PROSPECTUS DATED 18 OCTOBER 2012 (Registered with the Monetary Authority of Singapore on 18 October 2012).

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

DYNASTY REIT
盛世產業信託

Offering of 893,162,000 Units to 900,832,000 Units

Offering Price Range: RMB4.40 to RMB4.70 per Unit / S$0.855 to S$0.915 per Unit*

(based on exchange rate of RMB5.146: S$1)

DYNASTY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 4 October 2012 under the laws of the Republic of Singapore)

ARA Trust Management (Dynasty) Pte. Ltd., as manager (the "**Manager**") of Dynasty Real Estate Investment Trust ("**Dynasty REIT**"), is making an offering (the "**Offering**") of between 893,162,000 units representing undivided interests in Dynasty REIT ("**Units**") and 900,832,000 Units for subscription at the Offering Price (as defined below) (the "**Offering Units**"). 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**"). No less than 53,888,000 Units will be offered under the Public Offer.

It is currently expected that the issue price of each Unit under the Offering (the "**Offering Price**") will be between RMB4.40/S$0.855 per Unit (the "**Minimum Offering Price**") and RMB4.70/S$0.915 per Unit (the "**Maximum Offering Price**", and the range between the Minimum Offering Price and the Maximum Offering Price, the "**Offering Price Range**"). The joint financial advisers for the Offering are DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited (collectively, the "**Joint Financial Advisers**"). The Offering is fully underwritten at the Offering Price by DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Macquarie Capital Securities (Singapore) Pte. Limited (collectively, the "**Joint Global Coordinators and Underwriters**" or the "**Joint Bookrunners**") on the terms and subject to the conditions of the Underwriting Agreement (as defined herein). The issue managers for the Offering are DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Macquarie Capital (Singapore) Pte. Limited (collectively, the "**Issue Managers**").

The total number of Units in issue as at the date of this Prospectus is one Unit (the "**Sponsor Initial Unit**"). The total number of outstanding Units immediately after completion of the Offering will be 1,147,730,000 Units.

Concurrently with, but separate from the Offering, ARA Real Estate Investors VIII Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("**ARA**" or the "**Sponsor**"), has entered into a subscription agreement (the "**Sponsor Subscription Agreement**") to subscribe for between 116,959,999 Units (based on the Minimum Offering Price) and 109,289,999 Units (based on the Maximum Offering Price) (the "**Sponsor Subscription Units**", together with the Sponsor Initial Unit, the "**Sponsor Units**") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date (as defined herein).

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors (as defined herein) has entered into a separate subscription agreement ("**Cornerstone Subscription Agreement**") to subscribe for an aggregate of 137,608,000 Units (the "**Cornerstone Units**") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

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 ("**IPO**"). Application has been made to Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to list on the Main Board of the SGX-ST (i) all Units comprised in the Offering, (ii) the Sponsor Units, (iii) the Cornerstone Units and (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees. Such permission will be granted when Dynasty REIT 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 Dynasty REIT, the Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Dynasty REIT (the "**Trustee**"), the Sponsor, the Joint Financial Advisers, the Joint Bookrunners or the Issue Managers.

Dynasty REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of (i) all Units comprised in the Offering, (ii) the Sponsor Units, (iii) the Cornerstone Units and (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees on the Main Board of the SGX-ST. Dynasty REIT's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, Dynasty REIT, the Manager, the Trustee, the Sponsor, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers 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, Dynasty REIT, the Manager or the Units.

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority" or "MAS") on 10 October 2012 and 18 October 2012 respectively. 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 or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the collective investment scheme. This Prospectus will expire on 17 October 2013 (12 months after the date of the registration of this Prospectus).

See "Risk Factors" commencing on page 40 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units. None of the Manager, the Trustee, the Sponsor, the Joint Financial Advisers, the Joint Bookrunners or the Issue Managers guarantees the performance of Dynasty REIT, the repayment of capital or the payment of a particular return on the Units.

Investors applying for Units by way of Application Forms (as defined herein) or Electronic Applications (both as referred to in Appendix I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will have to pay the Maximum 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, or (iii) if the Offering Price is less than the Maximum Offering Price for each Unit. Investors applying for Units through automated teller machines ("**ATMs**") may only apply in Singapore dollars. The Offering Price of between RMB4.40 and RMB4.70 per Unit / S$0.855 and S$0.915 per Unit will be determined following a book-building process by agreement between the Joint Bookrunners and the Manager on a date currently expected to be 24 October 2012 (the "**Price Determination Date**"), which date is subject to change. Notice of the Offering Price will be published in one or more major Singapore newspapers such as The Straits Times, The Business Times and Lianhe Zaobao not later than two calendar days after the Price Determination Date.

Nothing in this Prospectus constitutes an offer for securities for sale in the United States of America ("**United States**" or "**U.S.**") or any other jurisdiction where it is unlawful to do so. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (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 in and in reliance on Regulation S under the Securities Act ("**Regulation S**").

Sponsor

ARA (An Affiliate of Cheung Kong Group)

Joint Financial Advisers

DBS Standard Chartered

Joint Global Coordinators, Underwriters and Issue Managers

DBS Standard Chartered MACQUARIE

* The Singapore dollar Offering Price Range is based on the exchange rate of S$1.00 to RMB5.146. The Maximum Offering Price has been rounded up to the nearest minimum bid size.

INTRODUCTION TO DYNASTY REIT

Dynasty REIT is Singapore's first RMB-denominated real estate investment trust established with the investment strategy of principally investing in income-producing commercial real estate located in the PRC, as well as real estate-related assets.

Dynasty REIT's initial portfolio comprises Nanjing International Finance Center, Dalian Tianxing Roosevelt Center, and Shanghai International Capital Plaza – three commercial assets strategically located in prime downtown locations and emerging urban centres in Nanjing, Dalian and Shanghai in the PRC. Valued at approximately RMB7.7 billion with an aggregate GFA of over 350,000 sq m, the properties have a diverse and high quality tenant base of approximately 520 local and international corporations and retailers. Key retail tenants include internationally well-known brands such as Uniqlo, Zara, H&M, C&A, McDonald's, Starbucks, KFC, Pizza Hut and Häagen-Dazs and local brands such as MYKAL and GOME. Key office tenants include AstraZeneca, Citrix Systems Information Technology, Dongfeng Yueda Kia Motors, Sino-US United Metlife Insurance and Alibaba Technology.

ABOUT THE SPONSOR

ARA is an Asian real estate fund management company focused on the management of publicly-listed REITs and private real estate funds. ARA is listed on the Main Board of the SGX-ST.

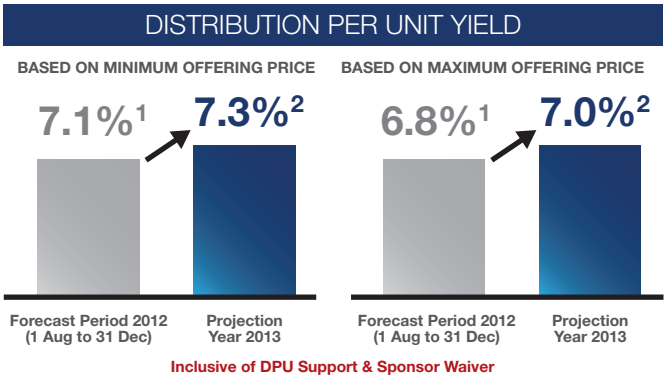
ARA currently manages REITs listed in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office, retail, industrial/office and logistics sectors. It also manages private real estate funds which invest in Asia and provides real estate management services including property management services and operations, sales and marketing services for convention, exhibition, meeting and event facilities, as well as corporate finance advisory services.

PROJECTED DISTRIBUTION YIELD

Dynasty REIT's distribution policy is to distribute 100% of Dynasty REIT's distributable income for the period from Listing Date to 31 December 2013.

The Manager aims to provide Unitholders with regular and stable distributions and the potential for sustainable long-term growth of such distributions.

Dynasty REIT has a forecast distribution yield of 6.8% to 7.1% for the Forecast Period 2012 and 7.0% to 7.3% for the Projection Year 2013.



[1] Based on the Offering Price Range of RMB4.40 to RMB4.70 per Unit / S$0.855 to S$0.915 per Unit and the annualised forecast DPU for the Forecast Period 2012, together with the accompanying assumptions in the Prospectus.

[2] Based on the Offering Price Range of RMB4.40 to RMB4.70 per Unit / S$0.855 to S$0.915 per Unit and the projection DPU for the full financial year for the Projection Year 2013, together with the accompanying assumptions in the Prospectus.

DPU Support:
The Manager has put in place a DPU support arrangement, whereby RMB491.0 million of the proceeds raised from the Offering will be utilised by the Manager for the primary purpose of payment of distributions.

Sponsor Waiver:
The Waived Distribution reflects the Sponsor's commitment to Dynasty REIT and its alignment of interest with the Unitholders, as the Sponsor shall participate in the future growth of Dynasty REIT with the Unitholders, with the Properties being expected to achieve an optimal state by the end of 2016.

In the absence of DPU Support and the Waived Distribution, the DPU and the distribution yield would be RMB0.0633 and RMB0.0596 and 3.2% (annualised) and 3.2% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.1934 and RMB0.1844 and 4.1% and 4.2% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively.

INITIAL PORTFOLIO PROPERTIES

	Nanjing International Finance Center	Dalian Tianxing Roosevelt Center	Shanghai International Capital Plaza	Total/ Average
Property Details	51-storey mixed-use office and retail building with two basement levels in Xinjiekou, Baixia District, Nanjing	5-storey retail mall with two basement levels in Shahekou District, Dalian	29-storey mixed-use office and retail building with one basement level in Hongkou District, Shanghai	Portfolio
Number of Tenants[3]	167	260	99	520[4]
GFA (sq m)[5]	109,196.5	184,980.3	56,299.0	350,475.8
Average Independent Valuation (RMB)[6]	2,777.9 million	3,281.6 million	1,622.0 million	7,681.5 million
Committed Occupancy[3]	95.5%	93.2%	86.8%	92.7%

[3] As at 31 May 2012.
[4] Adjusted for tenants which have leases in multiple properties.
[5] Includes car parks and the Property Manager's office.
[6] Based on average valuations of the Properties as at 31 May 2012. Nanjing IFC and Dalian TRC are valued by Jones Lang LaSalle Limited while Shanghai ICP is valued by Knight Frank Petty Limited. All three Properties are also valued by CBRE HK Limited. The valuation takes into account the DPU Support.

Strategically Located Commercial Properties in Prime Downtown Locations

NANJING

Nanjing International Finance Center

- Strategically located in Xinjiekou, one of Nanjing's most popular historical and commercial hubs
- Situated above the busiest intersection of metro lines 1 and 2, with a direct underground linkage to the metro station
- Connects via metro line 1 to both the Nanjing Railway Station and the Nanjing South Railway Station, which is a high-speed rail hub
- Convenient access to the Nanjing Lukou International Airport, which connects with more than 75 domestic and international destinations

DALIAN

Dalian Tianxing Roosevelt Center

- Popular retail location in downtown Shahekou, which has the highest population density of all of Dalian's urban districts
- The only modern retail mall on Xi'an Road with a strong marketing position on youth fashion
- Strong footfall of over 50.0 million per annum
- Positioned for further boost in retail traffic with the future development of high-end residences nearby
- Expected completion of metro lines 1 and 2 outside the south entrance of the mall

SHANGHAI

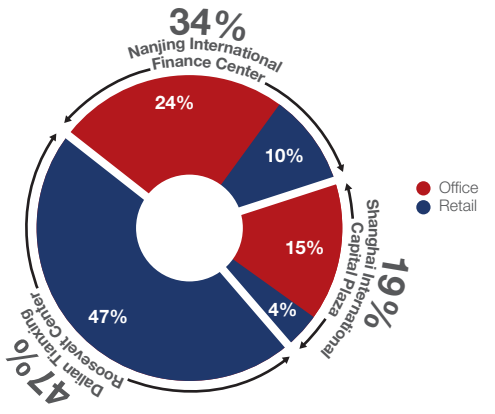
Shanghai International Capital Plaza

- Grade A office building strategically located in the emerging decentralised business district of Hongkou district, which is one of Shanghai's largest downtown districts and traditional shipping, logistics and trading hub
- Area is home to over 3,000 shipping and logistics companies, which includes 7 out of the 10 largest global logistics companies
- Convenient access to various modes of public transportation, adjacent to North Sichuan Road Station of metro line 10 and in close proximity to Baoshan Road Station which connects metro lines 3 and 4

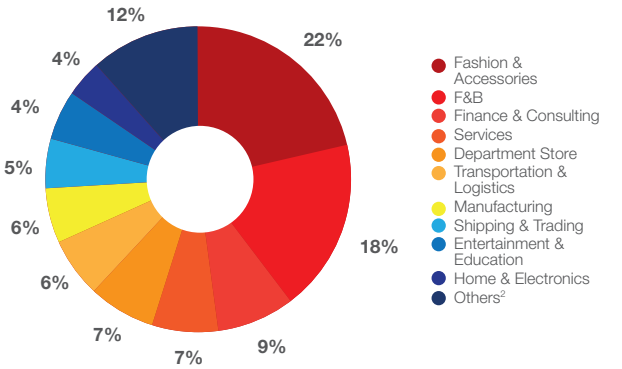
STABLE INCOME FROM A DIVERSIFIED PORTFOLIO AND HIGH QUALITY TENANT BASE

- Diversification across market segments and cities reduces reliance on any single regional market and asset class, enhancing stability of future earnings

Portfolio composition breakdown by Property & Sector[1]



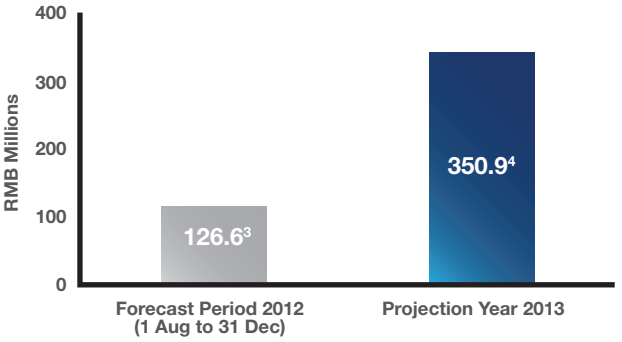
Tenant breakdown by Trade Sub-sector[1]



GROWTH IN DISTRIBUTIONS THROUGH ACTIVE ASSET MANAGEMENT AND ACQUISITIONS

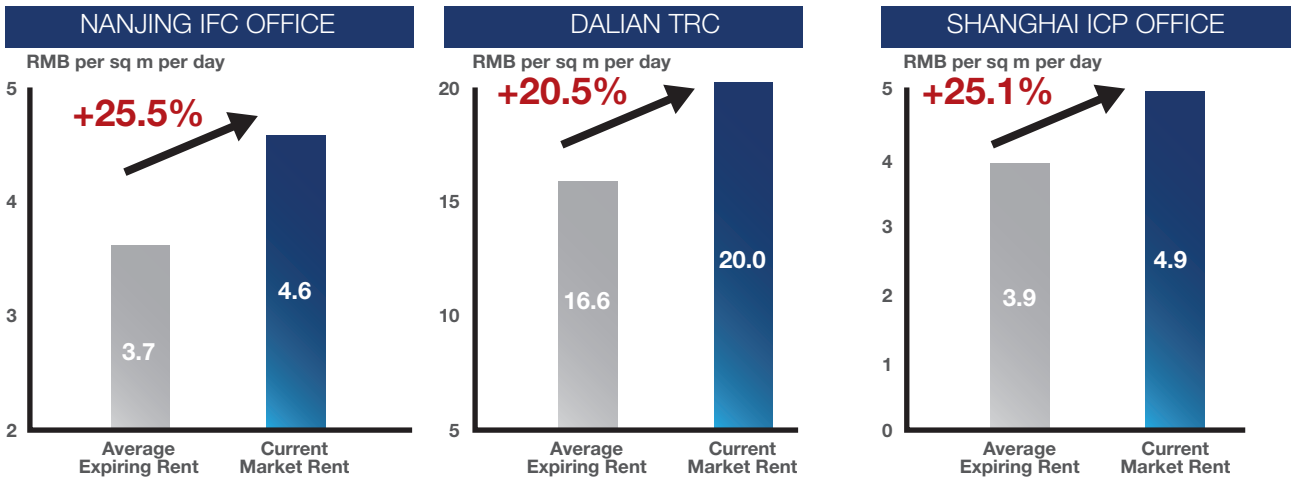
- Optimisation of rental income growth through leveraging on lease expiry profile, potential upside for retail component from turnover rent, and proactive asset management strategy
- Growth potential through earnings-accretive acquisitions

STRONG FORECAST & PROJECTED NET PROPERTY INCOME



STRONG ORGANIC GROWTH OPPORTUNITIES FROM RENTAL REVERSIONS

AVERAGE EXPIRING RENT FY2012[5]/2013[6] VS CURRENT ASKING RENTS[7]



Source: Independent PRC Property Market Research Report and management calculations.

EXPERIENCED MANAGEMENT AND COMMITTED SPONSOR WITH A PROVEN TRACK RECORD

- Dynasty REIT can tap on the Sponsor's real estate expertise in real estate fund management, property management and real estate investment experience
- Committed Sponsor stake in Dynasty REIT of S$100 million at IPO
- Strong real estate experience spanning funds, investments, financing, leasing and property management

[1] By gross rental income for the month of May 2012.
[2] "Others" include lifestyle and luxury, science & technology, real estate, health & beauty, general retail and design & engineering.
[3] Based on the forecast for the period from 1 August 2012 to 31 December 2012, together with the accompanying assumptions in the Prospectus.
[4] Based on the projection for the full financial year from 1 January 2013 to 31 December 2013, together with the accompanying assumptions in the Prospectus.
[5] For the period from 1 June 2012 to 31 December 2012.
[6] Average expiring rent FY2012/FY2013 is calculated based on Gross Rental Income expiring in FY2012/FY2013 and Lettable Area expiring in FY2012/FY2013, based on the Dynasty REIT rent roll as of May 2012.
[7] Current asking headline rent is based on information provided in the Independent PRC Property Market Research Report, where RMB4.6 per sq m per day is the average headline asking prime office rental for comparable properties in the Xinjiekou area compared to Nanjing IFC office average expiry rent of RMB3.7 per sq m per day; RMB20.0 per sq m per day is the approximate average ground floor retail rental on gross basis within the Xi'an Road area compared to Dalian TRC's ground floor average expiry rent of RMB16.6 per sq m per day and RMB4.9 per sq m per day is the average prime office rental within the Hongkou district compared to Shanghai ICP office's RMB3.9 per sq m per day.

KEY INVESTMENT HIGHLIGHTS

A unique opportunity to invest in the growth of China's economy

Dalian Tianxing Roosevelt Center

Dalian:
- Major port city at the southern end of Liaodong Peninsula and a key gateway for access into north-east China
- Recorded the highest GDP in Liaoning province in 2011 and 13% GDP growth expected in 2012
- Retail demand expected to remain strong backed by continued urbanisation and rising household disposable income
- Shahekou district, where Dalian TRC is located, has the highest population density amongst Dalian's urban districts

Nanjing International Finance Center

Nanjing:
- The capital city and commercial hub of Jiangsu province with a population of over 8.1 million
- 12% GDP growth expected in 2012
- Strong economic growth continues to attract multinational corporations
- Approximately 100 of the world's top 500 companies have a presence in Nanjing
- Port of Nanjing is the PRC's largest inland port and the largest port on the Yangtze River

Shanghai International Capital Plaza

Shanghai:
- Largest and most influential city in eastern China with 8% GDP growth expected in 2012
- Leading financial capital of the PRC and widely regarded as the citadel of the PRC economy
- Emergence of a decentralised Grade A office segment, which is the most common choice for tenants in the manufacturing, technology, e-commerce and other industries

盛世 DYNASTY 盛世産業信託 REIT

Well-positioned to benefit from China's urbanisation

- Unique exposure to quality commercial properties strategically located in prime downtown locations and emerging urban centres in the PRC
- Strong organic growth opportunities from rental reversion
- Stable income from a diversified portfolio and a high quality tenant base
- Growth in distributions through active asset management of the Properties and through acquisitions
- Flexible capital structure
- Experienced management and committed sponsor with a proven track record

INVESTMENT STRATEGY

PROACTIVE ASSET MANAGEMENT AND ASSET ENHANCEMENT STRATEGY

- Actively manage Dynasty REIT's property portfolio to achieve growth in revenue and net property income and maintain optimal occupancy levels
- Drive organic growth, build relationships with tenants and seek property enhancement opportunities

INVESTMENTS AND ACQUISITION GROWTH STRATEGY

- Achieve portfolio growth through the acquisition of quality income-producing commercial properties in the PRC

CAPITAL AND RISK MANAGEMENT STRATEGY

- Maintain a strong balance sheet and adopt appropriate financing and hedging policies to manage interest rate volatility and foreign exchange exposure for Dynasty REIT

DEVELOPMENT STRATEGY

- Prudently undertake development activity within the limits of the Property Funds Appendix when appropriate opportunities arise while mitigating construction and leasing risks

Indicative Timetable

Date & Time	Event
19 October 2012 9:00 a.m.	Opening Date & Time for Public Offer
24 October 2012 12:00 p.m.	Closing Date & Time for Public Offer
30 October 2012 2:00 p.m.	Listing on the SGX-ST

TABLE OF CONTENTS

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 Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers 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 Dynasty REIT, the 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 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 298 of the Securities and Futures Act and take immediate steps to comply with the said Section 298. 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.

None of Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers and the Sponsor or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers 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 advisers 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.	**Standard Chartered Securities (Singapore) Pte. Limited**	**Macquarie Capital Securities (Singapore) Pte. Limited**
12 Marina Boulevard Level 46 DBS Asia Central@ Marina Bay Financial Centre Tower 3 Singapore 018982	8 Marina Boulevard #19-01 Marina Bay Financial Centre Tower 1 Singapore 018981	10 Marina Boulevard #17-01 Marina Bay Financial Centre Tower 2 Singapore 018983

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. Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers 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 Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issuer Managers and the Sponsor. This Prospectus does not constitute, and the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers 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 Dynasty REIT, the 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 Manager's present and future business strategies and the environment in which Dynasty REIT, the Manager or the Sponsor will operate in the future. Because these statements and financial information reflect the current views of the 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. You should not place any undue reliance on these forward-looking statements.

Among the important factors that could cause the actual results, performance or achievements of Dynasty REIT, the 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 Singapore and the People's Republic of China (the "**PRC**"), changes in government laws and regulations affecting Dynasty REIT, competition in the property market of the PRC in which Dynasty REIT 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 Dynasty REIT's properties and/or acquisitions, difficulties in identifying future acquisitions, difficulty in completing and integrating acquisitions, changes in the Manager's directors and executive officers, risks related to natural disasters, general volatility of the capital markets, general risks relating to the property market in which Dynasty REIT may invest and the market price of the Units as well as other matters not yet known to the Manager or not currently considered material by the 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", "Profit Forecast and Profit Projection", and "Business and Properties". These forward-looking statements and financial information speak only as at the date of this Prospectus. The 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 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.

DUAL CURRENCY TRADING FOR UNITS OF DYNASTY REIT

INTRODUCTION TO DUAL CURRENCY TRADING FOR DYNASTY REIT

Dual currency trading provides a platform for investors to trade the same Unit in two different currencies, namely in Singapore dollars ("**SGD**") and another foreign currency on the Main Board of the SGX-ST such as Renminbi ("**RMB**").

Upon listing, the Units will be quoted and traded in both RMB and SGD. Dynasty REIT will have two trading counters: (i) a primary RMB counter ("**DynastyREIT RMB**") and (ii) a secondary SGD counter ("**DynastyREIT S$D**"), providing investors with the flexibility to buy or sell the Units through either counter. Trades made in the DynastyREIT RMB counter will be settled through the SGX-ST in RMB while trades made in the SGD counter will be settled through the SGX-ST in SGD. The Units traded in both counters are identical.

Other key features of units traded under the dual currency regime include:

- The Units will rank *pari passu* and unitholders of Dynasty REIT ("**Unitholders**") will be treated equally regardless of ownership acquired via the DynastyREIT RMB counter or the DynastyREIT S$D counter.

- The Units are fully fungible and any Units acquired via the DynastyREIT RMB counter or the DynastyREIT S$D counter can be traded on the other counter seamlessly. As an illustration, an investor may choose to buy the Units on the DynastyREIT S$D counter and sell the corresponding Units in the DynastyREIT RMB counter, and *vice versa*, seamlessly and without the need for any unit transfers.

Unitholders will be able to view their respective unitholdings in Dynasty REIT from their statements from The Central Depository (Pte) Limited ("**CDP**"). The market value of the Units will be computed based on the last done price traded on the DynastyREIT RMB counter, which will be the primary counter for the Units, regardless of whether the Units were purchased through the DynastyREIT RMB counter or the DynastyREIT S$D counter.

DUAL CURRENCY TRADING OF DYNASTY REIT UNITS

The introduction of dual currency trading for Dynasty REIT will provide investors with the flexibility to trade the Units in either RMB or SGD, given the fungibility between the two currency counters.

Unitholders who are allocated units from either the Placement Tranche or Public Offer will be able to trade in either the DynastyREIT RMB counter or the DynastyREIT S$D counter upon the listing of Dynasty REIT.

Investors will be able to trade in the DynastyREIT RMB and DynastyREIT S$D counters for Dynasty REIT in the same manner as trading in any other counters on the SGX-ST.

The traded prices in the DynastyREIT RMB and DynastyREIT S$D counters will be available on the website of the SGX-ST and investors should note the different codes for DynastyREIT RMB and DynastyREIT S$D counters.

Trades made in the DynastyREIT RMB counter will be settled in RMB, while trades made in the DynastyREIT S$D counter will be settled in SGD.

Investors who wish to transact in Units of Dynasty REIT are cautioned to seek professional advice and/or consult their stockbrokers before trading.

CERTAIN DEFINED TERMS AND CONVENTIONS

Dynasty REIT will publish its financial statements in Renminbi. In this Prospectus, references to "S$", "SGD" or "Singapore dollars" and "cents" are to the lawful currency of the Republic of Singapore, references to "RMB" or "Renminbi" are to the lawful currency of the PRC and references to "US$", "USD" or "US dollars" are to the lawful currency of the United States of America. References to "the People's Republic of China", "the PRC" or "China" are, for the purposes of this Prospectus, to mainland China.

For the reader's convenience, except where the exchange rate is expressly stated otherwise, Renminbi amounts in this Prospectus have been translated into Singapore dollars based on the fixed exchange rate of S$1.00 = RMB5.146.

The Singapore dollar Offering Price Range is based on the exchange rate of S$1.00 to RMB5.146. The Maximum Offering Price has been rounded up to the nearest minimum bid size.

However, such translations should not be construed as representations that Renminbi amounts and US dollar amounts have been, could have been or could be converted into Singapore dollars at that or any other rate (see "Exchange Rate Information").

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

The forecast and projected distribution per unit ("**DPU**") yields are calculated based on the Minimum Offering Price and the Maximum Offering Price. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Minimum Offering Price and the Maximum 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. Measurements in square metres ("**sq m**") are converted to square feet ("**sq ft**") and *vice versa* based on the conversion rate of 1 sq m = 10.7639 sq ft. 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.

Unless otherwise specified, all information relating to the Properties (as defined herein) in this Prospectus are as at 31 May 2012. See "Business and Properties" for details regarding the Properties.

Reference to "**acquisition of the Properties**" for the purposes of this Prospectus means Dynasty REIT's acquisition of the entire issued share capital of the Offshore Companies (as defined herein) from the Vendors (as defined herein).

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 Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein.

OVERVIEW

*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 Dynasty REIT dated 4 October 2012 (the "**Trust Deed**"). A copy of the Trust Deed can be inspected at the registered office of the Manager, which is located at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986.*

Statements contained in this section that are not historical facts may be forward-looking statements or are historical statements reconstituted on a pro forma basis. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause the actual results of Dynasty REIT to differ materially from those forecast or projected (see "Forward-Looking Statements" for further details). 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 Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers, 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 Dynasty REIT's businesses and risks.

INTRODUCTION TO DYNASTY REAL ESTATE INVESTMENT TRUST

Dynasty REIT is a Singapore real estate investment trust ("**REIT**") established with the investment strategy of principally investing, directly or indirectly, in income-producing real estate located in the PRC which is used primarily for commercial purposes, as well as real estate-related assets.

As at the Listing Date, Dynasty REIT's initial portfolio of properties comprises three commercial properties in the PRC strategically located in primary commercial centres in Nanjing, Dalian and Shanghai in the PRC (the "**IPO Portfolio**"), with an aggregate gross floor area[1] ("**GFA**") of 350,475.8 sq m. The IPO Portfolio consists of (i) Nanjing International Finance Center (南京国际金融中心) ("**Nanjing IFC**"), (ii) Dalian Tianxing Roosevelt Center (大连天兴罗斯福国际中心) ("**Dalian TRC**") and (iii) Shanghai International Capital Plaza (上海盛邦国际大厦) ("**Shanghai ICP**") (collectively, the "**Properties**"). (See "Business and Properties" for further details.)

Objective

The Manager's key objective for Dynasty REIT is to provide Unitholders with regular and stable distributions, and the potential for sustainable long-term growth of such distributions, while maintaining an optimal capital structure.

Key Strategies

The Manager plans to achieve its objective through the following key strategies:

- **Proactive asset management and asset enhancement strategy** — The Manager will actively manage Dynasty REIT's property portfolio to achieve growth in revenue and Net Property Income (as defined herein) and maintain optimal occupancy levels. The Manager will also look to drive organic growth, build relationships with the tenants of the Properties and seek property enhancement opportunities.

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1 This is the area specified in the Building Ownership Certificate (房产证) of each Property.

- **Investments and acquisition growth strategy** — The Manager will achieve portfolio growth through the acquisition of quality income-producing commercial properties in the PRC.

- **Capital and risk management strategy** — The Manager will maintain a strong balance sheet and adopt appropriate financing and hedging policies to manage interest rate volatility and foreign exchange exposure for Dynasty REIT.

- **Development strategy** — Within the limits of Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the "**CIS Code**", and Appendix 6 of the CIS Code, the "**Property Funds Appendix**"), the Manager will prudently undertake development activity when appropriate opportunities arise while mitigating construction and leasing risks.

Structure of Dynasty REIT

ARA Trust Management (Dynasty) Pte. Ltd. is the manager of Dynasty REIT. The Manager has general powers of management over the assets of Dynasty REIT. The Manager's main responsibility is to manage Dynasty REIT's assets and liabilities for the benefit of Unitholders. The Manager will set the strategic direction of Dynasty REIT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of Dynasty REIT in accordance with its stated investment strategy. The Manager is a wholly-owned subsidiary of the Sponsor.

APM Property Management (China) Limited (formerly known as Central Property Management Co., Ltd.) is the property manager of Dynasty REIT (the "**Property Manager**"). The Property Manager is responsible for providing property management, lease management, project management, marketing and property accounting services for the properties in Dynasty REIT's portfolio. The Sponsor has acquired a minority stake in the Property Manager, which results in the Property Manager being an Associate (as defined herein) of the Sponsor. The Property Manager holds 100.0% of the issued share capital of APM Guangzhou Property Management Co., Ltd. (formerly known as Guangzhou Central Property Management Co., Ltd.), which is the holding entity for the property managers of the Properties. As at 1 October 2012, being the latest practicable date prior to the lodgement of this Prospectus with the MAS (the "**Latest Practicable Date**"), the property managers for Nanjing IFC, Dalian TRC and Shanghai ICP are APM Nanjing Property Management Co., Ltd. (formerly known as Nanjing Central Property Management Co., Ltd.), APM Dalian Property Management Co., Ltd. (formerly known as Dalian Central Property Management Co., Ltd.) and APM Shanghai Property Management Co., Ltd. (formerly known as Shanghai Central Property Management Co., Ltd.), respectively.

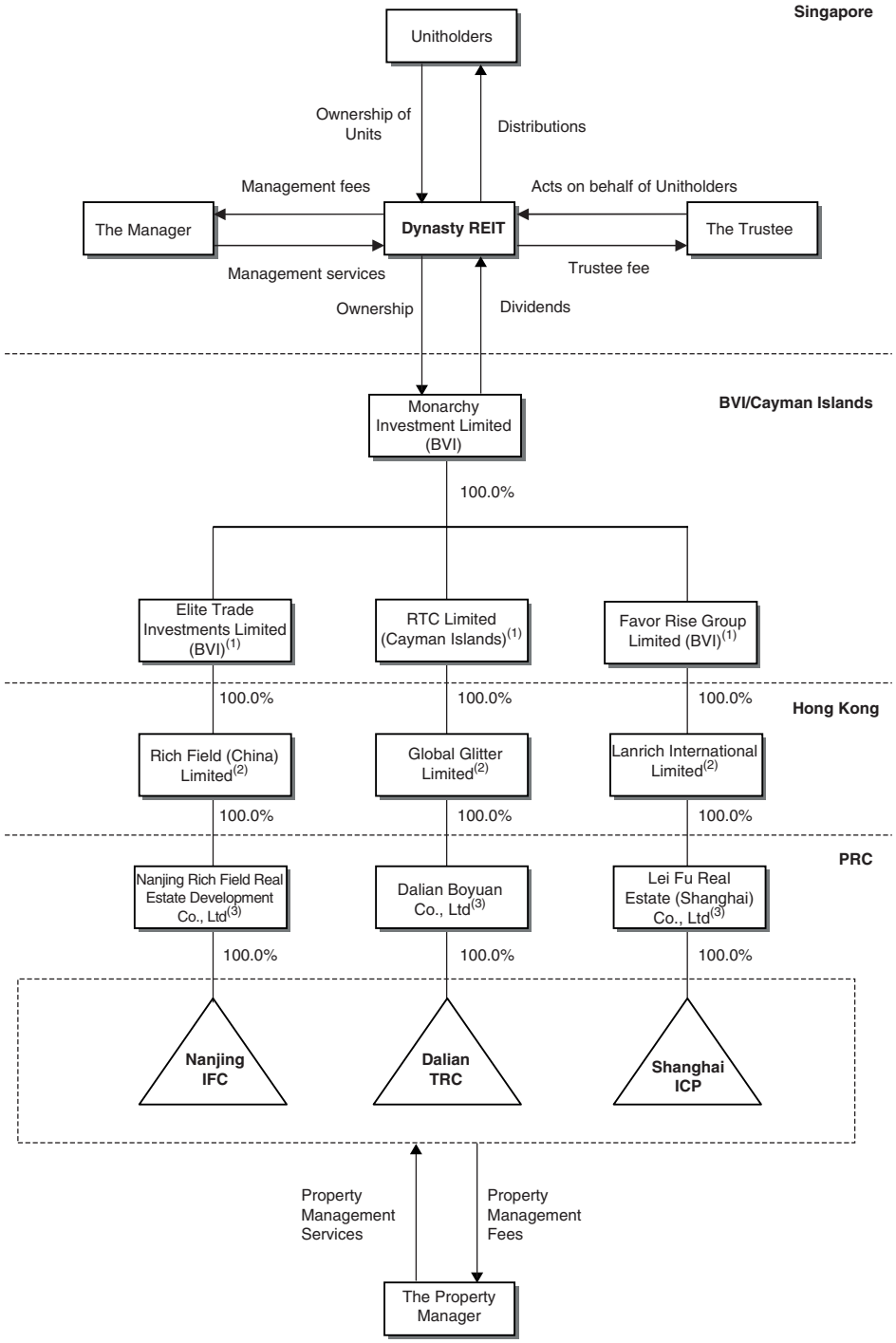
Monarchy Investment Limited (the "**BVI Holding Company**"), a wholly-owned subsidiary of Dynasty REIT incorporated in the British Virgin Islands (the "**BVI**"), will hold the Properties indirectly through its ownership of the entire issued share capital of the Offshore Companies and the Hong Kong Holding Companies (as defined herein) (together with the Offshore Companies, the "**Holding Companies**"). The Hong Kong Holding Companies in turn hold the entire issued share capital of the PRC Property Companies (as defined herein) which directly own the Properties.

Dynasty REIT, through the BVI Holding Company, will acquire the entire issued share capital of Elite Trade Investments Limited (which indirectly holds Nanjing IFC), Favor Rise Group Limited (which indirectly holds Shanghai ICP) (the "**BVI Intermediate Companies**") and RTC Limited (which indirectly holds Dalian TRC) (the "**Cayman Intermediate Company**"), from ADF Phoenix IV Limited, ADF Phoenix V Limited and ADF Falcon I Limited (the "**Vendors**") respectively, each of which are subsidiaries of ARA Asia Dragon Limited ("**ADF**"). ADF is a private real estate fund managed by a subsidiary of ARA.

ARA is the sponsor of Dynasty REIT. ARA is an Asian real estate fund management group listed on the SGX-ST with a market capitalisation of S$1.2 billion as at the Latest Practicable Date. Established in July 2002 by the Chief Executive Officer of ARA and its subsidiaries ("**ARA**

Group"), Mr Lim Hwee Chiang John, and Cheung Kong (Holdings) Limited ("**Cheung Kong**"), ARA's assets under management have grown substantially from S$0.6 billion as at 31 December 2003 to S$21.8 billion as at 30 June 2012 with a Pan-Asian real estate investment and management platform. (See "The Sponsor" for further details.)

The following diagram illustrates the relationship between Dynasty REIT, the Manager, the BVI Holding Company, the Holding Companies, the PRC Property Companies, the Property Manager, the Trustee and the Unitholders:



Notes:

(1) Elite Trade Investments Limited and Favor Rise Group Limited are wholly-owned companies incorporated in the BVI and RTC Limited is a wholly-owned company incorporated in the Cayman Islands (collectively, the "**Offshore Companies**").

(2) Rich Field (China) Limited, Global Glitter Limited and Lanrich International Limited are wholly-owned companies incorporated in the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**") (collectively, the "**Hong Kong Holding Companies**" and each a "**Hong Kong Holding Company**").

(3) Dalian Boyuan Co., Ltd., ("**Dalian Boyuan**") Nanjing Rich Field Real Estate Development Co., Ltd. and Lei Fu Real Estate (Shanghai) Co., Ltd are wholly-owned companies incorporated in the PRC which hold the underlying Properties (collectively, the "**PRC Property Companies**" and each a "**PRC Property Company**").

INVESTMENT HIGHLIGHTS

Dynasty REIT is established with the investment strategy of principally investing, directly or indirectly, in income-producing real estate located in the PRC which is used primarily for commercial purposes, as well as real estate-related assets.

Dynasty REIT will be the first RMB-denominated REIT listed on the SGX-ST and offers investors unique exposure to the potential appreciation of RMB. The RMB has appreciated approximately 28.0% against the USD in the period from 2005 to 2011, representing a compounded annual growth rate ("**CAGR**") of approximately 4.3% per annum[1].

For the period from 2010 to 2015, the PRC's urbanisation rate was projected by the PRC Government to continue its upward trend to reach 51.5% by 2015, thereby laying a solid foundation for real estate development in the PRC as it modernises.

At the end of 2011, the size of its urban population had already increased to 690.8 million, exceeding the size of its rural population for the first time in the PRC's history as the modernisation rate hit 51.3%, up from less than 50.0% in 2010. In the years to come, the PRC's urbanisation rate should continue to show an upward trend (see Appendix H, "Independent PRC Property Market Research Report" for further details).

Dynasty REIT, with its IPO Portfolio comprising properties in Nanjing, Dalian and Shanghai, is well-placed to ride on this wave of urbanisation. Nanjing is an important commercial hub and the second largest trading centre in the Yangtze River Delta after Shanghai. Dalian is a major city in the Bohai Rim in north-eastern PRC, and Shanghai is the financial capital of the PRC as well as the gateway to the rest of the PRC. Driven by the PRC's growth, continued urbanisation and increasing household wealth, the IPO Portfolio has the potential to generate attractive rental and capital growth over time.

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1 **Source**: Economist Intelligence Unit. Economist Intelligence Unit has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) 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 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by Economist Intelligence Unit is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

The per capita urban household expenditure[1] of the PRC recorded a CAGR of approximately 11.8% per annum between 2006 and 2011, underpinned by a robust population growth and a strong disposable income growth over the same period.

