Whilst the level of tourism is growing in Foshan we do not anticipate the tourist market will be an important market segment for the Yicui Shijia Mall. The local resident catchment population will be the most important market segment and this will include residents situated on-site as well as in the nearby vicinity.

7.5.1 Trade Area Definition

A trade area has been defined for Yicui Shijia Mall comprising primary and secondary trade area sectors with the delineation shown in Map 7.10.

Map 7.10 — Yicui Shijia Mall Trade Area & Competition



and is bound by Dong Ping Road in the north, Wenhua Road in the west, the First Ring Road in the east and the river to the south. At this stage there are no significant shopping centres contained within this primary trade area.

The **secondary trade area** is contained within a 4–5 km radius in all directions except to the east where it extends out to approximately 6–7 km. The trade area is bound by Fuping Road in the north, Ling Nanda Daokei to the west, the Baichen Expressway/Fuping Wu Road to the east and Fuchen Road to the south. Whilst there are not many retail centres within this secondary sector there are several centres located immediately outside, particularly to the west in Chancheng and to the north in Guicheng as illustrated in Map 7.10.

7.5.2 Trade Area Population & Demographic Profile

In 2009 the estimated resident population of the primary trade area was 148,000 people as indicated in Table 7.5. The secondary trade area population is similarly estimated at 260,000 resulting in a total population for the main trade area (primary plus secondary sectors) of 408,000. Estimated population growth over the last five years for the trade area has been 1.5% CAGR.

With ongoing residential development in the primary and secondary sectors occurring over the next few years, it is forecast that the rate of population growth will be 1.5% for the primary trade area and 1.3% for the secondary trade area. On this basis the main trade area population will increase from 408,000 in 2009 to be 436,700 in 2014, representing a CAGR of 1.4%.

Average incomes for the trade area residents are above the urban average for Foshan and retail spending is estimated at RMB11,442 per capita.

7.5.3 Trade Area Retail Spending

As outlined in Table 7.5 the estimated total retail spending generated by primary trade area residents in 2009 is RMB1.7 billion and for the secondary trade area it is RMB3.0 billion. Total spending for the main trade area therefore is RMB4.7 billion and this is expected to grow to nearly RMB8.0 billion by 2014, which represents a CAGR of 11.3% comprising inflation at 1.8% per annum, population at 1.4% per annum and forecast real growth in average retail spending per capita at 8.0% per annum.

Yicui Shijia Mall, Foshan			Table 7.5		
Population and Market Spending Forecast, 2004 - 2014 (Inflated RMB¹)					
	2004	2009	2014	CAGR	
				2004-'09	2009-'14
Resident Population					
Primary Trade Area	137,400	148,000	159,400	1.5%	1.5%
Secondary Trade Area	241,300	260,000	277,300	1.5%	1.3%
Main Trade Area	378,700	408,000	436,700	1.5%	1.4%
Retail Spend per Capita²					
Primary Trade Area		\$11,442	\$18,260	—	10.3%
Secondary Trade Area		\$11,442	\$18,260	—	10.3%
Main Trade Area		\$11,442	\$18,260	—	9.8%
Total Retail Spending (\$M)²					
Primary Trade Area		\$1,693	\$2,911	—	11.4%
Secondary Trade Area		\$2,975	\$5,063	—	11.2%
Main Trade Area		\$4,668	\$7,974	—	11.3%

1. Inflation assumed at 1.8% p.a. for 2009–2014

2. Inflated RMB

Source: Global Demographics; Urbis

7.6 Review of Competitive Environment

7.6.1 Existing Competition

The key competitors to the proposed Yicui Shijia Mall are listed in Table 7.6 with their location shown in Map 7.10. Whilst at present there are only relatively few centres located within the trade area, there are quite a number of centres located still within the 4–5 km radius from the centre to the immediate west in Chancheng in the Zumiao Road retail area and in the Jihua Road retail area as well as to the north in Guicheng. The largest and most competitive centres include the Foshan Tour Mall, Poly Canal Plaza and Nanhai City Plaza.

7.6.2 Future Competition

To our knowledge, there are at least 10 major retail projects either under construction or planned for completion over the next five years that fall within the main trade area of within 4–6 km from the centre. These centres are listed again in Table 7.6 and the most important of these centres include the Jiasheng International Plaza of around 20,000 sq.m and 2.2 km to the north; New World Mall of 57,000 sq.m again to the north; VivoCity (75,000 sq.m) and again to the north. Other relevant centres include the Lingnan Tiandi which includes a shopping mall as well as a traditional retail precinct. Of all of the proposed centres none fall within the primary trade area which means it should be possible for Yicui Shijia Mall to draw heavily from this area.

Yicui Shijia Mall, Main Competing Shopping Centres 2010 Table 7.6

	Distance From Centre	Estimated NLA (sq.m)	Anchor Tenants
<u>Existing Centres</u>			
Nanhai City Plaza	2.7	60,000	Lotus
Baihua Times Square	3.0	n.a	
Baihua Zonghui	5.0	12,000	
Baihua Square	3.0	13,000	
Nanhia Plaza	3.7	40,000	
Tour Mall	4.2	140,000	Jusco, Ming Zhu
Guichong mall	3.7	41,000	Walmart
Poly Canal Plaza	5.0	100,000	Jusco, Cinemas
Sun Link mall	4.0	24,000	Park N' Shop
One City Mall	3.5	36,000	Walmart
<u>Proposed Centres</u>			
Jiasheng International Plaza	2.2	20,000	
Nanhai Plaza (expansion)	4.2	38,000	
New World Mall	3.4	37,000	
Vivo City	4.3	75,000	
Foshan ICC	4.5	27,000	
Lingnan Tiandi	4.5	68,000	
Tai Gang City	4.5	20,000	
Poly East Bay	6.0	30,000	
Dong Ping Plaza	6.0	13,000	

Source: Jones Lang Lasalle Retail Consultancy; Urbis

7.7 Market & Rental Growth Outlook

The budgeted gross rental for the entire centre is RMB117 per sq.m per month excluding service charges or RMB145 per sq.m per month including service charges. These rentals are average rentals across the entire centre and they also include some larger tenants including the supermarket/hypermarket in the basement as well as two mini majors, one on Level 1 and the other on Level 3. Average budgeted specialty rentals for the ground floor appear to be around RMB180–200 per sq.m per month which is below the RMB250–350 per sq.m per month prime ground floor rental for Guicheng at present according to JLL and certainly below the RMB350–400 per sq.m per month prime ground floor average for Chancheng. The rentals for this project would appear to be relatively conservative and supportable.

The future supply levels for Foshan are quite significant but there is also some uncertainty as to whether all of these projects will proceed and at the scale and timing originally planned. The actual future new supply levels may well be lower than anticipated. Regardless of this however, there is still likely to be a substantial increase in supply and this will constrain retail rental growth in the Foshan market over the next few years.

Fortunately from Yicui Shijia Mall's perspective the budgeted rentals are supportable, the centre has a reasonably captive primary trade area; and the centre itself will not open until 2014, a year in which there is relatively limited new supply forecast to be completed. As indicated earlier in Table 7.3 most of the forecast new supply is expected to come on-stream several years earlier, particularly over the 2010–2012 period. Rental growth for the Yicui Shijia Mall therefore should at least be in line with rental growth for Foshan as a whole.

8 Qingyang Guanhua Mall, Chengdu

8.1 Overview of the Chengdu Economy

8.1.1 Regional Context and Background

Chengdu is the capital of Sichuan Province and its population of 11.4 million in 2009 makes it the largest city in southwest China.

An ancient city founded in the fourth century BC, Chengdu has a number of historic sites that are strong draws for tourists. Some of these sites are associated with the Shu Han period around the middle of the third century, a particularly bloody period of Chinese history which has long been romanticised and celebrated in drama, poetry and other branches of the arts.

Other diverse tourist attractions in Chengdu include spectacular natural scenery, the cottage of a famous poet Du Fu, the Dujiangyan Irrigation System built in 256 BC, and a panda breeding and research facility.

Apart from its tourism significance Chengdu is an important manufacturing centre, and as it occupies a strategic location between east and west China it has also become an important transportation hub and financial centre for the western part of the country.

Chengdu is a major railway junction and the terminal or starting point for a number of intercity highways, including major routes to the city of Chongqing 340 km away to the southeast and Xián, 920 km distant to the northeast. However, Chengdu is very remote from the other major centres in China with the exception of Chongqing, a fact that is reflected in drive-times: 20 hours to Xián, 47 hours to Beijing, 48 hours to Guangzhou and 53 hours to Shanghai (refer Map 8.1).

Map 8.1 — Chengdu in China



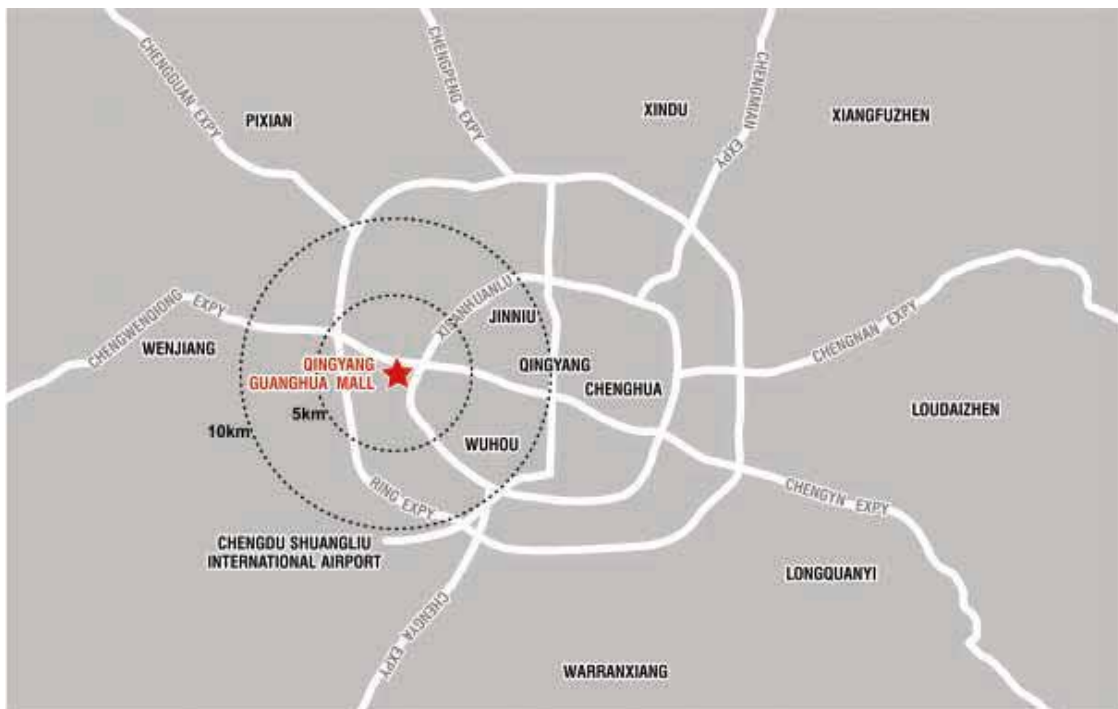
Source: Base map courtesy of Bing © 2010 Microsoft Corporation

This remoteness makes air links very important. The city is served by Chengdu Shuangliu International Airport which is one of the busiest in China and one of only four airports in the country with two runways.

Internally, Chengdu has an improving transportation network with a number of expressways connecting the downtown area of the city to its suburbs. As shown in Map 8.2 Qingyang Guanghua Mall is located to the west of the downtown area between the Third and Fourth Ring Roads.

Furthermore, rail links to Chengdu are improving. A fast rail linking Chengdu to Qingcheng opened earlier this year, and the opening of the Chengdu — Nanjing link is imminent. Fast rail lines to Chongqing and Dazhou under construction.

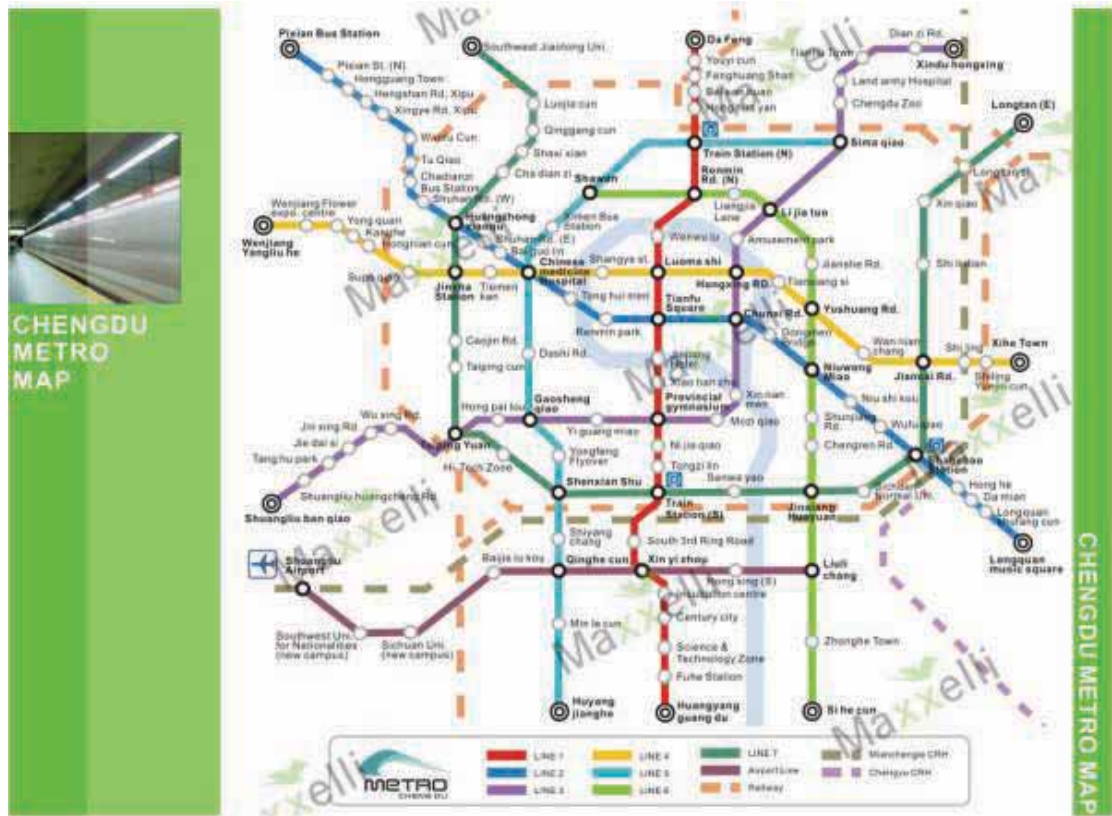
Map 8.2 — Chengdu Metropolitan Context



A seven-line subway system — the Chengdu Metro — is currently under construction and the first 26 km line is due to open imminently. Map 8.3 shows the complete Metro. The line to open first is the red one in the centre running north-south.