	Nanjing	Dalian	Shanghai	PRC
2011 population	8.11 million	5.89 million	23.47 million	1.35 billion
2011 GDP (RMB billion)	614.6	615.0	1,919.6	47,156
Government GDP growth target per annum from 2011 to 2015[(1)]	13.0%	13.0%	8.0%	7.0%
2012 estimated GDP Growth	12.0%	13.0%	8.0%	7.5%
Per capita GDP in 2011 (RMB)	77,065	91,287	82,560	34,999
2011 per capita urban household expenditure (RMB)	20,763	18,846	25,102	15,161
Per capita urban household expenditure five-year CAGR[(2)]	11.2%	12.3%	11.2%	11.8%

Source: Colliers International Property Consultants (Shanghai) Co. Ltd ("**Colliers**" or the "**Independent Market Research Consultant**"). (See Appendix H, "Independent PRC Property Market Research Report" for further details.)

Notes:

(1) Based on the PRC Government's 12th Five Year Plan.

(2) CAGR for the period from 2006 to 2011.

The Manager believes that an investment in Dynasty REIT offers the following attractions to Unitholders:

1. **Unique exposure to quality commercial properties strategically located in prime downtown locations and emerging urban centres in the PRC**

   Nanjing IFC

   Economic hub of the Yangtze River Delta region

   Nanjing IFC, situated in Nanjing, is expected to benefit from the prosperous economy of the Yangtze River Delta region. Nanjing is well-positioned as the capital city and commercial hub of the Jiangsu province, and an increasing number of international and domestic firms are establishing their presence there. Nanjing's gross domestic product ("**GDP**") has reached RMB614.6 billion in 2011, demonstrating a robust growth of 12% from 2010, and the Nanjing municipal government plans to achieve a GDP of RMB1.0 trillion by 2015. The Nanjing municipal government's on-going effort to move up the value-added industry chain and the city's positive employment outlook are expected to underpin the demand for prime office space in the coming years. The Nanjing municipal government's forecast GDP growth is approximately 12.0% per annum for 2012, exceeding the PRC's national average of approximately 7.5%.

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1 Per capita urban household expenditure refers to total expenditure per person of the sample households for consumption in daily life, including expenditure for various commodities and expenses for non-commodity items such as culture and services, etc, but excluding fines and confiscation, loss and tax payments.

*Robust demand for office space supported by strong foreign direct investment ("**FDI**") performance*

Nanjing's strong economic growth continues to attract multinational corporations ("**MNCs**") which are interested in establishing regional headquarters and research and development centres in the PRC. In 2011, 336 new foreign enterprises were set up in Nanjing, with around 100 of the world's top 500 companies having a presence in Nanjing. FDI into Nanjing increased by 33.3% in the period from 2010 to 2011, reaching US$3.57 billion. As a result, demand for office space in Nanjing has increased markedly over the past few years, underpinned primarily by the strong FDI performance and robust economic growth. As Nanjing's service sector continues to develop towards financial and professional services, the next wave of office demand is expected to come from the MNCs in these sectors, which will prefer quality office space that are in line with their corporate images. Together with supportive government policies, the MNCs are strongly incentivised to establish a presence in Nanjing and this creates demand for quality office space.

Strategically located in a commercial area

Nanjing IFC is a commercial building with 51 storeys above ground and two basement levels. It is located at the crossroads of Zhongshan South Road and Hanzhong Road in the Xinjiekou business centre, which is one of the most popular historical and commercial hubs in Nanjing. The floors from basement one to level six are used for retail outlets and the remaining floors are used for offices. Basement two is used as a car park and the mezzanine level between basement one and basement two is used for parking bicycles.

Nanjing IFC is situated above the busiest intersection of metro lines 1 and 2, with a direct underground linkage to the metro station. Being an important railway hub in eastern PRC, Nanjing also serves as a major rail junction for the Beijing-Shanghai (Jinghu route) through the Nanjing Railway Station and the Nanjing South Railway Station. Both railway stations are also readily accessible from Nanjing IFC via the metro lines. Nanjing Lukou International Airport serves more than 75 domestic and international destinations and handled over 13.0 million passengers in 2011. It is conveniently accessed by the airport bus connecting to the Nanjing South Railway Station along metro line 1.

Good catchment support

The retail component of Nanjing IFC is positioned to complement the office component, rather than as a full-fledged retail mall, with 62.9% of its tenants (by Gross Rental Income (as defined herein)) in the food and beverage ("**F&B**") sector. The office tower, surrounding commercial buildings and hotels provide a natural catchment of patrons for the retail component of Nanjing IFC.

Dalian TRC

Strong retail consumption growth supported by robust growth in per capita disposable income

Dalian's GDP grew 19.2% in 2011 to reach RMB615.0 billion and is projected by the PRC Government to grow at 13.0% per annum in 2012, compared to the PRC's national average of 7.5%. Per capita disposable income in Dalian reached RMB24,276 at the end of 2011, representing a growth of 14.0% from the previous year. With a steady growing population and rising disposable income of households, it is expected that retail demand would remain strong going forward. This has resulted in an influx of international brands and other fashion brands seeking to establish their presence in the PRC market. Dalian TRC is well-poised to benefit from these trends, given its mid-market and youth fashion positioning. (See Appendix H, "Independent PRC Property Market Research Report" for further details.)

Strategically located in a popular retail location

Dalian TRC is a retail mall with five storeys above ground and two basement levels. It is located on Xi'an Road in the Shahekou district, which is the most densely populated urban district in Dalian. Xi'an Road is also the prime retail hub of western Dalian.

Dalian TRC is a popular retail location in the downtown Shahekou district of Dalian, and enjoys a strong footfall of over 50.0 million per annum. Dalian TRC is the only modern retail mall on Xi'an Road with a strong marketing position on youth fashion and is well-poised to capture the fast-growing young urban population in Dalian. The Shahekou district has witnessed strong population growth in recent years and has the highest population density of all of Dalian's urban districts. Dalian TRC is positioned for further boost in retail traffic with the future development of high-end residences nearby, with 900,000 sq m of residences and 60,000 sq m of serviced apartments being planned at the nearby Yitian City Plaza. Dalian TRC may also have direct access to the planned underground metro line 1 and line 2, both of which are expected to be completed in 2014.[1] These two metro lines will intersect outside the south entrance of Dalian TRC. Dalian TRC is also well-connected to other parts of the city through buses and trams with both north-south and east-west links.

Shanghai ICP

Strategically located with high visibility

Shanghai ICP is a commercial building with 29 storeys above ground and one basement level, where its 24-storey Grade A office tower is constructed over a six-storey retail podium. It is located in the Hongkou district, close to the intersection of North Sichuan Road and Haining Road. Hongkou is one of Shanghai's largest downtown districts and it is also the traditional shipping, logistics and trading hub in Shanghai.

Shanghai ICP is situated in an emerging decentralised business district, with easy access to various modes of public transportation. It is adjacent to the North Sichuan Road Station of metro line 10 that links directly with the renowned Xintiandi development and the Nanjing Road central business district ("**CBD**") via the interchange with metro line 2. It is also in close proximity to the Baoshan Road Station which connects metro lines 3 and 4. Shanghai ICP is well-connected by various bus routes along North Sichuan Road and Haining Road, the arterial road in the locality. It is located in Puxi, in close proximity to Pudong.

Hongkou's development as the leading shipping hub of Shanghai

Shanghai ICP currently enjoys a high concentration of tenants in the shipping and logistics sectors and is positioned to benefit from the PRC Government's 12th Five Year Plan to further develop Hongkou's shipping industries, as well as Shanghai's ambition to become an international shipping centre by 2020. The area is home to more than 3,000 shipping and logistics companies, including seven out of the 10 largest global logistics companies.

In recent years, Shanghai has seen the emergence of decentralised Grade A offices as an important sub-sector of the office market. The Hongkou district, where Shanghai ICP is located, is one of Shanghai's largest downtown business districts, with a rich cultural heritage, several important commercial centres and a well-developed transportation network. Hongkou is also attractive to tenants, given its proximity to Pudong.

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1 Dalian Boyuan has submitted a proposal to the local authorities to link its basement directly to the interchange station of the two metro lines, and Dalian Boyuan has received in-principle approval from the Dalian metro company for the construction of such linkage pending the satisfaction of certain conditions. Please note that as the metro lines are only expected to be completed in 2014, the Profit Forecast and Profit Projection (as defined herein) have not assumed any impact from this proposal.

Financial capital of the PRC

Shanghai is the leading financial capital of the PRC, with a GDP of RMB1.9 trillion in 2011. As one of the most developed business centres in the PRC, Shanghai's GDP is forecast by the PRC Government to grow at 8.0% per annum in 2012, and will reach approximately RMB2.8 trillion by 2016 if it grows at the same rate. Shanghai's position as the commercial hub of the PRC continues to attract MNCs to establish or expand their footprint in the PRC. In the first half of 2012, 27 new regional headquarters, 13 investment-type companies and 14 research and development centres for MNCs were set up. FDI into Shanghai reached US$11.3 billion in the first six months of 2012, a 15.8% increase. It is expected that Shanghai will remain the most popular investment destination in the PRC for MNCs and domestic enterprises to continue their expansion plans. Benefitting from the overall improved business sentiment, demand for decentralised office space is likely to increase in Shanghai.

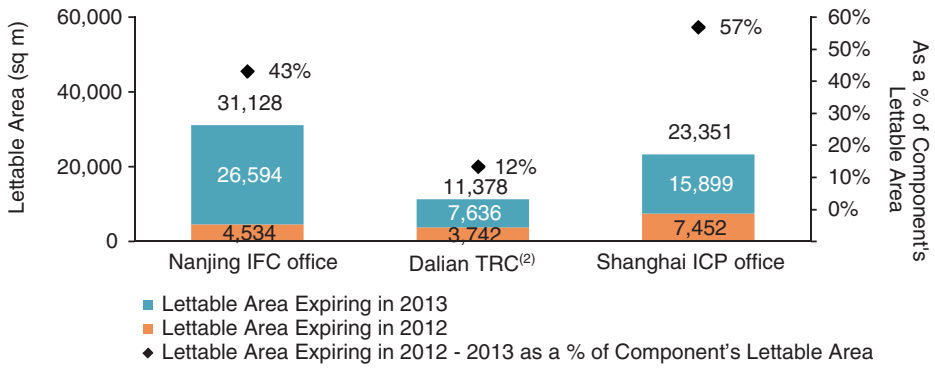
(See Appendix H, "Independent PRC Property Market Research Report" for further details.)

2. Strong organic growth opportunities from rental reversion

Positive rental reversion

The Manager believes that the Properties (excluding Nanjing IFC retail component and Shanghai ICP retail component)[1] have the potential to enjoy positive rental reversions from renewals of existing leases that comprise 31.4% of the total Lettable Area (as defined herein) during the FY2012 and FY2013. The asking headline rents are 20.5% to 25.5% above the average expiring rents FY2012 and FY2013 of Properties (excluding the Nanjing IFC retail component and the Shanghai ICP retail component).

FY2012(1) — FY2013 Expiring Lettable Area



Source: The Manager.

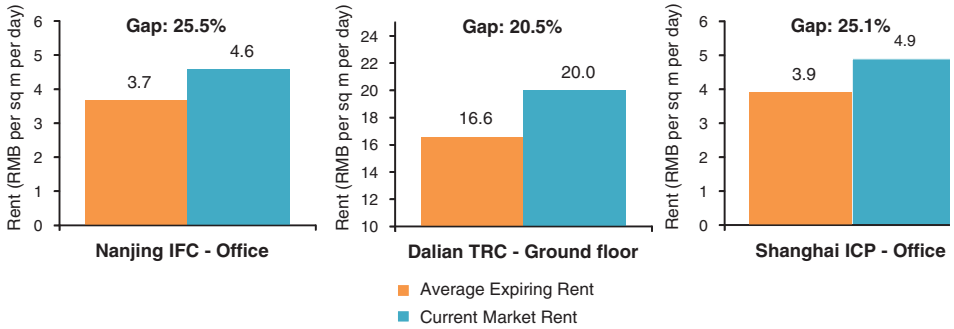
Notes:

(1) For the period from 1 June 2012 to 31 December 2012.

(2) The expiring Lettable Area for Dalian TRC of 11,378 sq m in FY2012/FY2013 is for the entire property, of which 1,128 sq m and 1,225 sq m of ground floor Lettable Area is expiring in FY2012 and FY2013 respectively. Ground floor Lettable Area at Dalian TRC is able to command a significant rental premium compared to other floors as it is a retail shopping mall. No further breakdown of expiring Lettable Area is provided for Nanjing IFC office component and Shanghai ICP office component as the differences in office rental rates from floor to floor are not as significant as compared to retail rental rates.

1 Nanjing IFC retail component and Shanghai ICP retail component are excluded in the discussion as the retail/F&B components are viewed as complementary to the office towers and hence will not be appropriate to benchmark against prime retail properties.

Average Expiring Rent FY2012(1)/FY2013(2) vs Current Asking Headline Rent(3)



Source: The Manager and Colliers. See Appendix H, "Independent PRC Property Market Research Report" for further details.

Notes:

(1) For the period from 1 June 2012 to 31 December 2012.

(2) Average expiring rent FY2012/FY2013 is calculated based on Gross Rental Income expiring in FY2012/FY2013 and Lettable Area expiring in FY2012/FY2013, based on Dynasty REIT's rent roll as of May 2012.

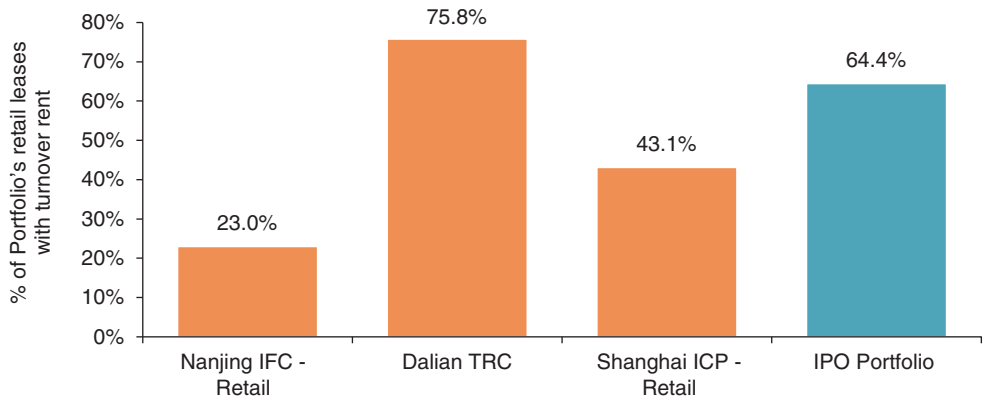
(3) Current asking headline rent is based on information provided in the Independent PRC Property Market Research Report, where RMB4.6 per sq m per day is the average headline asking prime office rental for comparable properties in the Xinjiekou area compared to Nanjing IFC office average expiry rent of RMB3.7 per sq m per day; RMB20.0 per sq m per day is the approximate average ground floor retail rental on gross basis within the Xi'an Road area compared to Dalian TRC's ground floor average expiry rent of RMB16.6 per sq m per day and RMB4.9 per sq m per day is the average prime office rental within the Hongkou district compared to Shanghai ICP office's RMB3.9 per sq m per day.

Upside from turnover rent

The Properties' Gross Rental Income is derived from both the Base Rent (as defined herein) and the Turnover Rent (as defined herein). As of 31 May 2012, approximately 64.4% of the IPO Portfolio's retail leases (by Gross Rental Income) have a Turnover Rent component. This allows the retail component of the Properties to potentially capture some of the future potential upside on the back of the strong PRC economy. According to the National Bureau of Statistics[1], the PRC's urban disposable income per capita grew 14.1% in 2011 to RMB21,810, more than twice the 2005 level of RMB10,493. This upward trend is expected to continue, according to the income growth objectives outlined the PRC Government's 12th Five Year Plan. Further, with the management team's experience in property management and asset enhancements, the Manager expects retail footfall to improve thus bringing potential upside in turnover rental income. (See "The Manager and Corporate Governance — The Manager of Dynasty REIT — Executive Officers of the Manager — Expertise and Experience of Executive Officers" for details of the expertise and experience of the professional management team of the Manager.)

1 **Source**: The National Bureau of Statistics. The National Bureau of Statistics has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) 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 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by the National Bureau of Statistics is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Percentage of Total Retail Rental Income with Turnover Rent Component

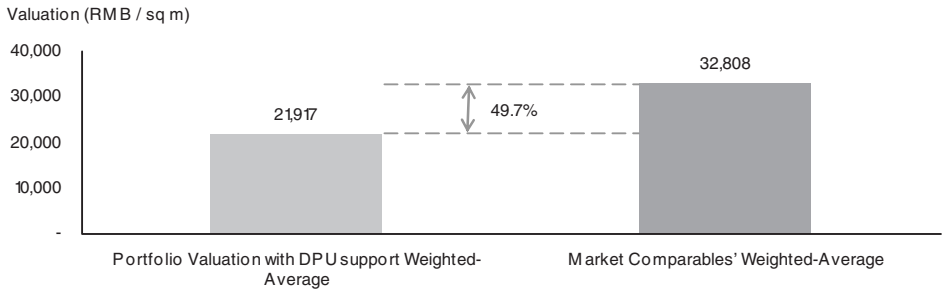


Source: The Manager. See Appendix H, "Independent PRC Property Market Research Report" for further details. Figures are presented as at 31 May 2012.

Attractive asset values and potential capital appreciation

Dynasty REIT presents an attractive total return proposition through the potential net asset value ("**NAV**") growth from the capital appreciation of the IPO Portfolio, given the attractive asset values of the current portfolio relative to the valuation of market comparables. This will also provide additional debt headroom for Dynasty REIT's future strategic growth opportunities.

Portfolio Average Valuation Compared to Market Comparables(1)



Source: The Independent Valuers (as defined herein). See Appendix G, "Independent Property Valuation Summary Reports" for further details.

Note:

(1) Market average is based on the comparable sales transactions valuation provided in the Independent Property Valuation Summary Reports. Please refer to Appendix G, "Independent Property Valuation Summary Reports" for further details.

3. Stable income from a diversified portfolio and a high quality tenant base

Diversified assets across different market segments and cities providing regular and stable distributions

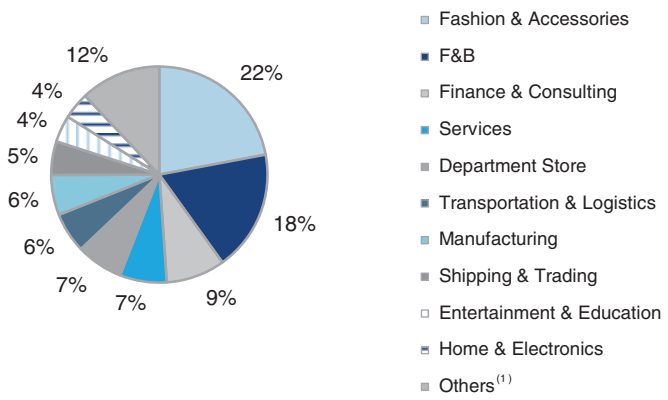
The Properties are located in various PRC cities and comprise office and retail components, thereby providing exposure to the rapidly growing economies of Nanjing, Dalian and Shanghai. The geographical and asset class diversification reduces Dynasty REIT's dependence on any single regional market and asset class, and accordingly enhances the stability of future earnings.

Diverse and high quality tenant base

The Properties have a diverse and high quality tenant base that operates across a number of key industries such as professional services, electronics/information technology ("**IT**"), retail, pharmaceutical, construction and logistics, and includes the regional headquarters for a number of large corporations. Key retail tenants include internationally well-known brands such as Uniqlo, Zara, Hennes & Mauritz ("**H&M**"), C&A, McDonald's, Starbucks, KFC, Pizza Hut and Häagen-Dazs and local brands such as MYKAL and GOME. Key office tenants include AstraZeneca, Citrix Systems Information Technology, Dongfeng Yueda Kia Motors, Sino-US United Metlife Insurance and Alibaba Technology.[1] The Manager believes that the quality tenant base of the Properties provides a high degree of income stability to Dynasty REIT.

With approximately 520 tenants as of 31 May 2012, Dynasty REIT's top 10 tenants contributed 21.0% of the total Gross Rental Income for the month of May 2012. The Manager believes that the IPO Portfolio faces limited tenant and industry concentration risks, with no single tenant accounting for more than 6.7% and no single trade sector accounting for more than 21.5% of Gross Rental Income for the month of May 2012.

Tenant Mix by Gross Rental Income



Note:

(1) "**Others**" include lifestyle & luxury, science & technology, real estate, health and beauty, general retail and design & engineering.

Top 10 Tenants by Gross Rental Income (as at 31 May 2012)

The top 10 tenants of the Properties by Gross Rental Income for the month of May 2012 are: Bestseller (Jack & Jones) Fashion Co., Ltd. (Tianjin) (绫致时装(天津)有限公司), C&A (China) Company Limited (西雅衣家(中国)商业有限公司), Dalian Yueao Sports Goods Sales Co., Ltd. (大连悦奥体育用品销售有限公司), Dalian GOME Appliances Co., Ltd (大连国美电器有限公司), Dashang (MYKAL) Group Co., Ltd (大商集团股份有限公司), Dongfeng Yueda Kia Motors Co., Ltd. (东风悦达起亚汽车有限公司), Fast Retailing (China) Trading Co., Ltd. (UNIQLO) (迅销(中国)商贸有限公司), Nanjing New Tang Fresh Food Co., Ltd.* (南京新唐食餐饮有限公司), Shanghai Dazzle Trading Co., Ltd. (上海地素商贸有限公司) and Zhou Fu Kuan (周福宽) trading as Mark Fairwhale (马克华菲).

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* Denotes a company without an official English name as PRC companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

1 Please refer to the table on top 10 tenants of office component of the Properties in "Business and Properties" for the trading name of each of these tenants.

The table below sets out selected information on these top 10 tenants.

Tenant[(1)]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	Department store	December 2024	6.7%
Tenant B	Electronics/IT	December 2018	3.0%
Tenant C	Manufacturing	January 2013	2.4%
Tenant D	Fashion & accessories	April 2014	1.8%
Tenant E	Fashion & accessories	April 2017	1.4%
Tenant F	Fashion & accessories	September 2016	1.4%
Tenant G	Fashion & accessories	November 2016	1.2%
Tenant H	Fashion & accessories	November 2015	1.1%
Tenant I	F&B	November 2020	1.0%
Tenant J	Lifestyle & luxury	September 2015	1.0%
Top 10 Tenants			21.0%
Other Tenants			79.0%
Total			100.0%

Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

(See "Business and Properties" for further details on the top 10 tenants.)

4. Growth in distributions through active asset management of the Properties and through acquisitions

The Manager intends to actively manage the Properties to optimise rental income growth, maintain an optimal tenant mix, identify property enhancement opportunities, optimise occupancy levels, and prudently control property expenses, to ensure the long-term stability and growth of Dynasty REIT's distributions.

The Properties will continue to be managed by the on-the-ground property management team that has been actively managing the Properties prior to the Offering, so as to ensure management continuity for Unitholders and tenants.

Further growth potential through acquisitions

The Manager believes that Dynasty REIT will be able to leverage on the Sponsor's networks and relationships to identify potential acquisitions of commercial properties in the PRC. The Manager will pursue acquisition opportunities that provide attractive cash flows and potential for future income and capital growth. (See "Strategy — Investments and Acquisition Growth Strategy" for further details.)

5. Flexible capital structure

Upon listing, Dynasty REIT will have in place an aggregate of RMB3,751.3 million[1] equivalent committed three-year loan facilities from DBS Bank Ltd., DBS Bank (China) Limited, Shanghai Branch, Standard Chartered Bank, Standard Chartered Bank (China) Limited, Macquarie Capital Group Limited and/or their respective affiliates (the "**Lenders**", and the aggregate of RMB3,751.3 million equivalent committed three-year loan facilities from the Lenders, the "**Facilities**"). RMB2,873.0 million equivalent of the Facilities is expected to be drawn down on the Listing Date, resulting in an Aggregate Leverage (as defined herein) of 33.8% (based on the Minimum Offering Price).

1 Based on an exchange rate of S$1.00 to RMB5.115.

6. **Experienced management and committed sponsor with a proven track record**

Benefits from ARA's management expertise as an experienced and leading REIT manager

ARA is an Asian real estate fund management group listed on the SGX-ST with a market capitalisation of S$1.2 billion as at the Latest Practicable Date. Established in July 2002 by ARA Group Chief Executive Officer, Mr Lim Hwee Chiang John, and Cheung Kong, ARA's real estate assets under management have grown substantially from S$0.6 billion as at 31 December 2003 to S$21.8 billion as at 30 June 2012 with a Pan-Asian real estate investment and management platform.

As at the Latest Practicable Date, ARA is one of the largest REIT managers in Asia (excluding Japan) in terms of real estate assets under management. It has an established track record of managing publicly-listed REITs in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office, retail, industrial/office and logistics sectors. (See "The Sponsor" for further details.)

Experienced and professional management team

The Manager believes that Unitholders will benefit from the experience of key staff members of the Manager and the Property Manager in fund, asset, development and property management in the PRC commercial property market. (See "The Manager and Corporate Governance — The Manager of Dynasty REIT — Executive Officers of the Manager — Expertise and Experience of Executive Officers" for details of the expertise and experience of the professional management team of the Manager.)

CERTAIN INFORMATION ON THE PROPERTIES

The table below sets out certain information on the Properties as at 31 May 2012, with independent valuations by CBRE HK Limited ("**CBRE**"), Jones Lang LaSalle Limited ("**JLL**") and Knight Frank Petty Limited ("**KF**", together with CBRE and JLL, the "**Independent Valuers**") being as at 31 May 2012. The average independent valuation of each Property refers to the average of the two valuations conducted by the Independent Valuers.

		Nanjing IFC	Dalian TRC	Shanghai ICP	Total/ Average
Usage		Office and retail	Retail	Office and retail	—
GFA (sq m)	**Overall**[1]	109,196.5	184,980.3	56,299.0	350,475.8
	Office component	72,686.0	—	41,493.1	114,179.1
	Retail component	27,503.9	138,627.6	14,402.2	180,533.7
	Carpark	9,006.6	46,352.7	403.6	55,762.9
Lettable Area (sq m)	**Overall**	96,321.8	96,692.2	50,643.2	243,657.2
	Office component	72,024.6	—	40,993.6	113,018.2
	Retail component	24,297.3	96,692.2	9,649.5	130,639.0
Number of Tenants		167	260	99	520[2]

	Nanjing IFC	Dalian TRC	Shanghai ICP	Total/ Average
Committed Occupancy[3] (as of 31 May 2012)	95.5%	93.2%	86.8%	92.7%
Car Park Lots	292	1,013	128	1,433
CBRE Valuation (RMB million)[4]	2,772.9	3,201.6	1,619.5	7,594.0
KF or JLL Valuation (RMB million)[4][5]	2,782.9	3,361.6	1,624.5	7,769.0
Average Independent Valuation (RMB million)[4]	2,777.9	3,281.6	1,622.0	7,681.5
CBRE Valuation (without DPU Support) (RMB million)	2,590.0	3,010.0	1,503.0	7,103.0
KF or JLL Valuation (without DPU Support) (RMB million)	2,600.0	3,170.0	1,508.0	7,278.0
Average Independent Valuation (without DPU Support) (RMB million)	2,595.0	3,090.0	1,505.5	7,190.5
Purchase Consideration (RMB million)	2,678.0	3,164.0	1,564.0	7,406.0
Land Use Right Expiry	28 April 2045	18 August 2042	18 May 2045	—
Completion Date[6]	Office component — 21 March 2008 Retail component — 20 October 2008	17 August 2006	Main building — 23 July 2009 External car park — 12 June 2010	—

Source: The Manager.

Notes:

(1) Includes car parks and the Property Manager's office.

(2) Adjusted for the following tenants which have leases in multiple Properties: C&A (Dalian TRC and Shanghai ICP), Costa Coffee (Dalian TRC and Shanghai ICP), KFC (Nanjing IFC, Dalian TRC and Shanghai ICP), Watsons (Nanjing IFC and Dalian TRC), Subway (Nanjing IFC and Dalian TRC).

(3) Average Committed Occupancy based on weighted average occupancy by GFA. "**Committed Occupancy**" means the occupancy rate based on all current leases in respect of the Properties as at 31 May 2012 including letters of intent which are to be followed up with tenancy agreements to be signed by the parties and for which a deposit has been paid.

(4) The valuation takes into account the DPU Support (as defined herein).

(5) Nanjing IFC and Dalian TRC are valued by JLL while Shanghai ICP is valued by KF. All three Properties are also valued by CBRE.

(6) "**Completion Date**" means the date on which the Property passes the completion inspection and acceptance and is ready for handing over pursuant to the applicable PRC laws.

DPU SUPPORT ARRANGEMENT

As part of the acquisition of the Properties, the Manager has put in place a DPU support arrangement (the "**DPU Support**") of RMB491.0 million (the "**Support Amount**"). Up to RMB491.0 million of the proceeds raised from the Offering will form the DPU Support, from which the Manager will utilise for the primary purpose of payment of distributions, which will be treated as a return of capital to Unitholders.

(See "Distributions — DPU Support Arrangement" for further details regarding the DPU Support.)

WAIVER OF ENTITLEMENT TO THE RELEVANT SPONSOR DISTRIBUTION

The Sponsor has provided the Manager with an undertaking that it shall waive (or shall procure the waiver of) the entitlement to distributions on the Sponsor Units (the "**Waived Distribution**") of between RMB7.2 million (based on the Minimum Offering Price) and RMB6.9 million (based on the Maximum Offering Price) for the Forecast Period 2012 (as defined herein) and thereafter between RMB17.3 million (based on the Minimum Offering Price) and RMB16.7 million (based on the Maximum Offering Price) for every financial year until the financial year ending 31 December 2017 (collectively, the "**Waiver Period**").

The Manager will distribute the Waived Distribution to the Unitholders (excluding the Sponsor Units which are held by the Sponsor and/or its subsidiaries but including the Units which may be subsequently issued to, subscribed by or acquired by the Sponsor and/or its subsidiaries (including the Manager) after the Listing Date).

(See "Distributions — Waiver of Entitlement to the Relevant Sponsor Distribution" for further details.)

The DPU and the distribution yield is RMB0.1335 and RMB0.1301 and 6.8% (annualised) and 7.1% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.3281 and RMB0.3199 and 7.0% and 7.3% for the Projection Year 2013 (as defined herein) based on the Maximum Offering Price and the Minimum Offering Price, respectively. In the absence of the DPU Support and the Waived Distribution, the DPU and the distribution yield would be RMB0.0633 and RMB0.0596 and 3.2% (annualised) and 3.2% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.1934 and RMB0.1844 and 4.1% and 4.2% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively. (See "Profit Forecast and Profit Projection" for further details.)

CERTAIN FEES AND CHARGES

The following is a summary of the amount of certain fees and charges payable by the Unitholders in connection with the subscription for or trading of the Units (so long as the Units are listed):

	Payable by the Unitholders directly	Amount payable
(a)	Subscription fee or preliminary charge	N.A.(1)
(b)	Realisation fee	N.A.(1)
(c)	Switching fee	N.A.(1)
(d)	Any other fee	Investors in the Placement Tranche may be required to pay brokerage of up to 1.0% of the Offering Price. For trading of the Units, investors will pay prevailing brokerage commissions (if applicable) and clearing fee for trading of Units on the SGX-ST at the rate of 0.04% of the transaction value, subject to a maximum of S$600.00 per transaction and Goods and Services Tax ("**GST**") chargeable thereon. An administration fee is payable for each application made through ATMs and the internet banking websites of the Participating Banks (as defined herein).

Note:

(1) As the Units will be listed and traded on the SGX-ST, and Unitholders will have no right to request the Manager to redeem their Units while the Units are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

The following is a summary of certain fees and charges payable by Dynasty REIT in connection with the establishment and on-going management and operation of Dynasty REIT:

	Payable by Dynasty REIT	Amount payable
(a)	Management fee (payable to the Manager or its nominee)	**Base Fee (as defined herein)** 0.3% per annum of the value of the Consolidated Assets (as defined herein). **Performance Fee (as defined herein)** 4.5% per annum of Dynasty REIT's Net Property Income in the relevant financial year (calculated before accounting for the Performance Fee in that financial year). The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). For the Forecast Period 2012 and the Projection Year 2013, the Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units.

	Payable by Dynasty REIT	Amount payable
(b)	Trustee's fee	The Trustee's fee shall not exceed 0.25% per annum of the value of the Deposited Property (as defined herein), subject to a minimum of S$20,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time, and is presently charged on a scaled basis of up to 0.03% per annum of the Deposited Property. The Trustee will also be paid a one-time inception fee of S$40,000.
(c)	Any other substantial fee or charge (*i.e.* 0.1% or more of Dynasty REIT's asset value)	
	Payable to the Manager or its nominee	
	(i) Acquisition fee	1.0% of each of the following as is applicable (subject to there being no double-counting): • in relation to an acquisition (whether directly or indirectly through one or more special purpose vehicles ("**SPVs**") of Dynasty REIT) of any real estate, the acquisition price of any real estate purchased by Dynasty REIT, plus any other payments[1] in addition to the acquisition price made by Dynasty REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Dynasty REIT's interest); • in relation to an acquisition (whether directly or indirectly through one or more SPVs of Dynasty REIT) of any SPVs or holding entities which holds real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the acquisition from the vendor of the equity interests of any vehicle holding directly or indirectly the real estate purchased by Dynasty REIT, plus any additional payments made by Dynasty REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of Dynasty REIT's interest); or • the acquisition price of any investment purchased by Dynasty REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

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 Dynasty REIT	Amount payable
		For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion. For the purpose of this acquisition fee, equity interests include all classes and types of equity securities relating to real estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other SPV owning or acquiring real estate. The acquisition fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect). Under the Property Funds Appendix, in respect of any acquisition of real estate assets from "interested parties" (as defined in the Property Funds Appendix), such a fee should be in the form of Units issued by Dynasty REIT at prevailing market price(s). Such Units should not be sold within one year from the date of their issuance. No acquisition fee is payable for the acquisition of the Properties. Any payment to third party agents or brokers[1] in connection with the acquisition of any assets of Dynasty REIT shall be paid by the Manager to such persons out of the Deposited Property of Dynasty REIT or the assets of the relevant SPV, and not out of the acquisition fee received or to be received by the Manager.
	(ii) Divestment fee	0.5% of each of the following as is applicable (subject to there being no double-counting): • the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by Dynasty REIT (plus any other payments[2] in addition to the sale price received by Dynasty REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of Dynasty REIT's interest);

1 These third party agents or brokers could be property agents who are engaged for the purpose of acquiring assets or auctioneers (where assets are to be acquired through auction sales).

2 "**Other payments**" refer to additional payments to Dynasty REIT or its SPVs for the sale of the asset, for example, where Dynasty REIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is 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 Dynasty REIT	Amount payable
		• in relation to a divestment (whether directly or indirectly through one or more SPVs of Dynasty REIT) of any SPVs or holding entities which holds real estate, 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 SPVs, by Dynasty REIT, plus any additional payments received by Dynasty REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Dynasty REIT's interest); or • the sale price of any investment sold or divested by Dynasty REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPVs owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate. For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion and the acquisition fee payable to the Manager will be adjusted upwards or downwards. For the purpose of this divestment fee, equity interests include all classes and types of equity securities relating to real estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other SPV owning or acquiring real estate. The divestment fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect). Under the Property Funds Appendix, in respect of any sale or divestment of real estate assets to interested parties, such a fee should be in the form of Units issued by Dynasty REIT at prevailing market price(s). Such Units should not be sold within one year from date of their issuance. Any payment to third party agents or brokers in connection with the disposal of any assets of Dynasty REIT shall be paid by the Manager to such persons out of the Deposited Property of Dynasty REIT or the assets of the relevant SPV, and not out of the divestment fee received or to be received by the Manager.

	Payable by Dynasty REIT	Amount payable
	(iii) Development management fee	3.0% of the total project costs[1] incurred in Development Projects (as defined herein) undertaken and managed by the Manager on behalf of Dynasty REIT. Dynasty REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments). "**Development Project**" means any project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Dynasty REIT, provided that the provisions in the Property Funds Appendix shall always be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations. When the estimated total project costs are greater than S$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed by its independent directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower, the Manager will have the discretion[2] to reduce the development management fee to less than 3.0% of the total project costs. For the avoidance of doubt, no acquisition fee shall be paid when the Manager receives the development management fee for a Development Project.[3]

1 "**Total project costs**" is defined in the Trust Deed to mean the sum of the following:

(i) construction cost based on the project final account prepared by the project quantity surveyor;

(ii) land costs (including purchase price and differentiated premium or development charge where applicable). For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For redevelopment of existing properties, "**land cost**" refers to all costs associated with land such as any payment of additional premium or amounts to the regulatory authorities in connection with the redevelopment, but does not include the value of the land);

(iii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;

(iv) the cost of obtaining all approvals for the project;

(v) site staff costs;

(vi) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and

(vii) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.

2 The independent directors will judge the Manager's exercise of its discretion in reducing the development management fee.

3 For instance, if Dynasty REIT invests in real estate to be built on vacant land that has been approved for development or other uncompleted property developments, Dynasty REIT will pay to the Manager a development management fee for the Development Project. Dynasty REIT will not have to pay to the Manager an acquisition fee in respect of its acquisition of the investment in the Development Project. Alternatively, if Dynasty REIT has already paid the Manager an acquisition fee in respect of the acquisition of its investment, then it will not have to pay the development management fee to the Manager.

	Payable by Dynasty REIT	Amount payable
	Payable to the Property Manager	
	(iv) Property management fee and lease commission	The Property Manager is entitled to the following fees on each property of Dynasty REIT located in the PRC under its management: • a property management fee of 1.5% of the Gross Revenue (as defined herein) and 1.5% of the Net Property Income of the property; and • a leasing commission of 1.5 months for new leases and 0.5 months for renewal of leases with lease tenures of 24 months or longer, with such commission to be pro-rated if the lease tenure is less than 24 months. The property management fee and the lease commission are payable to the Property Manager in the form of cash.
	(v) Project management fee	In respect of the project management services to be provided by the Property Manager for a property of Dynasty REIT, the Property Manager is entitled to a project management fee based on the following for any development, re-development, refurbishment, retrofitting, addition and alteration or renovation works to the relevant property: • where the construction costs[1] are RMB10.0 million or less, a fee of 3.0% of the construction costs; • where the construction costs exceed RMB10.0 million but do not exceed RMB100.0 million, a fee of 2.0% of the construction costs or RMB300,000, whichever is the higher; • where the construction costs exceed RMB100.0 million but do not exceed RMB250.0 million, a fee of 1.5% of the construction costs or RMB2.0 million, whichever is the higher; and • where the construction costs exceed RMB250.0 million, a fee to be mutually agreed by the Manager, the Trustee and the Property Manager, (collectively, the "**Project Management Fee Schedule**"). The project management fee is payable to the Property Manager in the form of cash.

1 "**Construction costs**" will be incurred where the Property Manager undertakes asset enhancement initiatives and such costs will typically include the cost of all labour, materials and fixtures supplied by the contractor and the sub-contractors, the cost incurred in obtaining the required approvals, licences and permits from the authorities in connection with the proposed construction and the fees payable to the professionals and consultants (such as architects, structural engineers and interior designers).

	Payable by Dynasty REIT	Amount payable
	(vi) Asset management software service fee	In respect of the asset management software provided by Property Manager to be used for the management of the Properties, the Property Manager shall be entitled to receive a service fee of RMB20,000 per month for each Property. (See "Certain Agreements Relating to Dynasty Real Estate Investment Trust and the Properties — Master Property Management Agreement — Property Manager's Services Fees — Asset Management Software Service Fee" for further details of the asset management software.) In addition to its fees, the Property Manager will be fully reimbursed for certain costs. (See "Certain Agreements Relating to Dynasty REIT and the Properties — Master Property Management Agreement — Reimbursable Expenses" for further details.)