Chengdu has a humid subtropical climate and the weather tends to be humid, overcast and rainy for much of the year. (It has the dubious distinction of fewer sunshine days than London.) The city's geographic position just south of the Qinling Mountains gives it shelter from the brutal northerly winds that blow down from Siberia in the winter. Thus, winters are apt to be short and mild while summers are hot and humid.

Map 8.3 — Chengdu Metro



8.1.2 Macro Economy

Chengdu, somewhat in competition with nearby Chongqing, is developing into western China's financial centre. Major international financial institutions such as Citigroup, HSBC, Standard Chartered Bank and BNP Paribas have a presence in the city.

In 2009 the contribution to the economy of agriculture was 6%, of industry 45%, and of services 50%. Services is the fastest growing sector while agriculture's share is declining.

Both services and manufacturing benefit from substantial inflows of foreign investment, amounting to US\$2.8 billion in 2009, up from US\$810 million five years ago.

Chengdu is a major manufacturing centre. Six key industrial products account for about 70% of industrial output: electronics, pharmaceuticals, food, beverage & tobacco, machinery, petroleum and building materials. However, despite the dominance of these six sectors the industrial base is quite broad, including light and heavy manufacturing, aluminium smelting and textiles (cotton, wool, silk and satin).

Chengdu is a well-established centre for electronics and information technology. Not only are several important electronics R&D institutes located there, but the Chengdu Hi-tech Industrial Development Zone, opened in 1988 and covering more than 82 sq.km, is host to a large number of international companies including Intel, IBM, NOKIA, Motorola, Xerox and Microsoft, as well as home-grown companies like Lenovo.

As noted above, tourism is an important revenue driver for the Chengdu economy. Domestic tourism revenue was more than RMB48 billion in 2009 and international tourism generated foreign exchange earnings of \$200 million. Tourism will benefit from the city's expanding air links,

particularly direct flights to and from foreign cities such as the twice-weekly direct connection with Tokyo just launched a few days ago by Air China.

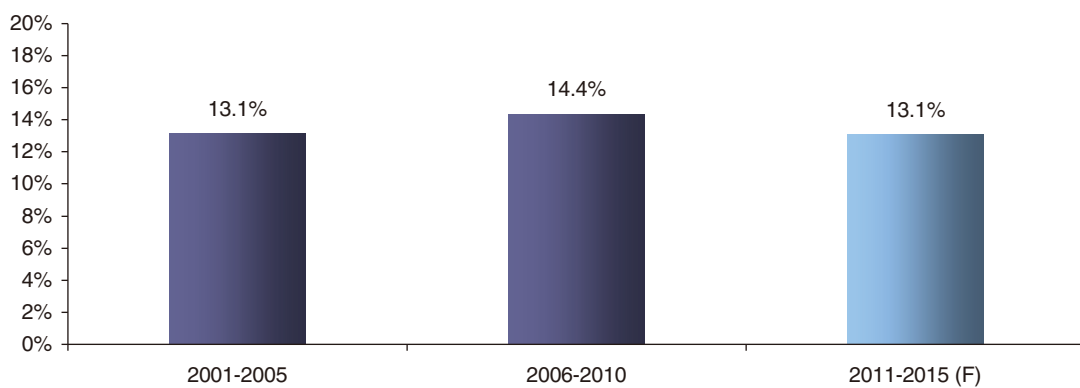
8.1.3 GDP

Chengdu experienced an average real GDP CAGR of 13.5% from 2001 to 2009, well above the 10.1% national average. Even in the Sichuan earthquake year of 2008 the city still managed 12.1% growth.

The economy continued to surge through the 2009 downturn with 14.7% growth compared with 8.7% for China as a whole. According to the most recent data, first half real GDP growth was 17.5%.

Chengdu is expected to continue outperforming the national economy during the forecast period by a similar percentage to what it has in the previous decade. This means an average growth rate of just over 13% annually from 2010 to 2015 (refer Chart 8.1).

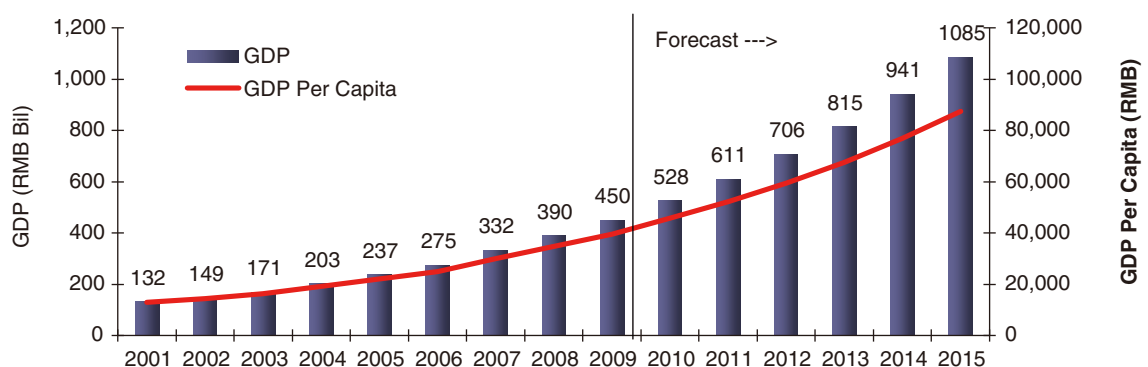
Chengdu Real Average GDP Growth Rate, 2001–2015 **Chart 8.1**



Source: Chengdu Statistical Bureau, Urbis

This robust real growth would stretch Chengdu’s nominal GDP from RMB450.3 billion in 2009 to RMB1,084.7 billion in 2015, representing a CAGR of 15.8%. Nominal GDP per capita more than doubles under this forecast from RMB39,500 to RMB87,536 (refer Chart 8.2).

Chengdu Nominal GDP and GDP Per Capita, 2001–2015 **Chart 8.2**



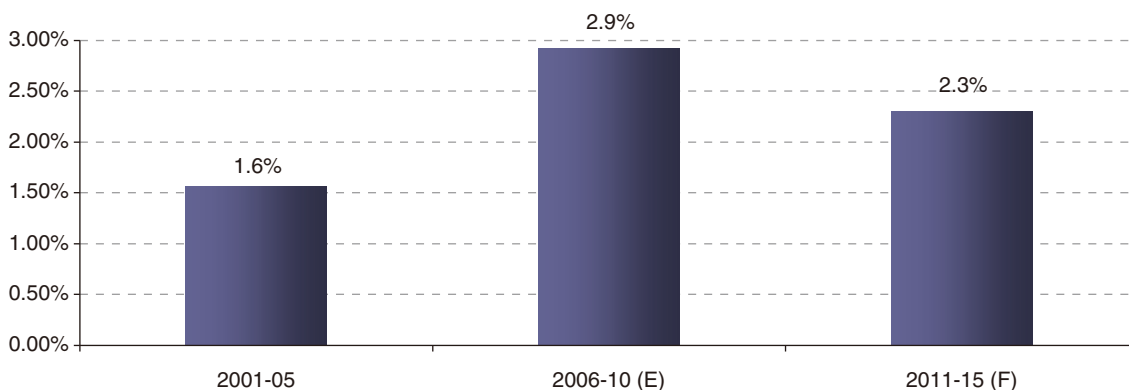
Source: Chengdu Statistical Bureau, Urbis

8.1.4 Inflation

Inflation in Chengdu has not been a significant issue throughout the past decade, with the exception of 2007–08 when a temporary spike driven mainly by food prices pushed CPI growth up to around 5%.

Since then, prices have settled back down again and do not appear to have surged in the first half of this year despite strong growth of economic activity in the city. Price growth should average 2% to 3% annually over the next five years, much in line with the longer term average (refer Chart 8.3).

Chengdu Consumer Price Index Annual Growth Rate, 2001–2015 **Chart 8.3**

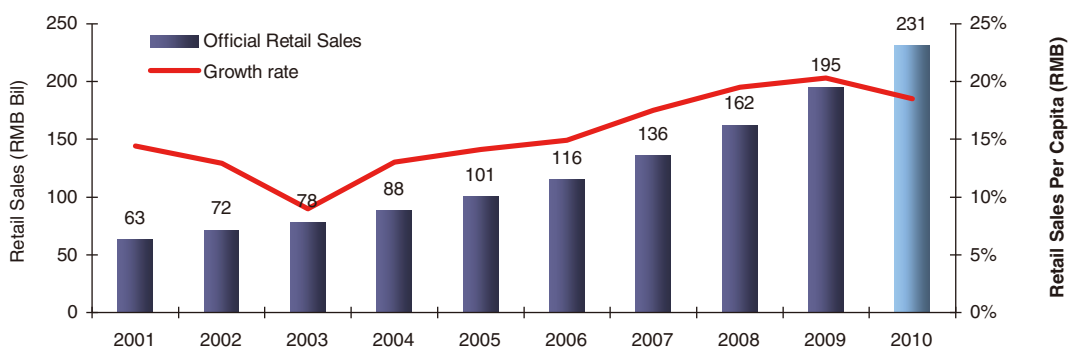


E = estimate; F = forecast
 Source: Chengdu Statistical Bureau, Urbis

8.1.5 Retail Sales

Disposable income per capita of urban residents has increased at an annual average rate of 10.9% over the past decade and in 2009 stood at RMB18,659, or about \$2,800 at current exchange rates. Although this is still not a great deal of money by developed country standards it has underpinned a very rapid rate of growth in “social” retail sales, the official measure of retail activity in China (refer Chart 8.4).

Chengdu Official Retail Sales¹ and Retail Sales Growth Rate, 2001–2010 **Chart 8.4**



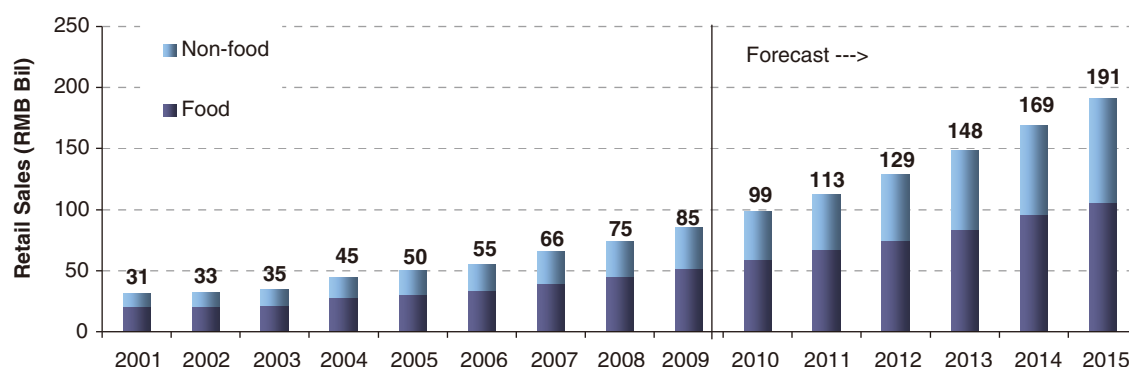
1. Official Government estimate of retail sales includes wholesale trade, automotive sales and accommodation
 Source: Chengdu Statistical Bureau, Urbis

Using Urbis’ retail sales measure that excludes cars, wholesale trade and other items that are outside of conventional retail sales definitions, sales were estimated at RMB85.4 billion in 2009, having grown by 13.3% CAGR since 2001. Consistent with strong growth in disposable income per capita, continued urban population growth of about 3% and stable growth of tourism, retail

sales should more than double to approximately RMB191.2 billion by 2015 (refer Chart 8.5). This represents a CAGR of 14.4% over 2009–15.

Of the total, food sales are expected to grow from RMB52.1 billion to RMB109.0 while non-food sales increase from RMB33.2 billion to RMB82.2 billion. This means non-food spending will approach 43% of total retail sales in 2015 compared with 39% in 2009. This assumes continuing enhancement of the quality of Chengdu’s retail supply, including the ability of the city to attract high-profile international and domestic brands and qualitative improvement in shopping centre space.

Chengdu Estimated Total Retail Sales, 2001–2015 **Chart 8.5**



Source: Chengdu Statistical Bureau, Urbis

8.1.6 Population and Key Demographics

Chengdu’s population reached 11.4 million in 2009 according to official statistics, of which an estimated 4.8 million live in the urban area. The urban population has been growing at an average rate of 2.5% CAGR over the last five years and this is more than twice the 0.9% CAGR growth rate for the balance of Greater Chengdu. Current growth trends are expected to continue and even accelerate slightly. The number of urban inhabitants is expected to increase to approximately 5.9 million by 2015. This number does not include a very significant number of transients estimated at about 1.5 million in 2009, and several thousand expats.

The schism in living standards between urban and rural Chengdu is massive. Net income per capita of the rural community (at RMB7,129 in 2009) is less than 40% of that of urban residents (RMB18,659). Nonetheless, life expectancy overall in Chengdu is about 80, well above the benchmark for China as a whole.

8.1.7 Economic Outlook

The economic outlook for Chengdu is particularly bright for the same reasons that have driven its success since the “takeoff.” The city is benefiting temporarily from infrastructure projects and also rebuilding after the Sichuan earthquake of May 2008, which killed nearly 70,000 people, left millions homeless and triggered a trillion RMB rebuilding programme in the area.

A number of factors will contribute to the rapid development of Chengdu’s economy over the forecast period. These include:

- Population growth as a result of the city’s power to generate employment and the fact that it is a resettlement target city from eastern China (the “Go West” campaign)
- Its strategic location

- Its ability to attract foreign investment
- Infrastructure improvements, including the building of the Metro, road improvements and expanding international and domestic air connections
- Its status as a centre for high-tech industry
- Business-friendly local government

8.2 Overview of Chengdu Retail Property Market

8.2.1 Major Retail Areas

Chengdu's retail market currently comprises three primary shopping districts: Chunxi Road, Yanshikou and Luomashi as well as six secondary shopping districts including Jianshe Road, Shuangnan, SBD (South Business District), Guanghua-Jinsha, Chengren Road and Tianfu New City as shown in Map 8.4.

In the future however and with city renewal and regional integrated development, it is expected that new regional retail districts will appear. An example is the emerging Jianshe road which is home to 'the Mixc City' and 'Ito Yokado in Chengdu A-Z town'. It is expected that this area will become the fourth key retail area in Chengdu.