THE OFFERING

Dynasty REIT	Dynasty Real Estate Investment Trust or Dynasty REIT, a REIT established in Singapore and constituted by the Trust Deed.
The Manager	ARA Trust Management (Dynasty) Pte. Ltd., in its capacity as manager of Dynasty REIT
The Sponsor	ARA Asset Management Limited
The Trustee	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Dynasty REIT
The Offering	Between 893,162,000 Units and 900,832,000 Units offered under the Placement Tranche and the Public Offer.
The Placement Tranche	No more than 839,274,000 Units and 846,944,000 Units for the Minimum Offering Price and the Maximum Offering Price respectively will be offered by way of an international placement to investors, including institutional and other investors in Singapore other than the Sponsor and the Cornerstone Investors, pursuant to the Offering. 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 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 and in reliance on Regulation S.
The Public Offer	The Public Offer Units offered by way of a public offer in Singapore. No less than 53,888,000 Units will be offered under the Public Offer.
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 Manager), in the event of an excess of applications in one and a deficit in the other.
Subscription by the Sponsor	Concurrently, but separate from the Offering, ARA Real Estate Investors VIII Limited, a wholly-owned subsidiary of the Sponsor, has entered into the Sponsor Subscription Agreement to subscribe for between 116,959,999 Units (based on the Minimum Offering Price) and 109,289,999 Units (based on the Maximum Offering Price), conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to Settlement Date.

Subscription by the Cornerstone Investors	Concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into a separate Cornerstone Subscription Agreement to subscribe for an aggregate of 137,608,000 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to Settlement Date. (See "Ownership of the Units — Information on the Cornerstone Investors" for further details.)
Offering Price Range	RMB4.40 to RMB4.70 per Unit / S$0.855 to S$0.915 per Unit.
Price Determination	The Offering Price of between RMB4.40 to RMB4.70 per Unit / S$0.855 to S$0.915 per Unit will be determined following a book-building process by agreement between the Joint Bookrunners and the Manager on the Price Determination Date, which is expected to be 24 October 2012 and is subject to change. Among the factors that will be taken into account in determining the Offering Price are the demand for the Units under the Offering and the prevailing conditions in the securities markets. Notice of the actual Offering Price will be published in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*, no later than two calendar days after the Price Determination 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 I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will pay the Maximum 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; (ii) the Offering does not proceed for any reason; or (iii) the Offering Price is less than the Maximum Offering Price for each Unit. For the purpose of illustration, 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$915, 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. Investors applying for Units through ATM may only apply in Singapore dollars. 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 I, "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 ATMs and the internet banking websites of the Participating Banks.
Lock-ups	The Sponsor and ARA Real Estate Investors VIII Limited have each agreed to (i) a lock-up arrangement during the period commencing from the date of issuance of the Units until the date falling 180 days after the Listing Date (both dates inclusive) (the "**First Lock-up Period**") in respect of all its direct and indirect effective interest in the Sponsor Units (the "**Lock-up Units**") and (ii) a lock-up arrangement immediately following the First Lock-up Period until the date falling 360 days after the Listing Date (the "**Second Lock-up Period**") in respect of its direct and indirect effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions. The 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" for further details.)
Capitalisation	Between RMB7,923 million/S$1,540 million (based on the Minimum Offering Price) and RMB7,927 million/S$1,540 million (based on the Maximum Offering Price). (see "Capitalisation" for further details).
Use of Proceeds	See "Use of Proceeds" and "Certain Agreements Relating to Dynasty Real Estate Investment Trust and the Properties" for further details.
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; and • all the Units which may be issued to the Manager from time to time in full or part payment of the Manager's fees (including Units issued to the Manager for the acquisition fees, divestment fees and development management fee) (see "The Manager and Corporate Governance — Management Fee" for further details). Such permission will be granted when Dynasty REIT 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 RMB and Singapore dollars under the book-entry (scripless) settlement system of CDP. The Units will be traded in board lot sizes of 1,000 Units.
No Redemption by Unitholders	Unitholders have no right to request the Manager to redeem their Units while the Units are listed. 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.
Distribution Policy	Distributions from Dynasty REIT to Unitholders will be computed based on 100.0% of Dynasty REIT's Annual Distributable Income (as defined herein) for the period from the Listing Date to 31 December 2013. Thereafter, Dynasty REIT will distribute at least 90.0% of its Annual Distributable Income on a semi-annual basis. The first distribution, which will be in respect of the period from the Listing Date to 31 December 2012 ("**First Distribution**"), will be paid by the Manager on or before 31 March 2013. (See "Distributions" for further details.)
Distribution Currency	Distributions will be declared in RMB. For the First Distribution, each eligible Unitholder as at the books closure date for determining the distribution entitlements will receive his distribution in Singapore dollars. Eligible Unitholders will continue to receive their distributions in Singapore dollars until such time the Manager announces on SGXNET that the election of distributions in Singapore dollars or RMB is available to Unitholders. After such announcement, each eligible Unitholder will continue to receive his distribution in Singapore dollars unless he elects to receive the relevant distribution in RMB by submitting a "Distribution Election Notice" by such date as may be announced by the Manager. For the portion of the distributions to be paid in Singapore dollars, the Manager will make the necessary arrangements to convert the distributions in RMB into Singapore dollars at such exchange rate as the Manager may determine, taking into consideration any premium or discount that may be relevant to the cost of exchange. The CDP, the Manager, the Trustee or Dynasty REIT shall not be liable for any loss arising from the conversion of distributions payable to Unitholders from RMB into Singapore dollars. Save for approved depository agents (acting as nominees of their customers), each Unitholder may elect to receive his entire distribution in RMB or Singapore dollars, upon availability of this election, and shall not be able to elect to receive distributions in a combination of RMB and Singapore dollars. The Manager will announce on SGXNET when the election of distributions in Singapore dollars or RMB is available to Unitholders, which is expected to be available after the First Distribution.

Waiver of Entitlement to the Relevant Sponsor Distribution

The Sponsor has provided the Manager with an undertaking that it shall waive (or shall procure the waiver of) the entitlement to distributions on the Sponsor Units of between RMB7.2 million (based on the Minimum Offering Price) and RMB6.9 million (based on the Maximum Offering Price) for the Forecast Period 2012 and thereafter between RMB17.3 million (based on the Minimum Offering Price) and RMB16.7 million (based on the Maximum Offering Price) for every financial year until the financial year ending 31 December 2017.

The Manager will distribute the Waived Distribution to the Unitholders (excluding the Sponsor Units which are held by the Sponsor and/or its subsidiaries but including the Units which may be subsequently issued to, subscribed by or acquired by the Sponsor and/or its subsidiaries (including the Manager) after the Listing Date). In connection with the waiver of the distributions by the Sponsor, the Sponsor has undertaken to the Manager that it will (whether directly or indirectly through one or more of its wholly-owned subsidiaries) remain as the holder of the Sponsor Units (as indicated in the Depository Register (as defined in section 130A of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**")), during the period commencing from the date of issuance of the Units until 31 December 2017, subject to certain exceptions. (See "Distributions — Waiver of Entitlement to the Relevant Sponsor Distribution" for further details.) The Waived Distribution reflects the Sponsor's commitment to Dynasty REIT and its alignment of interest with the Unitholders, as the Sponsor shall participate in the future growth of Dynasty REIT with the Unitholders, with the Properties being expected to achieve an optimal state by the end of 2016.

For illustrative purposes, the amount of distribution waived for the Forecast Period 2012 and the Projection Year 2013 is equivalent to approximately 50.0% of the forecast distribution payable on the Sponsor Units for the Forecast Period 2012 and the Projection Year 2013 respectively. For the avoidance of doubt, the amount of distribution which the Sponsor is waiving is fixed and would not change if the amount of distributions payable is increased or decreased, provided that in the event that the total entitlement to distributions on the Sponsor Units for any relevant distribution period is less than the amount of distribution waived for such relevant distribution period, then the amount of distribution waived would be equal to the total entitlement to distributions on the Sponsor Units for the relevant distribution period.

Unitholders should note that the waiver of entitlement to distributions by the Sponsor is only for the Waiver Period and the Sponsor will be receiving its full entitlement to the distribution upon the expiry of the Waiver Period. The forecast and projected DPU for the Forecast Period 2012 and the Projection Year 2013 are set out in "Profit Forecast and Profit Projection".

Tax Considerations	Dynasty REIT has obtained the Singapore Tax Ruling (as defined herein) from the Inland Revenue Authority of Singapore (the "**IRAS**") in relation to dividend receivable from the BVI Holding Company. The Singapore Tax Ruling grants tax exemption to the Trustee on the dividend receivable from the BVI Holding Company on or before 31 March 2015, subject to certain conditions. Subject to Dynasty REIT's distribution policy, Dynasty REIT's distributions will be made out of Taxable Income (as defined herein), Tax-Exempt Income (as defined herein) and repayment of capital. Unitholders will be exempt from Singapore income tax on distributions made out of such income. No tax will be deducted at source on such distributions.
Termination of Dynasty REIT	Dynasty REIT can be terminated by either an Extraordinary Resolution (as defined herein) at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed or by the Manager or the Trustee under certain circumstances specified in the Trust Deed, for example, if Dynasty REIT is delisted permanently from the SGX-ST. (See "The Formation and Structure of Dynasty Real Estate Investment Trust — Termination of Dynasty REIT" for further details.)
Governing Law	The Trust Deed is governed by Singapore law.
Commission Payable by Dynasty REIT to the Joint Bookrunners and Issue Managers	2.75% (assuming the incentive fee of 0.5%, which is at the discretion of the Manager, is paid) of the total proceeds of the Offering (assuming the Maximum Offering Price) and the proceeds raised from the issuance of the Cornerstone Units. (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
19 October 2012, 9.00 a.m.	:	Opening date and time for the Public Offer.
24 October 2012, 12.00 p.m.	:	Closing date and time for the Public Offer.
25 October 2012	:	Balloting of applications under the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
30 October 2012, at or before 2.00 p.m.	:	Completion of the acquisition of the Properties.
30 October 2012, 2.00 p.m.	:	Commence trading on a "ready" basis.
2 November 2012	:	Settlement date for all trades done on a "ready" basis on 30 October 2012.

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

- that the closing of the list of applicants subscribing for Units which are the subject of the Public Offer (the "**Application List**") is 24 October 2012;
- that the Listing Date is 30 October 2012;
- 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 30 October 2012.

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

Trading in the Units through the SGX-ST on a "ready" basis will commence at 2.00 p.m. on 30 October 2012 (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). The completion of the acquisition of the Properties is expected to take place at or before 2.00 p.m. on 30 October 2012 (see "Certain Agreements Relating to Dynasty Real Estate Investment Trust and the Properties" for further details).

If Dynasty REIT is terminated by the Manager or the Trustee under the circumstances specified in the Trust Deed prior to, or the acquisition of the Properties is not completed by, 2.00 p.m. on 30 October 2012 (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 Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers or the Sponsor).

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 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 major Singapore newspapers, or check with their brokers.

The 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 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, and no enquiry and/or correspondence on the decision of the 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 is accepted or rejected in part only or if the Offering does not proceed for any reason, or if the Offering Price is less than the Maximum Offering Price for each Unit, 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 own risk, and without any right or claim against Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers or the Sponsor.

Where an application is not successful, the refund 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 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 I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

Where an application 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 own risk, within 14 Market Days (as defined herein) after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix I, "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 (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 I, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following table is only an extract from, and should be read together with, "Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012", the report set out in Appendix B, "Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012" and Appendix D, "Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date".

UNAUDITED PRO FORMA BALANCE SHEETS AS AT 31 DECEMBER 2011 AND 31 MAY 2012

	As at 31 December 2011[1]	As at 31 May 2012[1]
	RMB'000	RMB'000
Non-current assets		
Plant and equipment	2,146	1,983
Investment properties	7,681,500	7,681,500
Deferred tax assets	27,987	25,829
	7,711,633	7,709,312
Current assets		
Trade and other receivables	41,207	31,369
Cash and cash equivalents[2]	683,037	716,233
	724,244	747,602
Total assets	**8,435,877**	**8,456,914**
Non-current liabilities		
Loans and borrowings	(2,801,710)	(2,801,710)
Deferred tax liabilities	(68,875)	(68,875)
	(2,870,585)	(2,870,585)
Current liabilities		
Receipts in advance	(24,926)	(26,362)
Trade and other payables	(121,534)	(110,924)
Current tax payable	(16,328)	(12,387)
	(162,788)	(149,673)
Total liabilities	**(3,033,373)**	**(3,020,258)**
Net assets attributable to Unitholders	**5,402,504**	**5,436,656**

Notes:

(1) Unaudited Pro Forma Balance Sheets as at 31 December 2011 and 31 May 2012 have been prepared assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price of RMB4.40 per Unit.

(2) Includes DPU Support received from the Vendors, amounting to RMB491.0 million, in connection with the acquisition of the Properties.

UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN FOR THE YEAR ENDED 31 DECEMBER 2011 AND FIVE MONTHS ENDED 31 MAY 2011 AND 2012

	Year ended 31 December 2011[1] RMB'000	Five months ended 31 May 2011[1] RMB'000	Five months ended 31 May 2012[1] RMB'000
Gross rental income	295,712	106,639	149,902
Service charges	58,789	23,493	25,803
Other income	22,080	11,510	10,457
Gross revenue	**376,581**	**141,642**	**186,162**
Property-related taxes	(39,562)	(14,634)	(18,460)
Business taxes	(22,232)	(9,060)	(11,515)
Property management fees	(11,865)	(3,427)	(4,564)
Other property operating expenses	(97,220)	(28,214)	(35,184)
Total property operating expenses	**(170,879)**	**(55,335)**	**(69,723)**
Net property income	**205,702**	**86,307**	**116,439**
Manager's management fees	(34,564)	(14,288)	(15,877)
Trustee's fees	(2,531)	(1,048)	(1,057)
Administrative expenses	(10,000)	(4,167)	(4,167)
Net foreign exchange gains/(losses)	302	417	(547)
Finance income	1,166	181	500
Finance costs	(115,711)	(60,986)	(60,860)
Change in fair value of investment properties	275,500	275,500	—
Total returns before income tax	**319,864**	**281,916**	**34,431**
Income tax expense	(56,950)	(78,656)	(10,201)
Total returns for the year/period	**262,914**	**203,260**	**24,230**

Note:

(1) Unaudited Pro Forma Statements of Total Return for the year ended 31 December 2011 and five months ended 31 May 2011 and 2012 have been prepared assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price of RMB4.40 per Unit.

UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011 AND FIVE MONTHS ENDED 31 MAY 2011 AND 2012

	Year ended 31 December 2011[1] RMB'000	Five months ended 31 May 2011[1] RMB'000	Five months ended 31 May 2012[1] RMB'000
Cash flow from operating activities			
Total returns for the year/period	262,914	203,260	24,230
Adjustments for:			
Change in fair value of investment properties	(275,500)	(275,500)	—
Depreciation of plant and equipment	547	196	349
Income tax expense	56,950	78,656	10,201
Interest income	(1,166)	(181)	(500)
Unrealised foreign exchange gain	(302)	(417)	547
Bad debts	86	—	—
Finance costs	115,711	60,986	60,860
	159,240	67,000	95,687
Changes in working capital:			
Trade and other receivables	137,011	13,577	(1,064)
Trade and other payables	(49,966)	(874,079)	(9,862)
Receipt in advance	6,717	(6,002)	1,435
Cash generated from/(used in) operations	253,002	(799,504)	86,196
Tax paid	(5,629)	(8,929)	(13,562)
Net cash from/(used in) operating activities	**247,373**	**(808,433)**	**72,634**
Cash flow from investing activities			
Purchase of plant and equipment	(2,038)	(167)	(204)
Capital expenditure on investment properties	(17,549)	(11,370)	(434)
Proceeds from disposal of plant and equipment	787	—	23
Interest received	1,166	181	490
Acquisition of subsidiaries	(5,079,848)	(5,079,848)	—
Net cash used in investing activities	**(5,097,482)**	**(5,091,204)**	**(125)**

	Year ended 31 December 2011[1] RMB'000	Five months ended 31 May 2011[1] RMB'000	Five months ended 31 May 2012[1] RMB'000
Cash flows from financing activities			
Proceeds from issue of shares	4,794,293	4,794,293	—
Proceed from bank borrowings	2,801,710	2,801,710	—
Repayment of bank borrowings	(2,624,646)	(1,764,644)	—
Settlement of financial derivatives	(73,585)	(76,620)	—
Repayment of advances from related corporations	(515,472)	(199,098)	—
Receipt of repayment of advances to related corporations	481,116	166,097	—
Capital contributed by Vendor (DPU Support)	491,000	491,000	—
Interest paid	(115,711)	(33,234)	(41,527)
Change in restricted cash	55,341	55,339	(61,960)
Net cash from/(used in) financing activities	**5,294,046**	**6,234,843**	**(103,487)**
Net increase/(decrease) in cash and cash equivalents	443,937	335,206	(30,978)
Cash and cash equivalents at beginning of year/period	200,510	200,510	631,746
Effect of exchange rate fluctuations on cash balances held in foreign currencies	(12,701)	(450)	(403)
Cash and cash equivalents at end of year/period	**631,746**	**535,266**	**600,365**

Note:

(1) Unaudited Pro Forma Statements of Cash Flows for the year ended 31 December 2011 and five months ended 31 May 2011 and 2012 have been prepared assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price of RMB4.40 per Unit.

UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

	RMB'000[1]
Non-current assets	
Plant and equipment	1,798
Investment properties	7,681,500
Deferred tax assets	23,634
	7,706,932
Current assets	
Trade and other receivables	32,768
Cash and cash equivalents[2]	768,023
	800,791
Total assets	**8,507,723**
Non-current liabilities	
Loans and borrowings	(2,801,710)
Deferred tax liabilities	(69,017)
	(2,870,727)
Current liabilities	
Receipts in advance	(26,362)
Trades and other payables	(106,329)
Current tax payable	(12,387)
	(145,078)
Total liabilities	**(3,015,805)**
Net assets attributable to Unitholders	**5,491,918**
Number of Units in issue ('000)	1,147,730
NAV per Unit (RMB)	4.79

Notes:

(1) Unaudited Pro Forma Balance Sheet as at the Listing Date have been prepared assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price of RMB4.40 per Unit.

(2) Includes DPU Support received from the Vendors, amounting to RMB491.0 million, in connection with the acquisition of the Properties.

PROFIT FORECAST AND PROFIT PROJECTION

The following is an extract from "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 "Profit Forecast and Profit Projection" 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 Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers, the Sponsor or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-looking Statements" and "Risk Factors" for further details.) Investors in the Units are cautioned not to place undue reliance on these forward-looking statements.

None of Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners or the Sponsor guarantees the performance of Dynasty REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on:

- ***the Minimum Offering Price and Maximum Offering Price; and***
- ***the assumption that the Listing Date is 1 August 2012.***

Such yields will vary accordingly if the Listing Date is not on 1 August 2012, or for investors who purchase Units in the secondary market at a market price that differs from the Minimum Offering Price and Maximum Offering Price. Unitholders should note that in respect of the Forecast Period 2012, they will only be entitled to a pro rata share of distributions declared and paid for the period from Listing Date to 31 December 2012.

The following table shows Dynasty REIT's forecast and projected Statements of Total Return for the Forecast Period 2012 and the Projection Year 2013. The financial year end of Dynasty REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of Units is other than 1 August 2012, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out in "Profit Forecast and Profit Projection" and have been examined by the Reporting Auditors, being KPMG LLP, and should be read together with the report set out in Appendix A, "Reporting Auditors' 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".

Forecast and Projected Statements of Total Return

The forecast and projected statements of net income and distribution are as follows:

	Forecast Period 2012 (1 August 2012 to 31 December 2012)		Projection Year 2013 (1 January 2013 to 31 December 2013)	
	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)
	RMB'000	RMB'000	RMB'000	RMB'000
Gross rental income	159,857	159,857	430,482	430,482
Service charges	28,997	28,997	74,909	74,909
Other income	13,390	13,390	34,424	34,424
Gross revenue	202,244	202,244	539,815	539,815
Property-related taxes	(19,988)	(19,988)	(51,530)	(51,530)
Business taxes	(11,524)	(11,524)	(30,700)	(30,700)
Property management fees	(4,968)	(4,968)	(13,458)	(13,458)
Other property operating expenses	(39,212)	(39,212)	(93,184)	(93,184)
Total property operating expenses	(75,692)	(75,692)	(188,872)	(188,872)
Net property income	126,552	126,552	350,943	350,943
Manager's management fees	(16,350)	(16,351)	(41,214)	(41,220)
Trustee fees	(1,066)	(1,066)	(2,542)	(2,543)
Administrative expenses	(4,234)	(4,234)	(10,160)	(10,160)
Finance costs	(53,425)	(47,969)	(125,416)	(112,324)
Net income before income tax	51,477	56,932	171,611	184,696
Change in fair value of investment properties[(1)]	275,500	275,500	—	—
Total return before tax and distribution	326,977	332,432	171,611	184,696
Income tax expense	(86,359)	(86,359)	(53,558)	(53,558)
Total return for the period/year	**240,618**	**246,073**	**118,053**	**131,138**
Distribution adjustments[(2)]	(172,100)	(173,279)	95,362	92,535
Distributable Net Income	**68,518**	**72,794**	**213,415**	**223,673**
DPU Support	73,143	73,143	137,512	137,512
Total Distribution	**141,661**	**145,937**	**350,927**	**361,185**

	Forecast Period 2012 (1 August 2012 to 31 December 2012)		Projection Year 2013 (1 January 2013 to 31 December 2013)	
	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)
	RMB'000	RMB'000	RMB'000	RMB'000
Distribution to Non-Sponsor Units has been derived by deducting the amount to be distributed to the Sponsor (after taking into account the Waived Distribution) from total distribution				
Distribution to Non-Sponsor Units (inclusive of the Waived Distribution)[3]	134,459	138,991	332,745	343,666
Offering Price (RMB)	4.40	4.70	4.40	4.70
Average number of Units in issue ('000)	1,150,317	1,150,152	1,157,251	1,156,645
Distribution per Non-Sponsor Unit (RMB)[4], [5]	0.1301	0.1335	0.3199	0.3281
Annualised Distribution Yield (Non-Sponsor Unit)	7.1%	6.8%	7.3%	7.0%

In the absence of DPU Support, the DPU and the distribution yield would be RMB0.0699 and RMB0.0663 and 3.6% (annualised) and 3.6% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and Minimum Offering Price, respectively, and RMB0.2092 and RMB0.2010 and 4.5% and 4.6% for the Projection Year 2013 based on the Maximum Offering Price and Minimum Offering Price, respectively. (See "Distributions — Waiver of Entitlement to the Relevant Sponsor Distribution" for further details.)

In the absence of DPU Support and the Waived Distribution, the DPU and the distribution yield would be RMB0.0633 and RMB0.0596 and 3.2% (annualised) and 3.2% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and Minimum Offering Price, respectively, and RMB0.1934 and RMB0.1844 and 4.1% and 4.2% for the Projection Year 2013 based on the Maximum Offering Price and Minimum Offering Price, respectively.

Notes:

(1) The Properties have been revalued on the Listing Date to the average of their independent appraisal values assessed by the Independent Valuers as of 31 May 2012 of RMB7,681.5 million.

(2) Distribution adjustments include the Manager's Base Fee and Performance Fee which are payable in the form of Units, and other non-cash adjustments including changes in fair value of investment properties (net of tax), amortisation of loan issuance costs and depreciation of fixed assets. Distribution for the Projection Year 2013 includes a portion of the operating profits after taxation and other adjustments of Dalian Boyuan for the period from 1 January 2012 to the date of acquisition by Dynasty REIT, which is to be declared subject to the necessary regulatory approvals. Please refer to the table below for a breakdown of the distribution adjustments.

	Forecast Period 2012 (1 August 2012 to 31 December 2012)		Projection Year 2013 (1 January 2013 to 31 December 2013)	
	(based on the Minimum Offering Price RMB'000	(based on the Maximum Offering Price) RMB'000	(based on the Minimum Offering Price RMB'000	(based on the Maximum Offering Price) RMB'000
Distribution adjustments				
Depreciation of fixed assets	452	452	956	956
Loan issuance costs	11,309	10,129	27,142	24,309
Management fees payable in Units	16,350	16,351	41,214	41,220
Change in fair value of investment properties, net of tax	(206,625)	(206,625)	—	—
Deferred Tax Asset of Nanjing Rich Field Real Estate Development Co., Ltd	6,414	6,414	17,097	17,097
Operating profit of Dalian Boyuan Co., Ltd.	—	—	8,953	8,953
Total	(172,100)	(173,279)	95,362	92,535

(3) See "Distributions — Waiver of Entitlement to the Relevant Sponsor Distribution" for further details.

(4) DPU is derived by dividing Distribution to Non-Sponsor Units (inclusive of waiver of the Waived Distribution) for the Forecast Period 2012 and Projection Year 2013 by the number of Units in issue excluding Sponsor Units.

(5) Equivalent to DPU of 2.59 Singapore cents and 2.53 Singapore cents for the Forecast Period 2012 under the Maximum Offering Price and the Minimum Offering Price respectively, and 6.38 Singapore cents and 6.22 Singapore cents for the Projection Year 2013 under the Maximum Offering Price and the Minimum Offering Price, respectively, based on an exchange rate of RMB5.146:S$1.00.

RISK FACTORS

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.

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

As an investment in a REIT 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, and the income from them, may fall or rise. Investors should note that they may not get back their original investment.

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

RISKS RELATING TO THE PROPERTIES

The DPU Support may not be sufficient to support distributions as intended and the DPU may be materially lower than the forecast and projected distribution per unit even with the DPU Support arrangements in place.

The Manager has put in place the DPU Support of RMB491.0 million as while the Properties are in operation as of the Latest Practicable Date, the Properties have yet to achieve stabilised occupancy and optimal rental rates. Up to RMB491.0 million of the proceeds raised from the Offering will form the DPU Support, from which the Manager will utilise for the primary purpose of payment of distributions, which will be treated as a return of capital to Unitholders.

The amount under the DPU Support is based on, *inter alia*, a threshold net property income yield of 5.8% [1] for the IPO Portfolio (the "**Threshold NPI Yield**"). (See "Distributions – DPU Support Arrangement" for further details.) The Manager intends to utilise RMB73.1 million and RMB137.5 million of the DPU Support for the Forecast Period 2012 and the Projection Year 2013 respectively. The DPU and the distribution yield is RMB0.1335 and RMB0.1301 and 6.8% (annualised) and 7.1% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.3281 and RMB0.3199 and 7.0% and 7.3% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively. In the absence of the DPU Support and the Waived Distribution, the DPU and the distribution yield would be RMB0.0633 and RMB0.0596 and 3.2% (annualised) and 3.2% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.1934 and RMB0.1844 and 4.1% and 4.2% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively. (See "Profit Forecast and Profit Projection" for further details.)

Notwithstanding the DPU support arrangement, there is no assurance that the future performance of Dynasty REIT may not vary from the relevant forecasts and projections in "Profit Forecast and Profit Projection" and there is also no assurance of Dynasty REIT's performance for the periods subsequent to the Forecast Period 2012 and the Projection Year 2013. In the event that the future performance of Dynasty REIT is significantly lower than the relevant forecasts or projections, Dynasty REIT's DPU may be materially lower than the forecast and projected DPU even with the DPU Support arrangements in place.

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1 This figure is rounded.

The rental rates for the Forecast Period 2012 and the Projection Year 2013 do not reflect stabilised rental rates.

The Completion Date of Nanjing IFC is (in relation to the office component) 21 March 2008 and (in relation to the retail component) is 20 October 2008, Dalian TRC is 17 August 2006 and Shanghai ICP (in relation to the main building) is 23 July 2009 and (in relation to the external car park) is 12 June 2010, while the Vendors acquired Nanjing IFC, Dalian TRC and Shanghai ICP from third parties in December 2008, January 2010 and December 2010 respectively. Although the Properties enjoy a Committed Occupancy rate of 92.7% as at 31 May 2012, the majority of the leases at Nanjing IFC and Shanghai ICP are in the first lease cycle and rental rates have yet to stabilise. Dalian TRC has undergone major asset enhancement initiatives and tenant repositioning, and as such, it also has leases which are in their first lease cycle and rental rates have yet to stabilise. Therefore, there is no assurance that the future performance of Dynasty REIT may not vary from the relevant forecasts and projections in "Profit Forecast and Profit Projection" or for periods subsequent to the Forecast Period 2012 and the Projection Year 2013.

The DPU to Unitholders (other than the Sponsor) will be reduced after the end of the Waiver Period.

Unless there is a corresponding increase in the distributable net income of Dynasty REIT after the Waiver Period, the DPU to Unitholders will be reduced following the expiry of the undertaking by the Sponsor in relation to the Waived Distribution. The DPU and the distribution yield is RMB0.1335 and RMB0.1301 and 6.8% (annualised) and 7.1% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.3281 and RMB0.3199 and 7.0% and 7.3% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively. In the absence of the DPU Support and the Waived Distribution, the DPU and the distribution yield would be RMB0.0633 and RMB0.0596 and 3.2% (annualised) and 3.2% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.1934 and RMB0.1844 and 4.1% and 4.2% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively. (See "Profit Forecast and Profit Projection" for further details.)

The land use rights in respect of the Properties are of limited duration and unless such duration is extended, this will have an impact on the value of the Properties with the passage of time.

The Properties are directly held by the PRC Property Companies under land use rights granted by the PRC government. The remaining lease period for Nanjing IFC, Dalian TRC and Shanghai ICP are 33 years, 30 years and 33 years respectively. The term of the land use rights for commercial use purposes is 40 years and for mixed-use purposes is 50 years. The expiry date of the land use rights in respect of Nanjing IFC, Dalian TRC and Shanghai IFC are 28 April 2045, 18 August 2042 and 18 May 2045 respectively. Unless the land use rights for the Properties are extended by the PRC government, they will expire on the stipulated dates, such that Dynasty REIT will cease to have any direct or indirect interest in the Properties or the income accruing from such Properties. For the land use rights of the Properties, the value of Dynasty REIT will be diminishing over time and will have zero value in approximately 33 years when all the land use rights would have expired unless Dynasty REIT acquires or holds other real estate investment that generates recurrent rental income before the expiration. There is also no assurance that the return (if any) achieved by holding and/or disposal of Units will exceed the Unitholders' investment cost.

Nevertheless, it is difficult to ascertain in reality as to the change in value of the Properties over time because their respective values will depend on various market and property specific factors. The market factors relate to the future demand and supply of the different property components of the Properties (office and retail, where applicable) which impact, *inter alia*, rental rates, yields

and vacancy rates. The property specific factors are related to the future physical condition of the Properties, tenancy profile, prevailing rental and occupancy rates, quality of property management, remaining term of land use rights etc. While the change in the remaining term of the land use rights will have an effect on the value of the Properties, it is not the only determining factor. The value of the Properties is also affected by other relevant market and property factors mentioned above. Therefore, it is difficult to determine how the value of the Properties will vary at any point of the remaining term of the land use rights. In the event that the value of the Properties decline over time due to various factors, this may adversely affect Dynasty REIT's ability to seek refinancing where necessarily, and consequently its business, financial condition and results of operation. (See also "Risk Factors — Risks Relating to the PRC — There is uncertainty about the quantum of land grant premium which Dynasty REIT will have to pay and additional conditions which may be imposed if the Manager decides to seek an extension of the land use rights for the Properties.")

In the event that an extension to the land use rights for the Properties is sought and obtained (and there can be no assurance that such extension will be obtained as there are currently no precedents of such extension), there is uncertainty about the quantum of land grant premium which Dynasty REIT will have to pay and additional conditions which may be imposed.

The Properties are directly held by the PRC Property Companies under land use rights granted by the PRC government. The remaining lease period for Nanjing IFC, Dalian TRC and Shanghai ICP are 32 years, 29 years and 32 years respectively. The term of the land use rights for commercial 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 will 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 PRC Property Companies will have to pay and additional conditions which may be imposed in the event that an extension to the land use rights for the Properties is sought and obtained (and there can be no assurance that such extension will be obtained as there are currently no precedents of such extension). In the event that the extension is not granted, this, along with other factors, may affect the value of the relevant Property, and affect the business, financial condition and results of operation of Dynasty REIT.

The Properties are located in Nanjing, Dalian and Shanghai, and the property market and the legal and regulatory environment in the PRC may be volatile.

Dynasty REIT is subject to property market conditions in the PRC generally and, in particular, Nanjing, Dalian and Shanghai. Although it appears that economic growth in the PRC and the higher standard of living resulting from such growth will lead to a greater demand for commercial properties, it is not possible to predict with certainty that such a correlation exists as many social, economic, political and other factors may affect the development of the PRC property market.

The PRC property market is volatile and may experience oversupply and property price and rental rate fluctuations. The central and local governments in the PRC adjust monetary and other economic policies from time to time to prevent and curtail the overheating of the PRC and local economies, and such economic adjustments may affect the property market in Nanjing, Dalian and Shanghai, as well as in other parts of the PRC. The central and local governments in the PRC also make policy adjustments and adopt new legal and regulatory measures from time to time in a

direct effort to control the over-development of the PRC property market. Such policies may lead to changes in market conditions, including price and rental rate instability and imbalance of supply and demand, which may materially and adversely affect the business, financial condition and results of operations of Dynasty REIT. Moreover, there is no assurance that there will not be over-development in the property sector in the areas where the Properties are located and other parts of the PRC in future. Any over-development in the property sector in the areas where the Properties are located and other parts of the PRC may result in an oversupply of properties, including commercial properties, and a fall in property prices as well as rental rates, which could adversely affect the business, financial condition and results of operations of Dynasty REIT.

Furthermore, historically, property markets are cyclical, a phenomenon that can affect the optimal timing of investment in properties, and this may adversely affect the distribution to Unitholders.

Dynasty REIT is subject to the risk of non-renewal, non-replacement or early termination of leases.

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 in a timely manner and on terms acceptable to the Manager, there is likely to be a material adverse effect on the Properties, which could materially and adversely affect the business, financial condition and results of operations of Dynasty REIT.

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 the business, financial condition and results of operations of Dynasty REIT.

Dynasty REIT'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 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 Dynasty REIT's Properties 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 ability of the PRC Property Companies, the Hong Kong Holding Companies, the Offshore Companies and the BVI Holding Company to make dividends or distributions to Dynasty REIT.

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 the business, financial condition and results of operations of Dynasty REIT.

The business scope indicated in Dalian Boyuan's business licence does not expressly include "real estate operations and leasing" and Dalian Boyuan has not completed the filing (in respect of its status as a foreign-invested real estate enterprise) with the Ministry of Commerce of the PRC (the "MOC").

Dalian TRC contributes 46.5% of the Gross Rental Income of the IPO Portfolio for the month of May 2012, 49.7% of the Gross Revenue of the IPO Portfolio for the Forecast Period 2012 and 49.0% of the Gross Revenue of the IPO Portfolio for the Projection Year 2013. Dalian Boyuan is engaged in the business of leasing space in Dalian TRC to tenants. Currently, the business scope

indicated in its business licence includes "operation and management of commercial facilities" (商业设施经营、管理), and does not include "real estate operations and leasing". Dalian Administration for Industry and Commerce ("**Dalian AIC**"), which oversees registration of business scopes in Dalian, has been consulted and it has advised that Dalian Boyuan would not be required to amend its business scope to include "real estate operations and leasing" expressly.

In 2007, the MOC and the State Administration of Foreign Exchange ("**SAFE**") promulgated regulations which require authorised local authorities to make filings with the MOC of their approvals of the establishment of foreign-invested real estate enterprises ("**MOC Filing**"). Dalian Foreign Trade and Economic Cooperation Bureau ("**Dalian FTECB**") is the competent administrative authority in Dalian for such purpose, and it is responsible for and has the discretion to define whether a Wholly Foreign Owned Enterprise ("**WFOE**") is a foreign-invested real estate enterprise, and whether it is subject to filing with the MOC as a foreign-invested real estate enterprise.[1] According to Dalian FTECB, it has not made the MOC Filing in respect of Dalian Boyuan. King & Wood Mallesons, the PRC Counsel to the Manager, has advised that, after its discussions with Dalian FTECB, it was advised that notwithstanding the above-mentioned regulations by the PRC authorities, Dalian FTECB indicated that it would like to maintain the status quo and would not voluntarily require Dalian Boyuan to expand its current business scope to expressly include "real estate operations and leasing" and/or make a filing with the MOC. Notwithstanding that King & Wood Mallesons have opined in their due diligence report that it is in the remotest chance that Dalian FTECB and/or Dalian AIC would change its stance and subsequently determine that Dalian Boyuan should have included in its business scope "real estate operations and leasing" and made the filing with the MOC, in the event that the business scope is amended, Dalian Boyuan would be required to make the MOC Filing.

Notwithstanding the above, there is no assurance that Dalian AIC or Dalian FTECB will not change their views in the future, or that the MOC will not require Dalian FTECB to make the MOC Filing in respect of Dalian Boyuan. In the event that such views are changed, Dalian Boyuan may face restrictions which it has not currently experienced to date, being:

- it will not be able to effect increases in capital or conduct foreign exchange settlement of its increased capital and capital account items;

- its leasing business might be regarded as illegal as it is beyond its approved business scope, and administrative penalties may be imposed by Dalian AIC on Dalian Boyuan; and

- remittance of dividends arising out of its rental income out of the PRC might be challenged by SAFE.

In case that Dalian Boyuan is required to amend its business scope and/or make the necessary filing with the MOC, as required by the internal guidelines of Dalian FTECB (which is not available to the public), it may have to increase its registered capital from the current US$62.4 million to its total investment amount of US$124.8 million, such that the amount of its registered capital matches its total investment amount. The reason for the increase in registered capital is because the internal guidelines of Dalian FTECB require such an increase once the business scope of Dalian Boyuan is amended to real estate leasing, as the effect of such amendment would change the nature of the Dalian Boyuan from a "foreign-investment company" to a "foreign-investment real estate company". The Dalian FTECB internal approval guidance for the approval for the change in business scope of a foreign-investment real estate company with total investment below US$300.0 million, requires the registered capital of Dalian Boyuan to match its total investment

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1 Please note that Dalian FTECB and Dalian AIC are appropriate authorities in relation to the amendment of the business scope, because Dalian Boyuan is required to obtain Dalian FTECB's approval first, and then to effect the registration with Dalian AIC. Also, Dalian FTECB is responsible for and has the discretion to define whether a WFOE (like Dalian Boyuan) is a foreign-invested real estate enterprise.

amount (which is US$124.8 million) upon the amendment of the business scope. Further, if Dalian Boyuan is required to amend its business scope and/or make the necessary filing with the MOC and it does not do so, Dalian AIC may order Dalian Boyuan to make rectification and if it still fails to do so, Dalian AIC may impose a fine on Dalian Boyuan ranging from RMB10,000 to RMB100,000.

In the event of any of the abovementioned occurrences, the business, financial condition, results of operations and distributable income of Dynasty REIT may be adversely affected.

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 Dynasty REIT's financial condition and its capital growth.

The Properties are subject to various real (*i.e.* immovable) property taxes in the PRC that may increase as tax rates increase or when the Properties are assessed or re-assessed by the relevant authorities. In addition, certain taxes such as the real estate tax are subject to the discretion or practice of local tax bureaus in the PRC, and thus the amount of taxes payable may vary. If the tax assessed 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 Dynasty REIT could be adversely affected.

Planned amenities and transportation infrastructure near the Properties may not be implemented as planned, or may be closed, relocated, terminated, delayed or not completed.

There is no assurance that amenities, transportation infrastructure and public transport services near the Properties will be implemented as planned or will not be closed, relocated, terminated, delayed or completed. If such an event were to occur, it will adversely impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to tenants. This may then have an adverse effect on the demand and the rental rates for the relevant Property and adversely affect the business, financial condition and results of operations of Dynasty REIT.

The Properties and properties to be acquired by Dynasty REIT may require significant capital expenditure periodically and Dynasty REIT may not be able to secure funding.

Dynasty REIT may require periodic capital expenditure, refurbishment, renovation for improvements and development in order to remain competitive or be income-producing. Dynasty REIT may not be able to fund capital improvements solely from cash provided from its operating activities and Dynasty REIT may not be able to obtain additional equity or debt financing on favourable terms or at all. If Dynasty REIT is not able to obtain such financing, the marketability of such Property may be affected.

Dynasty REIT's assets might be adversely affected if the Manager and the Property Manager do not provide adequate management and maintenance.

Should the Manager and the Property Manager fail to provide adequate management and maintenance, the value of Dynasty REIT's assets might be adversely affected and this may result in a loss of tenants, which will adversely affect distributions to Unitholders.