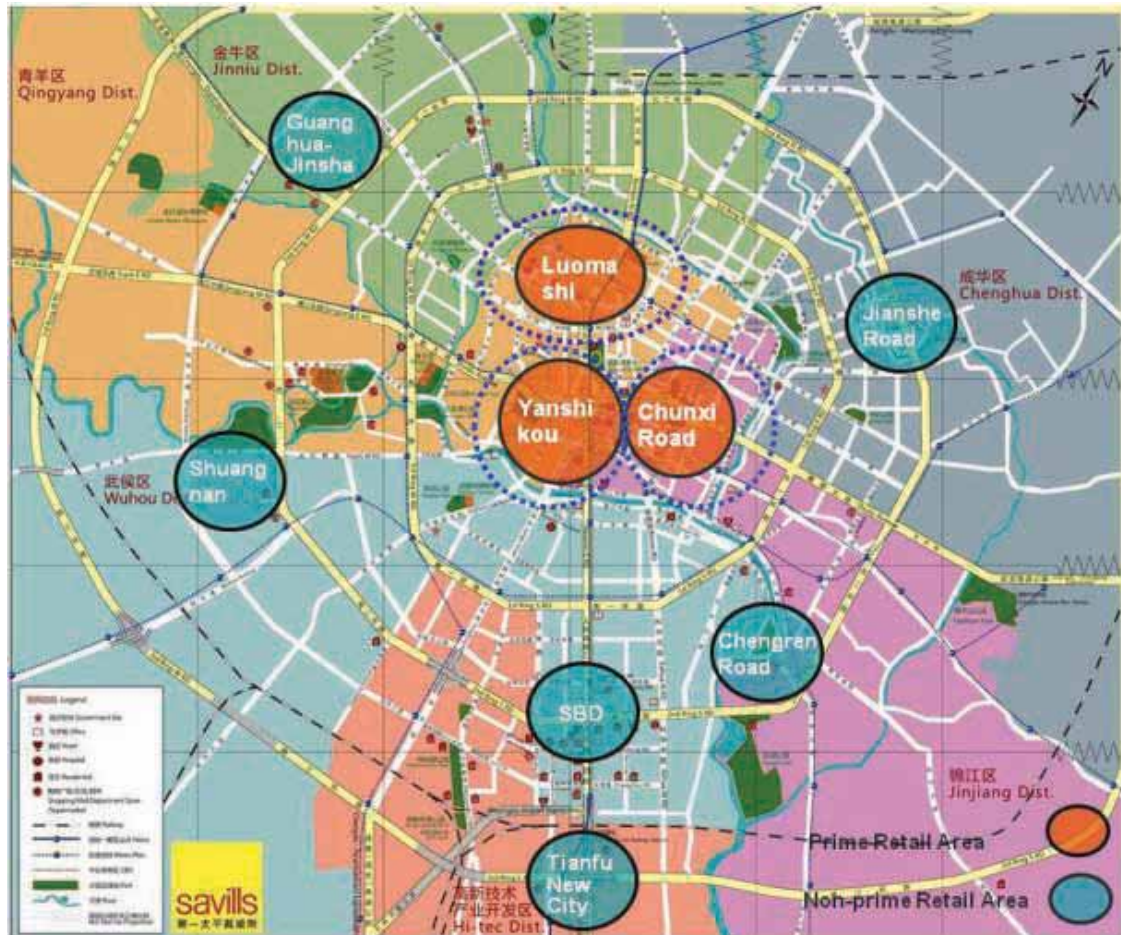
There are seven major retail forms in Chengdu including pedestrian shopping streets; department stores; shopping malls/centres; supermarkets; warehouse stores; convenience stores and street shops. Most of the current retail projects are either low to mid-end department stores or community shopping centres, with a hypermarket or a supermarket as the anchor tenant.

Traditional department stores remain as the major retail format found in Chengdu's key retail areas, with the two most prominent brands being 'Pacific' and 'Wangfujing'.

Shopping malls however are less well presented in Chengdu's key retail areas at present. Two of the malls, namely New City Plaza and Top City, have not been particularly successful although Top City with its higher calibre of brands, has fared slightly better of the two.

With city renewal of some of the older areas and some regional integrated development it is expected that some new modern shopping malls will be developed in the future similar to the new Wanda Plaza currently in development in Chengdu's Jinnui District.

Map 8.4 — Chengdu Retail Districts



Source: Savills Research & Consultancy

Each of the three primary shopping districts and the two most important secondary shopping districts are now described in more detail.

Chunxi Road

Located in Chengdu's CBD, Chunxi Road retail zone includes Chunxi Road, Kejia Lane, Dong Major Road, Zongfu Road and Hongxing Road with a total area of approximately 300 acres. Many retailers have chosen to locate their flagship stores in this district, capitalising on the significant pedestrian flow that the city's largest and most popular retail area creates. Chunxi Road is also often compared with Wangfujing in Beijing or Nanjing Road in Shanghai and it is home to some of Chengdu's better known mid to high-end retailers, such as Pacific Department Store, Ito Yokado and Wangfujing Department Store as well as more than a thousand individual retailers. Chunxi Road as a retail location, has a national reputation and draws not only on Chengdu itself but also on western China in general.

The first shopping mall project in Chunxi Road, Top City was opened in 2007 and since then the total prime retail stock for the area has risen to 302,000 sq.m GFA or 200,000 sq.m NLA, accounting for over a third of the city's stock as a whole. The Wangfujing Dept Store, which opened in 1996, was the first prime retail project for Chunxi Road.

Infrastructure improvements over recent years including the development of Metro Line 1 and Line 3, as well as numerous bus routes, have greatly improved accessibility to Chunxi Road and therefore have extended its catchment area.

Yanshikou

Located in central Chengdu and at the intersection of Chunxi Road and Tianfu Square, Yanshikou is one of Chengdu's traditional retail hubs with over 100 years of history. The area is positioned at the mid to high-end of the market and it attracts domestic travellers as well as local residents.

Despite the rapid development of other commercial districts in the city, Yanshikou has been able to maintain its charm and attraction as a prime retail area and it remains one of the most popular shopping precincts in Chengdu. Importantly, with the opening of Chengdu's Metro Line 1, the area will become more accessible and increase its influence.

The major retail format in Yanshikou, in contrast to other retail areas, is more focused on department stores including Renhe Spring Department Store (Rendong), Maison Mode Lessin Department Store, Mall Parkson Department Store, Beijing Hualian Department Store as well as three others.

At present, the area has two main shopping malls, Fortune Centre and Yanlord Landmark Shopping Mall, with a total NLA of 61,000 sq.m. Overall Yanshikou has a total retail GFA of 184,000 sq.m and a retail NLA of around 138,000 sq.m.

Luomashi

Luomashi includes Babao Street, Xi Main Road and Ningxia Street and has a total retail GFA of approximately 570,000 sq.m and an NLA of 428,000 sq.m. It is an area that is basically dominated by street shops which are occupied by low to middle end brands and it is targeted primarily at the local population.

To date there has only been very limited new retail development in Luomashi and this has principally been due to the area's poor accessibility and traffic congestion problems. The traffic issues however are expected to be largely solved with the completion of Metro Line 1 which is expected to be completed in October 2010. With the completion of this Metro Line, it is anticipated that there will be some large development projects in the area which will provide both commercial space (particularly finance related) as well as mid to high-end shopping.

The area currently comprises two shopping malls, New City Plaza and Platinum Shopping Centre, with a total retail NLA of 100,000 sq.m and 26,000 sq.m, respectively. The area also has one department store, the Pacific Department Store (Quanxing Store), one supermarket (Carrefour Babao Street) and numerous street shops.

Tianfu New City

Within Tianfu New City there are several significant retail complexes and most of these are positioned as one-stop shopping malls or home decoration centres where homemaker and furniture related retailers can be found such as IKEA, Fusen-Noble House and GTC Galleria.

Jianshe Road

Without doubt, Jianshe Road is the most advanced emerging retail hub in Chengdu at present and it is expected to become the fourth primary retail area in Chengdu in the near future. This retail hub is located in the east of Chengdu City and on the Second Ring Road. To date, this area has basically provided a community retail function targeting the residents in the surrounding area.

The first shopping mall in Jianshe Road, SM Plaza, was opened in 2006 and has an estimated NLA of 110,000 sq.m. Another major retail format in Jianshe Road is the department store, with major department stores in the area including Ito Yokado (Jianshe Road store) and Chengdu Hualian.

8.2.2 Shopping Mall Developers and Major Retailers

The majority of the shopping malls developed in Chengdu to date, have been developed by local development companies and they are also the operators of these centres. Over recent years however there are some other domestic developers from other cities and some foreign developers, such as CapitaLand, which has also entered the Chengdu retail market.

Chengdu's Most Significant Shopping Mall Developers **Table 8.1**

Shopping Mall Developers	Major Shopping Mall Projects in Chengdu
<u>Local Developers</u>	
Chengdu Tongjianheneng Co., Ltd..	New City Plaza
Chengdu Suntop Co., Ltd..	Fortune Centre
Sichuan Defeng Investment Co., Ltd..	Top City Shopping center
Sichuan Jinli Co., Ltd.	Hongpailou Plaza
<u>Foreign Developers</u>	
Philippine SM Group	SM Plaza
CapitaLand (Singapore)	Jiixinmao Plaza (Jinniu store) (co-developed with SZITIC) Jiamao Shopping Mall (co-developed with Wanke Group)
<u>Non-Chengdu Local Developers (From other Chinese cities)</u>	
Dalian Wanda Commercial Property Co., Ltd..	Wanda Plaza

Source: Savills Research & Consultancy

Non-Chengdu Local Developers

The Dalian Wanda Commercial Property Co Ltd is the development arm of the Wanda Group and is one of China's well known commercial development companies. They were responsible for developing Wanda Plaza in Chengren Road to the east of Chengdu City and this was the first shopping mall to be completed in Chenghua District. This mall was completed in 2007 and has a total estimated NLA of 160,000 sq.m and is anchored by Ito Yokada and Wangqian department stores. Dalian Wanda is currently developing another Wanda Plaza shopping mall in the Jinniu District of Chengdu and this will have a total retail NLA of around 130,000 sq.m.

Foreign Developers

Without doubt the most active foreign retail development company in Chengdu has been CapitaLand which is one of Asia's largest real estate companies. This company is headquartered in Singapore and has two retail centres in Chengdu namely, Jiixinmao Plaza and the Jiamao Shopping Mall both of which are located in the Jinniu District in the northern part of Chengdu City.

Jiixinmao Plaza opened in 2006 and has a total GFA of approximately 50,000 sq.m where Walmart is the anchor tenant. Jiamao Shopping Mall on the other hand is a joint venture between CapitaLand and the Wanke Group and it first opened in September 2009 with a total retail NLA

of 25,000 sq.m and is positioned as a mid-end shopping mall. CapitaLand has a third project currently under construction and this is a mixed use project with the retail component being Raffles Plaza with a total retail NLA on completion (in 2012) of 50,000 sq.m.

Major Retailers

The major retailers within Chengdu are listed in Table 8.2.

Major Retailers in Chengdu		Table 8.2
Retailers	Major Retail Projects in Chengdu	
Taipei Pacific SOGO Group	3 department stores	
Ito Yokado	4 department stores, 2 department store under construction	
Isetan	1 department store	
Parkson Group	5 department stores	
Wangfujing Group	1 department store, 1 department store preparing	
Beijing Hualian Group	1 department store	
New World Group	1 department store	
The Maison Group	2 department stores	
MOI Group	1 department store, 1 Shopping Mall under construction	
Dalian Dashang Group	2 department stores	
Chengdu Renhe Group	2 department stores, 1 Shopping Mall	
IKEA	1 furniture store	

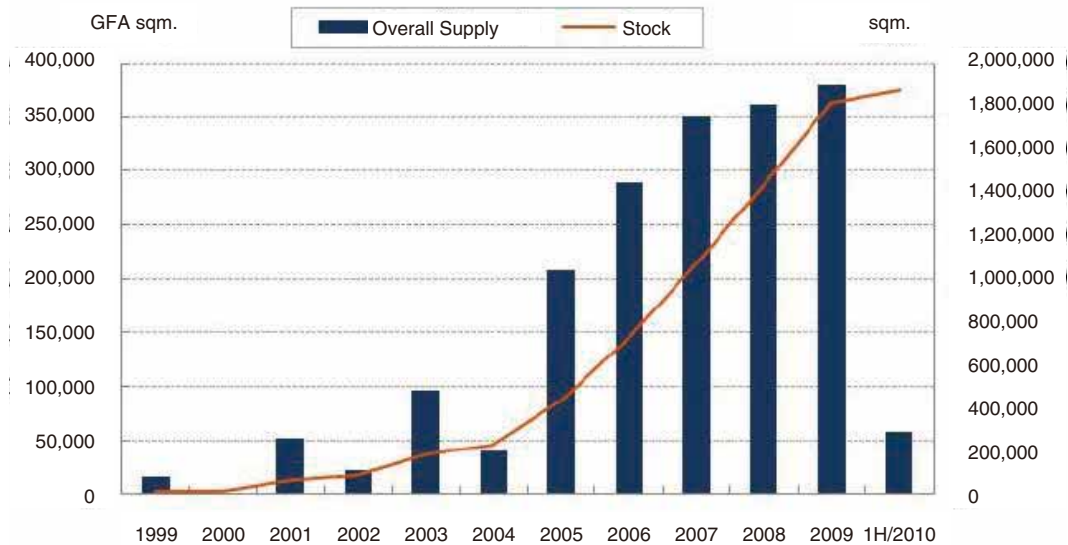
Source: Savills Research & Consultancy

Taipei Pacific SOGO Group is one of largest retailers in Chengdu and it serves the mid to high-end retail market. They currently operate three department stores all located in prime retail areas of Chengdu and have total combined retail GFA of 55,000 sq.m.

Another retailer, the **Chengdu Renhe Group**, has opened three retail projects in Chengdu over the last year. Two of the three projects are department stores located on Renmin Road (East) and Renmin Road (South), and are positioned as high-end retail projects. The third department store is the anchor retail component of Renhe Spring Plaza situated in the Guanghua-Jinsha retail area on the Second Ring Road.

8.2.3 Major Shopping Malls — Existing & Proposed

The total supply of shopping mall space in Chengdu as at June 2010 is estimated at around 1.9 million sq.m GFA or 1.3 million sq.m NLA with the growth over the past 10 years as detailed in Chart 8.6. Most of the new shopping malls have been completed over recent years with the average annual level of new shopping mall space coming on-stream over 2005–09 being at 320,000 sq.m GFA or around 200,000 sq.m NLA.