Dynasty REIT may suffer material losses in excess of insurance proceeds or Dynasty REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties.

The Properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties.

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, Dynasty REIT's insurance policies for the Properties cover items which are commonly taken up in the PRC market but do not cover acts of war, outbreak of contagious diseases, contamination or other environmental breaches.

Should an uninsured loss or a loss in excess of insured limits occur, Dynasty REIT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property as it may not be able to rent out or sell the affected property. Dynasty REIT will also be liable for any debt or other financial obligation[1] related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur.

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

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. The Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining commercial properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The business and operations of the Properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

In addition, physical damage to the Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of the Properties and, together with the foregoing, may impose unbudgeted costs on Dynasty REIT and result in an adverse impact on the financial condition and results of operations of Dynasty REIT and its ability to make distributions.

Nanjing Rich Field Real Estate Development Co., Ltd. may be subject to quality warranty liabilities.

Nanjing IFC was part of a development project comprising three buildings, being Nanjing IFC, a secondary tower and a podium tower adjacent to Nanjing IFC, which was originally developed by China Merchants Property Development Company Limited (招商局地产控股股份有限公司) indirectly through Nanjing Rich Field Real Estate Development Co., Ltd. ("**Nanjing RF**"). Prior to the acquisition of Nanjing RF by ADF (through its subsidiary ADF Phoenix V Limited), the secondary tower and the podium tower were sold to third parties unrelated to ARA or ADF, as a result of which Nanjing RF retained ownership of Nanjing IFC only. As the developer of the buildings, Nanjing RF is contractually and statutorily liable for various quality warranties in relation to the buildings, in particular the owners of the secondary tower and the podium tower.[2] Such

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1 Such "debt or other financial obligation" refers to those which will be taken up at the IPO and will be secured over the Properties. Such debts or financial obligations may change over time as Dynasty REIT discharges or reduces its indebtedness or seeks refinancing.

2 In relation to the maximum potential loss which Nanjing RF is subject to, the damages range from the return of the property by the purchasers and refund of the purchase price together with the interest thereon to the purchasers plus liquidated damages equal to between 15.0% to 20.0% of the purchase price (paid by the purchasers), to providing repairs during the quality warranty period which ranges from two to five years, and up to 50 years for basic facilities of the project and foundations. It should be noted that the sale of these other properties took place more than 10 years ago.

quality warranties include warranties on electrical, gas, water, drainage, waterproofing works as well as certain stipulated standards for integrity of the buildings' foundations and structure. These warranties, save for those relating to the integrity of the buildings' foundations and structure, typically have a warranty period of between two to five years from the date the buildings were handed to such other owners. However, there are prescribed warranties under PRC laws and regulations relating to the integrity of the buildings' foundations and structures which would last throughout the tenure which the buildings can be used. Structural defects in the buildings may not be easily identifiable and may surface many years later, and the costs of rectifying such defects may be substantial.

If the failures to meet the standards required by the quality warranties were due to the performance by the relevant construction companies and/or contractors, Nanjing RF has statutory rights to seek recourse against such construction companies and/or contractors. However, there is no assurance that such construction companies and/or contractors are still existing, or even if so, would have sufficient assets to meet any liabilities owed to Nanjing RF as a result of the defects in the buildings.

In the event that defects are discovered on the secondary tower and the podium tower which fall within the scopes and periods of applicable quality warranties, and the value or use of the buildings are reduced and/or cannot be continued due to such defects attributed to Nanjing RF, allegedly or otherwise, and Nanjing RF is unable to recover from the constructions companies and/or contractors all or part of its losses, the business, financial condition and results of operations of Dynasty REIT may be adversely affected.

The damages arising from the above range from the return of the property by the purchasers (which was sold more than 10 years ago) and refund of the purchase price together with the interest thereon to the purchasers plus liquidated damages equal to between 15.0% to 20.0% of the purchase price (paid by the purchasers), to providing repairs during the quality warranty period which ranges from two to five years, and up to 50 years for basic facilities of the project and foundations.

The Properties may be affected by contamination and other environmental issues.

The Properties have not been affected by any environmental issues currently but they may from time to time be affected by contamination or other environmental effects which may not have been previously identified and/or rectified. This raises a number of issues including:

- the risk of prosecution by environmental authorities;
- the requirement for unbudgeted additional expenditure to remedy such issues; and
- the adverse impact on the financial position of tenants arising from the above, affecting their ability to trade and to meet their tenancy obligations.

The due diligence exercise on the Properties, tenancies, buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies.

The Manager believes that reasonable due diligence investigations with respect to the Properties have been conducted prior to their acquisitions. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations other than those disclosed in this Prospectus (see "Risk Factor — The business scope indicated in Dalian Boyuan's business licence does not expressly include

"real estate operations and leasing" and Dalian Boyuan has not completed the filing (in respect of its status as a foreign-invested real estate enterprise) with the Ministry of Commerce of the PRC" and "Risk Factor — A substantial portion of tenancy agreements of Dalian TRC and Shanghai ICP are not registered"). Such undisclosed defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on Dynasty REIT's earnings and cash flows.

The representations, warranties and indemnities granted in favour of Dynasty REIT by the Vendors are subject to limitations.

The representations, warranties and indemnities granted in favour of Dynasty REIT by the Vendors (see "Certain Agreements related to Dynasty REIT — Share Purchase Agreements" for further details) are subject to limitations as to their scope and as to the amount and timing of claims which can be made thereunder. This is because the Vendors are subsidiaries of ADF, which is a closed end private real estate fund with a limited life span. ADF is reaching the end of its fund life and it is required to liquidate all its investments and distribute the necessary returns to its investors. Thereafter it will cease to be a substantive entity and will be wound up shortly. Therefore, there can be no assurance that Dynasty REIT will be fully reimbursed under such representations, warranties and indemnities for all losses or liabilities suffered or incurred by it (if any) as a result of its indirect acquisition of an interest in the Properties.

Losses or liabilities from latent property 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, maintenance expenses or the payment of damages or other obligations to third parties.

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 adverse effect on Dynasty REIT's earnings and cash flows.

Statutory or contractual representations, warranties and indemnities given by any seller of commercial properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

The Properties may face increased competition from other properties.

The Properties are located in areas where other competing properties are present and new properties may be developed which may compete with the Properties.

The income from, and the market value of, the Properties will be dependent on the ability of the Properties to compete against other properties for tenants. If, after the Offering, competing properties are more successful in attracting and retaining tenants, the income from the Properties could be reduced thereby adversely affecting Dynasty REIT's cash flow and the amount of funds available for distribution to Unitholders will be adversely affected.

The appraisals of the Properties are based on various assumptions and the price at which Dynasty REIT is able to sell a Property in future may be different from the initial acquisition value of the Property.

There can be no assurance that the assumptions relied on are accurate measures of the market, and the values of the Properties may be evaluated inaccurately. The Independent Valuers may have included a subjective determination of certain factors relating to the Properties such as their relative market positions, financial and competitive strengths, and physical condition and, accordingly, the valuation of the Properties (which affect the NAV per Unit) may be subjective.

The valuation of any of the Properties does not guarantee a sale price at that value at present or in the future. The price at which Dynasty REIT may sell a property may be lower than its purchase price.

A substantial portion of tenancy agreements of Dalian TRC and Shanghai ICP are not registered.

According to Administration Measures on Commercial Real Estate Leasing promulgated by the Ministry of Housing and Urban-Rural Development of the PRC, all tenancy agreements for the Properties are required to be registered with the local housing administrative authority. However, in respect of the tenancy agreements of Dalian TRC and Shanghai ICP, a substantial portion of the tenancy agreements have not been registered as required as the relevant tenants were uncooperative in assisting in the completion of registration of the relevant tenancy agreements. Pursuant to the relevant regulations, as advised by King & Wood Mallesons, the lessor and/or the lessee may be fined up to RMB10,000 per tenancy agreement which failed to be so registered, although the relevant authorities would typically require the lessor and lessee to rectify the non-compliance before imposing any fine. King & Wood Mallesons has further advised that these tenancy agreements which are legally executed by both the lessor and the lessee are valid and legally binding despite their non-registration with the relevant local housing administrative authority. As Dalian Boyuan Co., Ltd. and Lei Fu Real Estate (Shanghai) Co., Ltd are the lessor for all the tenancy agreements in relation to Dalian TRC and Shanghai ICP respectively, the business, financial condition and results of operations of Dynasty REIT may be adversely affected in the event that the relevant PRC authorities hold Dalian Boyuan and Lei Fu Real Estate (Shanghai) Co., Ltd responsible for the non-registration of the tenancy agreements and impose the fines on them, despite that the failure to register may be solely due to refusals by the lessees to do so. There are 373 leases in total at Dalian TRC and Shanghai ICP as at 31 May 2012 and a total of 195 leases are not registered. The maximum potential loss from the fine will be RMB1.95 million.

RISKS RELATING TO DYNASTY REIT'S OPERATIONS

The Manager is a wholly-owned subsidiary of the Sponsor and the Property Manager is an Associate of the Sponsor. There may be potential conflicts of interest between Dynasty REIT, the Manager, the Property Manager, the Sponsor, Hui Xian Real Estate Investment Trust ("Hui Xian REIT") and ARA China Investment Partners ("CIP").

The Sponsor, its subsidiaries, related corporations and Associates are engaged in the investment in, and the development and management of, among other things, real estate which is wholly or partially used for commercial purposes in Singapore and elsewhere in the Asia-Pacific region. The Sponsor's wholly-owned subsidiary, ARA Real Estate Investors VIII Limited, will, immediately after the completion of the Offering, hold 116,960,000 Units (based on the Minimum Offering Price) and 109,290,000 Units (based on the Maximum Offering Price) (constituting 10.2% (based on the Minimum Offering Price) and 9.5% (based on the Maximum Offering Price) of the total number of Units expected to be in issue)

The Sponsor may exercise influence over the activities of Dynasty REIT through the Manager, which is a wholly-owned subsidiary of the Sponsor. These include matters which require Unitholders' approval. Moreover, the Sponsor may in the future sponsor, manage or invest in other real estate investment trusts or other vehicles which may also compete directly with Dynasty REIT. There can be no assurance that conflicts of interest will not arise between Dynasty REIT and the Sponsor in the future.

Further, the Property Manager, which is an Associate of the Sponsor, has been appointed to manage the Properties as well as all future properties in the PRC to be acquired by Dynasty REIT (see "Certain Agreements relating to Dynasty REIT and the Properties — Property Management Agreement" for further details). If the Property Manager were to manage a property which

competes with Dynasty REIT's properties, there can be no assurance that the Property Manager will not favour properties that the Sponsor has in its own property portfolio over those owned by Dynasty REIT when providing leasing services to Dynasty REIT, which could lead to lower occupancy rates and/or lower rental income for the properties owned by Dynasty REIT as a whole and this could adversely affect distributions to Unitholders.

Hui Xian REIT is managed by Hui Xian Asset Management Limited, of which ARA indirectly owns a 30.0% interest, Hui Xian REIT has an investment mandate which covers high-quality commercial properties (hotels, serviced apartments, office and retail properties) in the PRC and there is an overlap with Dynasty REIT's investment mandate (which focuses on office and retail properties in the PRC). CIP is managed by ARA Fund Management (CIP) Limited, a wholly-owned subsidiary of ARA, and it has an investment strategy of targeting high-quality, income producing office and retail properties in key cities in the PRC, including Hong Kong, and there is an overlap with Dynasty REIT's investment mandate (which focuses on office and retail properties in the PRC). Therefore, there may be circumstances where Dynasty REIT and Hui Xian REIT and/or CIP may compete with each other for property acquisition and leasing opportunities. There can be no assurance that a conflict of interest will not arise between Dynasty REIT and Hui Xian REIT and/or CIP in connection with potential acquisitions, leasing opportunities and transactions.

Any breach by the major tenants of their obligations under the lease agreements or a downturn in their businesses may have an adverse effect on Dynasty REIT.

In the event that any major tenants of Dynasty REIT are unable to pay their rent or breach their obligations under the lease agreements, the level of distributable income may be adversely affected. The performance of the major tenants' other businesses could also have an impact on their ability to make rental payments to Dynasty REIT.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;
- the local economies in which they have business operations;
- the ability of such major tenants to compete with its competitors;
- in the instance where such major tenants have sub-leased the Properties, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

A substantial number of the Properties' leases are for terms of one to three years, which exposes the Properties to significant rates of lease expiries each year.

35.6% of the leases (by Gross Rental Income) for the Properties are for terms of one to three years, which reflects the general practice in the PRC commercial property market. As a result, the Properties experience lease cycles in which a substantial number of the leases expire each year.

Vacancies following the non-renewal of leases may lead to reduced occupancy rates. If a large number of tenants do not renew their leases in a year in which a substantial number of leases expire, this could adversely affect the business, financial condition and results of operations of Dynasty REIT.

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

Under the Property Funds Appendix, Dynasty REIT is permitted to borrow up to 35.0% of the value of the Deposited Property 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). However, the Property Funds Appendix also allows Dynasty REIT to borrow more than 35.0% (up to a maximum of 60.0%) of the value of the Deposited Property if a credit rating from Fitch Inc., Moody's or Standard & Poor's is obtained and disclosed to the public. As at the Listing Date, Dynasty REIT is expected to have gross borrowings of RMB2,873.0 million with an Aggregate Leverage of 33.8% (based on the Minimum Offering Price). (See "Capitalisation — Indebtedness" for further details.)

Dynasty REIT may, from time to time, require further debt financing to achieve its investment strategies. In the event that Dynasty REIT decides to incur additional borrowings in the future, Dynasty REIT may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to Dynasty REIT's existing asset portfolio or in relation to Dynasty REIT's acquisitions to expand its portfolio;
- a decline in the value of the Deposited Property may cause the borrowing limit to be exceeded, thus affecting Dynasty REIT's ability to make further borrowings; and
- cash flow shortages (including with respect to distributions) which Dynasty REIT might otherwise be able to resolve by borrowing funds.

Dynasty REIT may face risks associated with debt financing and the debt facilities and the debt covenants could limit or affect Dynasty REIT's operations.

Upon listing, Dynasty REIT will have in place an aggregate of RMB3,751.3 million[1] equivalent committed three-year loan facilities from the Lenders. Dynasty REIT is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing, and therefore to make distributions to Unitholders.

Distributions from Dynasty REIT to Unitholders will be computed based on at least 90.0% of Dynasty REIT's Tax-Exempt Income. As a result of this distribution policy, Dynasty REIT may not be able to meet all of its obligations to repay any future borrowings through its cash flow from operations. Dynasty REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all.

If Dynasty REIT defaults under such debt facilities, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

If Dynasty REIT's property is mortgaged, such property could be foreclosed by the lender or the lender could require a forced sale of the property with a consequent loss of income and asset value to Dynasty REIT.

If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, Dynasty REIT will not be able to pay distributions at expected levels to Unitholders or to repay all maturing debt.

1 Based on an exchange rate of S$1.00 to RMB5.115.

Dynasty REIT may be subject to the risk that the terms of any refinancing undertaken (which may arise from a change of control provision) will be less favourable than the terms of the original borrowings. Dynasty REIT may also be subject to certain covenants that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders. Such covenants may also restrict Dynasty REIT's ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or repayment of security deposits or require Dynasty REIT to maintain certain financial ratios (e.g. loan to value ratios). The triggering of any of such covenants may have an adverse impact on Dynasty REIT's financial condition.

Dynasty REIT's level of borrowings represents a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting Dynasty REIT's cash flow and the amount of funds available for distribution to the Unitholders.

Neither Dynasty REIT nor the Manager has a long established operating history.

Dynasty REIT was constituted on 4 October 2012, and the Manager was incorporated on 23 February 2012. Neither Dynasty REIT (as a REIT) nor the Manager (as the manager of the REIT) has sufficient operating histories by which their past performance may be judged. The lack of a long established operating history will make it more difficult for investors to assess Dynasty REIT's future performance. There is no assurance that Dynasty REIT will be able to generate sufficient revenue from operations to make distributions or that such distributions will be in line with those set out in "Profit Forecast and Profit Projection".

If the Manager's capital markets services licence for REIT management ("CMS Licence") is cancelled or not renewed by the MAS or the authorisation of Dynasty REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of Dynasty REIT will be adversely affected.

The CMS Licence issued to the Manager is subject to conditions and is valid unless otherwise cancelled or renewed. If the CMS Licence of the Manager is cancelled or not renewed by the MAS, the operations of Dynasty REIT will be adversely affected, as the Manager would no longer be able to act as the manager of Dynasty REIT.

Dynasty REIT has been authorised as a collective investment scheme and upon authorisation, it must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of Dynasty REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

The Manager may not be able to successfully implement its investment strategy for Dynasty REIT.

There is no assurance that the Manager will be able to implement its investment strategy successfully or that it will be able to expand Dynasty REIT's portfolio at any specified rate or to any specified size. The Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

Dynasty REIT faces active competition in acquiring suitable properties. Dynasty REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected.

Even if Dynasty REIT were able to successfully acquire property or investments, there is no assurance that Dynasty REIT will achieve its intended return on such acquisitions or investments.

In addition, Dynasty REIT's investment strategy involves a higher level of risk as compared to a portfolio which has a more diverse range of investments.

Since the amount of borrowings that Dynasty REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to be largely dependent on Dynasty REIT's ability to raise equity capital. This may result in a dilution of Unitholders' holdings.

Potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

There is no assurance that Dynasty REIT will be able to leverage on the Sponsor's experience in the operation of the Properties or the Sponsor's experience in the management of REITs.

In the event that the Sponsor decides to transfer or dispose of its Units or its shares in the Manager, Dynasty REIT may no longer be able to leverage on:

- the Sponsor's experience in the ownership and operation of commercial properties;
- the Sponsor's financial strength, market reach and network of contacts to further its growth; or
- the Sponsor's experience in the management of REITs.

In such an event, Dynasty REIT may not be able to benefit from the range of corporate services which are available to owners of properties managed by the Sponsor. This may have a material and adverse impact on Dynasty REIT's results of operations and financial condition which may consequently affect its ability to make distributions to its Unitholders.

There may be significant competition for attractive investment opportunities from other property investors, including other REITs, commercial property development companies and private investment funds. There is no assurance that Dynasty REIT will be able to compete effectively against such entities.

Acquisitions may not yield the returns expected, resulting in disruptions to Dynasty REIT's business and straining of management resources.

Dynasty REIT's external growth strategy and its asset selection process may not be successful and may not provide positive returns to Unitholders.

Acquisitions may cause disruptions to Dynasty REIT's operations and divert management's attention away from day-to-day operations.

The Manager's strategy to initiate asset enhancement on some of the Properties from time to time may not materialise.

The Manager may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs.

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

Dynasty REIT's performance depends, in part, upon the continued service and performance of the executive officers of the Manager. (See "The Manager and Corporate Governance — The Manager of Dynasty REIT — Executive Officers of the Manager" for details of the executive

officers of the Manager.) These key personnel may leave the employment of the Manager or their CMS representative licence may be cancelled or not be renewed by the MAS. If any of the above were to occur, the Manager will need to spend time searching for a replacement and the duties which such executive officers are responsible for may be affected. The loss of any of these individuals could have a material adverse effect on the financial condition and the results of operations of Dynasty REIT.

Dynasty REIT may from time to time be subject to legal proceedings and government proceedings.

Legal proceedings against Dynasty REIT and/or its subsidiaries relating to property management and disputes over tenancies may arise from time to time. There can be no assurance that Dynasty REIT and/or its subsidiaries 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 Dynasty REIT.

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

Dynasty REIT has, and may continue to, engage in interest rate hedging transactions, which can limit gains and increase costs.

Dynasty REIT has, and may continue to, enter into interest rate hedging transactions to protect itself from the effects of interest rate on floating rate debt. Interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of Dynasty REIT.

Interest rate hedging could fail to protect Dynasty REIT or adversely affect Dynasty REIT because among others:

- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs Dynasty REIT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes although unrealised, would reduce the NAV of Dynasty REIT if it is due to downward adjustments.

Interest rate hedging involves risks and transaction costs, which may reduce overall returns.

Possible change of investment strategies may adversely affect Unitholders' investments in Dynasty REIT.

The Manager may from time to time amend the investment strategies of Dynasty REIT if it determines that such change is in the best interest of Dynasty REIT and its Unitholders without seeking Unitholders' approval. In the event of a change of investment strategies, the Manager may, subject to the relevant laws, regulations and rules (including the Listing Manual of the

SGX-ST (the "**Listing Manual**")), alter such investment strategies upon the expiry of three years from the Listing Date, provided that it has given not less than 30 days' prior notice of the change to the Trustee and Unitholders by way of an announcement on the SGX-ST. The methods of implementing Dynasty REIT's investment strategies may vary as new investment and financing techniques are developed or otherwise used. Such changes may adversely affect Unitholders' investment in Dynasty REIT.

The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, financial condition and results of operations of Dynasty REIT.

In 2009, outbreaks of Influenza A (H1N1-2009) occurred in a number of countries across the world including the PRC.

In late 2003 and June 2004, outbreaks of avian influenza occurred in a number of countries in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Some of these outbreaks severely affected the poultry and related industries and, in addition, several cases of bird-to-human transmission of avian influenza were reported in various countries. In June 2007, World Health Organisation reported new cases of human infection of avian influenza (H5N1) in the PRC and Indonesia.

In 2003, Hong Kong, Taiwan, the PRC, Singapore, Malaysia and other places experienced an outbreak of Severe Acute Respiratory Syndrome ("**SARS**"), which adversely affected the Asian economies, including the PRC's economy. The property sector was one of the sectors that experienced poor performance during the SARS outbreak.

There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

The outbreak of an infectious disease such as Influenza A (H1N1-2009), avian influenza or SARS in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and could thereby adversely impact the revenues and results of Dynasty REIT. These factors could materially and adversely affect the business, financial condition and the results of operations of Dynasty REIT.

Occurrence of any acts of God, natural disasters, war and terrorist attacks may adversely and materially affect the business and operations of the Properties.

Acts of God, such as natural disasters, are beyond the control of Dynasty REIT or the Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. Dynasty REIT's business and income available for distribution may be adversely affected should such acts of God occur. There is 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 an adverse effect on the operations of the Properties and hence Dynasty REIT's income available for distribution.

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. This may then result in an adverse impact on the business, financial condition and results of operations of Dynasty REIT and its capital growth.

Dynasty REIT's investment strategy may entail a higher level of risk as compared to other types of unit trusts that have a more diverse range of investments.

Dynasty REIT's strategy of principally investing, directly or indirectly, in commercial properties in the PRC will subject Dynasty REIT to risks inherent in concentrating in real estate. The level of risk could be higher as compared to other types of unit trusts that have a more diverse range of investments in other sectors.

A concentration of investments in real estate located primarily in the PRC exposes Dynasty REIT to the risk of a downturn in the PRC commercial property market and in the PRC. Any economic slowdown in the PRC could negatively affect the performance of the PRC commercial property market. The renewal of leases in Dynasty REIT's properties will depend, in part, upon the success of the tenants. Any economic downturn may cause higher levels of non-renewals of leases or vacancies as a result of failures or defaults by tenants or the market pressures exerted by an increase in available commercial space. There can be no assurance that the tenants of Dynasty REIT's properties will renew their leases or that the 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 to Dynasty REIT's properties to periods of vacancy and/or costly refittings, during which periods Dynasty REIT could experience reductions in rental income.

Such downturns may lead to a decline in occupancy for properties or real estate-related assets in Dynasty REIT's portfolio. This will affect Dynasty REIT's rental income from the Properties, and/or a decline in the capital value of Dynasty REIT's portfolio, which will have an adverse impact on distributions to Unitholders and/or on the results of operations and the financial condition of Dynasty REIT.

Dynasty REIT may not be able to control or exercise any influence over entities in which it has minority interests.

Dynasty REIT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that Dynasty REIT will be able to control such entities or exercise any influence over the assets of such entities or their distributions to Dynasty REIT. Such entities may develop objectives which are different from those of Dynasty REIT and may not be able to make any distribution. The management of such entities may make decisions which could adversely affect the operations of Dynasty REIT and its ability to make distributions to Unitholders.

RISKS RELATING TO THE PRC

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

Dynasty REIT intends to invest in its assets for the long-term and it is unlikely for Dynasty REIT to sell its real estate assets directly, if at all. However, in the event that Dynasty REIT acquires an equity interest in a PRC Property Company holding the real estate asset but disposes of the real estate asset directly, such as in the case where the PRC Property Company is wound up, the PRC Property Company will, among others, incur business tax on the sales proceeds and corporate income tax and land appreciation tax liability on gains from disposal which would be computed by reference to the cost of the real estate assets to the PRC Property Company and not the cost which Dynasty REIT paid for the acquisition of the shares in the PRC Property Company. (See "Taxation — PRC Taxation" for further details). 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.

The PRC Government has implemented property control measures in relation to the PRC property market.

Increasing speculation in the PRC property market may result in rapid increases in property prices. To discourage speculation in the PRC property market, 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 the local governments at all levels to strengthen the

real estate credit risk management, to rectify the property market, and to intensify its efforts to promote the healthy development of the property market through supporting reasonable housing consumption, curbing speculative investment and increasing effective supply.

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.

While the control measures highlighted above relate to residential properties, there is no assurance that the PRC Government will not extend such control measures to regulate commercial properties. 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 PRC property market. The continuation of the existing measures and the introduction of any new measures may materially and adversely affect Dynasty REIT's business, financial condition and results of operations.

Dynasty REIT is subject to extensive PRC regulatory control on foreign investment in the real estate sector.

Pursuant to the Circular on Strengthening Administration of Approval and Filing of Foreign Investment in Real Estate Industry (关于加强外商投资房地产业审批备案管理的通知) (Shang Ban Zi Han [2010] No. 1542) issued by the General Office of the MOC on 22 November 2010, 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. 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. The 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.

The promulgation of the 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 deem any transaction of real properties or any transfer of equity in real estate companies as making profits through transaction of real estate. There is also 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. Such measures may adversely affect Dynasty REIT's investments as it may experience difficulty in remitting profits generated from the PRC Property Companies or residual income from liquidation of the PRC Property Companies to overseas.

In addition, in accordance with the laws and regulations of PRC, the PRC Property Companies are required to obtain and maintain valid various licenses, permits, or satisfy filing requirements in order to commence and operate their business including, without limitation, certificate of approval, business license, property management qualification certificate (required only when the PRC Property Companies engage in property management business activities), and filing with the MOC as a foreign invested real estate company. The PRC Property Companies are required to comply with applicable laws, regulations and standards and are subject to regular and random inspections

for compliance by the relevant PRC authorities. Failure to pass these inspections, or the loss of or failure to obtain or renew any licences and permits could disrupt the operations and business of the PRC Property Companies, and the business, financial condition and results of operations of Dynasty REIT could be materially and adversely affected.

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

In the event the PRC Property Companies are unable to obtain tax clearance certificates from the PRC tax authorities in a timely manner, Dynasty REIT's ability to make distributions to Unitholders will be adversely affected and Dynasty REIT may be required to take loan facilities to satisfy the payment of the distributions to Unitholders. If Dynasty REIT is unable to obtain financing on terms that are acceptable or Dynasty REIT has reached its aggregate leverage limit under the Property Funds Appendix, the amount of distributions could be adversely affected.

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

The PRC Property Companies receive all their revenue in RMB, which may have to be converted into Singapore dollars for the distribution payments at Dynasty REIT's level. In addition, part of the Facilities is denominated in RMB. Accordingly, Dynasty REIT is exposed to risks associated with exchange rate fluctuations which may adversely affect Dynasty REIT's results of operations.

Conversion of RMB is subject to strict government regulation in the PRC. Current foreign exchange regulations have already significantly reduced the PRC 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 PRC Property Companies will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. 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 Dynasty REIT's investments.

The value of the distributions received by a Unitholder may be adversely affected by fluctuations in the exchange rates between Renminbi, the 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 and Exchange Controls" for further details.)

Interpretation of the PRC laws and regulations involves uncertainty.

The taxation and 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 where the assets of Dynasty REIT are located.

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 resources 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 Manager may not be aware of the existence of 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 which it holds available for inspection. Accordingly, there is a risk that entities in the PRC acquired by Dynasty REIT 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 Dynasty REIT to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

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

The Properties have passed the examination process and have obtained the completion certifications certifying that they can be handed over for occupation or use. However, 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 is acquired which was constructed prior to the entry into force of the latest PRC building standards, 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 Dynasty REIT. Furthermore, construction materials employed may not comply with international standards.

Where the Properties 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 the ability to sell or let the Properties and consequently the business, financial condition and results of operations of Dynasty REIT.

The PRC Government has the power to compulsorily acquire any land in the PRC.

The PRC Government has the power to compulsorily acquire any land in the PRC for the purposes of public interests. 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 the property and is assessed on the basis prescribed in the relevant law. If the properties of Dynasty REIT located in the PRC were to be acquired compulsorily by the PRC Government, the level of compensation paid to Dynasty REIT pursuant to this basis of calculation may be less than the price which Dynasty REIT paid for such property assets and may not take into account any perceived future loss or “loss of bargain”.

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 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 Dynasty REIT 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 Dynasty REIT's business.

The PRC economy 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 PRC economy 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 the PRC economy. Although the 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 or will not have any adverse effect on Dynasty REIT's current or future business, financial condition and results of operations.

RISKS RELATING TO INVESTING IN REAL ESTATE

There are general risks attached to investments in real estate.

Investments in real estate and therefore the income generated from the Properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions;
- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which Dynasty REIT operates);
- the financial condition of tenants;
- the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by Dynasty REIT to finance future acquisitions on favourable terms or at all;
- changes in interest rates and other operating expenses;
- changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies;
- environmental claims in respect of real estate;
- changes in market rents;
- changes in energy prices;
- changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;
- competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;
- inability to renew leases or re-let space as existing leases expire;
- inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;
- insufficiency of insurance coverage or increases in insurance premiums;
- increases in the rate of inflation;
- inability of the property manager to provide or procure the provision of adequate maintenance and other services;

- defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure;
- the relative illiquidity of real estate investments;
- considerable dependence on cash flow for the maintenance of, and improvements to, the Properties;
- increased operating costs, including real estate taxes;
- any defects or illegal structures that were not uncovered by physical inspection or due diligence review;
- management style and strategy of the Manager;
- the attractiveness of Dynasty REIT's properties to tenants;
- the cost of regulatory compliance;
- ability to rent out properties on favourable terms; and
- power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of Dynasty REIT's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economy in the PRC, which may adversely affect the financial condition of Dynasty REIT.

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

Dynasty REIT's investment strategy involves a higher level of risk as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect Dynasty REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. Dynasty REIT 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. Dynasty REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on Dynasty REIT's financial condition and results of operations, with a consequential adverse effect on Dynasty REIT's ability to deliver expected distributions to Unitholders.

Dynasty REIT's ability to make distributions to Unitholders may be adversely affected by increases in direct expenses and other operating expenses.

Dynasty REIT's ability to make distributions to Unitholders apart from the several circumstances set out below could be adversely affected if direct expenses and other operating expenses increase (save for such expenses which Dynasty REIT is not responsible for pursuant to the lease agreements) without a corresponding increase in revenue.

Factors which could lead to an increase in expenses include, but are not limited to, the following:

- 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;

- change in direct or indirect tax policies;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- defects affecting, or environmental pollution in connection with, Dynasty REIT's properties which need to be rectified;
- increase in insurance premium; and
- increase in cost of utilities.

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate.

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate and therefore an investment in Dynasty REIT may not provide an effective hedge against inflation.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

RMB is not freely convertible and there are significant restrictions on the remittance of RMB into and out of the PRC, and the ability of the PRC Property Companies to remit RMB to Singapore and the ability of Dynasty REIT to make distributions in RMB may be subject to future limitations imposed by the PRC Government.

The PRC Property Companies receive almost all of their revenue in RMB. Relying on the receipt of dividends or payments from the PRC Property Companies indirectly, Dynasty REIT intends to make distributions to Unitholders in RMB. RMB is not freely convertible at present. The PRC Government continues to regulate conversion between RMB and foreign currencies, including the Singapore dollar, despite the significant reduction over the years by the PRC Government in control over routine foreign exchange transactions on the current account. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover more than 20 provinces and cities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. For a foreign-invested company (such as the PRC Property Companies), its dividends and other distributions/payments (whether in a foreign currency or in RMB) representing the profit entitlement of its foreign investor can be legally remitted out of the PRC to its foreign investor without the need to obtain the prior approval or authorisation of the relevant foreign exchange bureau. The remittance of dividends and other distributions/payments representing the profit entitlement of Dynasty REIT in RMB by the PRC Property Companies out of the PRC to Dynasty REIT could be processed through commercial banks which provide such remittance services, without the need of obtaining any pre-approval or authorisation on the part of the PRC Property Companies from the relevant foreign exchange bureau.

There is no assurance that the PRC Government will continue to gradually liberalise the level of control over cross-border RMB remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of RMB into or out of the PRC. If the PRC Property Companies are not able to repatriate funds out of the PRC in RMB, Dynasty REIT will need to source RMB offshore to pay distributions to Unitholders, and its ability to do so will be subject to the overall availability of RMB outside the PRC and there is no assurance that it will be able to source such RMB on satisfactory terms, if at all, or that it will be able to make distributions to Unitholders in RMB.

The form of payment of the Management Fee will have an impact on the DPU.

The amount of distribution available to Unitholders is affected by the form of payment of the Management Fee. If the Manager elects to receive the payment of the Management Fee in the form of cash, the amount of distribution available for distribution to Unitholders will be affected. Similarly, if the Manager elects to receive the payment of the Management Fee in the form of Units, the distribution will be distributed to a larger number of Units.

(See "Profit Forecast and Profit Projection — Sensitivity Analysis" for further details.)

Certain brokers may not offer trading in RMB products.

Investors should note that not all brokers offer trading in RMB products. If investors wish to sell or purchase the Units through RMB (instead of Singapore dollars), and their existing brokers do not offer trading in RMB products, such Investors will have to open an account with a broker which offers such services.

Fluctuations in the value of RMB could affect the amount of distributions to Unitholders, market value and realisation price of the Units.

As stated in the "Distributions" section of this Prospectus, distributions to Unitholders will, subject to compliance with applicable legal and regulatory requirements, be declared and paid in RMB. As mentioned in the risk factor above, RMB is not freely convertible and there is no assurance that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of RMB into or out of the PRC. Should there be such restrictions, whether due to PRC laws and regulations or any other reason, the PRC Property Companies may have to convert their revenue in RMB to other currencies such as Singapore dollars and pay dividends, distributions and other payments by the PRC Property Companies to Dynasty REIT in such other currency. In such event and in order to make distributions to Unitholders in RMB, such dividends, distributions and other payments made by the PRC Property Companies in currencies other than RMB will need to be converted back into RMB by selling such other currencies and buying RMB in the market (if available). In the circumstance where onshore RMB cannot be remitted offshore arising from any change in PRC policies or regulations that remittance of dividends in RMB is restricted, then the onshore RMB payments will have to be converted into other currencies. With these other currencies, Dynasty REIT will then purchase offshore RMB for making distributions to Unitholders in RMB.

The value of RMB against foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The PRC Government introduced a limited floating currency system in July 2005 under which the RMB is pegged against a basket of currencies. The exchange rates between the RMB and each of the other currencies comprised in the basket may fluctuate to a significant extent and the RMB may also be revalued in the future.

Fluctuations in the value of RMB (including a depreciation in RMB) and the difference between the buying and selling rates of RMB and the conversion(s) of it (including the conversion by Unitholders from other currencies other than RMB to RMB) may result in the amount of RMB eventually received by Unitholders being less than the amount of RMB which they would have received had Dynasty REIT been able to receive dividends, distributions and other payments from the PRC Property Companies in RMB instead of other currencies. A depreciation of RMB may also result in a decrease in the market value of the Units and the realisation price of the Units.

Distributions may be made in a currency other than RMB.

As mentioned in the risk factors above, RMB is not freely convertible and there is no assurance that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of RMB into or out of the PRC. Should there be such restrictions and Dynasty REIT

receives dividends or other payments from the PRC Property Companies in currency other than RMB and if Dynasty REIT is unable to source sufficient RMB on satisfactory terms or at all for distributions, Unitholders may receive all or part of the distributions (if any) in Singapore dollars at the discretion of the Manager instead of in RMB (even if such Unitholders has elected to receive the distributions in RMB).

There is only limited availability of RMB outside the PRC and there are limitations on the conversion of RMB, which may adversely affect the liquidity of the Units traded in RMB and Dynasty REIT's ability to raise funds in RMB in the future.

As a result of the restrictions by the PRC Government on cross-border RMB fund flows, the availability of RMB outside of the PRC is limited. The current size of RMB-denominated financial assets outside the PRC is also limited. The growth of the offshore RMB market is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC laws and regulations which have the effect of restricting availability of RMB offshore will not be promulgated in the future. As the Units will be denominated and traded in RMB in addition to Singapore dollars, the limited availability of RMB outside the PRC may adversely affect the liquidity of the Units which are traded in Dynasty REIT's RMB-denominated counter. As such, there may only be a limited trading market for Dynasty REIT in respect of its RMB-traded Units and the ability of Dynasty REIT to raise funds in RMB in the future may be limited.

The liquidity and trading price of the Units in the RMB-denominated counter may be adversely affected by the limitations on the conversion of foreign currency into RMB.

There are a number of limitations on the conversion of RMB. These limitations may affect the amount of liquidity in RMB for investors in Units which are traded in the RMB-denominated counter on the SGX-ST and accordingly adversely affect the market demand for the Units in such counter. In turn, this may affect the liquidity and trading price of the Units in the RMB-denominated counter in the secondary market. Therefore, Unitholders may not be able to sell their Units which are traded in the RMB-denominated counter in the secondary market in as timely a manner as some other equity products denominated in Singapore dollars listed on the SGX-ST, and the trading price may not fully reflect the intrinsic value of the Units.

Investment in the Units is subject to exchange rate risks.

The value of RMB against the Singapore dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The Units will be traded in RMB and Singapore dollars and the Manager intends Dynasty REIT to make all payments of distributions in RMB or Singapore dollars. The amount of Singapore dollars which the Unitholders will receive (in the event that they do not elect to receive the distributions in RMB) will be converted from RMB. As a result, the value of RMB payments in Singapore dollars may vary with the prevailing exchange rates in the market. For example, when a Unitholder purchases Units in RMB, the Unitholder may have to convert Singapore dollars to RMB at the exchange rate available at that time. If the value of RMB depreciates against the Singapore dollar between then and when the Unitholder disposes of its Units in RMB, the value of the Unitholder's original investment in terms of Singapore dollars will have declined (which may not be offset by an appreciation in the trading price of the Unit or distributions made by Dynasty REIT, if any).

Sale or possible sale of a substantial number of Units by the Sponsor (following the lapse of any applicable lock-up arrangements), or the Cornerstone Investors in the public market could adversely affect the price of the Units.

Following the Offering, Dynasty REIT will have 1,147,730,000 issued Units, of which 116,960,000 Units (based on the Minimum Offering Price) and 109,290,000 (based on the Maximum Offering Price) will be held by the Sponsor and 137,608,000 Units will be held by the Cornerstone

Investors. If any of the Sponsor and/or any of its transferees of the Units (following the lapse of the relevant respective lock-up arrangement, or pursuant to any applicable waivers) or the Cornerstone Investors sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected (see "Plan of Distribution – Lock-up Arrangements" and "Ownership of the Units" for further details).

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

In order for the Trustee to make distributions from the income of the Properties, Dynasty REIT has to rely on the receipt of dividends, interests or repayments (where applicable) from the PRC Property Companies as well as the Holding Companies. There can be no assurance that the PRC 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 PRC 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 PRC Property Companies from the Properties;
- applicable laws and regulations which may restrict the payment of dividends by the PRC Property Companies or such Holding Companies;
- operating losses incurred by the PRC 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 PRC 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 in respect of statutory reserves required to be maintained by the PRC 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 PRC Property Companies;
- trapped cash in the PRC 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 PRC Property Companies are, or may become, a party to.

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

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.

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 as compared to other investments.

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

The Trust Deed contemplates new issues of Units, the offering price for which may be above, at or below the then current NAV per Unit. The DPU may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cash flow to cover the dilution. Where new Units, including Units which may be issued to the Manager in payment of the Manager's management, acquisition and/or divestment fees, are issued at less than the NAV per Unit, the then current NAV of each existing Unit may be diluted.

The payment of distribution from the DPU Support may result in a drop in the NAV of Dynasty REIT assuming the property valuation and the other balance sheet items remain unchanged.

Assuming that there are no changes in the property valuation and all balance sheet items remain unchanged, in the event that there is payment of distribution from the DPU Support, the NAV of Dynasty REIT may fall.

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

Dynasty REIT is a REIT constituted in Singapore, the BVI Holding Company and the Offshore Companies are incorporated in BVI and the Cayman Islands, the Hong Kong Holding Companies are incorporated in Hong Kong and the PRC Property Companies in the PRC. The laws, regulations and/or accounting standards in Singapore, BVI, the Cayman Islands, Hong Kong and/or the PRC are subject to change. As a result, the financial statements of Dynasty REIT 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 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 Dynasty REIT's financial statements or on Dynasty REIT's results of operations. In addition, such changes may adversely affect the ability of Dynasty REIT to make distributions to Unitholders. There can be no assurance that any such changes to laws, regulations and accounting standards will not materially and adversely affect the business, financial condition and results of operations of Dynasty REIT.

Dynasty REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs.

Dynasty REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect REITs in general or Dynasty REIT specifically.

Dynasty REIT may be unable to comply with the conditions for various tax exemptions and/or tax rulings obtained, or the tax exemptions and/or tax rulings may no longer apply.

Dynasty REIT has obtained the Singapore Tax Ruling from the IRAS. The Singapore Tax Ruling is subject to Dynasty REIT satisfying the stipulated conditions. Where these conditions are not satisfied, or are no longer satisfied by Dynasty REIT, the tax exemptions may not apply. The

approvals may 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, the tax exemptions under the Singapore Tax Ruling may not apply.

Foreign Unitholders may not be permitted to participate in future rights issues or entitlements offerings by Dynasty REIT.

The Trust Deed provides that, the 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. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Manager may determine, subject to such other terms and conditions as the Trustee may impose. The proceeds of any such sale will be paid to the Unitholders whose rights or entitlements have been so sold. In the event that where such proceeds payable to the relevant Unitholders are less than S$10.00, the Manager is entitled to retain such proceeds as part of the Deposited Property. The holding of the relevant holder of the Units may be diluted as a result of such sale.

The actual performance of Dynasty REIT and the Properties could differ materially from the forward-looking statements in this Prospectus.

This Prospectus contains forward-looking statements regarding, among others, forecast and projected distribution levels for the period from the Forecast Period 2012 to the Projection Year 2013. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies which are outside of the Manager's control (see "Profit Forecast and Profit Projection — Assumptions" for further details).

Dynasty REIT's revenue is dependent on a number of factors including the receipt of rent from the Properties. This may adversely affect Dynasty REIT's ability to achieve the forecast and projected distributions as events and circumstances assumed may not occur as expected, or events and circumstances may arise which are not anticipated.

No assurance is given that the assumptions will be realised and the actual distributions will be as forecast and projected.

Property yield on real estate to be held by Dynasty REIT is not equivalent to distribution yield on the Units.

Generally, property yield depends on net property income and is calculated as the amount of revenue generated by the properties, less the expenses incurred in maintaining, operating, managing and leasing the properties compared against the current value of the properties.

Distribution yield on the Units, however, depends on the distributions payable on the Units, after taking into account other expenses including (i) taxes (PRC income tax, PRC withholding tax), (ii) interest cost for the debt facilities, (iii) REIT management fees and trustee's fees and (iv) other operating costs including administrative fees of Dynasty REIT, as compared with the purchase price of the Units.

In addition, it should be noted that the Threshold NPI Yield is not the same as the distribution yield on the Units. (See "Distributions — DPU Support" for more details regarding the Threshold NPI Yield.)

Full three years pro forma historical financial statements in relation to the Properties are not available and the Unaudited Pro Forma Financial Information (as defined herein) contained in this Prospectus is not necessarily indicative of the future performance of Dynasty REIT.

The Manager is unable to prepare the full three years pro forma statements of total return to show the pro forma historical financial performance of Dynasty REIT and the Unaudited Pro Forma Financial Information contained in this Prospectus is not necessarily indicative of the future performance of Dynasty REIT. (See "Unaudited Pro Forma Financial Information" for further details.)

This will make it more difficult for investors to assess Dynasty REIT's likely future performance. There is no assurance that the Properties will be able to generate sufficient revenue for Dynasty REIT to make distributions to Unitholders or that such distributions will be in line with those set out in "Profit Forecast and Profit Projection".

The Manager is not obliged to redeem Units.

Unitholders have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. 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 listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units.

There is no public market for the Units prior to the Offering and an active public market for the Units may not develop or be sustained after the Offering. The Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST. However, listing and quotation does not 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 must be prepared to hold their Units for an indefinite length of time.

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

Although it is intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Among other factors, Dynasty REIT may not continue to satisfy the listing requirements. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

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.

Under the Singapore Code on Take-overs and Mergers, an entity is required to make a mandatory offer for all the Units not already held by it and/or "parties acting in concert" with it (as defined by the Singapore Code on Take-overs and Mergers) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing certain specified thresholds.

While the Singapore Code on Take-overs and Mergers seeks to ensure an equality of treatment among Unitholders, its 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 price of the Units may decline after the Offering.

The Offering Price of the Units is determined by agreement between the Manager and the Joint Bookrunners. The Offering Price may not be indicative of the market price for the Units upon completion of the Offering. The trading price of the Units will depend on many factors, including, but not limited to:

- the perceived prospects of Dynasty REIT's business and investments and the market for commercial properties or real estate-related assets;
- differences between Dynasty REIT'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 Dynasty REIT's assets;
- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Singapore REIT market from time to time;
- any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs;
- the ability on the 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 the equity and debt markets.

The issue of Units under the Offering will be at a discount to Dynasty REIT's NAV. On the Listing Date, there will be a discount of 8.1% to the NAV per Unit based on the Minimum Offering Price.

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

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in Dynasty REIT.

The Units are not capital-safe products. There is no guarantee that Unitholders can regain the amount invested. If Dynasty REIT is terminated or liquidated, investors may lose a part or all of their investment in the Units.

Third parties may be unable to recover in claims brought against the Manager as the Manager is not an entity with significant assets.

Third parties, in particular, Unitholders, may in future have claims against the Manager in connection with the carrying on of its duties as manager of Dynasty REIT (including in relation to the Offering and this Prospectus).

Under the terms of the Trust Deed, the Manager is indemnified from the Deposited Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the manager of Dynasty REIT unless occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager. In the event of any such fraud, gross negligence, wilful default or breach, only the assets of the Manager itself and not the Deposited Property would be available to satisfy a claim.

USE OF PROCEEDS

The Manager intends to raise gross proceeds of between RMB5,050.0 million/S$981.3 million (based on the Minimum Offering Price) and RMB5,394.3 million/S$1,048.3 million (based on the Maximum Offering Price) from the Offering as well as the Sponsor Subscription Units and the Cornerstone Units.

The Manager also intends to draw down from the Facilities an amount of RMB2,873.0 million/S$558.3 million on the Listing Date (based on the Minimum Offering Price) and RMB2,533.0 million/S$492.2 million (based on the Maximum Offering Price).

The total cash proceeds raised from the Offering, the Sponsor Subscription Units and the Cornerstone Units, as well as the amount drawn down from the Facilities will be used towards the following:

- payment to the Vendors for the purchase price payable in relation to the acquisition of the Properties[1];
- payment of transaction costs incurred in relation to the Offering and the Facilities; and
- working capital.

The following table, included for the purpose of illustration, sets out the intended sources and applications of the total proceeds from the Offering, the Sponsor Subscription Units and the Cornerstone Units as well as the Facilities.

Based on the Minimum Offering Price[1]:

Sources	(RMB'000)	(S$'000)(1)	Applications	(RMB'000)	(S$'000)(1)
Offering(2)	3,929,960	763,692	Acquisition of the SPVs owning the Properties (with DPU Support)(2)(4)	4,846,753	941,849
Sponsor Subscription Units(3)	514,600	100,000	Repayment of existing debt at the SPVs	2,729,247	530,363
Cornerstone Units(3)	605,452	117,655	Transaction costs(5)	327,012	63,547
Facilities	2,873,000	558,298	Working capital	20,000	3,886
Total	7,923,012	1,539,645	**Total**	7,923,012	1,539,645

Notes:

(1) Based on an exchange rate of S$1.00 to RMB5.146.

(2) Up to RMB491.0 million of the proceeds raised from the Offering will form the DPU Support, from which the Manager will utilise for the primary purpose of payment of distributions, which will be treated as a return of capital to Unitholders. (See "Distributions — DPU Support Arrangement" for further details regarding the DPU Support.)

(3) RMB amounts derived from the SGD subscription amounts (based on the Minimum Offering Price of S$0.855) and multiplied by an exchange rate of S$1.00 to RMB5.146.

(4) Amount is net of cash balances in the SPVs acquired.

(5) Transaction costs include expenses incurred in relation to the Offering and the Facilities, where applicable.

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1 Part of the proceeds will be used by the Vendors to contemporaneously discharge outstanding loans owed by the Hong Kong Holding Companies and PRC Property Companies. Affiliates of Standard Chartered Securities (Singapore) Pte. Limited, one of the Joint Financial Advisers and the Joint Global Co-ordinators, are lenders of a portion of these loans, amounting to approximately US$229.8 million (which amounts to approximately RMB1,444.5 million and S$282.4 million) based on an exchange rate of RMB6.286:US$1.00 and S$1.229:US$1.00 respectively.

Based on the Maximum Offering Price[1]:

Sources	(RMB'000)	(S$'000)[(1)]	Applications	(RMB'000)	(S$'000)[(1)]
Offering[(2)]	4,231,791	822,346	Acquisition of the SPVs owning the Properties (with DPU Support)[(2)(4)]	4,846,753	941,849
Sponsor Subscription Units[(3)]	514,600	100,000	Repayment of existing debt at the SPVs	2,729,247	530,363
Cornerstone Units[(3)]	647,940	125,911	Transaction costs[(5)]	331,377	64,395
Facilities	2,533,046	492,236	Working capital	20,000	3,886
Total	7,927,377	1,540,493	**Total**	7,927,377	1,540,493

Notes:

(1) Based on an exchange rate of S$1.00 to RMB5.146.

(2) Up to RMB491.0 million of the proceeds raised from the Offering will form the DPU Support, from which the Manager will utilise for the primary purpose of payment of distributions, which will be treated as a return of capital to Unitholders. (See "Distributions — DPU Support Arrangement" for further details regarding the DPU Support.)

(3) RMB amounts derived from the SGD subscription amounts (based on the Maximum Offering Price of S$0.915) and multiplied by an exchange rate of S$1.00 to RMB5.146.

(4) Amount is net of cash balances in the SPVs acquired.

(5) Transaction costs include expenses incurred in relation to the Offering and the Facilities, where applicable.

LIQUIDITY

As at the Listing Date, Dynasty REIT will have a cash balance of approximately RMB768.0/S$149.2 million which includes the DPU Support received from the Vendors, amounting to RMB491.0 million, in connection with the acquisition of the Properties by Dynasty REIT (See Appendix E, "Unaudited Pro Forma Balance Sheet as at the Listing Date" for details, including the basis of preparation and assumptions described therein). The Manager believes that this cash balance will be sufficient for Dynasty REIT's working capital requirements over the next 12 months following the Listing Date.

1 Part of the proceeds will be used by the Vendors to contemporaneously discharge outstanding loans owed by the Hong Kong Holding Companies and PRC Property Companies. Affiliates of Standard Chartered Securities (Singapore) Pte. Limited, one of the Joint Financial Advisers and the Joint Global Co-ordinators, are lenders of a portion of these loans, amounting to approximately US$229.8 million (which amounts to approximately RMB1,444.5 million and S$282.4 million) based on an exchange rate of RMB6.286:US$1.00 and S$1.229:US$1.00 respectively.

OWNERSHIP OF THE UNITS

EXISTING UNITS

On 4 October 2012, upon the constitution of Dynasty REIT, one Unit was issued to ARA Real Estate Investors VIII Limited. The issue price of the Sponsor Initial Unit was S$0.915. No other Units have been issued.

PRINCIPAL UNITHOLDERS OF DYNASTY REIT AND THEIR UNITHOLDINGS

The total number of Units in issue immediately after completion of the Offering will be 1,147,730,000 Units.

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

Based on the Minimum Offering Price:

		Units in issue immediately before the issue of the Offering Units and the Sponsor Subscription Units		Units in issue after the Offering	
			(%)	('000)	(%)
Sponsor	Direct	–	–	–	–
	Deemed[(1)]	1	100.0	116,960	10.19
	Total	1	100.0	116,960	10.19
Cornerstone Investors	Amundi[(2)]	–	–	32,608	2.84
	Credit Suisse AG	–	–	105,000	9.15
Public and institutional investors		–	–	893,162	77.82

Notes:

(1) The Sponsor is deemed to be interested in the one Unit held by ARA Real Estate Investors VIII Limited upon the constitution of Dynasty REIT and the 116,960,000 Units held by ARA Real Estate Investors VIII Limited after the Offering. ARA Real Estate Investors VIII Limited is a wholly-owned subsidiary of the Sponsor and has entered into a subscription agreement to subscribe for the Sponsor Subscription Units at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

(2) Amundi refers to Amundi Hong Kong Limited and Amundi Singapore Limited collectively.

Based on the Maximum Offering Price:

		Units in issue immediately before the issue of the Offering Units and the Sponsor Subscription Units		Units in issue after the Offering	
			(%)	('000)	(%)
Sponsor	Direct	–	–	–	–
	Deemed[(1)]	1	100.0	109,290	9.52
	Total	1	100.0	109,290	9.52
Cornerstone Investors	Amundi[(2)]	–	–	32,608	2.84
	Credit Suisse AG	–	–	105,000	9.15
Public and institutional investors		–	–	900,832	78.49

Notes:

(1) The Sponsor is deemed to be interested in the one Unit held by ARA Real Estate Investors VIII Limited upon the constitution of Dynasty REIT and the 109,290,000 Units held by ARA Real Estate Investors VIII Limited after the Offering. ARA Real Estate Investors VIII Limited is a wholly-owned subsidiary of the Sponsor and has entered into a subscription agreement to subscribe for the Sponsor Subscription Units at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

(2) Amundi refers to Amundi Hong Kong Limited and Amundi Singapore Limited collectively.

LOCK-UPS

The Sponsor and ARA Real Estate Investors VIII Limited have each agreed to (i) a lock-up arrangement during the First Lock-up Period in respect of its direct and indirect effective interest in the Lock-up Units, and (ii) a lock-up arrangement during the Second Lock-up Period in respect of its direct and indirect effective interest in 50.0% of the relevant Lock-up Units, subject to certain exceptions.

The Manager has also undertaken not to offer, issue, contract to issue any Units, or make 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" for further details.)

SUBSCRIPTION BY THE SPONSOR

Concurrently with, but separate from the Offering, ARA Real Estate Investors VIII Limited, a wholly-owned subsidiary of the Sponsor, has entered into the Sponsor Subscription Agreement to subscribe for between 116,959,999 Units based on the Minimum Offering Price and 109,289,999 Units (based on the Maximum Offering Price), conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to Settlement Date. The aggregate subscription amount committed by ARA Real Estate Investors VIII Limited is S$100.0 million. The final number of Units subscribed will be calculated by dividing S$100.0 million by the final Singapore dollar Offering Price, rounded down to the nearest whole Unit and any fraction of a Unit shall be disregarded.

SUBSCRIPTION BY THE CORNERSTONE INVESTORS

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into separate Cornerstone Subscription Agreements with the Manager to subscribe for an aggregate of 137,608,000 Units at the Offering Price, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to Settlement Date.

Information on the Cornerstone Investors

Amundi

Amundi Hong Kong Limited is a wholly-owned subsidiary of Amundi, the combined asset management arm of Crédit Agricole S.A. and Société Générale. Established in Hong Kong in 1982, Amundi Hong Kong Limited is a full-fledged asset management centre with primary commercial responsibility for North Asia, and has been managing Asian equities for discretionary funds since then. Amundi Hong Kong Limited is regulated by the Securities and Futures Commission in Hong Kong.

Amundi Singapore Limited is a wholly-owned subsidiary of Amundi, the combined asset management arm of Crédit Agricole S.A. and Société Générale. Incorporated in Singapore in 1989, Amundi Singapore Limited is one of Amundi Group's global investment centres worldwide. Amundi Singapore Limited is regulated by the Monetary Authority of Singapore and has been managing collective investment schemes and/or discretionary funds since 1989.

Credit Suisse AG

Credit Suisse AG is domiciled in Switzerland and is a wholly-owned subsidiary of Credit Suisse Group AG which is listed on the SIX Swiss Exchange (ISIN: CH0012138530). Credit Suisse AG's business consists of the three divisions Private Banking, Investment Banking and Asset Management. Credit Suisse AG's Private Banking division offers comprehensive advice and a broad range of wealth management solutions, which are tailored to the needs of high-net-worth and ultra-high-net-worth individuals worldwide. In Switzerland, it supplies banking products and services to individual clients, including affluent, high-net-worth and ultra-high-net-worth clients, and corporates and institutions.

Credit Suisse AG has agreed to acquire Units, as agent, and on behalf of its underlying clients of its Private Banking division. All the subscription monies are provided by the underlying clients.

SUBSCRIPTION BY THE DIRECTORS

The directors of the Manager may subscribe for Units under the Public Offer and/or the Placement Tranche. Save for the Manager's internal policy which prohibits the directors of the Manager from dealing in the Units at certain times (see "The Manager and Corporate Governance" for further details), there is no restriction on the directors of the Manager disposing of or transferring all or any part of their unitholdings.

DISTRIBUTIONS

DISTRIBUTION POLICY

Dynasty REIT's distribution policy is to distribute 100.0% of Dynasty REIT's Annual Distributable Income for the period from the Listing Date to 31 December 2013. Thereafter, Dynasty REIT will distribute at least 90.0% of its Annual Distributable Income for each financial year. The actual level of distribution will be determined at the Manager's discretion. The actual proportion of Annual Distributable Income distributed to Unitholders beyond 31 December 2013 may be greater than 90.0% to the extent that the Manager believes it to be appropriate, having regard to Dynasty REIT's funding requirements, other capital management considerations and the overall stability of distributions.

For these purposes, and under the terms of the Trust Deed, the "**Annual Distributable Income**" for a financial year is the amount calculated by the Manager (based on the audited financial statements of Dynasty REIT for that financial year) as representing the consolidated audited net profit after tax of Dynasty REIT and its SPVs for the financial year, as adjusted to eliminate the effects of Adjustments (as defined below). After eliminating the effects of these Adjustments, the Annual Distributable Income may be different from the net profit recorded for the relevant financial year.

"**Adjustments**" means adjustments which are charged or credited to the consolidated profit and loss account of Dynasty REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income, including property revaluation gains, and reversals of impairment provisions; (ii) deferred tax charges/credits in respect of property valuation gains and accelerated tax depreciation; (iii) negative goodwill; (iv) differences between cash and accounting finance costs; (v) realised gains on the disposal of properties and disposal/settlement of financial instruments; (vi) the portion of the management fee that is paid or payable in the form of Units; (vii) costs of any public or other offering of Units or convertible instruments that are expensed but are funded by proceeds from the issuance of such Units or convertible instruments; (viii) depreciation and amortisation in respect of the Properties and their ancillary machines, equipment and other fixed assets; and (ix) other non-cash gains and losses (as deemed appropriate by the Manager).

The Manager also has the discretion to distribute any additional amounts (including capital). In determining whether to distribute additional amounts (including capital), the Manager will consider a range of factors including but not limited to Dynasty REIT's funding requirements, its financial position, its growth strategy, compliance with relevant laws, regulations and covenant, other capital management considerations, the overall suitability of distributions and prevailing industry practice.

After Dynasty REIT is admitted to the Official List of the SGX-ST, it 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. Dynasty REIT's first distribution after the Listing Date will be for the period from the Listing Date to 31 December 2012 and will be paid by the Manager on or before 31 March 2013. Subsequent distributions will take place on a semi-annual basis. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

Dynasty REIT's primary sources of liquidity for the funding of distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditure will be the receipts of rental income and borrowings.

Under the Property Funds Appendix, if the Manager declares a distribution that is in excess of profits, the Manager should certify, in consultation with the Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, Dynasty REIT will be able to fulfil, from the Deposited Property, the liabilities of Dynasty REIT as they fall due. The certification by the Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the Deposited Property. The certification should be made at the time the distribution is declared.

DISTRIBUTION CURRENCY

Distributions will be declared in RMB. For the first distribution, each eligible Unitholder as at the books closure date for determining the distribution entitlements will receive his distribution in Singapore dollars. Eligible Unitholders will continue to receive their distributions in Singapore dollars until such time the Manager announces on SGXNET that the election of distributions in Singapore dollars or RMB is available to Unitholders. After such announcement, each eligible Unitholder will continue to receive his distribution in Singapore dollars unless he elects to receive the relevant distribution in RMB by submitting a "Distribution Election Notice" by such date as may be announced by the Manager. For the portion of the distributions to be paid in Singapore dollars, the Manager will make the necessary arrangements to convert the distributions in RMB into Singapore dollars at such exchange rate as the Manager may determine, taking into consideration any premium or discount that may be relevant to the cost of exchange. The CDP, the Manager, the Trustee or Dynasty REIT shall not be liable for any loss arising from the conversion of distributions payable to Unitholders from RMB into Singapore dollars.

Save for approved depository agents (acting as nominees of their customers), each Unitholder may elect to receive his entire distribution in RMB or Singapore dollars, upon availability of this election, and shall not be able to elect to receive distributions in a combination of RMB and Singapore dollars. The Manager will announce on SGXNET when the election of distributions in Singapore dollars or RMB is available to Unitholders, which is expected to be available after the First Distribution.

FACTORS AFFECTING DISTRIBUTIONS

Dynasty REIT's ability to make distributions is dependent on (among other things) the Trustee having sufficient cash in Dynasty REIT to make the payments required. Dynasty REIT's ability to make distributions in RMB is also dependent on the Trustee having sufficient RMB in Dynasty REIT to make the payments required. If due to relevant PRC laws and regulations and/or administrative reasons, should there be any delay in the remittance of RMB from the PRC Property Companies in the PRC to the Hong Kong Holding Companies, there could be a delay in the timing of payment of distributions to Unitholders. Furthermore, the amount of profit which is available for distribution by the PRC Property Companies to the Hong Kong Holding Companies as determined pursuant to the relevant PRC laws and accounting requirements could be less than the amount of any distribution determined to be paid by Dynasty REIT to Unitholders pursuant to its distribution policy mentioned above. In such circumstances, one of the ways that may be adopted to remedy the situation is for the PRC Property Companies to remit cash to the Hong

Kong Holding Companies by way of repayment of any existing shareholder's loan[1] owed by the PRC Property Companies (and payment of related interest) in accordance with the shareholder's loan agreement entered into between them and in compliance with the relevant PRC laws. However, necessary administrative procedures should be effected with the relevant foreign exchange authority. It is also the intention of the Manager to utilise the Facilities to support Dynasty REIT's making of distributions in RMB in any of the circumstances referred to above.

As part of the contingency plan, should there be restrictions on the remittance of RMB from the PRC, whether due to PRC laws and regulations or any other reason, the PRC Property Companies may have to convert their revenue in RMB to other currencies such as US dollars and/or Singapore dollars and pay dividends, distributions and other payments to the Hong Kong Holding Companies in such other currency. In such event and in order to make distributions to Unitholders in RMB, such dividends, distributions and other payments made by the PRC Property Companies in currencies other than RMB will need to be converted back into RMB by selling such other currencies and buying RMB in the market (if available).

In the circumstance where onshore RMB cannot be remitted offshore arising from any change in PRC policies or regulations that remittance of dividends in RMB is restricted, then the onshore RMB payments will have to be converted into other currencies. With these other currencies, Dynasty REIT will then purchase offshore RMB for making distributions to Unitholders in RMB.

In the unlikely event that Dynasty REIT receives dividends or other payments from the PRC Property Companies in currency other than RMB, and if Dynasty REIT is unable to buy and/or borrow sufficient RMB for distributions, all or part of such distributions will be made in Singapore dollars at the discretion of the Manager. (See "Risk Factors — Risks relating to Dynasty REIT" and "Risk Factors — Risks relating to the PRC" for further details.)

Based on PRC accounting standards, depreciation of real estate is a mandatory expense at the project company level when determining the net profits from operations of a project company that would be available for payment as dividends. Although this acts to reduce PRC corporate income tax, it effectively traps cash in the project companies as depreciation is not a cash expense. To distribute this portion, there is a need to extract the cash that is trapped in the project company in the form of a principal repayment of shareholder's loan each year.

DPU SUPPORT ARRANGEMENT

Overview of the DPU Support

As part of the acquisition of the Properties, the Manager has put in place the DPU Support of RMB491.0 million (the "**Support Amount**"). The acquisition of the Properties is on a willing buyer and willing seller basis, with the value of the Properties being supported by the valuations (see Appendix G, "Independent Property Valuation Summary Reports").

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1 In relation to Dalian TRC, there are two shareholder's loans between Global Glitter Limited (as lender) and Dalian Boyuan (as borrower):

(i) The first loan is for a principal sum of US$47.5 million and the term is from 23 August 2007 to 20 August 2015.

(ii) The second loan is for a principal sum of US$14.9 million and the term is from 24 September 2007 to 23 September 2015.

In relation to Shanghai ICP, there is a shareholder's loan between Lanrich International Limited (as lender) and Lei Fu Real Estate (Shanghai) Co., Ltd. (as borrower), for a principal sum of US$33.7 million and the term is from 30 December 2006 to 31 December 2014.

The abovementioned principal sums are as at inception of the respective loans and all the shareholder's loans have been registered with SAFE.

The amount of shareholder's loan as at 31 May 2012 is US$18.4 million in relation to Shanghai ICP and US$62.4 million in relation to Dalian TRC. For Dalian TRC, it is intended that an amount of approximately US$15.9 million or RMB100.0 million will be repaid prior to listing.

Up to RMB491.0 million of the proceeds raised from the Offering will form the DPU Support, from which the Manager will utilise for the primary purpose of payment of distributions, which will be treated as a return of capital to Unitholders.

For the avoidance of doubt, the Support Amount will not change in any event and the Support Amount would not be paid to the Vendors, even if the rental achieved exceeds the Threshold NPI Yield. Notwithstanding that the primary purpose of the DPU Support is for the payment of distributions, the Manager has the discretion to use the remaining sum of the Support Amount as is necessary, including distribution of DPU Support, any asset enhancement initiatives or working capital purposes, for the benefit of Dynasty REIT by maximising the cash management and return to Unitholders. In the event that more than 20.0% of the Support Amount is to be used for purposes other than for distributions, consent from the Trustee would have to be obtained. The Manager intends to fully utilise the Support Amount (whether for the primary purpose of distributions or for other purposes for the benefit of Dynasty REIT) by 31 December 2017, and in the event that there is any balance, the Manager undertakes to return such balance to Unitholders, provided that the Sponsor Units would not be entitled to receive such distributions.

The DPU and the distribution yield is RMB0.1335 and RMB0.1301 and 6.8% (annualised) and 7.1% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.3281 and RMB0.3199 and 7.0% and 7.3% for the Projection Year 2013 (as defined herein) based on the Maximum Offering Price and the Minimum Offering Price, respectively. In the absence of the DPU Support and the Waived Distribution, the DPU and the distribution yield would be RMB0.0633 and RMB0.0596 and 3.2% (annualised) and 3.2% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.1934 and RMB0.1844 and 4.1% and 4.2% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively. (See "Profit Forecast and Profit Projection" for further details.)

Rationale for the DPU Support and Basis of Determining the Support Amount

While the Properties are in operation as of the Latest Practicable Date, the Properties have yet to achieve stabilised occupancy and optimal rental rates. The market rents are 20.5% to 25.5% above the average expiring rent for FY2012/FY2013 of the Properties (excluding Nanjing IFC's retail component and Shanghai ICP's retail component). (See "Key Investment Highlights — Strong Organic Growth Opportunities" for further details.) These discounts would affect Dynasty REIT's ability to make and maintain an optimal flow of distributions to the Unitholders during the initial years. As such, the Support Amount is based on the Threshold NPI Yield. The Support Amount is derived from the following formula:

$$(A-B) \times C \times D$$

where:

A = Threshold NPI Yield

B = 4.22%[(1)] based on the annualised portfolio NPI as a proportion of RMB7,190.5 million[(2)] for the Forecast Period 2012, as in the Profit Forecast and Profit Projection

C = Time period from 1 August 2012 to 31 December 2016, in years

D = Total valuation of RMB7,190.5 million[(2)]

Notes:

(1) This figure is rounded downwards to the nearest two decimal places.

(2) The average valuation of the Properties excluding the DPU Support. The average valuation of the Properties with the DPU Support would be RMB7,681.5 million.

The Manager believes that the Properties will be able to achieve an optimal state at the end of 2016 based on inputs from market research report, review of existing leases and their internal forecast financials.

DPU Support for the Forecast Period 2012 and the Projection Year 2013

The Manager intends to utilise no less than RMB73.1 million and RMB137.5 million from the DPU Support for the Forecast Period 2012 and the Projection Year 2013 respectively. (See "Profit Forecast and Profit Projection" for further details.)

Structure of the DPU Support

The whole exercise of Dynasty REIT subscribing for the redeemable preference shares ("**RPS**") issued by the BVI Holding Company ("**BVIHC RPS**") is to provide the DPU Support. The subscription and redemption of RPS in the Offshore Companies ("**OC RPS**") (as described below) is to facilitate the reporting requirements of the Vendors and from Dynasty REIT's perspective, the treatment of the DPU Support as a capital transaction in the accounts of Dynasty REIT.

The following sets out the steps to put in place the DPU Support:

- **Step 1**: The respective Vendors will subscribe for an aggregate of RMB491.0 million of OC RPS prior to listing but settlement for the outstanding payment under the RPS would occur subsequently (see Step 4).

- **Step 2**: Dynasty REIT (through the Trustee) will subscribe for S$941.9 million[1] (or RMB4,846.8 million) of BVIHC RPS with the proceeds from the Offering for the purpose of the DPU Support.

- **Step 3**: Dynasty REIT (through the BVI Holding Company) will complete the acquisition of the Properties through the acquisition of RMB4,355.8 million of ordinary shares in the Offshore Companies (which indirectly holds the Properties) and the RMB491.0 million of OC RPS at an aggregate purchase consideration of RMB7,406.0 million.

- **Step 4**: Following completion of the acquisition of the Offshore Companies by Dynasty REIT, the Vendors will utilise the RMB491.0 million from the purchase consideration which they received in relation to the acquisition and use such amounts to settle the outstanding payment under the OC RPS.

- **Step 5**: The OC RPS will be redeemed by the Offshore Companies on the Listing Date.

- **Step 6**: The DPU Support will be funded by redemption of the BVIHC RPS by the BVI Holding Company. The amounts received from the redemption of the OC RPS will be held in the BVI Holding Company, and such amounts will be used when the BVIHC RPS is redeemed to fund distribution of the DPU Support by Dynasty REIT. The Manager has the discretion to direct the redemption of the BVIHC RPS, as necessary for the benefit of Unitholders. (See "Profit Forecast and Profit Projection" for further details.)

The reason for steps 1, 3, 4 and 5 is due to the commercial decision by the Vendors to allocate the RMB491.0 million separately to each of the individual Offshore Companies so that the Vendors will be able to attribute an individual value to each of the Offshore Companies, and the Vendors would not have to adopt a combined valuation for the Offshore Companies. The Manager understands that this approach will assist the Vendors in their reporting purposes to their

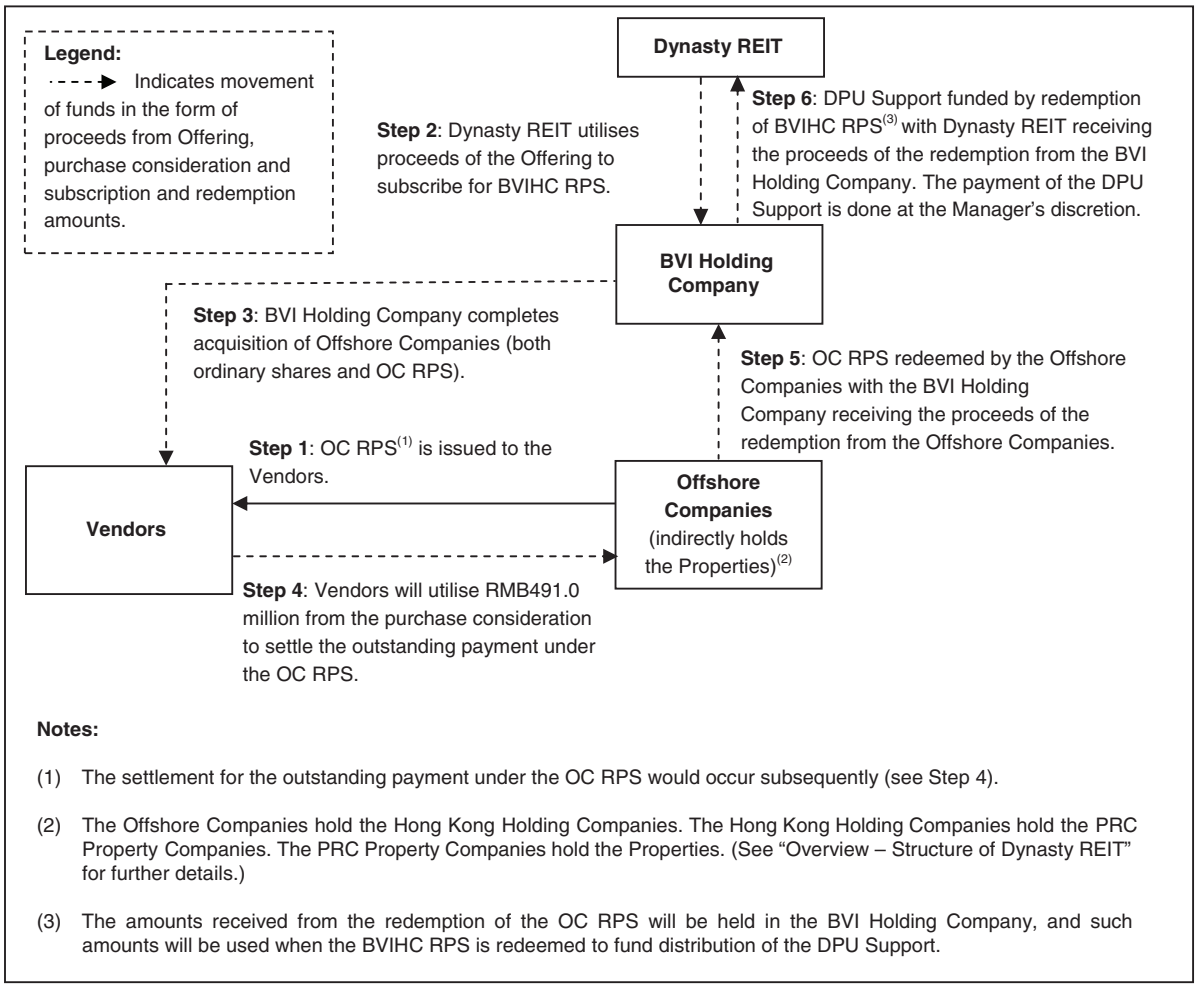
1 Based on assumed exchange rate of RMB5.146 to S$1.00.

investors, as this is an accounting entry for the Vendors in their books. The net sales price agreed between the Vendors and Dynasty REIT for the IPO Portfolio (*i.e.* net of the DPU Support of RMB491.0 million) reflects the fact that while the Properties are in operation, they have yet to achieve stabilised occupancy and optimal rental rates. The Manager understands that the attribution of the RMB491.0 million to the individual Offshore Companies is to allow a proportionate allocation of the Support Amount, so that the consideration for each of the Offshore Companies can be derived for reporting purposes to the ultimate investors of the Vendors.

The average valuation of the Properties is RMB7,190.5 million (without DPU Support) and RMB7,681.5 million (with DPU Support). (See Appendix G, "Independent Property Valuation Summary Reports" for further details.) The valuation of the Properties without the DPU Support is based on the current rental of the Properties which is below market rentals.

The subscription of the BVIHC RPS by Dynasty REIT represents a capital transaction in the accounts of Dynasty REIT and is thus recorded as a capital contribution from Unitholders to provide DPU Support. The subscription of the OC RPS by each Vendor represents a capital transaction undertaken by the Vendor (as a shareholder) and thus recorded as a capital contribution in the accounts of the Offshore Companies. From an accounting perspective, the OC RPS further strengthens the treatment of the DPU Support as a capital transaction in the accounts of Dynasty REIT.

The diagram below sets out a summary of the steps to put in place the DPU Support.



Notes:

(1) The settlement for the outstanding payment under the OC RPS would occur subsequently (see Step 4).

(2) The Offshore Companies hold the Hong Kong Holding Companies. The Hong Kong Holding Companies hold the PRC Property Companies. The PRC Property Companies hold the Properties. (See "Overview – Structure of Dynasty REIT" for further details.)

(3) The amounts received from the redemption of the OC RPS will be held in the BVI Holding Company, and such amounts will be used when the BVIHC RPS is redeemed to fund distribution of the DPU Support.

Treatment of the DPU Support

The DPU Support of RMB491.0 million would be received by way of capital contribution to Dynasty REIT by the Unitholders. The accounts of the BVI Holding Company will reflect the RMB491.0 million when the BVIHC RPS is subscribed by Dynasty REIT. When the BVIHC RPS is redeemed, such amounts would be recognised in the "Unitholders' Funds" of Dynasty REIT, where such funds may be made available for distribution to Unitholders. Such distributable amount (being the DPU Support) will be reflected directly in the "Distribution Statement", and not in the "Statement of Total Returns" of Dynasty REIT.

Disclosures Regarding DPU Support in the Dynasty REIT's Financial Reports

The amount of DPU Support utilised will form part of the financial reports, which will be disclosed to investors.

WAIVER OF ENTITLEMENT TO THE RELEVANT SPONSOR DISTRIBUTION

The Sponsor has provided the Manager with an undertaking that it shall waive (or shall procure the waiver of) the entitlement to distributions on the Sponsor Units of between RMB7.2 million (based on the Minimum Offering Price) and RMB6.9 million (based on the Maximum Offering Price) for the Forecast Period 2012 and thereafter between RMB17.3 million (based on the Minimum Offering Price) and RMB16.7 million (based on the Maximum Offering Price) for every financial year until the financial year ending 31 December 2017.

The Manager will distribute the Waived Distribution to the Unitholders (excluding the Sponsor Units which are held by the Sponsor and/or its subsidiaries but including the Units which may be subsequently issued to, subscribed by or acquired by the Sponsor and/or its subsidiaries (including the Manager) after the Listing Date).

In connection with the waiver of the distributions by the Sponsor, the Sponsor has undertaken to the Manager that it will (whether directly or indirectly through one or more of its wholly-owned subsidiaries) remain as the holder of the Sponsor Units (as indicated in the Depository Register), during the period commencing from the date of issuance of the Units until 31 December 2017, subject to the transfer of any Sponsor Units to any wholly-owned subsidiaries of the Sponsor.

The Waived Distribution reflects the Sponsor's commitment to Dynasty REIT and its alignment of interest with the Unitholders, as the Sponsor shall participate in the future growth of Dynasty REIT with the Unitholders, with the Properties being expected to achieve an optimal state by the end of 2016.

For illustrative purposes, the amount of distribution waived for the Forecast Period 2012 and the Projection Year 2013 is equivalent to approximately 50.0% of the forecast distribution payable on the Sponsor Units for the Forecast Period 2012 and the Projection Year 2013 respectively. For the avoidance of doubt, the amount of distribution which the Sponsor is waiving is fixed and would not change if the amount of distributions payable is increased or decreased, provided that in the event that the total entitlement to distributions on the Sponsor Units for any relevant distribution period is less than the amount of distribution waived for such relevant distribution period, then the amount of distribution waived would be equal to the total entitlement to distributions on the Sponsor Units for the relevant distribution period.