Source: Savills Research & Consultancy

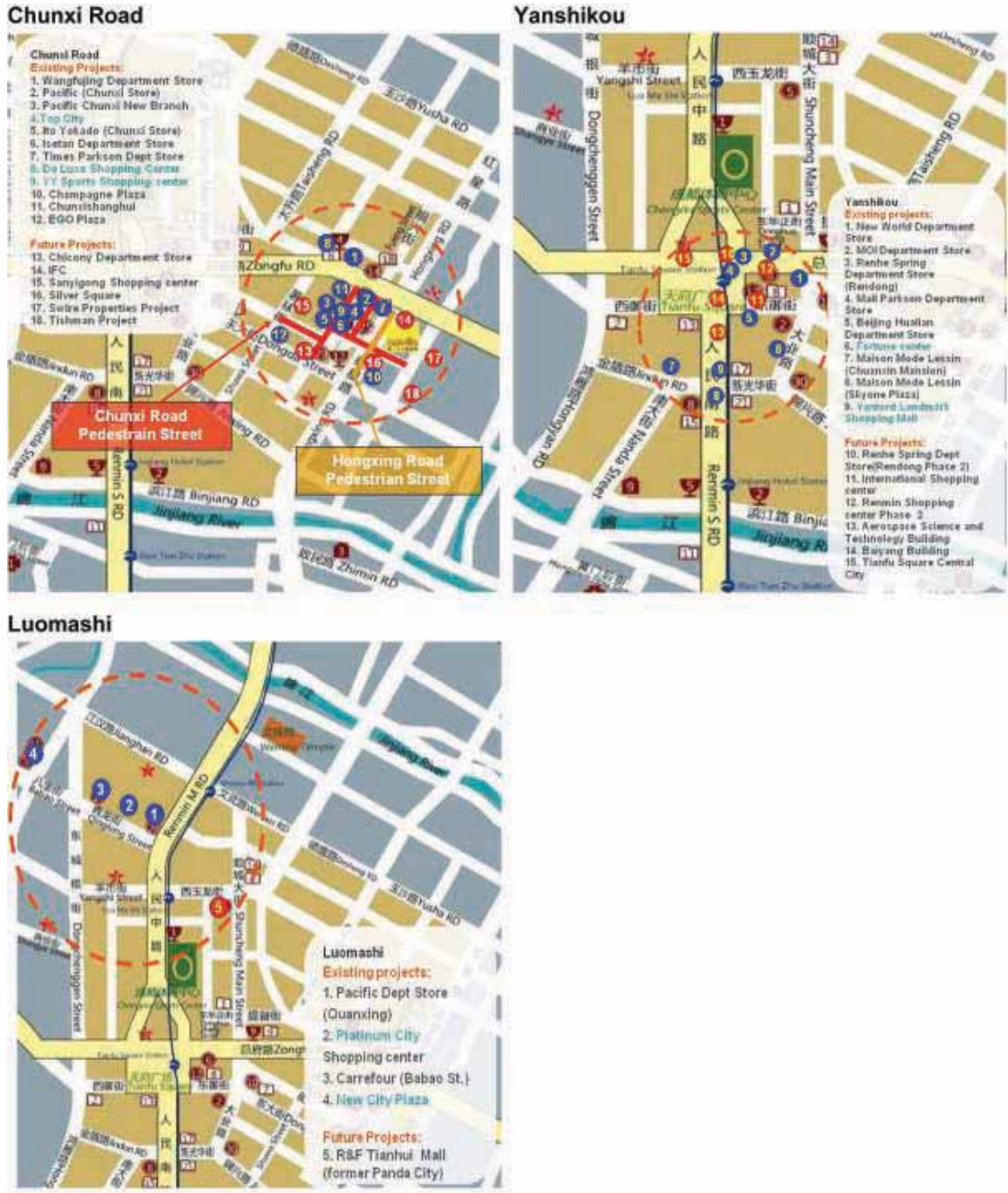
Following the construction of Metro Lines 1 and 2, the majority of the new prime retail supply in Chengdu will be located on the periphery of the traditional core business districts, e.g. Tianfu Square Central City near Yanshikou; together with the Evergo Culture Palace project and the Wharf Holdings project on Hongxing Road, both near Chunxi Road. These are all very large mixed use commercial projects, which will strengthen and expand the main business district. Most of the future projects on Chunxi Road will be positioned at the upper end of the market, including Tishman, IFC, Tianfu Times Square and the Swire project.

Over time it is expected that both Yanshikou and Tianfu Square will gradually be transformed and expanded and most of the future development (including the expansion of Renhe Spring department store) will be mid to high-end.

It is also expected that the Swire project will strengthen Dacisi retail area, speeding up the eastern expansion of Chunxi Road business district and will assist in integrating the three areas: Dacisi, Chunxi Road business district and Dongda Street.

The location of the existing and proposed major shopping malls and department stores within Chunxi Road, Yanshikou and Luomashi is as illustrated in Map 8.5 and a brief description of three of Chengdu’s most important existing retail complexes are set out in the ensuing paragraphs.

Map 8.5 — Major Shopping Malls & Department Stores in Chengdu



De Luxe Shopping Centre

The De Luxe Shopping Centre (former Seibu Department Store), has introduced a number of new brands including Polo, CK and ICEBERG. Sichuan MGS department Stores Co., Ltd., the current operator of De Luxe Shopping Centre, is reported to have recently acquired the adjacent 15,300 sq.m Dongfeng Commercial Plaza and is planning to combine the two centres with the new centre having a heavy emphasis on luxury brands.

Basic Information	
Location	Chunxi Road Precinct
Operator	Sichuan MGS Department Stores Co., Ltd..
Opening Date	2009
Retail GFA	13,000 sq.m
Positioning	High end
Storey	B1–F5
Occupancy Rate	100%
Ground Floor Rent	RMB300 per sq.m per month (in Q2/2010)
Selected Tenants	LV, Dior, Fendi, Loewe, Versace and etc

Source: Savills Research & Consultancy

Wangfujing Department Store

Located in Zongfu Road in the core of CBD area, the Wangfujing Department Store was the first main department store in Chengdu. It first opened in 1992 and was expanded in 2007 and 2009, adding 27,000 sq.m and 8,000 sq.m respectively. The Wangfujing Department Store has a total retail GFA of 56,000 sq.m at present. A second store located on Kehua Mid Road of Second Ring Road is due for completion at the end of this year and is estimated to have a retail GFA of approximately 21,000 sq.m.

As one of the upscale department stores in Chengdu, the Wangfujing Department Store offers some of the best known luxury brands such as Prada and Hermes, together with a series of mid-end fashion brands such as American Apparel and EVE NY and a good collection of restaurants and services.

Basic Information	
Location	Chunxi Road Precinct
Operator	Beijing Wangfujing Department Store (Group) Holdings Limited
Opening Date	Phase I: 1992, Phase II: 2007, Phase III: 2009; second store: 2010
Retail GFA	First store: 56,000 sq.m, second store: 21,000 sq.m
Positioning	Mid- to high-end
Storey	B1–F7
Occupancy Rate	100%
Ground Floor Rent	20%–30% of monthly turnover for clothing retailers
Selected Tenants	Coach, CK jeans, Miss Sixty, Tommy Hilfiger, Guess, MNG, icb, Breadtalk, Starbucks and etc

Source: Savills Research & Consultancy

Wanda Plaza (Jinjiang District)

Occupying a total GFA of 250,000 sq.m or NLA of 160,000 sq.m, Wanda Plaza (Jinjiang), is one of the largest commercial complexes in Chengdu, and was the first shopping mall in Jinjiang District.

It is located on the Second Ring Road (East) of Chengdu, and has positioned itself to attract a mix of mid to high-end retail brands and offers an integrated shopping, F&B and entertainment

experience. Wanda Plaza has the highest rents in Chengdu at present at around RMB250–300 per sq.m per month for a ground floor unit.

Basic Information	
Location	2nd Ring Road (east), 5th section
Developer	Dalian Wanda Commercial Property Co., Ltd..
Opening Date	2007
Retail GFA	250,000 sq.m. Estimated retail NLA 160,000 sq.m
Positioning	Mid- to high-end
Storey	B1–F4
Occupancy Rate	100%
Ground Floor Rent	1F:RMB250-350 per sq.m per month, 2F:RMB250-300 per sq.m per month, 3F:RMB80 per sq.m per month
Management Fee	RMB33 sq.m per month
Selected Tenants	Anchor tenants including Ito Yokado (Jinhua Store), Wanqian Department Store, Wanda Cinema, GOME, McDonald, Pizza Hut, KFC

Source: Savills Research & Consultancy

8.2.4 Shopping Mall Supply Forecasts

In 2009 there were three major retail projects completed in Chengdu and these included the Ito Yokado Store (32,000 sq.m NLA), Renhe Spring Plaza (48,000 sq.m NLA) and Ego Plaza (18,000 sq.m NLA) with the three projects having a total retail NLA of nearly 100,000 sq.m.

For this year, 2010 there is a greater level of retail development activity and as indicated in Table 8.3 there are five centres expected to be completed with a collective total of around 300,000 sq.m NLA of which the largest centre is the R&F Tianhui Mall (originally known as Panda City) and with a total retail NLA of 150,000 sq.m and with the Grandbuy department store as its anchor tenant. Another six projects totalling around 440,000 sq.m NLA are expected to be completed in 2012 and at this stage there are only three projects forecast for 2013 and these together account for 200,000 sq.m. For 2014 and beyond, eight additional retail projects have been identified including the Qingyang Guanghua Mall which has an estimated retail NLA of 58,500 sq.m.

Future Shopping Mall Supply, 2010–2014

Table 8.3

Opening Date	Project Name	Retail Area	Retail GFA (sq.m)	Retail NLA (sq.m)
2010	Yanlord Landmark		44,000	30,000
2010	Renhe Springs Plaza (Phase 3)		25,000	20,000
2010	Galleria Chengdu	Tianfu	50,000	32,000
2010	R&F Tianhui Mall	Luomashi	250,000	150,000
2010	Chicony Plaza	Chunxi Road	100,000	65,000
2011	Suning Plaza	Nansanhuan	96,000	60,000
2012	ICC	Dongda Street	130,000	85,000
2012	Joy City	Wuhou Avenue	100,000	65,000
2012	Raffles Plaza	SBD	83,000	50,000
2012	Northern Land	Jiefang Road, Jinniu District	60,000	40,000
2012	Mixc City	Jianshe Road	240,000	150,000
2012	Ace Robinson Mall	Jinniu	55,000	33,000
2012	Tishman Project	Chunxi Road	42,000	27,000
2010	Longfor Paradise & Three Thousand Castles	Jianshe Road	50,000	32,500
2013	Longfor North Paradise Mall	Jiangbei District, 2nd Ring Road	350,000	230,000
2013	Chinese Estate Plaza	Chunxi Road	37,600	25,000
2013	IFC	Chunxi Road	200,000	130,000
2013	China Aviation City Plaza	Tianfu New City	68,000	44,000
2014+	Qingyang Guanghua Mall	Guanghua Road	90,000	58,500
2014+	CapitaRetail Mall	Tianfu	TBC	TBC
2014+	International Plaza	SBD	100,000	63,000
2014+	Zhonghang City Plaza	Tianfu	TBC	TBC
2014+	Swire Project	Chunxi Road	TBC	TBC
2014+	Renhe South New City Project	Tianfu	TBC	TBC
2014+	Poly Centre	SBD	TBC	TBC
2014+	Poly International Plaza	Tianfu New City	TBC	TBC

Source: Savills Research & Consultancy

It can be seen from the above table that there is a substantial amount of new retail supply forecast for Chengdu over the next 4–5 years and whilst a significant amount of this is in the Central Area around Chunxi Road and Luomashi there are some substantial new suburban retail malls also planned including the Qingyang Guanghua Mall which will be targeted more towards the local market rather than for Chengdu as a whole.

8.2.5 Chengdu Retail Market Performance

Retail Rentals

Average retail rents for prime first floor space in Chengdu are summarised in Table 8.4 for the main retail areas.

Major Retail Area Prime Ground Floor Rental Ranges, Q2/2010 Table 8.4

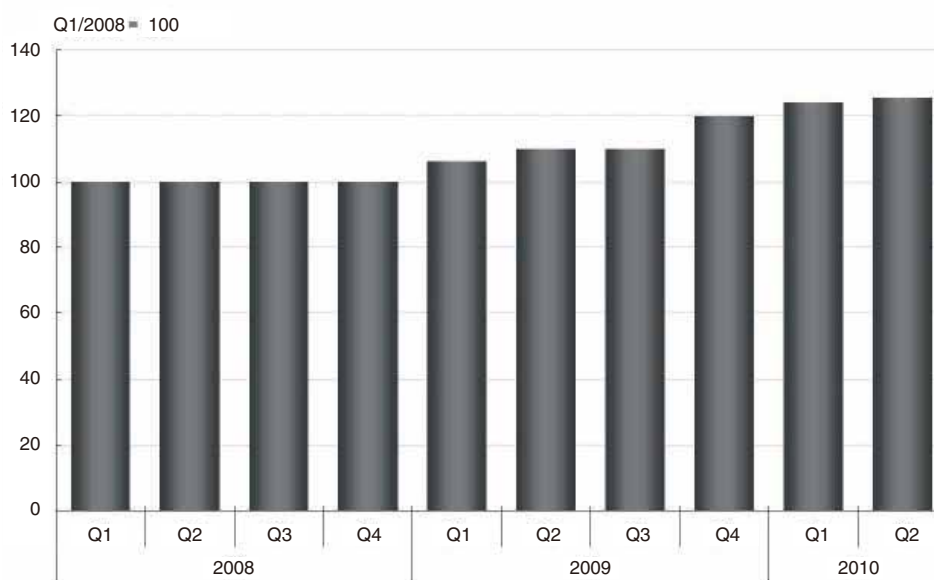
Area	(RMB per sq.m per month)	
	Street Shop	Shopping Mall
Chunxi Road	1,200–1,800	900–2,520
Yanshikou	270–360	480–1,800
Luomashi	180–420	210–360
Shuangnan	180–330	120–240
Jianshe Road	500–650	220–300
SBD	300–400	150–300

Source: Savills Research & Consultancy

For the second quarter of 2010 first floor shopping mall rents in Chengdu increased 3.0% (quarter-on-quarter) to an average of RMB520 per sq.m per month, the third consecutive quarter-on-quarter growth. Prime retail areas located in traditional commercial centres continued to drive this growth, increasing by 3.8% to RMB610 per sq.m per month. The highest rent achieved in the market was RMB3,000 per sq.m per month.