Unitholders should note that the waiver of entitlement to distributions by the Sponsor is only for the Waiver Period and the Sponsor will be receiving its full entitlement to the distribution upon the expiry of the Waiver Period. The forecast and projected DPU for the Forecast Period 2012 and the Projection Year 2013 are set out in "Profit Forecast and Profit Projection".

The DPU and the distribution yield is RMB0.1335 and RMB0.1301 and 6.8% (annualised) and 7.1% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.3281 and RMB0.3199 and 7.0% and 7.3% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively. In the absence of the DPU Support and the Waived Distribution, the DPU and the distribution yield would be RMB0.0633 and RMB0.0596 and 3.2% (annualised) and 3.2% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and the Minimum Offering Price, respectively, and RMB0.1934 and RMB0.1844 and 4.1% and 4.2% for the Projection Year 2013 based on the Maximum Offering Price and the Minimum Offering Price, respectively. (See "Profit Forecast and Profit Projection" for further details.)

EXCHANGE RATE INFORMATION

The tables below set forth, for the period from 2008 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 L.P.[(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.

	RMB/Singapore dollar[(1)]		
Period ended	**Average**	**High**	**Low**
2008	4.919	5.176	4.464
2009	4.704	4.949	4.399
2010	4.970	5.196	4.794
2011	5.144	5.359	4.821
January 2012	4.938	5.041	4.858
February 2012	5.025	5.076	4.985
March 2012	5.016	5.049	4.975
April 2012	5.039	5.099	4.999
May 2012	5.006	5.089	4.934
June 2012	4.979	5.023	4.929
July 2012	5.055	5.119	5.003
August 2012	5.095	5.136	5.066
September 2012	5.134	5.175	5.089
October 2012[(2)]	5.113	5.164	5.062

Notes:

(1) **Source**: Bloomberg L.P.. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) 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 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

(2) As at the Latest Practicable Date.

	RMB/US dollar[1]		
Period ended	**Average**	**High**	**Low**
2008	6.9501	7.3041	6.8113
2009	6.8315	6.8519	6.8192
2010	6.7678	6.8339	6.6070
2011	6.4634	6.6350	6.2950
January 2012	6.3130	6.3390	6.2943
February 2012	6.3001	6.3126	6.2938
March 2012	6.3136	6.3321	6.2984
April 2012	6.3037	6.3153	6.2795
May 2012	6.3242	6.3685	6.2774
June 2012	6.3638	6.3705	6.3540
July 2012	6.3710	6.3885	6.3475
August 2012	6.3597	6.3739	6.3486
September 2012	6.3213	6.3492	6.2847
October 2012[2]	6.2858	6.3487	6.2229

Notes:

(1) **Source**: Bloomberg L.P.. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) 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 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or 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 Dynasty REIT as at the Listing Date and after application of the total proceeds from the Offering, the Sponsor Subscription Units and the Cornerstone Units. The information in the table below should be read in conjunction with "Use of Proceeds".

Based on Minimum Offering Price

	RMB'000[(2)]	**S$'000**[(2)(3)]
Borrowings[(1)]	2,873,000	558,298
Units in issue	5,050,012	981,347
Total Capitalisation	**7,923,012**	**1,539,645**

Based on Maximum Offering Price

	RMB'000[(2)]	**S$'000**[(2)(3)]
Borrowings[(1)]	2,533,046	492,236
Units in issue	5,394,331	1,048,257
Total Capitalisation	**7,927,377**	**1,540,493**

Notes:

(1) Being borrowings net of amortised debt establishment costs.

(2) Borrowings and units in issue are derived assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price and Maximum Offering Price.

(3) Based on an exchange rate of S$1.00 to RMB5.146.

INDEBTEDNESS

Upon listing, Dynasty REIT will have in place the following Facilities obtained from the Lenders:

- an aggregate of RMB401.4 million equivalent comprising RMB309.0 million and HKD114.0 million three-year secured onshore term loan facilities (from DBS Bank (China) Limited, Shanghai Branch, Standard Chartered Bank (China) Limited and/or their respective affiliates) (the "**Onshore Term Loan Facilities**");

- a RMB2,524.3 million[1] equivalent three-year secured offshore term loan facility totalling S$493.5 million (from DBS Bank Ltd., Standard Chartered Bank, Macquarie Capital Group Limited and/or their respective affiliates) (the "**Offshore Term Loan Facility**");

- an aggregate of RMB825.6 million[1] equivalent three-year committed revolving credit facilities comprising an aggregate of S$161.4 million (from DBS Bank Ltd., Standard Chartered Bank and/or their respective affiliates) (the "**Committed RCF**").

The Onshore Term Loan Facilities will be used to refinance the existing onshore loan facilities of the Properties on the Listing Date and to pay fees and expenses in respect of the onshore loan.

The Onshore Term Loan Facilities are taken at the project company level by Dalian Boyuan, Nanjing Rich Field Real Estate Development Co., Ltd. and Lei Fu Real Estate (Shanghai) Co., Ltd and is secured by a legal mortgage over Nanjing IFC, Dalian TRC and Shanghai ICP.

1 Based on an exchange rate of S$1.00 to RMB5.115.

The Offshore Term Loan Facility will be used to refinance existing borrowings of the Properties on the Listing Date. The Committed RCF will be used for general corporate purposes and to finance distributions to Unitholders.

The Onshore Term Loan Facilities and Offshore Term Loan Facility will be repayable in full at maturity although Dynasty REIT has the option to make prepayments. The Onshore Term Loan Facilities will bear a floating interest rate of 120.0% per annum above the People's Bank of China base lending rate for the RMB-denominated tranche and a floating interest rate of 3.75% per annum above the Hong Kong Interbank Offer Rate for the HKD-denominated tranche. The Offshore Term Loan Facility and Committed RCF will be denominated in Singapore dollars and bear an interest rate of 1.97% per annum above the relevant Singapore Swap Offer Rate. The Manager intends to enter into an interest rate swap to hedge its interest rate exposure in relation to at least 50.0% of the aggregate onshore and offshore term loan facilities. The Facilities have a negative pledge covenant and certain financial and other covenants which require Dynasty REIT among others:

(i) not to, without the prior written consent of the Lenders, create or have outstanding any mortgage, pledge, lien, hypothecation, assignment or any other encumbrance whatsoever on or over the Borrower's interests in any of the Properties;

(ii) in the event of a sale of any of the Properties, to repay an amount equal to the proportion of the market value of the Property sold to the total market value of the Properties as determined by the Lenders based on the latest annual valuation reports of the Properties;

(iii) not to provide any guarantee for any other entities except for secured borrowing at the project company level for which new properties acquired with existing mortgages is permitted;

(iv) after the listing of Dynasty REIT on the SGX-ST, the total consolidated borrowings shall not exceed the aggregate leverage ratio of 50.0% or such other percentage as may be prescribed by the Property Funds Appendix subject to certain credit rating to be obtained and disclosed to the public; and

(v) if the aggregate leverage ratio exceeds 50.0% at any time, Dynasty REIT will undertake to prepay an amount or provide additional security in form and substance reasonably acceptable to the Lenders within 40 days to reduce the aggregate leverage ratio to not more than 45.0%.

It should be noted that the Facilities also contain the following change of control events which will constitute either (i) events of default under the Facilities or (ii) mandatory prepayment events:

(i) the Manager ceases to be an affiliate of the Sponsor;

(ii) the Manager is removed pursuant to the terms of the Trust Deed, and the replacement or substitute manager of Dynasty REIT approved by the facility agent (provided however that the facility agent's approval to the replacement or substitute manager of Dynasty REIT is not required if the replacement or substitute manager of Dynasty REIT is an affiliate of the Sponsor) is not appointed in accordance with the terms of the Trust Deed within 60 days of the occurrence of such event;

(iii) the Trustee ceases for any reason to be the sole trustee of Dynasty REIT under the Trust Deed or gives notice to the Manager that it wishes to retire as trustee of Dynasty REIT or any of the events listed in the Trust Deed relating to the removal of the trustee shall occur unless an acceptable person (being a person licensed by the MAS to act as a trustee for collective investments schemes in Singapore) has been appointed in accordance with the terms of the

Trust Deed and the CIS Code and has acceded to the terms of the applicable finance documents and execute such transfers, novation and other documents as the facility agent may require to substitute the new trustee for Dynasty REIT within 21 days of such cessation, notice or event (as the case may be) or such longer period as the facility agent (acting on the instructions of the majority lenders) may agree.

(iv) any agreement is made to change any property manager for a Property without the prior written consent of the relevant facility agent unless, following prior written notice to the facility agent, a replacement property manager which is (a) one of the existing property managers of the Properties, or (b) JLL, CBRE, Colliers or KF and any of their affiliated duly licensed property management company in the PRC, is appointed.

For the purpose of the Facilities only, "**affiliate**" means a subsidiary or a holding company of a person or any other subsidiary of that holding company.

For the purposes of Rule 728 of the Listing Manual, the Sponsor has provided an undertaking to the Manager and the Trustee that, for so long as the Sponsor group is a majority shareholder of the Manager, it will notify the Manager and the Trustee as soon as they become aware of:

(i) any pledging arrangement (or other arrangements having similar legal or economic effect) relating to all or any of their shareholding in the Manager; and

(ii) any event which may result in a breach of the terms of the Facilities.

Based on the Minimum Offering Price, an amount equivalent to RMB2,873.0 million is expected to be drawn down from the Facilities on the Listing Date to part finance the acquisition of the Properties, which gives Dynasty REIT an Aggregate Leverage of 33.8% as at the Listing Date.

The Manager is unable to prepare pro forma statements of total return for the latest three financial years of Dynasty REIT to show the pro forma historical financial performance of Dynasty REIT as:

- the Properties from the IPO Portfolio were acquired at different times by the Vendors. There is insufficient meaningful financial information for comparative purposes due to the relatively short period of ownership, details of which are set out in the table below;

- after each acquisition, the Vendors had progressively leased and revamped the Properties, repositioning, upgrading and changing the tenant mix since their acquisition, details of such are set out in the table below:

Property	Date of Acquisition	Details
Nanjing IFC	December 2008	It was acquired as a vacant building and there was progressive leasing and asset enhancement.
Dalian TRC	January 2010	There was tenant repositioning and asset enhancement.
Shanghai ICP	December 2010	There was low occupancy rate at the time of acquisition and thereafter the Vendor carried out progressive leasing.

  As such, pro forma financial information for FY2009 is not available for Dalian TRC and Shanghai ICP, while pro forma financial information for FY2010 is not available for Shanghai ICP.

- full three-year historical pro forma financial information cannot be prepared. Although PRC statutory financial statements prepared in accordance with PRC GAAP in relation to the Properties are available, the lack of corresponding valuation reports as at 1 January and 31 December for the relevant years prior to the acquisition by the Vendors prevent the alignment of these financial statements to IFRS financial information and therefore full pro forma financial information cannot be prepared.

- the basis for comparison would have changed substantially. The ownership structure of the Properties and the capital structure of their holding entities would have changed with the constitution of Dynasty REIT. The capital expenditure, operating and financing expenses to be incurred by Dynasty REIT may differ substantially from those incurred by the Vendors historically. Accordingly, any historical pro forma statements of total return, if prepared based on the historical operating and financing expenses of the Properties, may not be reflective of the current business conditions.

For the reasons stated above, the SGX-ST has granted Dynasty REIT a waiver from the requirement to prepare historical pro forma statements of total return for the latest three financial years of Dynasty REIT, subject to the inclusion of the following in this Prospectus:

- an unaudited pro forma statement of total return and cash flow statement for the full financial year ended 31 December 2011, as if listing was completed on 1 January 2011 (see "Unaudited Pro Forma Financial Information" and Appendix B, "Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012");

- an unaudited pro forma balance sheet as at 31 December 2011 (see Appendix B, "Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012" and Appendix C, "Unaudited Pro Forma Financial Information") and an unaudited pro forma balance sheet as at the Listing Date (see Appendix D, "Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date" and Appendix E, "Unaudited Pro Forma Balance Sheet as at the Listing Date");

- a profit forecast for the Forecast Period 2012 and a profit projection for the Projection Year 2013 (see "Profit Forecast and Profit Projection" and Appendix A, "Reporting Auditors' Report on the Profit Forecast and Profit Projection"); and

- full disclosure on the reasons why historical pro forma financial information cannot be provided for FY2009 and FY2010 and the waivers granted (see "Unaudited Pro Forma Financial Information").

The Unaudited Pro Forma Financial Information and the Unaudited Pro Forma Balance Sheet as at the Listing Date have been prepared for illustrative purposes only and on the basis of the assumptions and accounting policies set out in Appendix C, "Unaudited Pro Forma Financial Information" and Appendix E, "Unaudited Pro Forma Balance Sheet as at the Listing Date" respectively, and may not give a true picture of the actual total returns and financial position of Dynasty REIT. The Unaudited Pro Forma Financial Information and the Unaudited Pro Forma Balance Sheet as at the Listing Date should be read together with these assumptions and accounting policies.

UNAUDITED PRO FORMA BALANCE SHEETS AS AT 31 DECEMBER 2011 AND 31 MAY 2012

	As at 31 December 2011[1]	As at 31 May 2012[1]
	RMB'000	RMB'000
Non-current assets		
Plant and equipment	2,146	1,983
Investment properties	7,681,500	7,681,500
Deferred tax assets	27,987	25,829
	7,711,633	7,709,312
Current assets		
Trade and other receivables	41,207	31,369
Cash and cash equivalents[2]	683,037	716,233
	724,244	747,602
Total assets	**8,435,877**	**8,456,914**
Non-current liabilities		
Loans and borrowings	(2,801,710)	(2,801,710)
Deferred tax liabilities	(68,875)	(68,875)
	(2,870,585)	(2,870,585)
Current liabilities		
Receipts in advance	(24,926)	(26,362)
Trade and other payables	(121,534)	(110,924)
Current tax payable	(16,328)	(12,387)
	(162,788)	(149,673)
Total liabilities	**(3,033,373)**	**(3,020,258)**
Net assets attributable to Unitholders	**5,402,504**	**5,436,656**

Notes:

(1) Unaudited Pro Forma Balance Sheets as at 31 December 2011 and 31 May 2012 have been prepared assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price of RMB4.40 per Unit.

(2) Includes DPU Support received from the Vendors, amounting to RMB491.0 million, in connection with the acquisition of the Properties.

UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN FOR THE YEAR ENDED 31 DECEMBER 2011 AND FIVE MONTHS ENDED 31 MAY 2011 AND 2012

	Year ended 31 December 2011[1] RMB'000	Five months ended 31 May 2011[1] RMB'000	Five months ended 31 May 2012[1] RMB'000
Gross rental income	295,712	106,639	149,902
Service charges	58,789	23,493	25,803
Other income	22,080	11,510	10,457
Gross revenue	**376,581**	**141,642**	**186,162**
Property-related taxes	(39,562)	(14,634)	(18,460)
Business taxes	(22,232)	(9,060)	(11,515)
Property management fees	(11,865)	(3,427)	(4,564)
Other property operating expenses	(97,220)	(28,214)	(35,184)
Total property operating expenses	**(170,879)**	**(55,335)**	**(69,723)**
Net property income	**205,702**	**86,307**	**116,439**
Manager's management fees	(34,564)	(14,288)	(15,877)
Trustee's fees	(2,531)	(1,048)	(1,057)
Administrative expenses	(10,000)	(4,167)	(4,167)
Net foreign exchange gains/(losses)	302	417	(547)
Finance income	1,166	181	500
Finance costs	(115,711)	(60,986)	(60,860)
Change in fair value of investment properties	275,500	275,500	—
Total returns before income tax	**319,864**	**281,916**	**34,431**
Income tax expense	(56,950)	(78,656)	(10,201)
Total returns for the year/period	**262,914**	**203,260**	**24,230**

Note:

(1) Unaudited Pro Forma Statements of Total Return for the year ended 31 December 2011 and five months ended 31 May 2011 and 2012 have been prepared assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price of RMB4.40 per Unit.

UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011 AND FIVE MONTHS ENDED 31 MAY 2011 AND 2012

	Year ended 31 December 2011[1] RMB'000	Five months ended 31 May 2011[1] RMB'000	Five months ended 31 May 2012[1] RMB'000
Cash flow from operating activities			
Total returns for the year/period	262,914	203,260	24,230
Adjustments for:			
Change in fair value of investment properties	(275,500)	(275,500)	—
Depreciation of plant and equipment	547	196	349
Income tax expense	56,950	78,656	10,201
Interest income	(1,166)	(181)	(500)
Unrealised foreign exchange gain	(302)	(417)	547
Bad debts	86	—	—
Finance costs	115,711	60,986	60,860
	159,240	67,000	95,687
Changes in working capital:			
Trade and other receivables	137,011	13,577	(1,064)
Trade and other payables	(49,966)	(874,079)	(9,862)
Receipt in advance	6,717	(6,002)	1,435
Cash generated from/(used in) operations	253,002	(799,504)	86,196
Tax paid	(5,629)	(8,929)	(13,562)
Net cash from/(used in) operating activities	**247,373**	**(808,433)**	**72,634**
Cash flow from investing activities			
Purchase of plant and equipment	(2,038)	(167)	(204)
Capital expenditure on investment properties	(17,549)	(11,370)	(434)
Proceeds from disposal of plant and equipment	787	—	23
Interest received	1,166	181	490
Acquisition of subsidiaries	(5,079,848)	(5,079,848)	—
Net cash used in investing activities	**(5,097,482)**	**(5,091,204)**	**(125)**

	Year ended 31 December 2011[1] RMB'000	Five months ended 31 May 2011[1] RMB'000	Five months ended 31 May 2012[1] RMB'000
Cash flows from financing activities			
Proceeds from issue of shares	4,794,293	4,794,293	—
Proceed from bank borrowings	2,801,710	2,801,710	—
Repayment of bank borrowings	(2,624,646)	(1,764,644)	—
Settlement of financial derivatives	(73,585)	(76,620)	—
Repayment of advances from related corporations	(515,472)	(199,098)	—
Receipt of repayment of advances to related corporations	481,116	166,097	—
Capital contributed by Vendor (DPU Support)	491,000	491,000	—
Interest paid	(115,711)	(33,234)	(41,527)
Change in restricted cash	55,341	55,339	(61,960)
Net cash from/(used in) financing activities	**5,294,046**	**6,234,843**	**(103,487)**
Net increase/(decrease) in cash and cash equivalents	443,937	335,206	(30,978)
Cash and cash equivalents at beginning of year/period	200,510	200,510	631,746
Effect of exchange rate fluctuations on cash balances held in foreign currencies	(12,701)	(450)	(403)
Cash and cash equivalents at end of year/period	**631,746**	**535,266**	**600,367**

Note:

(1) Unaudited Pro Forma Statements of Cash Flows for the year ended 31 December 2011 and five months ended 31 May 2011 and 2012 have been prepared assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price of RMB4.40 per Unit.

UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

	RMB'000[1]
Non-current assets	
Plant and equipment	1,798
Investment properties	7,681,500
Deferred tax assets	23,634
	7,706,932
Current assets	
Trade and other receivables	32,768
Cash and cash equivalents[2]	768,023
	800,791
Total assets	**8,507,723**
Non-current liabilities	
Loans and borrowings	(2,801,710)
Deferred tax liabilities	(69,017)
	(2,870,727)
Current liabilities	
Receipts in advance	(26,362)
Trades and other payables	(106,329)
Current tax payable	(12,387)
	(145,078)
Total liabilities	**(3,015,805)**
Net assets attributable to Unitholders	**5,491,918**
Number of Units in issue ('000)	1,147,730
NAV per Unit (RMB)	4.79

Notes:

(1) Unaudited Pro Forma Balance Sheet as at the Listing Date have been prepared assuming the issuance of 1,147,730,000 Units at the Minimum Offering Price of RMB4.40 per Unit.

(2) Includes DPU Support received from the Vendors, amounting to RMB491.0 million, in connection with the acquisition of the Properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Unaudited Pro Forma Financial Information and notes thereto included elsewhere in this Prospectus. Statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions 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 the Manager or any other person, nor that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors" for further details). Recipients of this Prospectus and all prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements.

The Unaudited Pro Forma Financial Information of Dynasty REIT, which comprises the Unaudited Pro Forma Balance Sheets as at 31 December 2011 and 31 May 2012, the Unaudited Pro Forma Statements of Total Returns and the Unaudited Pro Forma Statements of Cash Flows for the Year ended 31 December 2011 and five months ended 31 May 2011 and 2012 and the Unaudited Pro Forma Balance Sheet as at the Listing Date, have been prepared for illustrative purposes only, and are based on certain assumptions after making certain adjustments to show what:

*(i) the Unaudited Pro Forma Statement of Total Return and Unaudited Pro Forma Statement of Cash Flows for the year ended 31 December 2011, would have been if the Offering, the acquisition of the Properties and the fees arrangements of the Property Manager, the Manager and the Trustee as set out in "Overview – Certain Fees and Charges" (the "**Fee Arrangements**") had occurred on or were effective on 1 January 2011;*

(ii) the Unaudited Pro Forma Statements of Total Return and Unaudited Pro Forma Statements of Cash Flows for the five months from 1 January 2011 to 31 May 2011 and five months from 1 January 2012 to 31 May 2012, would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on 1 January 2011;

(iii) the Unaudited Pro Forma Balance Sheet as at 31 December 2011 would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on 31 December 2011;

(iv) the Unaudited Pro Forma Balance Sheet as at 31 May 2012 would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on 31 May 2012; and

(v) the Pro Forma Balance Sheet as at the Listing Date would have been if the Offering, the acquisition of the Properties and the Fee Arrangements had occurred on or were effective on the Listing Date.

The Unaudited Pro Forma Financial Information of Dynasty REIT is not necessarily indicative of the results of the operations or the financial position that would have been attained had the Offering, the acquisition of the Properties and the Fee Arrangements actually occurred in the relevant periods. The Unaudited Pro Forma Financial Information, because of its nature, may not give a true or accurate picture of Dynasty REIT's actual total returns or financial position.

The following discussion and analysis of the financial condition and results of operations is based on and should be read in conjunction with the Unaudited Pro Forma Financial Information, and related notes thereto, which are included elsewhere in this Prospectus.

(See Appendix B, "Reporting Auditors' Report on Examination of the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012" for further details.)

OVERVIEW

General Background

Dynasty REIT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in income-producing real estate located in the PRC which is used primarily for commercial purposes, as well as real estate-related assets.

The Manager's key objective for Dynasty REIT is to provide Unitholders with regular and stable distributions, and the potential for sustainable long-term growth of such distributions, while maintaining an appropriate capital structure.

Dynasty REIT's IPO Portfolio

The IPO Portfolio comprises three commercial properties in the PRC which are strategically located in primary commercial centres in Nanjing, Dalian and Shanghai in the PRC, with a GFA of 350,475.8 sq m. The IPO Portfolio consists of Nanjing IFC, Dalian TRC and Shanghai ICP.

FACTORS AFFECTING DYNASTY REIT'S RESULTS OF OPERATIONS

General Economic Conditions and Demand and Supply Conditions of Office and Retail Property Sectors

The Properties are located in the PRC. Correspondingly, Dynasty REIT's business and results of operations are affected by, among other things, the demand for and supply of, real estate space in the PRC which are in turn affected by general economic conditions in the PRC in general. The principal competitive factors comprise rental rates, quality and location of properties, supply of comparable space and evolving needs of business users, including those brought about by corporate restructuring and/or technological advances. The accessibility of, and trade mix within, a retail property, are also major factors in attracting shoppers and tenants.

Gross Revenue

Dynasty REIT's Gross Revenue comprises:

- Gross Rental Income;
- service charges; and
- other income earned from the Properties, including car park revenue, advertising and other income attributable to the operation of the Properties.

Dynasty REIT's Gross Revenue is affected by a number of factors including:

- rental rates for the Properties;
- occupancy and renewal rates; and
- general macro-economic and supply/demand trends affecting the real estate market, in particular, the office and retail property sectors in the PRC.

Rental rates, occupancy and lease renewal rates are affected by competition from other properties. (See "Business and Properties — Certain Information on the Properties — Competition" for further details.)

The following table sets out details of Dynasty REIT's pro forma Gross Revenue for each of the five months ended 31 May 2011 and 31 May 2012 and for FY2011.

	Five Months Ended 31 May			
	2011 (RMB'000)	**2012 (RMB'000)**	**% change**	**FY2011 (RMB'000)**
Gross Rental Income	106,639	149,902	40.6%	295,712
Service Charges	23,493	25,803	9.8%	58,789
Other Income	11,510	10,457	(9.1)%	22,080
Total Gross Revenue	**141,642**	**186,162**	**31.4%**	**376,581**

Gross Rental Income

Gross Rental Income for each tenant consists of:

- rent at pre-determined rates (after leasing incentives such as rent rebates and rent-free periods where applicable) ("**Base Rent**"); or
- rent calculated by reference to a pre-determined percentage of a tenant's sales turnover ("**Turnover Rent**"); or
- the higher of Base Rent or Turnover Rent.

Tenancies for office space are typically charged using the Base Rent method. Tenancies for retail may be charged using the Base Rent method, the Turnover Rent method, or the higher of Base Rent or Turnover Rent.

Service Charges

Tenants pay a service charge to the PRC Property Companies or their appointed property managers to defray the operating costs of the respective Properties. The amount of service charge levied on the tenants at each Property is dependent on market rates of comparable properties and any revision is subject to the approval of the relevant authority.

Other Income

Other income comprises car park revenue, advertising revenue, atrium leasing revenue, tenant promotional fee and other income attributable to the operation of the Properties. The tenant promotional fee is applicable only to Dalian TRC.

Property Operating Expenses

Dynasty REIT's property operating expenses comprise mainly:

- property management fees;

- taxes (including business and property-related taxes); and
- other property operating expenses such as marketing and promotion expenses, staff cost, utilities, repair and maintenance, cleaning and security expenses.

Dynasty REIT's property operating expenses are affected by a number of factors including, but not limited to:

- fee arrangements for property management services;
- changes in the PRC tax regime;
- the age and condition of the Properties;
- changes in the rate of inflation;
- changes in charges such as utilities tariffs; and
- the number of properties in Dynasty REIT's portfolio.

Dynasty REIT's property operating expenses may not be affected to the same degree as its Gross Revenue by the general macroeconomic trends affecting the property market in the PRC (which may impact occupancy and rental rates) as a substantial portion of its property operating expenses are fixed expenses.

The following table sets out details of Dynasty REIT's pro forma property operating expenses for each of the five months ended 31 May 2011 and 31 May 2012 and FY2011.

	Five Months Ended 31 May			
	2011 (RMB'000)	**2012 (RMB'000)**	**% change**	**FY2011 (RMB'000)**
Property Management Fees	3,427	4,564	33.2%	11,865
Taxes	23,694	29,975	26.5%	61,794
Other Property Operating Expenses	28,214	35,184	24.7%	97,220
Total Property Operating Expenses	**55,335**	**69,723**	**26.0%**	**170,879**

Property Management Fees

The Property Manager will receive from Dynasty REIT, a property management fee of 1.5% of Gross Revenue and 1.5% of Net Property Income (before deduction of property management fee).

Taxes

Taxes comprise property-related taxes and business taxes. See "Taxation — PRC Taxation" for further details regarding details of the taxes.

Other Property Operating Expenses

Other property operating expenses comprise staff costs (including costs associated with the property manager, accounting and finance personnel), marketing and promotion expenses, statutory and professional fees, utilities repair and maintenance, cleaning, security and other expenses in relation to the Properties. Leasing commission of 1.5 months for new leases and 0.5 months for renewal leases of leases with lease tenures of 24 months or longer, such commission to be pro-rated if the lease tenure is less than 24 months. Staff costs comprise salaries for a dedicated property management team including accounting and finance personnel. General and administrative expenses comprise expenses such as statutory fees, printing and stationery expenses, telephone charges, audit fees, valuation, insurance and entertainment expenses.

Trust Expenses

Dynasty REIT's trust expenses comprise mainly:

- the Manager's management fees;
- the Trustee's fees;
- finance costs; and
- other trust expenses.

The following table sets out details of Dynasty REIT's pro forma trust expenses for each of the five months ended 31 May 2011 and 31 May 2012 and for FY2011.

	Five Months Ended 31 May			
	2011 (RMB'000)	**2012 (RMB'000)**	**% change**	**FY2011 (RMB'000)**
Manager's Management Fees	14,288	15,877	11.1%	34,564
Trustee's Fees	1,048	1,057	0.9%	2,531
Finance Costs	60,986	60,860	(0.2)%	115,711
Administrative Expenses	4,167	4,167	—	10,000
Total Trust Expenses	**80,489**	**81,961**	**1.8%**	**162,806**

Manager's Management Fees

Under the Trust Deed, the Manager is entitled to a management fee comprising:

- a Base Fee of 0.3% per annum of the value of the Consolidated Assets; and
- a Performance Fee of 4.5% per annum of Dynasty REIT's Net Property Income.

Any increase in the rate or any change in the structure of the Manager's management fee must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Trustee's Fee

The Trustee's fee shall not exceed 0.25% per annum of the value of the Deposited Property, subject to a minimum of S$20,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The fees are accrued daily and paid monthly in arrears in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time, and is presently charged on a scaled basis of up to 0.03% per annum of the Deposited Property. The Trustee will also be paid a one-time inception fee of S$40,000.

(See "The Formation and Structure of Dynasty REIT — The Trustee" for further details.)

Finance Costs

Finance costs consist of interest expense and amortisation of debt issuance costs.

Other Trust Expenses

Other trust expenses of Dynasty REIT include recurring trust expenses such as annual listing fees, valuation fees, legal fees, registry and depository charges, accounting, audit and tax adviser's fees, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor communications costs and other miscellaneous expenses.

Gross Revenue Trends

The table below sets out the Gross Revenue derived from each of the Properties for the five months ended 31 May 2011 and five months ended 31 May 2012 and full year ended 31 December 2011.

	Five Months Ended 31 May			
	2011 (RMB'000)	**2012 (RMB'000)**	**% change**	**FY2011 (RMB'000)**
Nanjing IFC	28,105	48,874	73.9%	85,283
Dalian TRC	58,880	72,841	23.7%	157,109
Shanghai ICP	19,654	28,187	43.4%	53,320
Gross Rental Income	106,639	149,902	40.6%	295,712
Other Revenue	35,003	36,260	3.6%	80,869
Total Gross Revenue	**141,642**	**186,162**	**31.4%**	**376,581**

Occupancy Trends

Average occupancy rate for the IPO Portfolio was 87.3% for the full year ending 31 December 2011. It was 91.7% for the five months ended 31 May 2012, higher than the 84.3% recorded for the comparative period in 2011.

The progressive leasing up of vacant units at Nanjing IFC and Shanghai ICP is the main driver of the upward occupancy trend. Average occupancy rates at Nanjing IFC and Shanghai ICP increased from 75.1% and 74.3% for the five months ended 31 May 2011 to 93.6% and 86.2% for the comparative period in 2012, respectively. Average occupancy rate at Dalian TRC for the five months ended 31 May 2012 was slightly lower than that of the comparative period in 2011 primarily due to the preparation work in relation to the remodelling of a major portion of the basement level of the mall into the Trendy Zone.

The table below sets out information on the average occupancy rates of the Properties for the year ended 31 December 2011, five-month period ended 31 May 2011 and five-month period ended 31 May 2012. Average occupancy is computed based on the average monthly occupied Lettable Area over the aggregate Lettable Area of the Properties for that period.

	Five-Month Period Ended 31 May		
	2011	**2012**	**FY2011**
Nanjing IFC	75.1%	93.6%	82.8%
Dalian TRC	94.8%	92.7%	93.9%
Shanghai ICP	74.3%	86.2%	78.6%
Average Occupancy	**84.3%**	**91.7%**	**87.3%**

COMPARISON OF THE FIVE-MONTH PERIOD ENDED 31 MAY 2011 WITH THE FIVE-MONTH PERIOD ENDED 31 MAY 2012

Gross Revenue

Gross Revenue increased by 31.4% to RMB186.2 million for the five months ended 31 May 2012 from RMB141.6 million for the five months ended 31 May 2011.

Gross Rental Income

Rental Income increased by 40.6% to RMB149.9 million for the five months ended 31 May 2012 from RMB106.6 million for the five months ended 31 May 2011. The increase was mainly attributable to the increase in occupancy rates as a result of progressive leasing out of vacant units as well as positive rental reversions achieved on the majority of the leases expiring during the five months ended 31 May 2012.

Service Charges

Service charges increased by 9.8% to RMB25.8 million for the five months ended 31 May 2012 from RMB23.5 million for the five months ended 31 May 2011. The increase was primarily attributable to the progressive increase in average occupancy rates and increase in service fee of the portfolio.

Other Income

Other income earned from the Properties, including car park revenue, advertising and other income attributable to the operation of the Properties, there was a slight decreased by 9.1% to RMB10.5 million for the five months ended 31 May 2012 from RMB11.5 million for the five months ended 31 May 2011. The decrease was mainly due to the non-recurring atrium and advertising income for 2011.

Property Operating Expenses

Property operating expenses increased by 26.0% to RMB69.7 million for the five months ended 31 May 2012 from RMB55.3 million for the five months ended 31 May 2011.

Property Management Fees

Property management fees increased by 33.2% to RMB4.6 million for the five months ended 31 May 2012 from RMB3.4 million for the five months ended 31 May 2011. The increase was in line with the growth in gross revenue as a result of the higher occupancy and rental rates secured.

Taxes

Taxes include the business tax, land use tax, real estate tax and stamp duty. There was a increase by 26.5% to RMB30.0 million for the five months ended 31 May 2012 from RMB23.7 million for the five months ended 31 May 2011. The increase was mainly attributable to business tax and real estate tax arising from higher gross revenue.

Other Property Operating Expenses

Other property operating expenses increased by 24.7% to RMB35.2 million for the five months ended 31 May 2012 from RMB28.2 million for the five months ended 31 May 2011. The increase was mainly due to higher staff cost, utilities and repair and maintenance primarily to support the higher occupancy rate for the portfolio.

Net Property Income

As a result of the above factors, Dynasty REIT's Net Property Income increased by 34.9% to RMB116.4 million for the five months ended 31 May 2012 from RMB86.3 million for the five months ended 31 May 2011.

Trust Expenses

Manager's Management Fees

The Manager's management fees increased by 11.1% to RMB15.9 million for the five months ended 31 May 2012 from RMB14.3 million for the five months ended 31 May 2011. The Manager's management fees are charged based on a percentage of the value of the Deposited Property and Net Property Income. Details of the calculation method of the Manager's management fees can be found in "The Manager and Corporate Governance – Manager's Fees". The increase was in line with the growth in Net Property Income. For the purpose of the Unaudited Pro Forma Statements of Total Return, the value of the Deposited Property is based on the value as at the end of each reporting period.

Trustee's Fees

The Trustee's fees are charged based on a percentage of the value of the Deposited Property. Details of the calculation method of the Trustee's fees can be found in the Trust Deed. For the purpose of the Unaudited Pro Forma Statements of Total Return, the value of the Deposited Property is based on the value as at the end of each reporting period.

Financing Costs

Finance costs consist of interest expense and amortisation of debt insurance costs. Finance cost will remains stable for the comparison periods.

Other Trust Expenses

Other trust expenses of Dynasty REIT include recurring trust expenses such as annual listing fees, valuation fees, legal fees, registry and depository charges, accounting, audit and tax adviser's fees, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor communications costs, security agent fees, debt facility agent fees and other miscellaneous expenses.

Net Income

Dynasty REIT's net income for the five months ended 31 May 2012 was RMB24.2 million as compared to RMB203.3 million as at 31 May 2011. The lower net income was mainly due to the absence of the valuation gain for the period ended May 2012.

LIQUIDITY AND CAPITAL RESOURCES

The principal sources of funding for the original acquisition or development and any subsequent improvement works at the Properties have historically been from internally generated funds, unitholders' loans and bank borrowings.

A summary of Dynasty REIT's pro forma cash flow for the year ended 31 December 2011 is set out below:

	FY2011 (RMB'000)
Net cash generated from operating activities	247,373
Net cash used in investing activities	(5,097,482)
Net cash generated from financing activities	5,294,046
Cash and cash equivalents at the end of the year	631,746

Net cash generated from operating activities was RMB247.4 million in FY2011. Operating cash flow before working capital changes was RMB159.2 million. Decrease in trade and other receivables was RMB137.0 million, and decrease in trade and other payables was RMB50.0 million. As a result, net cash generated from operating activities was RMB247.4 million.

Net cash used in investing activities was RMB5,097.5 million. This was mainly due to payments of RMB5,079.8 million for the acquisition of the Properties and RMB19.6 million for capital expenditure on the Properties and purchase of plant and equipment and offset by the interest income received from cash deposited in banks amounting to RMB1.2 million.

Net cash generated from financing activities was RMB5,294.0 million. This was mainly due to the net proceeds of RMB4,794.3 million raised from the issuance of new Units, proceeds from borrowings of RMB2,801.7 million and capital contribution by vendor as DPU Support of RMB491.0 million. The repayment of borrowings of RMB2,624.6 million, net settlement of advances from and to related corporations of RMB34.4 million and payment of interest on borrowings of RMB115.7 million.

ACCOUNTING POLICIES

For a discussion of the principal accounting policies of Dynasty REIT, please see Appendix B, "Reporting Auditors' Report on Examination of the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012".

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 this 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 Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers, the Sponsor or any other person, or that these results will be achieved or are likely to be achieved. (See "Forward-looking Statements" and "Risk Factors" for further details.) 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 Dynasty REIT, the Manager, the Trustee, the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers or the Sponsor guarantees the performance of Dynasty REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on:

- ***the Minimum Offering Price and Maximum Offering Price; and***
- ***the assumption that the Listing Date is 1 August 2012.***

Such yields will vary accordingly if the Listing Date is not 1 August 2012, or for investors who purchase Units in the secondary market at a market price that differs from the Minimum Offering Price and Maximum Offering Price. Unitholders should note that in respect of the Forecast Period 2012, they will only be entitled to a pro rata share of distributions declared and paid for the period from Listing Date to 31 December 2012.

The following table shows Dynasty REIT's forecast and projected Statements of Total Return for the Forecast Period 2012 and the Projection Year 2013. The financial year end of Dynasty REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of Units is other than on 1 August 2012, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the Reporting Auditor, being KPMG LLP, and should be read together with the report "Reporting Auditors' Report on the Profit Forecast and Profit Projection" set out in Appendix A, as well as the assumptions and the sensitivity analysis set out in this section of this Prospectus.

Forecast and Projected Statements of Total Return

The forecast and projected statements of net income and distribution are as follows:

	Forecast Period 2012 (1 August 2012 to 31 December 2012)		Projection Year 2013 (1 January 2013 to 31 December 2013)	
	(based on the Minimum Offering Price) RMB'000	(based on the Maximum Offering Price) RMB'000	(based on the Minimum Offering Price) RMB'000	(based on the Maximum Offering Price) RMB'000
Gross rental income	159,857	159,857	430,482	430,482
Service charges	28,997	28,997	74,909	74,909
Other Income	13,390	13,390	34,424	34,424
Gross revenue	202,244	202,244	539,815	539,815
Property-related taxes	(19,988)	(19,988)	(51,530)	(51,530)
Business taxes	(11,524)	(11,524)	(30,700)	(30,700)
Property management fees	(4,968)	(4,968)	(13,458)	(13,458)
Other property operating expenses	(39,212)	(39,212)	(93,184)	(93,184)
Total property operating expenses	(75,692)	(75,692)	(188,872)	(188,872)
Net property income	126,552	126,552	350,943	350,943
Manager's management fees	(16,350)	(16,351)	(41,214)	(41,220)
Trustee fees	(1,066)	(1,066)	(2,542)	(2,543)
Administrative expenses	(4,234)	(4,234)	(10,160)	(10,160)
Finance costs	(53,425)	(47,969)	(125,416)	(112,324)
Net income before income tax	51,477	56,932	171,611	184,696
Change in fair value of investment properties[(1)]	275,500	275,500	—	—
Total return before tax and distribution	326,977	332,432	171,611	184,696
Income tax expense	(86,359)	(86,359)	(53,558)	(53,558)
Total return for the period/year	**240,618**	**246,073**	**118,053**	**131,138**
Distribution adjustments[(2)]	(172,100)	(173,279)	95,362	92,535
Distributable Net Income	**68,518**	**72,794**	**213,415**	**223,673**

	Forecast Period 2012 (1 August 2012 to 31 December 2012)		Projection Year 2013 (1 January 2013 to 31 December 2013)	
	(based on the Minimum Offering Price) RMB'000	(based on the Maximum Offering Price) RMB'000	(based on the Minimum Offering Price) RMB'000	(based on the Maximum Offering Price) RMB'000
DPU Support	73,143	73,143	137,512	137,512
Total Distribution	**141,661**	**145,937**	**350,927**	**361,185**
Distribution to Non-Sponsor Units has been derived by deducting the amount to be distributed to the Sponsor (after taking into account the Waived Distribution) from total distribution				
Distribution to Non-Sponsor Units (inclusive of Waived Distribution)[3]	**134,459**	**138,991**	**332,745**	**343,666**
Offering Price (RMB)	4.40	4.70	4.40	4.70
Average number of Units in issue ('000)	1,150,317	1,150,152	1,157,251	1,156,645
Distribution per Non-Sponsor Unit (RMB)[4], [5]	0.1301	0.1335	0.3199	0.3281
Annualised Distribution Yield (Non-Sponsor Unit)	7.1%	6.8%	7.3%	7.0%

In the absence of DPU Support, the DPU and the distribution yield would be RMB0.0699 and RMB0.0663 and 3.6% (annualised) and 3.6% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and Minimum Offering Price, respectively, and RMB0.2092 and RMB0.2010 and 4.5% and 4.6% for the Projection Year 2013 based on the Maximum Offering Price and Minimum Offering Price, respectively.