The upward pressure on rents was primarily driven by an undersupply in the market amid strong demand from high-end retailers.

Chengdu Retail Rental Index, Q1/2008–Q2/2010 Chart 8.7



Source: Savills Research & Consultancy

According to data provided by Savills over the last five years the prime ground floor retail rentals in Chengdu have grown at a CAGR of around 5%.

Investment Yields & Capital Value

Unlike the more mature retail property markets such as Beijing and Shanghai which have witnessed some en-bloc retail asset transactions, Chengdu is still in its infancy in terms of retail investment. Strata-titled transactions in Chengdu’s retail market however remain strong and with the average sales price for strata-titled shopping mall space in the main retail areas ranging.

Area	Sales Price RMB per sq. m
Chunxi Road	90,000–120,000
Yanshikou	70,000–100,000
Luomashi	20,000–30,000

Source: Savills Research & Consultancy

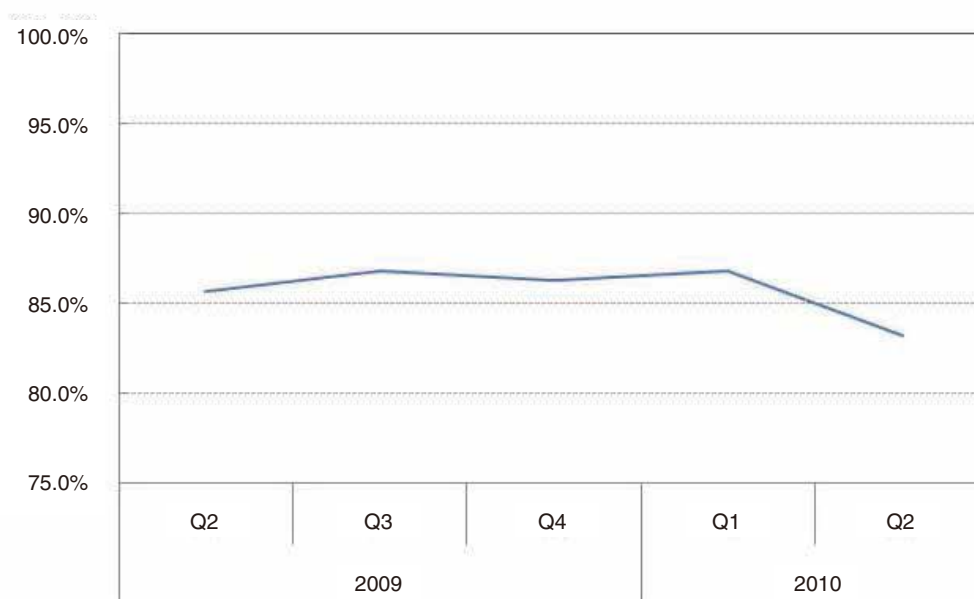
Chengdu’s average investment yields for street shops and community retail shops currently range between 4.0% and 8.0%.

Occupancy Rate

The citywide occupancy rate for shopping malls fell by 5.5% in the second quarter of 2010 to 83.1% as a number of retailers including Adidas and Nike who withdrew entirely from the Chengdu market. Most of the prime shopping malls in Chengdu however have close to 100% occupancy and many of the new projects have major pre-commitments from anchor tenants including department stores and hypermarkets such as Ito Yokado and Carrefour. There is also strong interest from specialty retailers especially from mid-end fashion and cosmetics retailers as well as leisure and entertainment operators.

Chengdu Prime Shopping Mall Average Occupancy Rate, Q2/2009–Q2/2010

Chart 8.8



Source: Savills Research & Consultancy

8.2.6 Future Trends and Market Outlook

Shopping Malls Coming of Age

With China's first tier cities continuing to develop strongly, many developers are finding it increasingly difficult to secure prime sites or even suitable sites in non-central locations within these cities. In addition, some retailers, particularly those who are already well established in these cities, are also finding it difficult to find new locations to open stores without cannibalising existing store sales. Chengdu however, as a second tier city, has not yet developed to the same extent as the first tier cities and represents a good opportunity for both developers and retailers.

The Chengdu retail market is primarily dominated by department stores and street retail and with relatively few modern shopping malls. Shopping malls however, are becoming more popular as the market matures and the buying habits change and the local population as well as retailers decide to locate in the city.

Illustrative of the changing retail landscape and quality of new development is the recently opened Yanlord Landmark centre located at the intersection of Renmin Road and Xinguanghua Street. This centre opened earlier this year and has flagship stores including Hugo Boss, Louis Vuitton, Prada, Rolex, Dunhill, Ports1961 and Longchamp. Similarly, Chicony Plaza located in Chunxi Road is scheduled to open later this year adding 100,000 sq.m onto the market and again, will be of a high quality and will include a significant provision of F&B operators.

Department Stores Aggressive Expansion Plans

In addition to the strong interest in shopping malls there has been considerable interest in Chengdu shown by the department store chains. The more active chains in this regard include Parkson, Grandbuy, Chengdu Hualian, the Chengshang Group and Ito Yokado.

Ito Yokado has recently begun construction of its first suburban store in Chengdu while Chengdu Hualian is planning to expand its existing store in Jianshe Road to over 30,000 sq.m GFA.

Retailer Driven Development Plans

Developers, in order to tie in retailers with their projects on a long term basis and attract the best retailers, are increasingly consulting retailers about their requirements during the planning stage of the shopping centres and are adapting their plans to accommodate the retailer needs. This practice is becoming more commonplace and should lead to more rational development and with fewer vacancies.

Expansion into the Suburbs

In line with government's plans to develop Chengdu to the south and east of the city centre, developers are now starting to include retail centres as part of their mixed use projects in these newly developing areas. Longfor is one such developer, with two mixed use projects currently under development in Chengdu namely, Longfor Paradise & Three Thousand Castles (retail GFA 50,000 sq.m, recently completed) and Longfor North Paradise Walk Mall (retail GFA 350,000 sq.m, completion 2013).

The Longfor Paradise & Three Thousand Castles on Jianshe Road will help consolidate the retail provision in the east of the city. Longfor North Paradise Mall on the Second Ring Road in the north of the city is expected to be completed by 2012.

Future Market Outlook

Over the next three years there will be a significant amount of new shopping centre and department store floorspace coming onto the market in Chengdu, both in the established retail areas but also in the newly developed suburbs. Given this situation it is anticipated that there will only be moderate rental growth over this period.

8.3 Location & Accessibility of Qingyang Guanhua Mall

The proposed Qingyang Guanhua Mall is located in Guanhua Avenue approximately 1 km to the west of the Third Ring Road and 9 km west of the Chengdu CBD as shown in Map 8.2. It is easily accessed from both the east and west by road as well as north/south due to the presence of the Third Ring Road and the Ring Road Expressway located close by. The site is also well located in relation to public transport with a direct retail connection from Basement 1 to the proposed mass transit railway station.

One of the advantages of the mall's location is the rapidly growing residential nature of the local area — including not only the project itself, but also a number of other large scale residential projects either recently completed or currently under construction. In addition to residential there are other uses in the area which include some industrial and office and the site is in close proximity to the planned new Qingyang Civic Centre.

8.4 Description of Project & Mall

Qingyang Guanhua Mall forms part of a much larger mixed use project which in total has a GFA of 158,400 sq.m and in addition to the shopping mall, it comprises a 5 star hotel, a 13 storey office block and an 18 storey Soho component (i.e. small — office — home — office). The mall itself will comprise three levels above ground (including the cinemas) and two levels below ground.

The site area for the mall is 52,820 sq.m, the expected retail GFA for the mall is 90,000 sq.m and the net lettable area for the mall is estimated at 58,500 sq.m. A total of 270 tenants are expected and there will be 728 parking spaces allocated to the retail mall, all of which will be located in the second basement level. The shopping mall has excellent street frontage and is located in a park-like setting with the other buildings located around the periphery including the office building, the hotel and the Soho units.

The entire development including the shopping mall has a somewhat futuristic appearance and will be highly distinctive. Level B1 is envisaged basically as a food and convenience level anchored by a supermarket and with travelator access directly down to the B2 carpark. For Levels 1–3 the layout is relatively simple with a pear shaped mall anchored by a three level department store at one end and with simple circulation and good lines of sight via the void spaces connecting the three main retail levels. A feature of the centre will be the eight shops at the very front of the centre facing onto the main road which will have double volume spaces.

The cinemas are on Level 3 with plans indicating at this stage a seven screen complex.

The tenant mix of the centre is detailed in Table 8.5 and this shows a total retail NLA of around 58,500 sq.m of which 21,400 sq.m is accounted for by anchor tenants including the supermarket, the department store and the cinemas.

The scheduled completion date for the mall is 2014 and at this stage there have not been any major preleasings made to anchor tenants.

Tenant	Level	Number of Shops	Retail NLA (sq.m)
<u>Anchor Tenants</u>			
Supermarket	B1	1	9,000
Department Store	1–3	1	9,700
Cinemas (7 screens)	3	1	2,700
			21,400
<u>Other Tenants</u>			
Specialty Shops	B1–3	282	37,100
Total Centre			58,500

Source: Savills Research & Consultancy

8.5 Target Market & Trade Area Analysis

The main market that Qingyang Guanghua Mall is expected to serve will be the local resident catchment population. Some of this population will be located on-site but the majority will be located in the nearby local area and western suburbs of Chengdu.

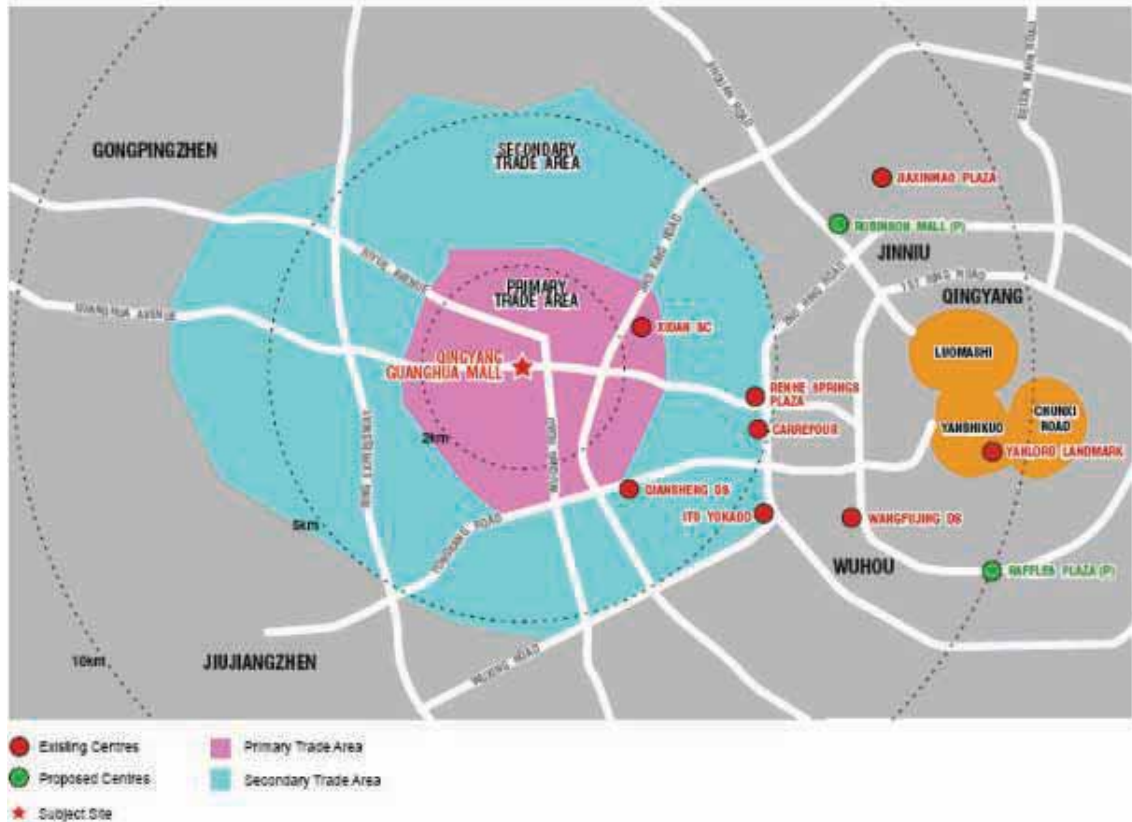
8.5.1 Trade Area Definition

The defined trade area for the Qingyang Guanghua Mall is as shown in Map 8.6 and this includes both a primary trade area and a secondary trade area.

The defined trade area basically falls within the Qingyang Administrative District but it also includes parts of the Wuhou and Jinniu Districts as well.

- The **primary sector** is basically contained within a 2–3 km radius from the centre and is mainly located between the Third Ring Road and the Toll Expressway. There is a considerable amount of new residential development occurring within the primary sector in close proximity to the proposed mall and at this stage there is very limited competition within the sector including the Xidan Shopping Centre and the Qiansung Department Store, both of which are of an older style format.
- The **secondary sector** incorporates land beyond the primary sector and predominantly within a 5 km radius except for the west where it extends out to 7 km. Competing shopping centres within the secondary sector include the recently completed Renhe Springs Plaza centre together with the Ito Yokado centre both of which are located to the east of the Third Ring Road.

Map 8.6 — Qingyang Guanghua Mall Trade Area



8.5.2 Trade Area Population & Demographic Profile

In 2009, the estimated resident population of the primary trade area is approximately 152,200 people (refer Table 8.6). This area is experiencing a considerable amount of new residential development and population growth is forecast to continue at 3.0% per annum over the next five years.

The secondary trade area population is currently estimated at 489,000 people and this is expected to continue to grow but at a slower rate than the primary trade area, at 1.8% CAGR over the next five years.

The main trade area, which is defined to comprise the combination of both the primary and secondary sectors, has a total population of approximately 641,000 and this is expected to increase to around 710,800 by 2014 representing a CAGR of 2.1% or 13,960 persons per annum.

The trade area residents are predominantly locals earning above average incomes, particularly in the primary trade area and the estimated average annual retail spend per capita for the primary trade area is RMB10,178 per person which is 25% above the overall Chengdu urban average. For the secondary trade area it is 7% above the urban average at RMB9,076 per person.

8.5.3 Trade Area Resident Retail Spending

Total retail spending by trade area residents is shown in Table 8.6. In 2009, the total retail spending by the main trade area residents is estimated at RMB6.0 billion. By 2014 this is

forecast to grow to RMB10.8 billion representing a compound annual growth of 12.6% assuming inflation at 2.3%, population growth at 2.1% and forecast real growth in average retail spending per capita at 8.0%.