In the absence of DPU Support and the Waived Distribution, the DPU and the distribution yield would be RMB0.0633 and RMB0.0596 and 3.2% (annualised) and 3.2% (annualised) for the Forecast Period 2012 based on the Maximum Offering Price and Minimum Offering Price, respectively, and RMB0.1934 and RMB0.1844 and 4.1% and 4.2% for the Projection Year 2013 based on the Maximum Offering Price and Minimum Offering Price, respectively.

Notes:

(1) The Properties have been revalued on the Listing Date to the average of their independent appraisal values assessed by the Independent Valuers as of 31 May 2012 of RMB7,681.5 million.

(2) Distribution adjustments include the Manager's Base Fee and Performance Fee which are payable in the form of Units, and other non-cash adjustments including changes in fair value of investment properties (net of tax), amortisation of loan issuance costs and depreciation of fixed assets. Distribution for the Projection Year 2013 includes a portion of the operating profits after taxation and other adjustments of Dalian Boyuan for the period from 1 January 2012 to the date of acquisition by Dynasty REIT, which is to be declared subject to the necessary regulatory approvals. Please refer to the table below for a breakdown of the distribution adjustments.

	Forecast Period 2012 (1 August 2012 to 31 December 2012)		**Projection Year 2013 (1 January 2013 to 31 December 2013)**	
	(based on the Minimum Offering Price) RMB'000	**(based on the Maximum Offering Price) RMB'000**	**(based on the Minimum Offering Price) RMB'000**	**(based on the Maximum Offering Price) RMB'000**
Distribution adjustments				
Depreciation of fixed assets	452	452	956	956
Loan issuance costs	11,309	10,129	27,142	24,309
Management fees payable in Units	16,350	16,351	41,214	41,220
Change in fair value of investment properties, net of tax	(206,625)	(206,625)	—	—
Deferred Tax Asset of Nanjing Rich Field Real Estate Development Co., Ltd	6,414	6,414	17,097	17,097
Operating profit of Dalian Boyuan Co., Ltd.	—	—	8,953	8,953
Total	(172,100)	(173,279)	95,362	92,535

(3) See "Distribution — Waiver of Entitlement to the Relevant Sponsor Distribution" for further details.

(4) DPU is derived by dividing Distribution to Non-Sponsor Units (inclusive of waiver of the Waived Distribution) for the Forecast Period 2012 and Projection Year 2013 by the number of Units in issue excluding Sponsor Units.

(5) Equivalent to DPU of 2.59 Singapore cents and 2.53 Singapore cents for the Forecast Period 2012 under the Maximum Offering Price and the Minimum Offering Price respectively, and 6.38 Singapore cents and 6.22 Singapore cents for the Projection Year 2013 under the Maximum Offering Price and the Minimum Offering Price, respectively, based on an exchange rate of RMB5.146:S$1.00.

ASSUMPTIONS

The Manager has prepared the Profit Forecast and Profit Projection on the following assumptions. The 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 Dynasty REIT.

Gross Revenue and Net Property Income Contribution of Each Property

The forecast and projected contributions of Nanjing IFC, Dalian TRC and Shanghai ICP to the Gross Revenue are as follows:

	Forecast Period 2012 (1 August 2012 to 31 December 2012)		Projection Year 2013 (1 January 2013 to 31 December 2013)	
Contribution to Gross Revenue	**(RMB'000)**	**(%)**	**(RMB'000)**	**(%)**
Nanjing IFC	68,050	33.6	173,466	32.1
Dalian TRC	100,497	49.7	264,478	49.0
Shanghai ICP	33,697	16.7	101,871	18.9
Gross Revenue	**202,244**	**100.0**	**539,815**	**100.0**

The forecast and projected contributions of Nanjing IFC, Dalian TRC and Shanghai ICP to the Net Property Income are as follows:

	Forecast Period 2012 (1 August 2012 to 31 December 2012)		Projection Year 2013 (1 January 2013 to 31 December 2013)	
Contribution to Net Property Income	**(RMB'000)**	**(%)**	**(RMB'000)**	**(%)**
Nanjing IFC	43,007	34.0	111,349	31.7
Dalian TRC	62,938	49.7	173,470	49.4
Shanghai ICP	20,607	16.3	66,124	18.9
Net Property Income	**126,552**	**100.0**	**350,943**	**100.0**

Gross Revenue

Gross Revenue consists of:

- Gross Rental Income;
- service charges; and
- other income earned from the Properties, including car park revenue, advertising and other income attributable to the operation of the Properties.

A summary of the assumptions which have been used in calculating the Gross Revenue is set out below.

Gross Rental Income

Gross Rental Income for each tenant consists of:

- Base Rent; or
- Turnover Rent; or
- the higher of Base Rent or Turnover Rent.

Tenancies for office space are typically charged using the Base Rent method. Tenancies for retail may be charged using the Base Rent method, the Turnover Rent method, or the higher of Base Rent or Turnover Rent. As at 31 May 2012, approximately 64.4% of retail tenancies by Gross Rental Income have a Turnover Rent component.

Dynasty REIT's office leases in Nanjing IFC and Shanghai ICP are typically for a period of two to three years, and may include an option to renew. Retail leases typically range from eight to 20 years for anchor tenants and one to six years for non-anchor tenants.

As at 31 May 2012, 48.0%, 81.1% and 29.8% of the leases (by Gross Rental Income) in Nanjing IFC, Dalian TRC and Shanghai ICP respectively have step-up structures in the Base Rent.

The Manager has used the following assumptions to forecast and project the Gross Rental Income to be derived from vacant Lettable Areas as at 31 May 2012 and Lettable Areas which become available upon expiry of Committed Leases (as defined herein) during the Forecast Period 2012 and Projection Year 2013:

Market Rent and Growth

- The Manager has assessed the market rent for each section of Lettable Area as at 31 May 2012, taking into consideration the rents contracted for comparable Lettable Area under recent Committed Leases.

- Forecast market rent for the Forecast Period 2012 and the Projection Year 2013 are established based on growth assumptions which reflect the Manager's analysis of market supply and demand conditions, competitive landscape and other factors such as expected changes in demographics in the catchment area and planned public transportation development works which would impact the demand for the Properties. The Manager has also considered the rental growth rate in the Independent PRC Property Market Research Report prepared by Colliers, the estimated rate of inflation in each city where the Properties are located, the outlook for the general economy, including projected GDP growth rates, urbanisation rates and the outlook for retail sales.

- For Nanjing IFC leases,

  – For office leases, if a Committed Lease expires in the Forecast Period 2012 or the Projection Year 2013, the Manager has assumed that the rental rate for a new lease (or a lease renewal) which commences in the Forecast Period 2012 or the Projection Year 2013 to be the forecast market rent for the respective period. The forecast market rent is assumed to increase by a projected growth rate of 7.0% per annum.

  – For retail leases, if a Committed Lease expires in the Forecast Period 2012 or the Projection Year 2013, the Manager has assumed that the rental rate for a new lease (or a lease renewal) which commences in the Forecast Period 2012 or the Projection Year 2013 to be the forecast market rent for the respective period. The forecast market rent is assumed to increase by a projected growth rate of 10.0% per annum.

- No rental step-ups have been assumed for new or renewed office leases. Rental step-ups of 4.0% per annum have been assumed for new or renewed retail leases. The step-ups for existing leases are based on the contractual step-ups provided in the leases.

- For Dalian TRC leases,

  - If a Committed Lease expires in the Forecast Period 2012 or the Projection Year 2013, the Manager has assumed that the rental rate for a new lease (or a lease renewal) which commences in the Forecast Period 2012 or the Projection Year 2013 to be the forecast market rent for the respective period. The forecast market rent is assumed to increase by a projected growth rate of 10.0% per annum. Rental step-ups of 5.0% per annum have been assumed for new or renewed leases. The step-ups for existing leases are based on the contractual step-ups provided in the leases.

- For Shanghai ICP leases,

  - For office leases, if a Committed Lease expires in the Forecast Period 2012 or the Projection Year 2013, the Manager has assumed that the rental rate for a new lease (or a lease renewal) which commences in the Forecast Period 2012 or the Projection Year 2013 to be the forecast market rent for the respective period. The forecast market rent is assumed to increase by a projected growth rate of 7.0% per annum.

  - For retail leases, if a Committed Lease expires in the Forecast Period 2012 or the Projection Year 2013, the Manager has assumed that the rental rate for a new lease (or a lease renewal) which commences in the Forecast Period 2012 or the Projection Year 2013 to be the forecast market rent for the respective period. The forecast market rent is assumed to increase by a projected growth rate of 7.0% per annum.

  - No rental step-ups have been assumed for new or renewed office leases. Rental step-ups of 7.0% per annum have been assumed for new or renewed retail leases. The step-ups for existing leases are based on the contractual step-ups provided in the leases.

The Manager has assumed the following lease tenure for a new lease or renewal lease that commences in the Forecast Period 2012 or the Projection Year 2013:

	Nanjing IFC	**Dalian TRC**	**Shanghai ICP**
Retail	5 years	1 to 5 years depending on the size of the unit	5 years
Office	3 years	Not applicable	2 years

Turnover Rent

As at 31 May 2012, 23.0% of the leases (by Gross Rental Income) for the retail component at Nanjing IFC contain a Turnover Rent component; 75.8% of the leases (by Gross Rental Income) at Dalian TRC contain a Turnover Rent component, and 43.1% of the leases (by Gross Rental Income) for the retail component at Shanghai ICP contain a Turnover Rent component.

	Nanjing IFC	**Dalian TRC**	**Shanghai ICP**
% of retail leases which contain a Turnover Rent component (by Gross Rental Income)	23.0%	75.8%	43.1%

In order to forecast and project Turnover Rent, the Manager has made an assessment of the Turnover Rent which it expects to receive for the Forecast Period 2012 and Projection Year 2013 for Committed Leases. In order to make this assessment, the Manager has analysed historical Turnover Rent figures for each tenant that pays Turnover Rent. Where historical Turnover Rent figures are not available, the Manager has made an estimate of the tenant's expected turnover, based on information provided by the tenant and other factors such as the growth outlook for retail sales for the tenant's trade category and size, turnover figures in the tenant's other outlets and turnover figures of the tenant's competitors. Only those Committed Leases and renewals of Committed Leases which contain Turnover Rent provisions have been included when preparing such forecast and projection. Turnover Rent is forecast and projected to account for 7.4% and 6.7% of Gross Rental Income for the Forecast Period 2012 and the Projection Year 2013 respectively.

Lease Renewals and Vacancy Allowance

The Manager has provided for a vacancy allowance in the Forecast Period 2012 and the Projection Year 2013, which refers to the period after the expiry of a Committed Lease whereby no rent is payable and/or periods where rent-free allowance is applicable, based on the following:

- For Committed Leases at each property expiring after 31 May 2012, where the actual vacancy periods are already known pursuant to a committed new letting or renewal, the actual vacancy periods have been used in the Forecast Period and Projection Year.

- For the balance of the Committed Leases expiring after 31 May 2012 and before 31 December 2013, the Manager has taken into consideration the historical renewal rates, typical vacancy periods (inclusive of rent-free periods granted to office and retail tenants) and leasing policies applicable at each property and determined the following assumptions for a new letting at each property.

The Manager has assumed the following tenant retention rates (by Lettable Areas) for Committed Leases expiring after 31 May 2012 and before 31 December 2013:

	Nanjing IFC	Dalian TRC	Shanghai ICP
Office leases	60.0%	Not applicable	67.0%
Retail leases	50.0%	70.0%	Not applicable(1)

Note:

(1) There are no Committed Leases expiring during the Forecast Period 2012 and the Projection Year 2013.

The Manager has assumed the following vacancy periods in the case of new letting during the Forecast Period 2012 and the Projection Year 2013:

	Nanjing IFC	Dalian TRC	Shanghai ICP
Office leases	3.5 months	Not applicable	4 months
Retail leases	5 months	4 months	Not applicable(1)

Note:

(1) There are no Committed Leases expiring during the Forecast Period 2012 and the Projection Year 2013.

Lease Take-up and Occupancy

The Manager has analysed each vacant space as of 31 May 2012 and forecast a lease commencement date of each new letting based on various factors including current interests drawn from prospective tenants, take-up timing under negotiation and timing of planned capital expenditure that has a direct impact on leasing.

The average occupancy rate for the Forecast Period 2012 and the Projection Year 2013 for the Properties, are estimated as follows:

Average Occupancy Rate		
	Forecast Period 2012	**Projection Year 2013**
Nanjing IFC	96.6%	98.6%
Dalian TRC	97.9%	99.2%
Shanghai ICP	84.7%	98.2%
IPO Portfolio(1)	**94.9%**	**98.8%**

Source: The Manager.

Note:

(1) Portfolio occupancy is the weighted average occupancy rate based on GFA.

For Nanjing IFC, the occupancy rate is projected to increase from 95.5% (Committed Occupancy) on 31 May 2012 to an average of 96.6% in the Forecast Period 2012 and 98.6% in the Projection Year 2013.

Nanjing IFC is expected to benefit from the continuous strengthening of Xinjiekou as the major CBD in Nanjing. Being a well-leased property with a quality pool of tenants which includes MNCs and a proven management track record, Nanjing IFC is well-placed to tap on the strong demand for high-quality office and retail space in the city.

For Dalian TRC, the occupancy rate is projected to increase from 93.2% (Committed Occupancy) as at 31 May 2012 to an average of 97.9% in the Forecast Period 2012 and 99.2% in the Projection Year 2013.

Dalian TRC is expected to further strengthen its position as a prime retail mall in Xi'an Road, ahead of the expected completion of the metro lines in 2014. Several asset enhancement initiatives is expected to enhance its tenant mix and appeal to shoppers. These include the recently opened "Trendy Zone", comprising approximately 3,265 sq m of previously vacant space at the basement of the mall with a new-to-market concept targeted at young shoppers.

For Shanghai ICP, the Committed Occupancy as at 31 May 2012 is 86.8%. It is projected to remain stable during the Forecast Period 2012 and increase to an average of 98.2% in the Projection Year 2013.

In light of the increasing demand for decentralised Grade A office space, Shanghai ICP is well-placed to capture demand from prospective tenants looking to relocate to the Hongkou area. It is expected that both the office and retail components of Shanghai ICP will benefit from the development of the North Sichuan Road precinct into a small commercial hub.

Service Charges

In addition to Gross Rental Income, tenants pay a service charge to the PRC Property Companies or their appointed property managers to defray the operating costs of the respective Properties. The amount of service charge levied on the tenants at each Property is dependent on market rates of comparable properties and any revision is subject to the approval of the relevant authority.

Other Income

Other income comprises car park revenue, advertising revenue, atrium leasing revenue, tenant promotional fee and other income attributable to the operation of the Properties. The tenant promotional fee is applicable only to Dalian TRC. The projection of other income in the Forecast

Period 2012 and the Projection Year 2013 are based on existing agreements, historical income, additional facilities (for example advertising panels) and the Manager's expected asset enhancement initiatives for the Properties.

Property Operating Expenses

Property operating expenses consist of (i) business and property-related taxes and (ii) other property operating expenses (including marketing and promotion expenses, staff cost, utilities, repair and maintenance, cleaning, security and other expenses). A summary of the assumptions which have been used in calculating the property operating expenses is set out below.

Property Management Fee

Under the master property management agreement dated 4 October 2012 entered into between the Manager, the Trustee and the Property Manager (the "**Master Property Management Agreement**") and the individual property management agreements entered into pursuant thereto (the "**Individual Property Management Agreements**"), the Property Manager will receive from Dynasty REIT, a property management fee of 1.5% of Gross Revenue and 1.5% of Net Property Income (before deduction of property management fee).

Business and Property-related Taxes

Business Tax

The assumptions on the computation of business tax (including education surcharge (3.0% of business tax payable), urban maintenance and 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
Nanjing IFC	5.60%
Dalian TRC	5.60%
Shanghai ICP(1)	5.65%

Note:

(1) Includes the river maintenance fee (上海市河道工程修建维护管理费) (0.1% of business tax payable).

Land Use Tax

The assumptions on land use tax per sq m are set out in the table below.

	Land Use Tax Rate (RMB per sq m)
Nanjing IFC	10
Dalian TRC	24
Shanghai ICP	20

Real Estate Tax

The assumptions based on real estate tax are set out in the table below.

	Real Estate Tax
Nanjing IFC	12.0% of rental income
Dalian TRC	12.0% of rental income
Shanghai ICP	1.2% per annum based on 80.0% of the original book cost of the completed and completing property

Stamp Duty

Stamp duty is levied at a rate of 0.1% on rental contracts and 0.03% on construction and related service contracts.

Other Property Operating Expenses

Other property operating expenses comprise staff costs (including costs associated with the property manager, accounting and finance personnel), marketing and promotion expenses, statutory and professional fees, utilities repair and maintenance, cleaning, security and other expenses in relation to the Properties. The historical expenses incurred for Nanjing IFC, Dalian TRC and Shanghai ICP have been assessed by individual property, and are projected to increase by 3.0% to 8.0% per annum in the Forecast Period 2012 and the Projection Year 2013.

Leasing commission of 1.5 months for new leases and 0.5 months for renewal of leases with lease tenure of 24 months or longer, such commission to be pro-rated if the lease tenure is less than 24 months.

Staff costs comprise salaries for a dedicated property management team including accounting and finance personnel. Staff costs are projected to increase by 15.7% and 8.0% in the Forecast Period 2012 and the Projection Year 2013 respectively.

Projections for expenses relating to utilities have assumed increases in electricity and water expenses due to increases in occupancy levels projected in the Forecast Period 2012 and the Projection Year 2013. Utilities expenses are net of any recoveries from tenants. Repair and maintenance expenses incurred for the Properties and where relevant, are net of recoveries from tenants. These expenses are projected to increase by 3.0% in the Forecast Period 2012 and the Projection Year 2013.

General and administrative expenses comprise expenses such as statutory fees, printing and stationery expenses, telephone charges, audit fees, valuation and entertainment expenses. Insurance expenses are based on new contracts or quotations received from the respective insurers for the Properties. General and administrative expenses are projected to increase by 5.0% in the Forecast Period 2012 and the Projection Year 2013.

Depreciation and amortisation expenses at the PRC Property Companies consist of the depreciation of plant and equipment and include capitalised acquisition-related expenses. The depreciation and amortisation is carried out on a straight-line basis over their estimated useful lives as follows:

Land and building	20 to 30 years
Furniture and fittings	2 to 5 years
Office and computer equipment	3 years

Capital Expenditure

Major renovations have been completed for the Properties; hence no significant capital expenditure is projected for the Forecast Period 2012 and the Projection Year 2013.

Approximately RMB2.0 million and RMB1.5 million are expected to be spent at Dalian TRC for the Forecast Period 2012 and the Projection Year 2013 respectively for minor works such as the installation of new LCD screens and improvement of signage in the Property.

General Reserves

Under PRC regulations, there is a requirement for wholly foreign-owned enterprises to apportion 10.0% of its net profit after tax to the general reserves account until such reserve reaches 50.0% of the company's registered capital. The Manager has assumed a 10.0% provision for general reserves for all the PRC Property Companies.

Repayment of Shareholder's Loan

Based on PRC accounting standards, depreciation of real estate is a mandatory expense at the project company level when determining the net profits from operations of a project company that would be available for payment as dividends. Although this acts to reduce PRC corporate income tax, it effectively traps cash in the project companies as depreciation is not a cash expense.

To distribute this portion, there is a need to extract the cash that is trapped in the project company in the form of a principal repayment of shareholder's loan each year. This applies to Shanghai ICP[1] and Dalian TRC. There is no shareholder's loan in relation to Nanjing IFC. Hence, cash repatriation from onshore to offshore for Nanjing IFC, given the absence of shareholder's loans, would be primarily by way of dividends as well as offshore revolver drawdowns in combination with onshore debt repayment.

Interest on Shareholder's Loan

It is assumed that the interest rates on the shareholder's loans extended by the BVI Holding Company to the PRC Property Companies will be 3.0% per annum.

Finance Costs

Finance costs consist of interest expense and amortisation of debt issuance costs. Upon listing, Dynasty REIT will have in place an aggregate of RMB3,751.3 million[2] equivalent committed three-year loan facilities, comprising RMB401.4 million equivalent Onshore Term Loan Facilities, a RMB2,524.3 million[2] equivalent Offshore Term Loan Facility and RMB825.6 million[2] equivalent three-year Committed RCF. The amount drawn upon on the Listing Date will be RMB2,873.0 million (based on the Minimum Offering Price).

The Manager has assumed the average interest rate for the onshore loan facility for the Forecast Period 2012 and Projection Year 2013 to be approximately 3.53% per annum, based on 120.0% of the projected PBOC rate in the respective periods. The average interest rate for the offshore loan facility for the Forecast Period 2012 and Projection Year 2013 is assumed to be approximately 1.97% per annum above the Singapore Swap Offer Rate.

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1 The amount of shareholder's loan as at 31 May 2012 is US$18.4 million in relation to Shanghai ICP and US$62.4 million in relation to Dalian TRC. For Dalian TRC, it is intended that an amount of approximately US$15.9 million or RMB100.0 million will be repaid prior to listing.

2 Based on an exchange rate of S$1.00 to RMB5.115.

The upfront debt establishment cost of 2.5% incurred in relation to the Facilities is deducted directly from the Unitholders' Funds and have no impact on income distributions.[1]

As part of the offshore loan facility, there is a revolving credit facility available to fund the normal operations of the Dynasty REIT. The Manager has assumed that interest costs of 3.0% per annum above the Singapore Swap Offer Rate will be applied to this facility following any draw down.

The Manager intends to enter into an interest rate swap to hedge its interest rate exposure in relation to at least 50.0% of the aggregate onshore and offshore Term Loan Facility. The rate assumed on the swap for purposes for preparing the forecasts was 3.0%.

(See "Capitalisation — Indebtedness" for further details.)

Manager's Management Fees

The Manager is entitled under the Trust Deed, to a management fee comprising:

- a Base Fee of 0.3% per annum of the value of the Consolidated Assets; and
- a Performance Fee of 4.5% per annum of Dynasty REIT's Net Property Income.

The Manager may elect to receive the Base Fee and the Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine).

For the Forecast Period 2012 and the Projection Year 2013, the Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units.

The portion of management fees payable in the form of Units shall be payable quarterly in arrears and the portion of management fees payable in cash shall be payable monthly in arrears.

When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased with the relevant amount of the management fee attributable to the relevant period at an issue price equal to the market price. The Manager has assumed such market price to be the relevant Offering Price.

(See "The Manager and Corporate Governance — The Manager of Dynasty REIT — Manager's Fees" for further details.)

Trustee's Fee

The Trustee's fee shall not exceed 0.25% per annum of the value of the Deposited Property, subject to a minimum of S$20,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The fees are accrued daily and paid monthly in arrears in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time, and is presently charged on a scaled basis of up to 0.03% per annum of the Deposited Property. The Trustee will also be paid a one-time inception fee of S$40,000.

(See "The Formation and Structure of Dynasty REIT — The Trustee" for further details.)

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1 The total upfront fees will be paid at the initial drawdown of the Facilities, with the borrowing entities receiving loan proceeds net of these fees. For financial reporting purposes, these fees are amortised over the term of the loan, in line with accounting standard requirements. Such amortisation is a non-cash item in the relevant affected years and would be included as a distribution adjustment (added back) in the Distribution Statement. The forecast DPU set out in this Prospectus reflects the above.

Other Trust Expenses

Other expenses of Dynasty REIT include recurring trust expenses such as annual listing fees, valuation fees, legal fees, registry and depository charges, accounting, audit and tax adviser's fees, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor communications costs and other miscellaneous expenses.

Issue Costs

The costs associated with the Offering will be paid for by Dynasty REIT. These costs are directly deducted from the Unitholders' Funds and have no impact on income distributions.

Properties

The aggregate value of the Properties as at 31 May 2012 was RMB7,681.5 million, based on the average of the two independent valuations undertaken for each Property (inclusive of DPU Support). For the purposes of the Profit Forecast and Profit Projection, the Manager has assumed that there is no change in the valuation of the Properties.

Taxes

The following taxes have been taken into account in the Forecast Period 2012 and the Projection Year 2013:

- PRC income tax;
- PRC business tax;
- PRC real estate tax;
- PRC land use tax;
- PRC stamp duty; and
- PRC urban municipal maintenance and construction tax and education surcharge.

(See "Taxation — PRC Taxation" for further details.)

Accounting Standards and Policies

The Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected net investment income. Significant accounting policies adopted by the Manager in the preparation of the Profit Forecast and Profit Projection are set out in Appendix B, "Reporting Auditors' Report on the Examination of the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012".

Other Assumptions

The Manager has made the following additional assumptions in preparing the Profit Forecast and Profit Projection:

- that the IPO Portfolio of Dynasty REIT remains unchanged for the Forecast Period 2012 and the Projection Year 2013;
- that no further capital will be raised during the Forecast Period 2012 and the Projection Year 2013;
- that the Facilities and interest rate swaps are available for the Forecast Period 2012 and the Projection Year 2013. The resulting hedge is assumed to be effective and there is no change in the fair value of the interest rate swaps;

- that there will be no change in the applicable tax legislation or other applicable legislation for the Forecast Period 2012 and the Projection Year 2013;
- that the Singapore Tax Ruling remain in force and that the terms and conditions of the Singapore Tax Ruling are complied with;
- that all leases and licenses as at 31 May 2012 are enforceable and will be performed in accordance with their terms during the Forecast Period 2012 and the Projection Year 2013;
- that there will be no pre-termination of any Committed Leases;
- that 100.0% of Dynasty REIT's Annual Distributable Income is distributed for the Forecast Period 2012 and the Projection Year 2013; and
- that there will be no change in property valuation of the Properties.

SENSITIVITY ANALYSIS

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as set out in "Risk Factors".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected 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 DPU to changes in the principal assumptions are set out as follows.

The sensitivity analyses are intended only as a guide. Variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Gross Revenue

Changes in the Gross Revenue will impact the Net Property Income of Dynasty REIT and consequently, the DPU. The assumptions for Gross Revenue have been set out earlier in this section. The effect of variations in the Gross Revenue on the distribution yield is set out below:

	Distribution yield pursuant to changes in Gross Revenue[(1)]			
	Forecast Period 2012		**Projection Year 2013**	
	(based on the Minimum Offering Price)	**(based on the Maximum Offering Price)**	**(based on the Minimum Offering Price)**	**(based on the Maximum Offering Price)**
5.0% below base case	6.6%	6.3%	6.7%	6.5%
Base case	7.1%	6.8%	7.3%	7.0%
5.0% above base case	7.6%	7.3%	7.8%	7.5%

Note:

(1) Based on the Support Amount of RMB73.1 million in the Forecast Period 2012 and RMB137.5 million in the Projection Year 2013 and the Waived Distribution.

Property Operating Expenses

Changes in property operating expenses will impact the Net Property Income of Dynasty REIT and consequently, the DPU. The assumptions for property operating expenses have been set out earlier in this section. The effect of variations in property operating expenses on the distribution yield is set out below:

	Distribution yield pursuant to changes in Property Operating Expenses[1]			
	Forecast Period 2012		Projection Year 2013	
	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)
5.0% below base case	7.3%	7.0%	7.5%	7.2%
Base case	7.1%	6.8%	7.3%	7.0%
5.0% above base case	6.9%	6.6%	7.1%	6.8%

Note:

(1) Based on the Support Amount of RMB73.1 million in the Forecast Period 2012 and RMB137.5 million in the Projection Year 2013 and the Waived Distribution.

Borrowing Costs

Changes in borrowing costs affect the net income of Dynasty REIT and consequently, the DPU. The effect of variations in borrowing costs on the distribution yield is set out below.

	Distribution yield pursuant to changes in Borrowing Costs[1]			
	Forecast Period 2012		Projection Year 2013	
	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)
50 basis point increase in the applicable interest rate	6.8%	6.6%	7.0%	6.7%
Base case	7.1%	6.8%	7.3%	7.0%
50 basis point decrease in the applicable interest rate	7.4%	7.1%	7.6%	7.2%

Note:

(1) Based on the Support Amount of RMB73.1 million in the Forecast Period 2012 and RMB137.5 million in the Projection Year 2013 and the Waived Distribution.

Management Fees

Assuming that the Manager's management fees were fully paid in cash for the Forecast Period 2012 and the Projection Year 2013, the impact on the DPU would be as follows:

	Distribution yield pursuant to changes in the form of payment of the Management Fees[1]			
	Forecast Period 2012		Projection Year 2013	
	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)	(based on the Minimum Offering Price)	(based on the Maximum Offering Price)
Base case	7.1%	6.8%	7.3%	7.0%
100% of Manager's management fee paid in cash	6.2%	6.1%	6.4%	6.2%

Note:

(1) Based on the Support Amount of RMB73.1 million in the Forecast Period 2012 and RMB137.5 million in the Projection Year 2013 and the Waived Distribution.

STRATEGY

INVESTMENT STRATEGY

Dynasty REIT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in income-producing real estate located in the PRC which is used primarily for commercial purposes, as well as real estate-related assets.

Under the Listing Manual, the investment strategy of Dynasty REIT must be adhered to for at least three years following the Listing Date, unless otherwise approved by Unitholders by way of an Extraordinary Resolution.

KEY OBJECTIVE

The Manager's key objective for Dynasty REIT is to provide Unitholders with regular and stable distributions, and the potential for sustainable long-term growth of such distributions, while maintaining an optimal capital structure.

KEY STRATEGIES

The Manager plans to achieve its objective through the following key strategies:

- **Proactive asset management and asset enhancement strategy** — The Manager will actively manage Dynasty REIT's property portfolio to achieve growth in revenue and Net Property Income and maintain optimal occupancy levels. The Manager will also look to drive organic growth, build strong relationships with the tenants of the Properties and seek property enhancement opportunities.

- **Investments and acquisition growth strategy** — The Manager will achieve portfolio growth through the acquisition of quality income-producing commercial properties in the PRC.

- **Capital and risk management strategy** — The Manager will maintain a strong balance sheet and adopt appropriate financing and hedging policies to manage interest rate volatility and foreign exchange exposure for Dynasty REIT.

- **Development strategy** — Within the limits of the Property Funds Appendix, the Manager will prudently undertake development activity when appropriate opportunities arise while mitigating construction and leasing risks.

Proactive Asset Management and Asset Enhancement Strategy

The Manager believes that the strong fundamentals and positive growth outlook of the PRC commercial real estate sector provides Dynasty REIT with the opportunity to improve the average occupancy rate of its IPO Portfolio from its current prevailing level and minimise vacancies going forward.

The Manager intends to meet its objective of maximising returns from Dynasty REIT's property portfolio through the following key strategies:

Improving rentals while maintaining high occupancy rates

The Manager intends to improve rentals while maintaining high occupancy rates through:

- identifying and rectifying leases that are about to expire with passing rents which are below market levels;

- advancing renewal negotiations with tenants whose tenancies are approaching expiry;

- increasing the overall marketability and profile of Dynasty REIT's IPO Portfolio to increase the prospective tenant base;
- actively marketing current and impending vacancies to minimise vacant periods;
- actively monitoring rental arrears to minimise defaults by tenants and other aspects of tenant performance;
- incorporating contractual periodic rental step-up provisions in selected tenancy agreements to provide an additional source of organic growth;
- searching for new tenants from sectors currently under-represented in Dynasty REIT's IPO Portfolio to pursue an optimal tenant mix;
- monitoring and assessing spaces which remain vacant for long periods and working with the Property Manager to redevelop/conduct asset enhancement works to suit prospective tenants' needs and thereby improving the marketability of such spaces;
- improving diversity of the tenant base so as not to overly expose revenue to the business sectors that are more susceptible to economic cycles in order to maintain stable cash flows; and
- exploring expansion needs of existing tenants.

Delivering high quality services to tenants

The Manager intends to continue providing high quality services to tenants and become the landlord of choice in the PRC commercial real estate space in the cities of Nanjing, Dalian and Shanghai through:

- providing high quality asset management services to maintain high retention rates;
- facilitating relocation or expansion of tenants according to their operational requirements;
- improving responsiveness to tenants' feedback and enquiries; and
- providing additional value-added services for tenants.

Implementing asset enhancement initiatives

The Manager will work closely with the Property Manager to improve the rental income and value of the portfolio by undertaking asset enhancement initiatives. To the extent possible and permitted by law and regulations, the Manager may:

- seek to rationalise the use of space, create more leasable area, identify sub-optimal and ancillary areas that can be converted for higher returns and improve building efficiency;
- create new retail units and kiosks in common areas; and
- undertake retrofitting and refurbishments of the Properties where necessary, to improve the interior and exterior signages, lighting and other aesthetic aspects of the Properties to enhance their attractiveness.

The Manager will undertake asset enhancement initiatives subject to the improvements satisfying projected levels of feasibility and profitability.

(See "Business and Properties" for further details.)

Implement pro-active marketing plans

The Manager intends to develop customised pro-active marketing plans for each applicable property focusing on property-specific needs to maximise tenant interest and enhance the public profile and visibility with a view to increase the value of the properties and to maintain the long-term value of the properties.

Rationalise operating costs

The Manager intends to rationalise operating costs through the following:

- working closely with the Property Manager to manage and reduce the property operating expenses (without reducing the quality of maintenance); and
- exploiting the economies of scale associated with operating a portfolio of properties by, for example, bulk purchasing of supplies and cross implementation of successful cost-saving programmes.

Given Dynasty REIT's organic earnings growth potential, the Manager's initial strategy following the completion of the Offering is to focus on optimising the operational performance of Dynasty REIT's IPO Portfolio, by increasing gross revenue and rationalising costs. Nonetheless, moving forward, the Manager intends to actively explore acquisition opportunities that will add value to Dynasty REIT and enhance returns to Unitholders. The Manager's intention is to hold assets on a long-term basis. However, consideration will be given to divesting properties which have reached a stage that affords limited scope for income growth in order to reinvest sale proceeds towards better growth opportunities.

Investments and Acquisition Growth Strategy

The Manager will pursue acquisition opportunities that will add value to Dynasty REIT's portfolio and improve returns to Unitholders. The Manager will take into account, but not limit to the following issues and qualities when evaluating acquisition opportunities:

- ability to provide attractive long-term cash flows and yields, as well as the potential for net asset growth;
- properties which are located in close proximity to, and have convenient access to, major highways and roads and metro stations;
- potential to increase investment returns and create value through active property management such as selective capital expenditure and/or other asset enhancement initiatives;
- properties which have (i) tenants with good credit quality, (ii) diverse sector mix for multi-tenanted properties and (iii) established and reputable tenants; and
- geographical diversification or expansion that would enable Dynasty REIT to access tenants and shoppers in new areas and to decrease dependency to particular areas.

Capital and Risk Management Strategy

Objectives of capital management strategy

The Manager will endeavour to:

- maintain a strong balance sheet;
- employ an appropriate mix of debt and equity in financing acquisitions;

- diversify its funding sources to access both financial institutions and capital markets;
- optimise its cost of debt financing; and
- adopt appropriate interest rates hedging strategies to minimise exposure to market volatility.

Optimal capital structure strategy

The Manager aims to optimise the capital structure and cost of capital, within the borrowing limits set out in the Property Funds Appendix. The Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties. The Manager's capital management strategy involves adopting and maintaining appropriate aggregate leverage levels to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future expenditures or acquisitions.

As of the Listing Date, Dynasty REIT is expected to have borrowings of RMB2,873.0 million with an Aggregate Leverage of 33.8% (based on the Minimum Offering Price) (see "Capitalisation — Indebtedness" for further details).

Debt diversification strategy

As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public debt capital markets through the issuance of investment grade bonds to further enhance the debt maturity profile of Dynasty REIT.

Proactive interest rate management strategy

The 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 Dynasty REIT's on-going cost of debt capital remains competitive. The Manager also endeavours to utilise interest rate hedging strategies where appropriate to optimise risk-adjusted returns to investors.

Other financing strategy

The Manager will, in the future, consider other opportunities to raise additional equity capital for Dynasty REIT through the issue of new Units, provided that Dynasty REIT has an appropriate use for such proceeds. The decision to raise equity will also take into account the stated strategy of maintaining an optimal capital structure.

Currency risk management strategy

The Manager intends to adopt appropriate hedging strategies to minimise any risks associated with foreign exchange exposures arising from the cash flows, thereby ensuring predictable returns to the Unitholders.

Development Strategy

Dynasty REIT is allowed to undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments). Dynasty REIT intends to consider the appropriate risk return profile of each project before pursuing such opportunities.

BUSINESS AND PROPERTIES

Unless otherwise specified, all information relating to the Properties in this Prospectus are as at 31 May 2012.

Dynasty REIT is a Singapore REIT established with the investment strategy of principally investing, directly or indirectly, in income-producing commercial real estate located in the PRC which is used primarily for commercial purposes, as well as real estate-related assets.

Dynasty REIT's IPO Portfolio comprises three commercial properties in the PRC strategically located in primary commercial centres in Nanjing, Dalian and Shanghai, with an aggregate GFA of 350,475.8 sq m. The IPO Portfolio consists of:

- **Nanjing IFC**, a commercial building with 51 storeys above ground and two basement levels. It is located at the crossroads of Zhongshan South Road and Hanzhong Road in the Xinjiekou business centre, which is one of the most popular historical and commercial hubs in Nanjing;

- **Dalian TRC**, a retail mall with five storeys above ground and two basement levels. It is located on Xi'an Road in the Shahekou district, which is the most densely populated urban district in Dalian. Xi'an Road is also the prime retail hub of western Dalian; and

- **Shanghai ICP**, a commercial building with 29 storeys above ground and one basement level, where its 24-storey Grade A office tower is constructed over a six-storey retail podium. It is located in the Hongkou district, close to the intersection of North Sichuan Road and Haining Road. Hongkou is one of Shanghai's largest downtown districts and it is also the traditional shipping, logistics and trading hub in Shanghai.

COMPETITIVE STRENGTHS

The Manager believes that the Properties enjoy the following competitive strengths:

Strategic Locations with Easy Accessibility

The Properties are strategically located in their respective trade areas and enjoy high levels of connectivity with public transport such as metro lines and bus routes. Nanjing IFC has direct access to the city's main metro interchange. Dalian TRC is situated close to bus stations and tram lines, and may have its basement connected to the planned metro Xi'an Station, which will be the interchange station for metro lines 1 and 2 (expected completion in 2014).[1] Shanghai ICP is located next to the metro line 10 station with easy accessibility to the nearby prime CBD in Puxi and Pudong. Connectivity to the Properties by private transport is also convenient due to their proximity to major roads, dedicated office pick-up/drop-off points and adequate availability of parking space.