**Qingyang Guanghua Mall — Population & Market Spending Forecast, 2004–2014
(Inflated RMB¹)** Table 8.6

	2004	2009	2014	CAGR	
				2004–'09	2009–'14
Resident Population					
Primary Trade Area	131,000	152,200	176,200	3.0%	3.0%
Secondary Trade Area	442,900	489,000	534,600	2.0%	1.8%
Main Trade Area	573,900	641,000	710,800	2.2%	2.1%
Retail Spend per Capita²					
Primary Trade Area		\$10,178	\$16,617	—	10.3%
Secondary Trade Area		\$9,050	\$14,775	—	10.3%
Main Trade Area		\$9,317	\$15,231	—	10.3%
Total Market Spending (\$M)²					
Primary Trade Area		\$1,547	\$2,928	—	13.6%
Secondary Trade Area		\$4,425	\$7,899	—	12.3%
Main Trade Area		\$5,973	\$10,827	—	12.6%

1. Inflation assumed at 2.3% p.a. for 2009–2014

2. Inflated dollars

Source: Global Demographics; Chengdu Customer Statistics; Urbis

8.6 Review of Competitive Environment

8.6.1 Existing Competition

The key competitors to the proposed Qingyang Guanghua Mall are listed in Table 8.7 with their location shown in Map 8.6.

Qingyang Guanghua Mall will only have limited competition from within its main trade area and virtually all of this competition is on the eastern side of the Third Ring Road. The most important competing centres include the recently opened Renhe Spring Plaza and to a lesser extent, the Ito Yokado store (5 km to the south-east) and the Qingyang Carrefour hypermarket. At the more localised level, competition is provided by the Xidan Shopping Centre and the Qiansheng Department Store both of which are older style smaller centres.

8.6.2 Future Competition

As indicated in earlier sections there is a considerable amount of new retail development underway or proposed for Chengdu. Much of this new development however is in the traditional CBD core either in Chunxi Road or Luomashi or alternatively in the newly developed suburban areas to the south including Tianfu and SBD. At this stage there is no known new development located in the middle to outer western suburbs in which the Qingyang Guanghua Mall is located. The closest planned new competing centre at this stage is the Robinson Mall located some 6 km to the north-east and on completion is expected to have an NLA of 55,000 sq.m and with the

anticipated completion date being 2011. Qingyang Guanghua Mall therefore is in a relatively good competition position particularly for the primary trade area and the suburbs to the west.

Qingyang Guanghua Mall — Main Competing Centres, 2010 **Table 8.7**

Centre	Distance from Centre (km)	Date Opened	Estimated Total NLA (sq.m)	Major Tenants
<u>Existing Centres</u>				
Xidan Shopping Centre	2.0	n/a	7,000	—
Qian Sheng Bai Hoi DS	2.8	n/a	8,000	Qinshang Department Store
Renhe Springs Plaza	4.0	2009/10	48,000	Rehne Department Store
Qingyang Carrefour	4.3	n/a	10,000	Carrefour
Jiaxinmo Plaza	7.0	2006	48,000	Walmart
Ito Yokado	5.0	n/a	32,000	Ito Yokado
<u>Proposed Centres</u>				
Ace Robinson Mall	6.0	2011	55,000	
Raffles Plaza	7.0	2012	50,000	

Source: Savills Research & Consultancy

8.7 Market & Rental Growth Outlook

From the information provided it is apparent that the budgeted gross rental for the entire centre is RMB109 per sq.m (excluding service charges) or RMB138 per sq.m including service charges. These projected rental levels are conservative and would result in the average prime ground floor specialty rental being in the vicinity of RMB200–300 per sq.m including service charges. Some of the existing prime suburban centres such as Wanda Plaza are already achieving similar levels and therefore the budgeted rentals for Qingyang Guanghua Mall appear reasonable and sustainable.

Importantly, rental growth for Qingyang Guanghua Mall is expected to be higher than for the Chengdu retail market as a whole for several reasons, namely:

1. The relatively limited competition within the main trade area.
2. The strong future population growth forecast for the primary trade area.
3. The relatively modest starting rentals.
4. The connection to the mass transit railway station at Level B1 should increase pedestrian flow into the centre.

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TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE

Applications are invited for the subscription of the Units at the Offering Price on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of the prospectus (the “**Application Forms**”) or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Units in the Offering by way of Application Forms or Electronic Applications are required to pay in Singapore dollars, the Offering Price, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

- (1) **Your application must be made in lots of 1,000 Units or integral multiples thereof. Your application for any other number of Units will be rejected.**
- (2) You may apply for the Units only during the period commencing at 9.00 a.m. on 28 May 2011 and expiring at 10.00 a.m. on 7 June 2011. The Offering period may be extended or shortened to such date and/or time as the Trustee-Manager may agree with the Joint Bookrunners, subject to all applicable laws and regulations and the rules of the SGX-ST.
- (3)
 - (a) Your application for the Units offered in the Public Offer (the “**Public Offer Units**”), may be made by way of the printed **WHITE** Public Offer Units Application Forms or by way of Automated Teller Machines (“**ATM**”) belonging to the Participating Banks (“**ATM Electronic Applications**”) or the Internet Banking (“**IB**”) website of the relevant Participating Banks, where available, (“**Internet Electronic Applications**”, which, together with ATM Electronic Applications, shall be referred to as “**Electronic Applications**”).
 - (b) Your application for the Units offered in the Placement Tranche (the “**Placement Units**”) may be made by way of the printed **BLUE** Placement Units Application Forms (or in such other manner as the Joint Bookrunners may in their absolute discretion deem appropriate).

YOU MAY NOT USE YOUR CPF FUNDS TO APPLY FOR THE UNITS

- (4) **Only one application may be made for the benefit of one person for the Public Offer Units in his own name. Multiple applications for the Public Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

You may not submit multiple applications for the Public Offer Units via the Public Offer Units Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Units by way of the Public Offer Units Application Form may not submit another application for the Public Offer Units by way of Electronic Applications and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Units in his own name should not submit any other applications for the Public Offer Units, whether on a printed Application Form or through an ATM Electronic Application or Internet Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

- (5) **Multiple applications may be made in the case of applications by any person for (i) the Placement Units only (via Placement Units Application Forms or such other form of application as the Joint Bookrunners may in their absolute discretion deem appropriate) or (ii) the Placement Units together with a single application for the Public Offer Units.**
- (6) Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.
- (7) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.
- (8) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 9 below.
- (9) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
- (10) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with the CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.
- (11) Subject to paragraphs 14 and 15 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("NRIC") or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with the CDP, your application shall be rejected.
- (12) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated**

address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.

- (13) This Prospectus and its accompanying Application Forms have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying Application Forms may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither this Prospectus (including its Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in parts or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Units have not been and will not be registered under the Securities Act and, may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the Securities Act and applicable state securities laws. The Units are being offered and sold outside the United States (including to institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Trustee-Manager reserves the right to reject any application for Units where the Trustee-Manager believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Units unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

- (14) The Trustee-Manager reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs and IB websites of the relevant Participating Banks) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.
- (15) The Trustee-Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs and IB websites of the relevant Participating Banks), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of the Trustee-Manager, each of the Joint Bookrunners, as agents of the Trustee-Manager, has been authorised to accept, for and on behalf of the Trustee-Manager, such other forms of application as the Joint Bookrunners may, in consultation with the Trustee-Manager, deem appropriate.

- (16) The Trustee-Manager reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefore, and none of the Trustee-Manager, and the Joint Bookrunners will entertain any enquiry and/or correspondence on the decision of the Trustee-Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Bookrunners may, in consultation with the Trustee-Manager, deem appropriate. In deciding the

basis of allocation, the Trustee-Manager, in consultation with the Joint Bookrunners, will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

- (17) In the event that the Trustee-Manager lodges a supplementary or replacement prospectus (“**Relevant Document**”) pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Units have not been issued, the Trustee-Manager will (as required by law) at the Trustee-Manager’s sole and absolute discretion either:
- (a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
 - (b) within seven days of the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or
 - (c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(a) and (b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify us whereupon the Trustee-Manager shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom).

In the event that the Units have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, the Trustee-Manager will (as required by law) either:

- (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Trustee-Manager the Units which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (ii) within seven days from the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Units which you do not wish to retain title in; or
- (iii) deem the issue as void and refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(c)(i) and (ii) above to return the Units issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Trustee-Manager shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for

the Units without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Units issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

- (18) The Units may be reallocated between the Placement Tranche and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other at the discretion of the Joint Bookrunners, in consultation with the Trustee-Manager.

There will not be any physical security certificates representing the Units. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units, a statement of account stating that your Securities Account has been credited with the number of Units allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Trustee-Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

- (19) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Trustee-Manager, the Joint Bookrunners and any other parties so authorised by CDP, the Trustee-Manager and/or the Joint Bookrunners.

- (20) Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Units by way of an Application Form or by way of Electronic Application or by such other manner as the Joint Bookrunners may, in their absolute discretion, deem appropriate.

- (21) By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or, in the case of an Internet Electronic Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other button on the IB website screen in accordance with the provisions herein, you:

- (a) irrevocably agree and undertake to purchase the number of Units specified in your application (or such smaller number for which the application is accepted) at the Offering Price for each Unit and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying Application Forms and the Trust Deed;
- (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Form) and those set out in the IB websites or ATMs of the Participating Banks, the terms and conditions set out in the Prospectus and its accompanying Application Forms shall prevail;
- (c) in the case of an application by way of a Public Offer Units Application Form or an Electronic Application, agree that the Offering Price for the Public Offer Units applied for is due and payable to the Trustee-Manager upon application;
- (d) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Joint Bookrunners may in their absolute discretion deem

appropriate, agree that the aggregate Offering Price for the Placement Units applied for is due and payable to the Trustee-Manager upon application;

- (e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Trustee-Manager in determining whether to accept your application and/or whether to allocate any Units to you; and
 - (f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Trustee-Manager nor any of the Joint Bookrunners will infringe any such laws as a result of the acceptance of your application.
- (22) Acceptance of applications will be conditional upon, *inter alia*, the Trustee-Manager being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the quotation of (i) all the Units comprised in the Offering, (ii) all the Sponsor Units, (iii) all the Cornerstone Units and (iv) all the Units which will be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees (including the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the Trustee-Manager's fees) on the Main Board of the SGX-ST;
 - (b) the Underwriting Agreement, referred to in the section on "Plan of Distribution" in this Prospectus, has become unconditional and has not been terminated; and
 - (c) the Authority has not served a stop order which directs that no or no further Units to which this Prospectus relates be allotted or issued ("**Stop Order**").
- (23) In the event that a Stop Order in respect of the Units is served by the Authority or other competent authority, and:
- (a) the Units have not been issued (as required by law), all applications shall be deemed to be withdrawn and cancelled and the Trustee-Manager shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
 - (b) if the Units have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Trustee-Manager shall refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

- (24) In the event that an interim Stop Order in respect of the Units is served by the Authority or other competent authority, no Units shall be issued to you until the Authority revokes the interim Stop Order. The Authority is not able to serve a Stop Order in respect of the Units if the Units have been issued and listed on the SGX-ST and trading in them has commenced.
- (25) Additional terms and conditions for applications by way of Application Forms are set out in the section below "Additional Terms and Conditions for Applications using Printed Application Forms" on pages G-7 to G-9 of this Prospectus.
- (26) Additional terms and conditions for applications by way of Electronic Applications are set out in the section below "Additional Terms and Conditions for Electronic Applications" on pages G-11 to G-16 of this Prospectus.

- (27) All payments in respect of any application for Public Offer Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (28) All payments in respect of any application for Placement Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (29) All refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (30) No application will be held in reserve.
- (31) This Prospectus is dated 27 May 2011. No Units shall be allotted or allocated on the basis of this Prospectus later than 12 months after the date of this Prospectus.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages G-1 to G-18 of this Prospectus and the Trust Deed.

- (1) Applications for the Public Offer Units must be made using the printed **WHITE** Public Offer Units Application Forms and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of this Prospectus.

Applications for the Placement Units must be made using the printed **BLUE** Placement Units Application Forms (or in such manner as the Joint Bookrunners may in their absolute discretion deem appropriate), accompanying and forming part of this Prospectus.

Without prejudice to the rights of the Trustee-Manager and the Joint Bookrunners, as agents of the Trustee-Manager, have been authorised to accept, for and on behalf of the Trustee-Manager, such other forms of application, as the Joint Bookrunners may (in consultation with the Trustee-Manager) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **The Trustee-Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus (or, in the case of applications for the Placement Units, followed) which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

- (2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.
- (3) You must complete all spaces in your Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" and you must write the words "**NOT APPLICABLE**" or "**N.A.**" in any space that is not applicable.
- (4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an

individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with PCRT's Unit Registrar. The Trustee-Manager reserves the right to require you to produce documentary proof of identification for verification purposes.

- (5)
 - (a) You must complete Sections A and B and sign page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
- (6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Units is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.
- (7) You may apply and make payment for your application for the Units in Singapore currency in cash only.

Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price of S\$0.70, in respect of the number of Units applied for. The remittance must in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**PCRT UNIT ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

- (8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Units, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted or in part only, the full amount or the balance of the application monies as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

- (9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.
- (10) By completing and delivering the Application Forms, you agree that:
- (a) in consideration of the Trustee-Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:
 - (i) your application is irrevocable;
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and
 - (iii) you represent and agree that you are located outside the United States (within the meaning of Regulation S);
 - (b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Trustee-Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Trustee-Manager;
 - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (e) reliance is placed solely on information contained in this Prospectus and that none of the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other person involved in the Offering shall have any liability for any information not contained therein;
 - (f) you consent to the disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, and Unit application amount to our Unit Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd (“**SCCS**”), SGX-ST, the Trustee-Manager and the Joint Bookrunners (the “**Relevant Parties**”); and
 - (g) you irrevocably agree and undertake to purchase the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Trustee-Manager decides to allocate any smaller number of Units or not to allocate any Units to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Public Offer Units by Way of Printed Application Forms

- (1) Your application for the Public Offer by way of printed Application Forms must be made using the **WHITE** Public Offer Units Application Forms and **WHITE** official envelopes “**A**” and “**B**”.
- (2) You must:
 - (a) enclose the **WHITE** Public Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope “**A**” provided;

- (b) in appropriate spaces on the **WHITE** official envelope "**A**":
 - (i) write your name and address;
 - (ii) state the number of Public Offer Units applied for; and
 - (iii) tick the relevant box to indicate form of payment;
 - (c) **SEAL THE WHITE OFFICIAL ENVELOPE "A"**;
 - (d) write, in the special box provided on the larger **WHITE** official envelope "**B**" addressed to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, the number of Public Offer Units you have applied for;
 - (e) insert the **WHITE** official envelope "**A**" into the **WHITE** official envelope "**B**" and seal the **WHITE OFFICIAL ENVELOPE "B"**; and
 - (f) affix adequate Singapore postage on the **WHITE** official envelope "**B**" (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, so as to arrive by 10.00 a.m. on 7 June 2011 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners. **Courier services or Registered Post must NOT be used.**
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for application for the Placement Units where remittance is permitted to be submitted separately, applications for the Public Offer Units not accompanied by any payment or any other form of payment will not be accepted.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms

- (1) Your application for the Placement Units by way of printed Application Forms must be made using the **BLUE** Placement Units Application Forms.
- (2) The completed and signed **BLUE** Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Unit in respect of the number of Placement Units applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 10.00 a.m. on 6 June 2011 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners. **Courier services or Registered Post must NOT be used.**
- (3) In respect of an application for Placement Units, you may alternatively remit your application monies by electronic transfer to the account of Standard Chartered Bank, Current Account No. 0102322740 in favour of "**PCRT UNIT ISSUE ACCOUNT**" by 10.00 a.m. on 6 June 2011 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners. Applicants who remit their application monies via electronic transfer should send a copy of the telegraphic transfer advice slip to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles

Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 10.00 a.m. on 6 June 2011 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners.

- (4) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.
- (5) ONLY ONE APPLICATION should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages G-1 to G-18 of this Prospectus, as well as the Trust Deed.

- (1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications) and the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications). Currently, DBS Bank and UOB Group are the only Participating Banks through which Internet Electronic Applications may be made.
- (2) For illustration purposes, the procedures for Electronic Applications for Public Offer Units through ATMs and the IB website of DBS (together the "**Steps**") are set out in pages G-16 to G-18 of this Prospectus. The Steps set out the actions that you must take at ATMs or the IB website of DBS to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens or the IB website screens of the respective Participating Banks.

Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Form), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

- (3) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Units through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank.
- (4) If you are making an ATM Electronic Application:
 - (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Units at an ATM belonging to other Participating Banks.
 - (b) You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

- (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("**Transaction Record**"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.
- (5) If you are making an Internet Electronic Application:
- (a) You must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the relevant Participating Bank.
 - (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.
 - (c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank, there will be an on-screen confirmation ("**Confirmation Screen**") of the application which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.
- (6) In connection with your Electronic Application for Public Offer Units, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
- (a) that you have received a copy of the Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Units and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number and Public Offer Unit application amount (the "**Relevant Particulars**") from your account with the relevant Participating Bank to the Relevant Parties; and
 - (c) where you are applying for the Public Offer Units, that this is your only application for the Public Offer Units and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the website screen. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 6(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

- (7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application or Internet Electronic Application, failing which such Electronic Application will not be completed. Any ATM Electronic Application or Internet Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank, as the case may be, through which your ATM Electronic Application or Internet Electronic Application is being made shall be rejected.

- (8) You may apply and make payment for your application for the Public Offer Units in Singapore currency in cash only.

You may apply for the Public Offer Units through any ATM or IB website (as the case may be) of your Participating Bank by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

- (9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Units applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event that the Trustee-Manager decides to allocate any lesser number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the Internet screen) of the number of Public Offer Units applied for shall signify and shall be treated as your acceptance of the number of Public Offer Units that may be allocated to you and your agreement to be bound by the Trust Deed.
- (10) The Trustee-Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Units, if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, the Trustee-Manager, and the Joint Bookrunners assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

- (11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

- (12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service Expected from
DBS	1800-339 6666 (for POSB account holders) 1800-111 1111 (for DBS account holders)	Internet Banking www.dbs.com ⁽¹⁾	24 hours a day	Evening of the balloting day
OCBC	1800-363 3333	ATM/Phone Banking/ Internet Banking www.ocbc.com ⁽²⁾	ATM: 24 hours a day Phone Banking: 24 hours a day	Evening of the balloting day
UOB Group	1800-222 2121	ATM (Other Transactions — “IPO Enquiry”)/IB www.uobgroup.com ⁽¹⁾⁽³⁾	Phone Banking/ATM: 24 hours a day Internet Banking: 24 hours a day	Evening of the balloting day

Notes:

- (1) Applicants who have made Internet Electronic Applications through the IB websites of DBS or UOB Group may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS or UOB Group.
- (2) Applicants who have made Electronic Application through the ATMs of OCBC Bank may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.
- (3) Applicants who have made Electronic Application through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.
- (13) ATM Electronic Applications shall close at 10.00 a.m. on 7 June 2011 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners. All Internet Electronic Applications must be received by 10.00 a.m. on 7 June 2011, or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Bookrunners. Internet Electronic Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.
- (14) You are deemed to have irrevocably requested and authorised the Trustee-Manager to:
- register the Public Offer Units allocated to you in the name of CDP for deposit into your Securities Account;
 - return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account; and
 - return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank, at your risk, with the relevant amount within 14 Market Days after the close of the

Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account.

- (15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the Trustee-Manager, and the Joint Bookrunners, and if, in any such event the Trustee-Manager and the Joint Bookrunners, and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Trustee-Manager, the Joint Bookrunners and/or the relevant Participating Bank for any Public Offer Units applied for or for any compensation, loss or damage.
- (16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Trustee-Manager shall reject any application by any person acting as nominee (other than approved nominee companies).
- (17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.
- (18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.
- (19) By making and completing an Electronic Application, you are deemed to have agreed that:
 - (a) in consideration of the Trustee-Manager making available the Electronic Application facility, through the Participating Banks acting as agents of the Trustee-Manager, at the ATMs and IB websites of the relevant Participating Banks:
 - (i) your Electronic Application is irrevocable;
 - (ii) your Electronic Application, the acceptance by the Trustee-Manager and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and
 - (iii) you represent and agree that you are not located in the United States (as defined in Regulations S);
 - (b) none of CDP, the Trustee-Manager, the Joint Bookrunners and the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Trustee-Manager, or CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;
 - (c) in respect of the Public Offer Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be

constituted by written notification by or on behalf of the Trustee-Manager and not otherwise, notwithstanding any payment received by or on behalf of the Trustee-Manager;

- (d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Prospectus and that none of the Trustee-Manager, the Sponsor, the Joint Bookrunners or any other person involved in the Offering shall have any liability for any information not contained therein; and
- (f) you irrevocably agree and undertake to subscribe for the number of Public Offer Units applied for as stated in your Electronic Application or any smaller number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event the Trustee-Manager decides to allocate any smaller number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Units through ATMs of DBS (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “amt”, “appln”, “&”, “I/C”, “No.”, “SGX” and “Max” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “Number”, “SGX-ST” and “Maximum”, respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS (including POSB)), may differ slightly from those represented below.

- Step 1: Insert your personal DBS or POSB ATM Card.
- 2: Enter your Personal Identification Number.
- 3: Select “MORE SERVICES”.
- 4: Select language (for customers using multi-language card).
- 5: Select “ESA-IPO SHARE/INVESTMENTS”.
- 6: Select “ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES/SECURITIES)”.
- 7: Read and understand the following statements which will appear on the screen:
- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.
 - (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION/DOCUMENT REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION

WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- 8: Select "PCRT" to display details.
- 9: Press the "ENTER" key to acknowledge:
 - YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT NOTICE AND/OR CIRCULAR.
 - YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, AND THE ISSUER/VENDOR(S).
 - FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
 - FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.
- 10: Select your nationality.
- 11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.
- 12: Enter the number of securities you wish to apply for using cash.
- 13: Enter or confirm (if your CDP Securities Account number has already been stored in DBS's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account Number has already been stored in DBS's records).
- 14: Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.
- 15: Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Units through the IB Website of DBS

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS IB website are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “&”, “amt”, “I/C” and “No.” refer to “Account”, “and”, “Amount”, “NRIC” and “Number”, respectively).

- Step 1: Click on DBS website (www.dbs.com)
- 2: Login to Internet banking.
- 3: Enter your User ID and PIN.
- 4: Enter your DBS IB Secure PIN
- 5: Select “Electronic Security Application (ESA)”.
- 6: Click “Yes” to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, amended).
- 7: Select your country of residence and click “I confirm”.
- 8: Click on “PCRT” and click “Submit”.
- 9: Click on “I Confirm” to confirm, *inter alia*:
- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
 - You consent to disclose your name, I/C or Passport No., address, nationality, CDP Securities A/c No. and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP and issuer/vendor(s).
 - You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
 - You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
 - This application is made in your own name and at your own risk.
 - For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
- 10: Fill in details for securities application and click “Submit”.
- 11: Check the details of your securities application, your CDP Securities A/C No. and click “Confirm” to confirm your application.
- 12: Print the Confirmation Screen (optional) for your reference and retention only.

**LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS
AND EXECUTIVE OFFICERS**

(A) Directors of the Trustee-Manager

(1) Mr Boon Swan Foo

Current Directorships

Ascendos Investments Limited
 Ascendos Rail Leasing S.a.r.l.
 Aspen Holdings Ltd
 China-Singapore Suzhou Industrial Park
 Devt. Co Ltd.
 Cypress Holdings Ltd
 Global Investments Limited
 MIH Holdings Ltd (S Africa)
 Perennial China Retail Trust Management
 Pte. Ltd.
 Shin Corporation Plc
 Singbridge International Singapore Pte.
 Ltd.
 ST Asset Management Ltd.

Past Directorships

**(for a period of five years preceding the
Latest Practicable Date)**

Agency for Science, Technology &
 Research
 AGIS Pte Ltd
 Aksaas Pte. Ltd.
 Biomedical Sciences Institutes
 D-SIMLAB Technologies Pte. Ltd.
 Exploit Technologies Pte Ltd
 Keppel Amfels Inc
 Horsburgh Maritime International Pte. Ltd.
 Horsburgh Maritime Investments Pte. Ltd.
 Horsburgh Maritime Pte. Ltd.
 Merlion Pharmaceuticals Pte. Ltd.
 Neptune Orient Lines Limited
 NTUC Income Insurance Cooperative
 Orangestar Investment Holdings Pte. Ltd.
 PUB Consultants Private Limited
 SCS Computer Systems Pte. Ltd.
 Veredus Laboratories Pte. Ltd.
 Myriad International Holdings (BV)
 Netherlands
 Myriad International Holdings (Mauritius)

(2) Mr Pok Soy Yoong

Current Directorships

Mapletree Logistics Trust Management Ltd.
 Pavilion Foundation Limited
 Perennial China Retail Trust Management
 Pte. Ltd.
 UE E&C Ltd.
 Inland Revenue Authority of Singapore

Past Directorships

**(for a period of five years preceding the
Latest Practicable Date)**

Ernst & Young Customs & International
 Trade Services Private Limited
 Ernst & Young Customs and International
 Trade Services (Far East) Limited
 Tax Academy of Singapore

(3) Mr Wong Tui San

Current Directorships

Perennial China Retail Trust
Management Pte. Ltd.

Past Directorships

**(for a period of five years preceding the
Latest Practicable Date)**

GLF Investments Pte Ltd
National Library Board

(4) Mr Pua Seck Guan

Current Directorships

Best Field Holdings Limited
Capitol Hotel Holdings Pte. Ltd.
Capitol Hotel Management Pte. Ltd.
Capitol Hotel Pte. Ltd.
Capitol Investment Holdings Pte. Ltd.
Capitol Residential Development Pte. Ltd.
Capitol Residential Pte. Ltd.
Capitol Retail Holdings Pte. Ltd.
Capitol Retail Management Pte. Ltd.
Capitol Retail Pte. Ltd.
CP1 Pte. Ltd.
CP2 Pte. Ltd.
CP3 Pte. Ltd.
CP4 Pte. Ltd.
CP5 Pte. Ltd.
DAL Singapore Investments Pte. Ltd.
DLF International Holdings Pte. Ltd.
Katong AMC Pte. Ltd.
Perennial (Capitol) Pte. Ltd.
Perennial (China) Retail Investment
Management Pte. Ltd.
Perennial (SEA) Real Estate Pte. Ltd.
Perennial (Singapore) Asset Management
Pte. Ltd.
Perennial (Singapore) Fund Management
Pte. Ltd.
Perennial (Singapore) Retail Management
Pte. Ltd.
Perennial China Retail Trust Management
Pte. Ltd.
Perennial China Retail Pte. Ltd.
Perennial (China) Retail Management Pte.
Ltd.
Perennial Chinatown Point LLP
Perennial Food Pte. Ltd.
Perennial Qingyang Retail (BVI) Limited
Perennial Qingyang Retail Limited
Perennial Real Estate Pte. Ltd.
Perennial (Chengdu) Industries Co., Ltd.

Past Directorships

**(for a period of five years preceding the
Latest Practicable Date)**

Adelphi Property Pte Ltd
Albert Complex Pte Ltd
Anyang SZITIC Commercial Property Co.,
Ltd.
BCH Hotel Investment Pte Ltd
BCH Retail Investment Pte Ltd
Beijing Hualian Plaza (Henan) Co., Ltd.
BHG (China) Real Estate Pte. Ltd.
Big Profit Group Limited
Blue Ruby Investments Limited
Breezy Wind Limited
Bright Honest Group Limited
Brilliant Hotel Investment Pte. Ltd.
Brilliant Hotel Trustee Pte. Ltd.
Brilliant Office Investment Pte. Ltd.
Brilliant Office Trustee Pte. Ltd.
Brilliant Property Investment Holding Pte.
Ltd.
Brilliant Residential Development Pte. Ltd.
Brilliant Residential Holding Pte. Ltd.
Brilliant Retail Investment Pte. Ltd.
Brilliant Retail Trustee Pte. Ltd.
Bugis City Holdings Pte Ltd
Capita Card Pte. Ltd.
CapitaLand (HK) Fund Management
Limited
CapitaLand (Industrial) Investments Pte Ltd
CapitaLand Bahrain Bay Management Pte.
Ltd.
CapitaLand Financial Investments Pte. Ltd.
CapitaLand Financial Limited
CapitaLand Fund Investment Pte Ltd
CapitaLand Hualian Management &
Consulting (Beijing) Co., Ltd.
CapitaLand Hualian Management &
Consulting (Shenzhen) Co., Ltd.
CapitaLand RECM Pte. Ltd.
CapitaLand Residential Fund Management
Pte. Ltd.

(4) Mr Pua Seck Guan

Current Directorships

Perennial-Maxon Pte. Ltd.
Perennial-Puxun Pte. Ltd.
PRE 2 Investments Pte. Ltd.
PRE 3 Investments Pte. Ltd.
PSG (Capitol) Pte. Ltd.
SC Asia Investments Pte. Ltd.
Shanghai Summit Pte. Ltd.
Shenyang Retail (BVI) 1 Limited
Shenyang Retail (BVI) 2 Limited
Sky Surpass Investments Limited

**Past Directorships
(for a period of five years preceding the
Latest Practicable Date)**

CapitaLand Retail (BJ1) Holdings Pte. Ltd.
CapitaLand Retail (MY) Pte. Ltd
CapitaLand Retail (SI) Investments Pte.
Ltd.
CapitaLand Retail China Pte. Ltd.
CapitaLand Retail China Investments Pte.
Ltd.
CapitaLand Retail Hong Kong Investments
Pte. Limited
CapitaLand Retail Hong Kong Investments
Two (BV) Limited
CapitaLand Retail India Investments Pte.
Ltd.
CapitaLand Retail India Pte. Ltd.
CapitaLand Retail Investments (SY) Pte.
Ltd.
CapitaLand Retail Japan Investments Pte.
Ltd.
CapitaLand Retail Management Pte Ltd
CapitaLand Retail RECM Pte. Ltd.
CapitaLand Retail Singapore Investments
Pte. Ltd.
CapitaLand Retail Singapore Investments
Two Pte. Ltd.
CapitaLand Retail Trustee Pte. Ltd.
CapitaLand Singapore Management
Limited
CapitaLand SZITIC Management &
Consulting (Shenzhen) Co., Ltd
CapitaMall Trust Management Limited
CapitaMalls Asia Limited
CapitaRetail (Beijing) Investment
Consulting Co., Ltd.
CapitaRetail (Shanghai) Management &
Consulting Co., Ltd.
CapitaRetail Beijing Anzhen Real Estate
Co., Ltd.
CapitaRetail Beijing Jiulong Real Estate
Co., Ltd.
CapitaRetail Beijing Wangjing Real Estate
Co., Ltd
CapitaRetail Beijing Xizhimen Real Estate
Co., Ltd.
CapitaRetail China (Alpha) Investments
Pte Ltd
CapitaRetail China Developments (B) Pte.
Ltd.

(4) Mr Pua Seck Guan

Current Directorships

**Past Directorships
(for a period of five years preceding the
Latest Practicable Date)**

CapitaRetail China Developments (BVI) Limited
CapitaRetail China Developments C1 (HK) Limited
CapitaRetail China Developments C2 (HK) Limited
CapitaRetail China Developments C3 (HK) Limited
CapitaRetail China Developments CW (HK) Limited
CapitaRetail China Developments D1 (HK) Limited
CapitaRetail China Developments D10 (HK) Limited
CapitaRetail China Developments D11 (HK) Limited
CapitaRetail China Developments D12 (HK) Limited
CapitaRetail China Developments D13 (HK) Limited
CapitaRetail China Developments D14 (HK) Limited
CapitaRetail China Developments D15 (HK) Limited
CapitaRetail China Developments D16 (HK) Limited
CapitaRetail China Developments D18 (HK) Limited
CapitaRetail China Developments D19 (HK) Limited
CapitaRetail China Developments D2 (HK) Limited
CapitaRetail China Developments D20 (HK) Limited
CapitaRetail China Developments D21 (HK) Limited
CapitaRetail China Developments D4 (HK) Limited
CapitaRetail China Developments D5 (HK) Limited
CapitaRetail China Developments D7 (HK) Limited
CapitaRetail China Developments D8 (HK) Limited
CapitaRetail China Developments D9 (HK) Limited

(4) Mr Pua Seck Guan

Current Directorships

**Past Directorships
(for a period of five years preceding the
Latest Practicable Date)**

CapitaRetail China Developments II (BVI) Limited
CapitaRetail China Developments WH (HK) Limited
CapitaRetail China Fund Management Pte. Ltd.
CapitaRetail China Investments (B) Alpha Pte. Ltd.
CapitaRetail China Investments (B) Beta Pte. Ltd.
CapitaRetail China Investments (B) Gamma Pte. Ltd.
CapitaRetail China Investments (B) Pte. Ltd.
CapitaRetail China Investments (BVI) Alpha Limited
CapitaRetail China Investments (BVI) Limited
CapitaRetail China Investments N1 (HK) Limited
CapitaRetail China Investments N2 (HK) Limited
CapitaRetail China Investments N3 (HK) Limited
CapitaRetail China Investments N4 (HK) Limited
CapitaRetail China Investments N5 (HK) Limited
CapitaRetail China Investments Pte. Ltd.
CapitaRetail China Investments V1 (HK) Limited
CapitaRetail China Investments V2 (HK) Limited
CapitaRetail China Trust Management Limited
CapitaRetail Cochin Mall (Mauritius) Limited
CapitaRetail Dragon Mall (Shanghai) Co., Ltd.
CapitaRetail Huhehaote Jinyu Real Estate Co., Ltd.
CapitaRetail India Development Fund Cyprus Investments (Singapore) Pte. Ltd.
CapitaRetail India Development Fund Investments (Mauritius) Limited

(4) Mr Pua Seck Guan

Current Directorships

**Past Directorships
(for a period of five years preceding the
Latest Practicable Date)**

CapitaRetail India Development Fund
Mauritius Investments (Singapore) Pte.
Ltd.
CapitaRetail India Fund Management Pte.
Ltd.
CapitaRetail Japan Fund Management
Private Limited
CapitaRetail Malaysia REIT Management
Sdn. Bhd.
CapitaRetail Mangalore Mall (Mauritius)
Limited
CapitaRetail Nagpur Mall (Mauritius)
Limited
CapitaRetail Qiaoxiang (Shenzhen) Co.,
Ltd.
CapitaRetail Singapore Management Pte.
Ltd.
CapitaRetail TTY (HK) Pte Limited
CapitaRetail Udaipur Mall (Mauritius)
Limited
CapitaRetail XinCheng (Beijing) Project
Management Consulting Co., Ltd
CapitaRetail Zhengzhou Real Estate Co.,
Ltd.
Charm Stand Investments Limited
Chongqing Zhongshan Huihua Investment
Co., Ltd.
Clarke Quay Pte Ltd
CMT MTN Pte. Ltd.
Corich International Limited
Courts Asia Pte. Ltd.
CRJF One Pte. Ltd.
CRMT MTN Berhad
Dahlia Limited
Damask Blue Investments Limited
Deep Insight Investments Limited
DLF Cyber City Developers Limited
DLF Trust Management Pte. Ltd.
Dongguan City SZITIC Commercial
Property Co., Ltd.
Earth Amber Limited
Eastern Brave Limited
Eureka Office Fund Pte Ltd
Ever Bliss International Limited
Exquisite Phoenix Sdn Bhd
Exquisite Phoenix Sdn Bhd
Fame Plus Group Limited
Farsighted International Limited
Fire Amber Limited

(4) Mr Pua Seck Guan

Current Directorships

**Past Directorships
(for a period of five years preceding the
Latest Practicable Date)**

Five Ridges Limited
Flicker Projects Private Limited
Flicker Projects Private Limited
Foodthree Pte. Ltd.
Forever Believe Limited
Forever Joy Investments Limited
Foshan City Nanhai SZITIC Commercial
Property Co., Ltd.
Foshan City Shunde SZITIC Commercial
Property Co., Ltd.
Foshan City SZITIC Commercial Property
Co., Ltd.
Front Winners Sdn Bhd
Full Grace Enterprises Limited
Gain 888 Investments Pte. Ltd
George Street Pte Ltd
Gold Brocade Investments Limited
Good State International Limited
Grace Trend Investments Limited
Growing State Holdings Limited
Hengyang SZITIC Commercial Property
Co., Ltd.
High Honour Investments Limited
Horizon Realty Fund, LLC
Hua Qing Holdings Pte Ltd
Huge Jolly Holdings Limited
Huge Wealth Group Limited
Huizhou City SZITIC Commercial Property
Co., Ltd.
Hunan SZITIC Commercial Property
Development Co., Ltd.
Indigo Services Private Limited
Isle Investments (Cyprus) Limited
Ivory Investments Limited
Jiangmen City SZITIC Commercial
Property Co., Ltd
Jiangxi SZITIC Jingdong Commercial
Property Co., Ltd.
Joint Loyal Group Limited
Joy Chance Group Limited
Joy Even Investments Limited
Kunshan SZITIC Commercial Property Co.,
Ltd.
Lilydale Investments Limited
Maanshan SZITIC Commercial Property
Co., Ltd

(4) Mr Pua Seck Guan

Current Directorships

**Past Directorships
(for a period of five years preceding the
Latest Practicable Date)**

Maoming City SZITIC Commercial Property Co., Ltd.
Mass Power International Limited
Max East Holdings Limited
MD Asia Investments Pte. Ltd.
Merit Power Investments Limited
Mianyang SZITIC Commercial Property Co., Ltd
Mutual Streams Sdn Bhd
Nanchang SZITIC Commercial Property Co., Ltd
Neo Pacific Investments Limited
Newest Ally Limited
Newest Luck Limited
Noble Class Group Limited
One Trustee Pte. Ltd.
Orchard Turn Developments Pte. Ltd.
Orchard Turn Holding Pte. Ltd.
Orchard Turn Residential Development Pte. Ltd.
Orchard Turn Retail Investment Pte. Ltd.
Park Joy Investments Limited
Pearl Garden Investments Limited
Pearl Nice Limited
Pinnacle Five Limited
Pinnacle Four Limited
Pinnacle One Limited
Pinnacle Seven Limited
Pinnacle Three Limited
Plaza Singapura (Private) Limited
PRE 1 Investments Pte. Ltd.
PRE 5 Investments Pte. Ltd.
PL Central Retail Investment Pte. Ltd.
PL Central Retail Pte. Ltd.
PL Central Retail Development Pte. Ltd.
Premier Healthcare Services International Pte Ltd
Pronto Investment One Pte. Ltd.
Perennial (Punggol) Pte. Ltd.
Punggol Retail Holdings Pte. Ltd.
Punggol Retail Development Pte. Ltd.
Punggol Retail Pte. Ltd.
Pyramex Investments Pte Ltd
Quanzhou SZITIC Commercial Property Co., Ltd.
Reach All Limited
Retail Crown (BVI) Limited
Retail Crown Pte. Ltd.
Retail Galaxy Pte. Ltd.
Retail RECM (BVI) Limited
Right Step Group Limited

(4) Mr Pua Seck Guan

Current Directorships

**Past Directorships
(for a period of five years preceding the
Latest Practicable Date)**

Satyam Mall Management Company
Private Limited
Shanghai Hua Qing Real Estate
Development Co., Ltd
Sky Amber Limited
Star Amber Limited
Sun Millennium Asset Management Ltd
SZITIC (Chengdu) Commercial Property
Co., Ltd
Tai'an SZITIC Commercial Property Co.,
Ltd.
Temasek Tower Limited
The Link Management Limited
TMall Limited
Treasure Bright Group Limited
Treasure Hunt Investments Limited
Wealthy Victory Holdings Limited
Weifang SZITIC Commercial Property Co.,
Ltd
Wuhan Guangxinlian Real Estate
Development Co., Ltd
Wuhu SZITIC Commercial Property Co.,
Ltd.
Xinxiang SZITIC Commercial Property Co.,
Ltd.
Yangzhou SZITIC Commercial Property
Co., Ltd.
Yibin SZITIC Commercial Property Co.,
Ltd.
Yiyang SZITIC Commercial Property Co.,
Ltd.
Zhangzhou SZITIC Commercial Property
Co., Ltd.
Zhanjiang City SZITIC Commercial
Property Co., Ltd.
Zhaoqing SZITIC Commercial Property
Co., Ltd.
Zhuzhou SZITIC Commercial Property Co.,
Ltd.
Zibo SZITIC Commercial Property Co., Ltd.

(5) Ms Tan Ser Joo

Current Directorships

Perennial (Singapore) Asset Management Pte. Ltd.
Perennial (Singapore) Fund Management Pte. Ltd.
Perennial (Singapore) Retail Management Pte. Ltd.
Perennial China Retail Trust Management Pte. Ltd.
Perennial (Chengdu) Industries Co., Ltd.
Perennial (China) Retail Management Pte. Ltd.
PRE 2 Investments Pte. Ltd.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

BCH Retail Investment Pte Ltd
Bugis City Holdings Pte Ltd
Victoria City Pte Ltd

(B) Executive Officers of the Trustee-Manager

(1) Ms Wong Lai Kuen

Current Directorships

Best Field Holdings Limited
Perennial (Chengdu) Industries Co., Ltd.
Perennial China Retail Pte. Ltd.
Perennial (China) Retail Management Pte. Ltd.
Perennial Qingyang Retail (BVI) Limited
Perennial Qingyang Retail Limited
Shenyang Retail 1 Limited
Shenyang Retail 2 Limited
Shenyang Retail (BVI) 1 Limited
Shenyang Retail (BVI) 2 Limited
Sky Surpass Investments Limited

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Gemsasia Pte. Ltd.

(2) Ms Tong Ka-Pin

Current Directorships

Best Field Holdings Limited
CP1 Pte. Ltd.
CP2 Pte. Ltd.
CP3 Pte. Ltd.
CP4 Pte. Ltd.
CP5 Pte. Ltd.
Perennial (China) Retail Management Pte.
Ltd.
Perennial China Retail Pte. Ltd.
Perennial (Singapore) Asset Management
Pte. Ltd.
Perennial (Singapore) Retail Management
Pte. Ltd.
Perennial Food Pte. Ltd.
Perennial Qingyang Retail (BVI) Limited

Perennial Qingyang Retail Limited
Perennial Real Estate Pte. Ltd.
Perennial-Maxon Pte. Ltd.
PRE 2 Investments Pte. Ltd.
PRE 3 Investments Pte. Ltd.
PSG (Capitol) Pte. Ltd.
Shenyang Retail (BVI) 1 Limited
Shenyang Retail (BVI) 2 Limited
Shenyang Retail 1 Limited
Shenyang Retail 2 Limited
Sky Surpass Investments Limited

**Past Directorships (for a period of five
years preceding the Latest Practicable
Date)**

BHG (China) Real Estate Pte. Ltd.
Katong AMC Pte. Ltd.
PRE 1 Investments Pte. Ltd.

(3) Ms Low Sock Ching Joanna

Current Directorships

Nil

**Past Directorships (for a period of five
years preceding the Latest Practicable
Date)**

Nil

(4) Ms Yeoh Szu Wooi

Current Directorships

Nil

**Past Directorships (for a period of five
years preceding the Latest Practicable
Date)**

Nil

(5) Mr Roy Lim Wee Hiong

Current Directorships

Nil

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Nil

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