Diverse Tenant Base

The Properties have a large tenant base of approximately 520 tenants as at 31 May 2012. These tenants cover a wide range of trade sectors, thus providing Dynasty REIT with trade diversification and no concentration in any particular sub-sector. The top 10 tenants in terms of Gross Rental Income contributed only 21.0% of total Gross Rental Income for the month of May 2012. The Manager believes that the IPO Portfolio faces limited tenant and industry concentration risks, with no single tenant accounting for more than 6.7% and no single trade sub-sector accounting for more than 21.5% of Gross Rental Income for the month of May 2012.

1 Dalian TRC has submitted a proposal to the local authorities to link its basement directly to the interchange station of the two metro lines, and Dalian Boyuan has received in-principle approval from the Dalian metro company for the construction of such linkage pending the satisfaction of certain conditions. Please note that as the metro lines are only expected to be completed in 2014, the financials for the Forecast Period 2012 and the Projection Year 2013 have not assumed any impact from this proposal.

(See "Business and Properties — Trade Sector Analysis" for further details.)

Quality Tenants

Dynasty REIT benefits from a strong base of reputable quality tenants in both the retail and office space. Key retail tenants include internationally well-known brands such as Uniqlo, Zara, H&M, C&A, McDonald's, Starbucks, KFC, Pizza Hut and Häagen-Dazs and local brands such as MYKAL and GOME. Key office tenants include AstraZeneca, Citrix Systems Information Technology, Dongfeng Yueda Kia Motors, Sino-US United Metlife Insurance and Alibaba Technology.[1] These quality tenants provide income stability, have lower risk of rental arrears or default and enable Dynasty REIT to maintain a certain level of rental income for the term of the lease.

Geographical Diversification

The Properties are located in various PRC cities, providing exposure to the rapidly growing economies of Nanjing, Dalian and Shanghai. This geographical diversification reduces Dynasty REIT's dependence on any single regional market and accordingly enhances the stability of future earnings.

Beneficiaries of Continuing Infrastructure Development

The Properties are strategically located in areas where continuing infrastructure development is expected. Such developments will increase the attractiveness and traffic flow to the Properties, thus providing support to growing rental rates and decreasing vacancy levels.

For instance, the development of an advanced subway system with main interchange at Xinjiekou, and the expansion of Deji Plaza and World Trade Center in Nanjing are expected to benefit Nanjing IFC through the entrenchment of Xinjiekou as the prime CBD area. The proposed metro lines 1 and 2 which will run through the Xi'an commercial area and connect to Dalian TRC via an interchange will also improve mall traffic and visibility. Similarly, development plans in Shanghai include 18 metro lines by 2020, of which lines 12 and 13 will pass by and connect several decentralised office areas when completed by 2013 or 2014. Shanghai ICP will be a natural beneficiary of such improved accessibility to the decentralised regions. As Shanghai ICP is located next to a metro station, any extension of the metro network would only further enhance its connectivity by making it even more accessible to areas that were previously not accessible by metro. This would benefit tenants as it would mean that they would have access to a larger workforce and the office would be easily accessible to both business associates and customers alike, thereby indirectly bringing down their business costs and improving on its connectivity. This would translate to Shanghai ICP being more marketable. Contrary to increasing competition, Shanghai ICP would benefit further as decentralised offices become more acceptable to tenants. In fact, more tenants would move out of the core CBD into decentralised areas if they do not need to be in the CBD as decentralised office addresses become more acceptable. In this respect, decentralised offices would not be viewed as less prestigious.

CERTAIN INFORMATION ON THE PROPERTIES

Key Information on the Properties

The table below sets out certain information on the Properties as at 31 May 2012, with independent valuations by the Independent Valuers being as at 31 May 2012. The average independent valuation of each Property refers to the average of the two valuations conducted by the Independent Valuers.

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1 Please refer to the table on top 10 tenants of the office component of the Properties in "Business and Properties" for the trading name of each of these tenants.

		Nanjing IFC	Dalian TRC	Shanghai ICP	Total/Average
Usage		Office and retail	Retail	Office and retail	—
GFA (sq m)	**Overall**[1]	109,196.5	184,980.3	56,299.0	350,475.8
	Office Component	72,686.0	—	41,493.1	114,179.1
	Retail Component	27,503.9	138,627.6	14,402.2	180,533.7
	Carpark	9,006.6	46,352.7	403.6	55,762.9
Lettable Area (sq m)	**Overall**	96,321.8	96,692.2	50,643.2	243,657.2
	Office Component	72,024.6	—	40,993.6	113,018.2
	Retail Component	24,297.3	96,692.2	9,649.5	130,639.0
Number of Tenants		167	260	99	520[2]
Committed Occupancy (as of 31 May 2012)[3]		95.5%	93.2%	86.8%	92.7%
Car Park Lots		292	1,013	128	1,433
CBRE Valuation (RMB million)[4]		2,772.9	3,201.6	1,619.5	7,594.0
JLL or KF Valuation (RMB million)[4][5]		2,782.9	3,361.6	1,624.5	7,769.0
Average Independent Valuation (RMB million)[4]		2,777.9	3,281.6	1,622.0	7,681.5
CBRE Valuation (without DPU Support) (RMB million)		2,590.0	3,010.0	1,503.0	7,103.0
KF or JLL Valuation (without DPU Support) (RMB million)		2,600.0	3,170.0	1,508.0	7,278.0
Average Independent Valuation (without DPU Support) (RMB million)		2,595.0	3,090.0	1,505.5	7,190.5
Purchase Consideration (RMB million)		2,678.0	3,164.0	1,564.0	7,406.0
Land Use Right Expiry		28 April 2045	18 August 2042	18 May 2045	—
Completion Date[6]		Office component — 21 March 2008 Retail component — 20 October 2008	17 August 2006	Main building — 23 July 2009 External car park — 12 June 2010	—

Source: The Manager.

Notes:

(1) Includes car parks and the Property Manager's office.

(2) Adjusted for the following tenants which have leases in multiple Properties: C&A (Dalian TRC and Shanghai ICP), Costa Coffee (Dalian TRC and Shanghai ICP), KFC (Nanjing IFC, Dalian TRC and Shanghai ICP), Watsons (Nanjing IFC and Dalian TRC) and Subway (Nanjing IFC and Dalian TRC).

(3) Average Committed Occupancy is based on weighted average occupancy by GFA. "**Committed Occupancy**" means the occupancy rate based on all current leases in respect of the Properties as at 31 May 2012 including letters of intent which are to be followed up with tenancy agreements to be signed by the parties and for which a deposit has been paid.

(4) The valuation takes into account the DPU Support.

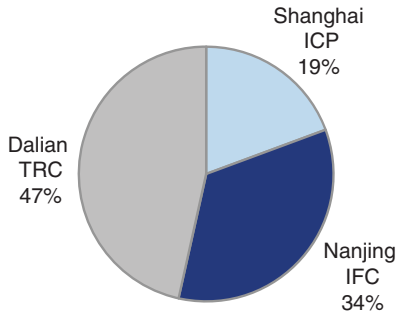
(5) Nanjing IFC and Dalian TRC are valued by JLL while Shanghai ICP is valued by KF. All three Properties are also valued by CBRE.

(6) "**Completion Date**" means the date on which the Property passes the completion inspection and acceptance and is ready for handing over pursuant to the applicable PRC laws.

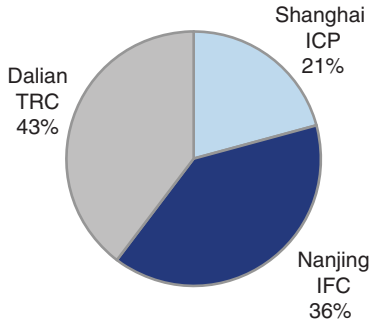
Property Sector Analysis

The charts below provide a breakdown by Gross Rental Income of the IPO Portfolio by property for the month of May 2012 and valuation of the IPO Portfolio by property as at 31 May 2012.

(a) Breakdown of Gross Rental Income by property

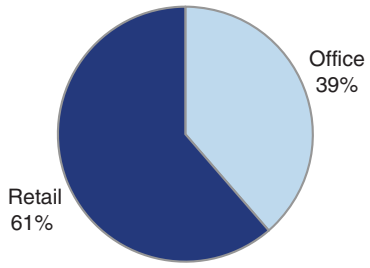


Breakdown of portfolio valuation by property

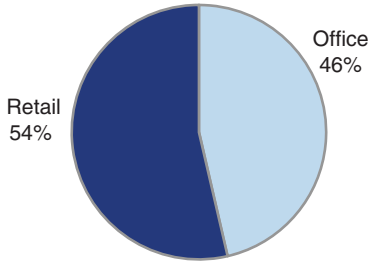


The chart below provides a breakdown by Gross Rental Income and Lettable Area of the IPO Portfolio by sector for the month of May 2012.

(b) Breakdown of Gross Rental Income by sector



Breakdown of Lettable Area by Sector

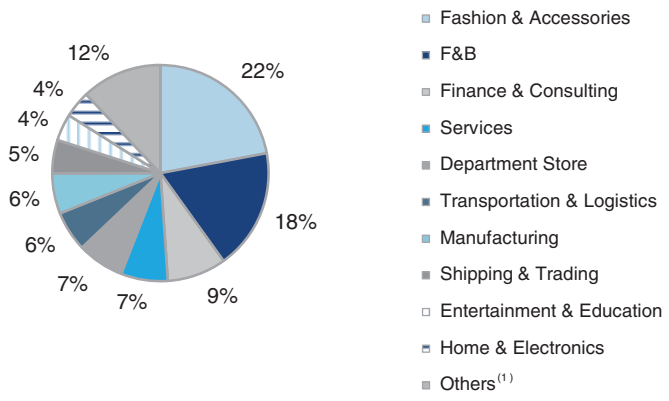


Trade Sector Analysis

IPO Portfolio

The chart below provides a breakdown by Gross Rental Income of the different trade sub-sectors represented in the IPO Portfolio for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012

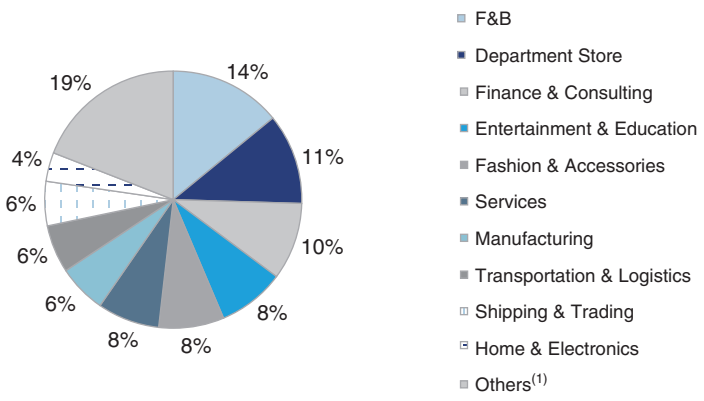


Note:

(1) "**Others**" include lifestyle & luxury, science & technology, real estate, health and beauty, general retail and design & engineering.

The chart below provides a breakdown by Lettable Area of the different trade sub-sectors represented in the IPO Portfolio for the month of May 2012.

(b) By Lettable Area as at 31 May 2012



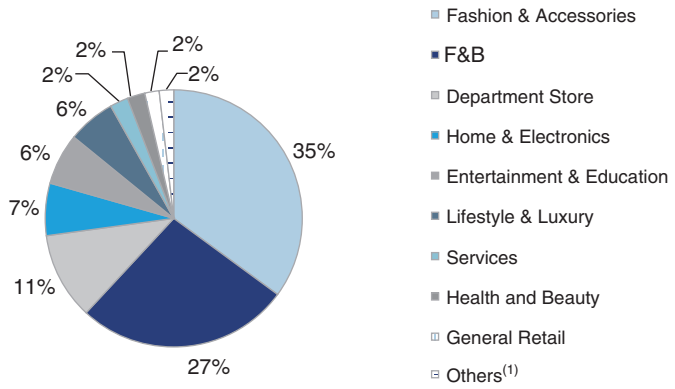
Note:

(1) "**Others**" include science & technology, lifestyle & luxury, real estate, general retail, design & engineering, health and beauty, watches & jewellery and vacant space.

Retail Component

The chart below provides a breakdown by Gross Rental Income of the retail component of the different trade sub-sectors represented in the Properties for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012

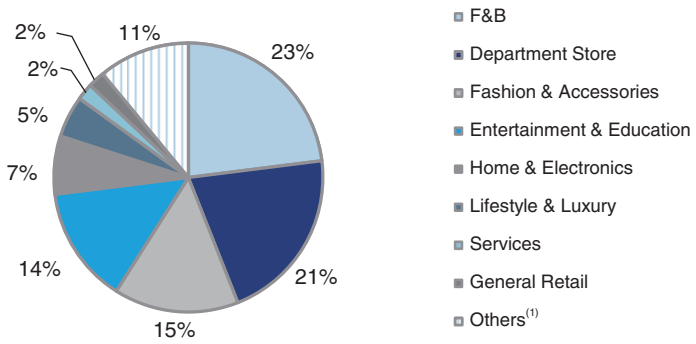


Note:

(1) "**Others**" include science & technology and finance & consulting.

The chart below provides a breakdown by Lettable Area of the retail component of the different trade sub-sectors represented in the Properties for the month of May 2012.

(b) By Lettable Area as at 31 May 2012



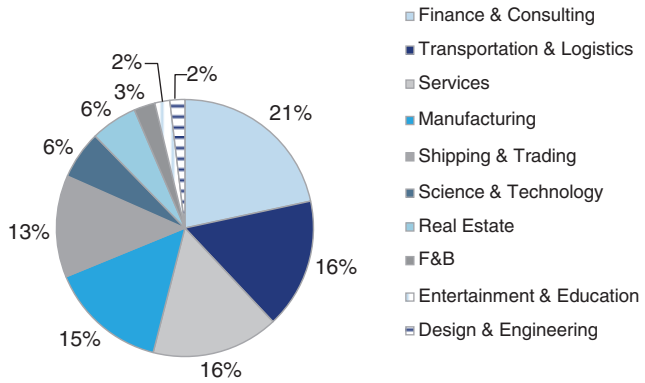
Note:

(1) "**Others**" include health & beauty, science & technology, finance & consulting and vacant space.

Office Component

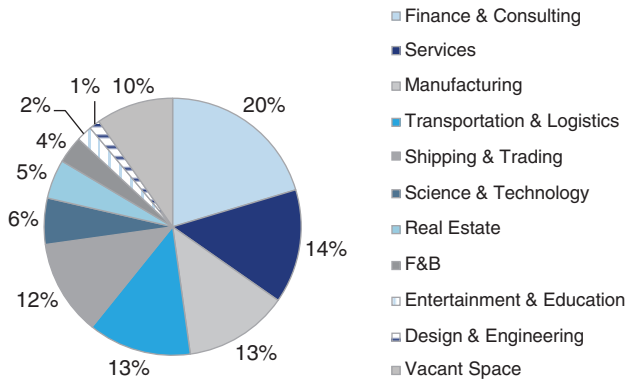
The chart below provides a breakdown by Gross Rental Income of the office component of the different trade sub-sectors represented in the Properties for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012



The chart below provides a breakdown by Lettable Area of the office component of the different trade sub-sectors represented in the Properties for the month of May 2012.

(b) By Lettable Area as at 31 May 2012



Top 10 Tenants

IPO Portfolio

Collectively, the top 10 tenants contribute 21.0% of the IPO Portfolio's Gross Rental Income for the month of May 2012. Key tenants such as Dashang (MYKAL) Group Co., Ltd and Dalian GOME Appliances Co., Ltd are also contracted on long-term leases which ensure the long-term stability of the IPO Portfolio. The top 10 tenants of the Properties by Gross Rental Income for the month of May 2012 are: Bestseller (Jack & Jones) Fashion Co., Ltd. (Tianjin) (绫致时装(天津)有限公司), C&A (China) Company Limited (西雅衣家(中国)商业有限公司), Dalian Yueao Sports Goods Sales Co., Ltd. (大连悦奥体育用品销售有限公司), Dalian GOME Appliances Co., Ltd (大连国美电器有限公司), Dashang (MYKAL) Group Co., Ltd (大商集团股份有限公司), Dongfeng Yueda Kia Motors Co., Ltd. (东风悦达起亚汽车有限公司), Fast Retailing (China) Trading Co., Ltd. (UNIQLO) (迅销(中国)商贸有限公司), Nanjing New Tang Fresh Food Co., Ltd.* (南京新唐食餐饮有限公司), Shanghai Dazzle Trading Co., Ltd. (上海地素商贸有限公司) and Zhou Fu Kuan (周福宽) trading as Mark Fairwhale (马克华菲).

The table below sets out selected information on these top 10 tenants.

Tenant[(1)]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	Department store	December 2024	6.7%
Tenant B	Home & electronics	December 2018	3.0%
Tenant C	Manufacturing	January 2013	2.4%
Tenant D	Fashion & accessories	April 2014	1.8%
Tenant E	Fashion & accessories	April 2017	1.4%
Tenant F	Fashion & accessories	September 2016	1.4%
Tenant G	Fashion & accessories	November 2016	1.2%
Tenant H	Fashion & accessories	November 2015	1.1%
Tenant I	F&B	November 2020	1.0%

* Denotes a company without an official English name as PRC companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

Tenant[(1)]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant J	Lifestyle & luxury	September 2015	1.0%
Top 10 Tenants			21.0%
Other Tenants			79.0%
Total			100.0%

Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

The IPO Portfolio benefits from the diversity and quality of the Properties' tenant base, as the key tenants highlighted are established PRC enterprises or related entities of large-scale MNCs.

Dashang (MYKAL) Group Co., Ltd

Dashang (MYKAL) Group Co., Ltd is part of the group of the companies under Dalian Commerce Group Co., Ltd (the "**Dashang Group**"), which is headquartered in Dalian. The Dashang Group operates department stores and supermarkets and engages in other retail business, and is listed on the Shanghai Stock Exchange.[1]

Dalian GOME Appliances Co., Ltd

Dalian GOME Appliances Co., Ltd is part of the group which comprises GOME Electrical Appliances Holding Limited and its subsidiaries (the "**GOME Group**"). The GOME Group is listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**") and engages in the retail of electrical appliances and consumer electronic products in the PRC.[2]

Dongfeng Yueda Kia Motors Co., Ltd

Dongfeng Yueda Kia Motors Co., Ltd is a joint venture between Dongfeng Motor Corporation, Ltd., Jiangsu Yueda Investment Co. Ltd and Kia Motors Corporation. Dongfeng Motor Corporation is a domestic automobile manufacturer established in 1969 and Jiangsu Yueda Investment Co. Ltd. is a state-owned enterprise in the PRC. Kia Motors Corporation is South Korea's second-largest automobile manufacturer. Kia Motors Corporation manufactures and sells a range of passenger cars, recreational vehicles and other commercial vehicles in the Korean and international markets. Kia Motors Corporation has been listed on the Korea Exchange since 1973 and its largest shareholder is Hyundai Motor Company.[3]

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1 **Source**: http://jp.dl.gov.cn/english/residents/Shopping/201007/t20100712_6237.htm (last accessed on the Latest Practicable Date).

2 **Source**: http://www.gome.com.hk/index.php (last accessed on the Latest Practicable Date).

3 **Source:** http://www.dyk.com.cn/dyk.shtml and http://www.kiamotors.com/ (last accessed on the Latest Practicable Date).

Fast Retailing (China) Trading Co., Ltd. (UNIQLO)

Fast Retailing (China) Trading Co., Ltd. is a subsidiary of Fast Retailing Co., Ltd, the holding company which is listed on the Tokyo Stock Exchange. The specialty retailer UNIQLO is the Fast Retailing Group's mainstay operation and has enjoyed strong growth by offering high-quality casual wear at reasonable prices.[1]

C&A (China) Company Limited

C&A (China) Company Limited is part of an international chain of fashion retail clothing stores. The C&A brand was established in 1841 as a Dutch textile company and has become one of the largest fashion retailers in Europe.[2]

Retail Component

The top 10 tenants of the retail component of the Properties by Gross Rental Income for the month of May 2012 are: Bestseller (Jack & Jones) Fashion Co., Ltd. (Tianjin) (绫致时装(天津)有限公司), C&A (China) Company Limited (西雅衣家(中国)商业有限公司), Ningbo Hehejiesika Fashion Co., Ltd.* (宁波合和杰斯卡服饰有限公司), Dalian GOME Appliances Co., Ltd (大连国美电器有限公司), Dalian Yueao Sports Goods Sales Co., Ltd. (大连悦奥体育用品销售有限公司), Dashang Group (MYKAL) Co., Ltd (大商集团股份有限公司), Fast Retailing (China) Trading Co., Ltd. (UNIQLO) (迅销(中国)商贸有限公司), Nanjing New Tang Fresh Food Co., Ltd.* (南京新唐食餐饮有限公司), Shanghai Dazzle Trading Co., Ltd. (上海地素商贸有限公司) and Zhou Fu Kuan (周福宽) trading as Mark Fairwhale (马克华菲).

The table below sets out selected information on these top 10 tenants.

Tenant(1)	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	Department store	December 2024	10.9%
Tenant B	Home & electronics	December 2018	5.0%
Tenant C	Fashion & accessories	April 2014	3.0%
Tenant D	Fashion & accessories	April 2017	2.3%
Tenant E	Fashion & accessories	September 2016	2.2%
Tenant F	Fashion & accessories	November 2016	1.9%
Tenant G	Fashion & accessories	November 2015	1.9%
Tenant H	F&B	November 2020	1.7%
Tenant I	Lifestyle & luxury	September 2015	1.6%
Tenant J	Fashion & accessories	July 2014	1.4%
Top 10 Tenants			31.8%
Other Tenants			68.2%
Total			100.0%

Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

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* Denotes a company without an official English name as PRC companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

1 **Source:** http://www.fastretailing.com/eng/ (last accessed on the Latest Practicable Date).

2 **Source:** http://www.c-and-a.com/uk/en/corporate/company/about-us/history/ (last accessed on the Latest Practicable Date).

Office Component

The top 10 tenants of the office component of the Properties by Gross Rental Income for the month of May 2012 are: Apparel Group Trading (Shanghai) Co., Ltd. (莎芭贸易(上海)有限公司), AstraZeneca (Wuxi) Trading Co., Ltd. (阿斯利康(无锡)贸易有限公司), Citrix Systems Information Technology (Beijing) Ltd. (思杰系统信息技术(北京)有限公司), Dongfeng Yueda Kia Motors Co., Ltd. (东风悦达起亚汽车有限公司), E-Career (Shanghai) Co., Ltd. (英才网络技术(上海)有限公司), Beijing Soufun Technology Development Company Limited (北京搜房科技发展有限公司), KFC Nanjing Co., Ltd. (南京肯德基有限公司), NETGEAR (Beijing) Technology Co., Ltd. Nanjing Branch (网件(北京)网络技术有限公司南京分公司), Sino-US United Metlife Insurance Company Limited Jiangsu Branch (中美联泰大都会人寿保险有限公司江苏分公司) and Yingda Taihe Property Insurance Co., Ltd. (英大泰和财产保险股份有限公司).

The table below sets out selected information on these top 10 tenants.

Tenant[(1)]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	Manufacturing	January 2013	6.1%
Tenant B	IT services	December 2013	2.4%
Tenant C	Finance & consulting	July 2014	2.3%
Tenant D	IT services	June 2016	2.1%
Tenant E	Shipping & trading	June 2013	1.8%
Tenant F	Science & technology	August 2014	1.8%
Tenant G	F&B	March 2015	1.6%
Tenant H	Finance & consulting	August 2013	1.4%
Tenant I	IT services	July 2015	1.4%
Tenant J	Services	December 2013	1.4%
Top 10 Tenants			22.3%
Other Tenants			77.7%
Total			100.0%

Note:

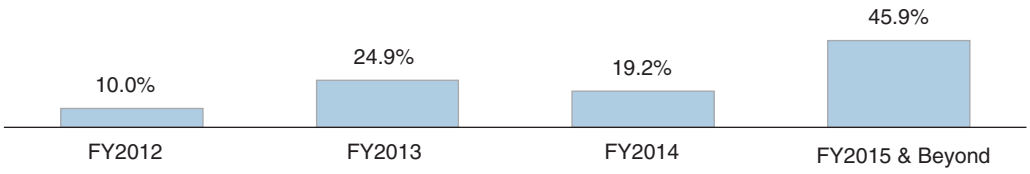
(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

Lease Expiry Profile

Entire Portfolio

Approximately 34.9% of leases (by Gross Rental Income) is expected to expire in the period of June 2012 to December 2013 and this represents potential rental reversion. The graph below illustrates the lease expiry profile of the Properties by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring[1] (By Gross Rental Income)[2]



The table below sets out the number of leases expiring in the Properties for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012[3]	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	118	190	98	123

Notes:

(1) As at 31 May 2012.

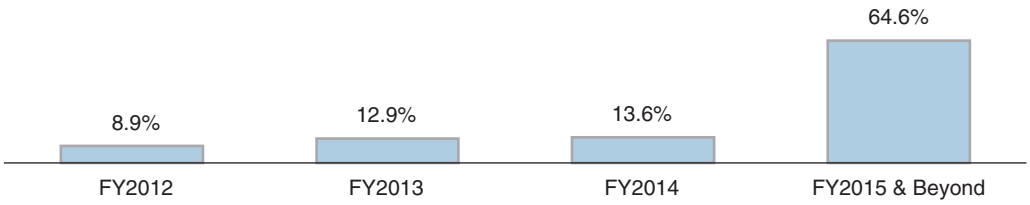
(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

Retail Component

Retail leases are generally locked in for a longer lease period with certain key tenants such as MYKAL and GOME having leases that expire in 2024 and 2018 respectively. Such long-term leases provide income stability to the IPO Portfolio while ensuring a good tenant mix. A significant 64.4% of retail leases (by Gross Rental Income) also have a turnover component built into the lease agreement which enables Dynasty REIT to capture the upside potential of the growing Nanjing, Dalian and Shanghai economies. The graph below illustrates the committed lease expiry profile of the retail component of the Properties by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring[1] (By Gross Rental Income)[2]



The table below sets out the number of leases expiring for the retail component of the Properties for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012[3]	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	78	104	36	100

Notes:

(1) As at 31 May 2012.

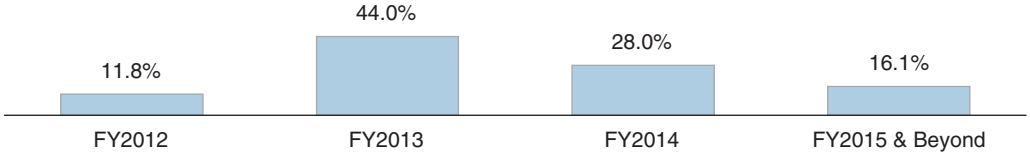
(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

Office Component

Approximately 55.9% of office leases (by Gross Rental Income) will be expiring in the period of June 2012 to December 2013. As most of the current leases were contracted during weaker market conditions in 2009, there is rental reversion potential with the current average rental moving more in line with market averages. The graph below illustrates the committed lease expiry profile of the office component of the Properties by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring(1) (By Gross Rental Income)(2)



The table below sets out the number of leases expiring for the office component of the Properties for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012(3)	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	40	86	62	23

Notes:

(1) As at 31 May 2012.

(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

Marketing and Leasing Activities

The Properties will be actively marketed by the Property Manager to prospective tenants in desired target groups through advertisements in the print media, advertisements on Internet websites, direct calls and liaising with property consultants. The consultants and prospective tenants are also regularly updated with information on the available units for rental at each of the Properties. The Property Manager will also undertake property tours of the premises with prospective tenants on a regular basis to market vacant units.

The Manager believes that such a proactive leasing approach and strategy will assist Dynasty REIT to attract high quality tenants to the Properties.

Lease Agreements and Lease Management

The lease agreements entered into for the Properties contain terms and conditions, including those relating to the duration of the lease, provision of security deposit, as well as the alteration and improvement works, generally found in most commercial lease agreements in the PRC. The Manager believes that the terms are in line with generally accepted market practice and procedures.

When a prospective tenant has committed to a lease, a security deposit in the form of cash or banker's guarantee equal to two to three months' gross rent is typically payable. The tenant will take possession of the premises after it has made the requisite payments and has formally executed the lease agreement. Rent and service charges are payable in advance typically on a monthly or quarterly basis.

The Property Manager will maintain close communication and good working relationships with existing tenants. Dialogues and meetings for lease renewal will be held with tenants ahead of their lease expiry.

Arrears management procedures will also be enforced to ensure timely payment of rent. The Manager believes that these proactive steps to retain tenants and reduce rental in arrears will help maintain a stable income stream for Dynasty REIT.

The Property Manager also operates a comprehensive tenancy retention program targeting tenants with long-term appeal well before the expiry date to ensure, where possible, certainty of long-term occupancy.

Master Property Management Agreement

The Properties are each managed by the Property Manager in accordance with the terms of the Master Property Management Agreement and the Individual Property Management Agreements. See "Certain Agreements Relating to Dynasty Real Estate Investment Trust and the Properties" for further details.

INSURANCE

Dynasty REIT has insurance for the Properties that the Manager believes are consistent with industry practice in the PRC. Their coverage includes fire accident, property damage, terrorism, business interruption and public liability (including personal injury). 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. (See "Risk Factors — Risks Relating to Investing in Real Estate — Dynasty REIT may suffer material losses in excess of insurance proceeds or Dynasty REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties".)

ENCUMBRANCES

The Properties are subject to the encumbrances as set out in "Capitalisation — Indebtedness".

CAPITAL EXPENDITURE

A total capital expenditure of approximately RMB109.4 million has been spent on the Properties for upgrading works and asset enhancement initiatives between late 2008 and 2011. In light of this, the Manager expects that the capital expenditure during the Forecast Period 2012 and the Projection Year 2013 will be minimal. (See "Profit Forecast and Profit Projection — Assumptions — Capital Expenditure" for further details.)

LEGAL PROCEEDINGS

None of Dynasty REIT and the Manager are currently involved in any material litigation nor, to the best of the Manager's knowledge, in any material litigation currently contemplated or threatened against Dynasty REIT or the Manager.

INFORMATION REGARDING THE TITLE OF THE PROPERTIES

Nanjing IFC

The State-owned Land Use Certificate (国有土地使用证) in respect of Nanjing IFC is held in the name of Nanjing Rich Field Real Estate Development Co., Ltd., which is one of the PRC Property Companies. It was granted by the Nanjing Land Bureau on 23 February 2006. This confers on Nanjing Rich Field Real Estate Development Co., Ltd. the right to use the land up to 28 April 2045.

The table below sets out some particulars of the State-owned Land Use Certificate.

State-owned Land Use Certificate No.	Ning Jian Guo Yong (2006) No. 00375
Issuer	Nanjing Land Bureau
Issue Date	23 February 2006
User	Nanjing Rich Field Real Estate Development Co., Ltd.
Location	No. 1, Hanzhong Road, No.2 South Zhongshan Road, Baixia District
Type of Use Right	Granted
Land Area	16,718.5 sq m
Land Use	Retail, office, culture, sports and entertainment
Term of Land Use	Until 28 April 2045

The Building Ownership Certificate for Nanjing IFC is currently in the name of Nanjing Rich Field Real Estate Development Co., Ltd, which is one of the PRC Property Companies. The main tower was issued with 225 strata Building Ownership Certificates, in which 44 Building Ownership Certificates relate to the retail and office units and 181 Building Ownership Certificates relate to the basement car parking spaces.

Dalian TRC

The State-owned Land Use Certificate in respect of Dalian TRC is held in the name of Dalian Boyuan, which is one of the PRC Property Companies. It was granted by the Dalian Municipal People's Government on 15 November 2007. This confers on Dalian Boyuan the right to use the land up to 18 August 2042.

The table below sets out some particulars of the State-owned Land Use Certificate.

State-owned Land Use Certificate No.	Da Guo Yong (2007) No. 03092
Issuer	Dalian Municipal People's Government
Issue Date	15 November 2007
User	Dalian Boyuan Co., Ltd.
Location	No. 139-1 Xi'an Road Shahekou District
Type of Use Right	Granted
Land Area	26,963.4 sq m
Land Use	Other kinds of land for commercial and service use
Term of Land Use	Until 18 August 2042

The Building Ownership Certificate for Dalian TRC is currently in the name of Dalian Boyuan. The table below sets out some particulars of the Building Ownership Certificate.

Building Ownership Certificate No.	Floor Area	Description
Da Fang Quan Zheng Sha Dan Zi No. 2007600695	184,980.30 sq m	From Basement 2 to Floor 5

Shanghai ICP

The Property Right Certificate[1] in respect of Shanghai ICP is held in the name of Lei Fu Real Estate (Shanghai) Co., Ltd., which is one of the PRC Property Companies. It was issued by the Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning, Land and Resources Administration Bureau (上海市规划和国土资源管理局) on 17 December 2009 and 17 August 2010 respectively. This confers on Lei Fu Real Estate (Shanghai) Co., Ltd. the right to use the land up to 18 May 2045.

The tables below set out some particulars of the Property Right Certificate.

For the main building:

State-owned Property Rights Certificate No.	Hu Fang Di Hong Zi (2009) No. 020147
Issuer	Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning, Land and Resources Administration Bureau (上海市规划和国土资源管理局)
Issue Date	10 March 2009
User	Lei Fu Real Estate (Shanghai) Co., Ltd.
Location	No.1318 North Sichuan Road
Type of Use Right	Granted
Land Area	4,913 sq m
Land Use	Comprehensive
Term of Land Use	Until 18 May 2045

For the external car park:

State-owned Property Rights Certificate No.	Hu Fang Di Hong Zi (2010) No. 009990
Issuer	Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning, Land and Resources Administration Bureau (上海市规划和国土资源管理局)
Issue Date	10 March 2009
User	Lei Fu Real Estate (Shanghai) Co., Ltd.
Location	No. 1318 North Sichuan Road
Type of Use Right	Granted
Land Area	4,913 sq m
Land Use	Comprehensive
Term of Land Use	Until 18 May 2045

1 In Shanghai, the State-owned Land Use Certificate and the Building Ownership Certificate are combined into one certificate named the Property Right Certificate.

COMPETITION

Nanjing IFC

Office

Nanjing's office buildings are predominantly concentrated in the Xuanwu, Gulou, Baixia and Jianye districts. The Xuanwu and Gulou districts are considered the city's traditional office market and are home to several headquarter buildings for medium-sized enterprises. Nanjing IFC is located in Xinjiekou within Baixia district.

Immediate competing office supply of Nanjing IFC comes from Nanjing City Center, Golden Eagle International Plaza and World Trade Center in the Xinjiekou area. These properties are located close to Nanjing IFC but their respective building quality is inferior when compared to Nanjing IFC. Some competition is expected to come from the Hexi New Town in the Jianye district where the Nanjing municipal government is expected to spend approximately RMB10.0 billion in developing 1.0 million sq m of commercial space.

According to market research, approximately 1.4 million sq m of new office space is expected to come online by 2015 in Nanjing but the majority of the future supply will be in Jianye's Hexi New Town. Future supply pipeline indicates that only three properties, Siya Fortune Center, Deji Plaza Phase II and World Trade Center Phase II, will be in Xinjiekou. These three properties are expected to add approximately 47,000 sq m, 60,000 sq m and 62,000 sq m of office space respectively to the area.

The table below sets out the details of the existing and future competitors of Nanjing IFC in office space.

Development	Location	Year of Completion	Estimated GFA (sq m)	Usage
Existing Development				
Nanjing City Center	Xinjiekou	2009	70,000	Office
Golden Eagle International Plaza	Xinjiekou	1997	148,000	Office/Retail
World Trade Center	Xinjiekou	1998	15,000	Office
Sub Total	**—**	**—**	**233,000**	**—**
Future Development				
Deji Plaza Phase II	Xinjiekou	2012	60,000	Office
Siya Fortune Center	Xinjiekou	2012	47,000	Office
World Trade Center Phase II	Xinjiekou	2012	62,000	Office
Sub Total	**—**	**—**	**169,000**	**—**
Total	**—**	**—**	**402,000**	**—**

Retail

Retail areas in Nanjing include more than 60 retail malls/markets located in four major areas: Xinjiekou, Hunan Road, the Confucius Temple area and Zhongyangmen. Xinjiekou is the city's primary retail area, accounting for 16.0% to 20.0% of Nanjing's total retail sales. New retail projects of over 600,000 sq m are expected to launch in Nanjing by 2015 nevertheless demand for retail facilities in the downtown area is projected to be robust. Xinjiekou, with its central location and upgrading of a number of shopping centres, is expected to remain the prime shopping district in the future.

Retail properties in the immediate vicinity of Nanjing IFC include the Oriental Department Store, Golden Eagle International Plaza, and Deji Plaza. However, these properties are not directly comparable to Nanjing IFC as the latter's retail offering is focused on F&B which complements its office component unlike traditional retail mall environments.

Dalian TRC

Dalian has more than 1.6 million sq m of retail GFA[1] with more than 25 retail malls and departmental stores. The main retail hubs are grouped into five key areas: Qingniwa, Xi'an Road, Zhongshan Square, Olympic Square and Peace Square. Qingniwa is the primary shopping area in Dalian with approximately 42.0% of retail supply with a large proportion in the form of large-scale department stores while Xi'an Road is the prime retail hub of western Dalian and accounts for approximately 30.0% of the retail supply. Over 440,000 sq m of prime retail supply is expected to come online from 2013 to 2015 with only 40,000 sq m focused in the Xi'an Road area.

The approximately 160,000 sq m Fujia Xintiandi is the only other shopping mall in the Xi'an Road area with a similar format to Dalian TRC. This development is considered to be of mid-end grade but there are possible plans to upgrade within the next few years.

Parkland Mall and Peace Plaza are the two other most comparable properties to Dalian TRC. However, Parkland Mall is of a smaller scale at approximately 80,000 sq m without a fast fashion retail anchor while Peace Plaza is located in a separate retail area and thus not a direct competitor with Dalian TRC.

The approximately 300,000 sq m Changxing development on Xi'an Road, which will be a mix of residential, office and retail, is expected to provide some competing retail supply. The initial phase of the development with approximately 40,000 sq m of retail space is expected to come online in late 2013.

The table below sets out the details of the existing and future competitors of Dalian TRC.

Development	Location	Year of Completion	Approximate GFA (sq m)
Existing Development			
Fujia Xintiandi	Xi'an Road	2005	160,000
Peace Plaza	Gao'erji Road	2002	77,000
Parkland Mall	Jiefang Road	2003	80,000
Sub Total		**—**	**317,000**
Future Development			
Guotaishenda Mall	Tianjin Street	2013	40,000
Changxing Shopping Center	Xi'an Road	2013	40,000
Eton Place	Qingniwa	2015	140,000
Olympia 66	Olympic Square	2015	221,900
Sub Total		**—**	**441,900**
Total		**—**	**758,900**

Shanghai ICP

Office

Currently, Shanghai has six core downtown business hubs: Huangpu, Jing'an, Xuhui, Changning, Lujiazui and Zhuyuan. The core areas comprise approximately 4.4 million sq m of high-quality office stock by the second quarter of 2012. New supply of approximately 1.6 million sq m is expected to come on line in these areas between second half of 2012 and 2015.

1 "**Retail GFA**" refers to major shopping malls and departmental stores.

Key decentralised office areas in Shanghai include the Changfeng Ecological Business District in the Putuo district and the Hongkou, Zhabei and Huamu districts. While the individual areas compete with the downtown CBD for office tenants, each individual area focuses on attracting certain industry types to boost their occupancy. For instance, the Putuo district has built up a niche in serving the industrial and manufacturing sector while the Hongkou district specialises in serving the shipping, logistics and trading sectors. Hongkou's specialisation is evident as five of the top 10 office tenants of Shanghai ICP are from the shipping, logistics and trading sectors.

Office properties competing with Shanghai ICP in Hongkou district are Hi Time Times Tower, CITIC Plaza, One Prime and BM Tower. CITIC Plaza and One Prime were both completed in 2011 and their occupancy levels are at approximately 80.0% and 75.0% respectively.

Demand for Grade A office space in Shanghai will remain strong in the second half of 2012, supported by positive pre-leasing momentum. The expected launch of CITIC Pacific Place in the second half of 2012 and the expected launch of North Bund Pujiang International Finance Plaza in 2013 will add approximately 40,000 sq m and 69,000 sq m of office space respectively to the decentralised Hongkou district.

The table below sets out the details of the existing and future competitors of Shanghai ICP.

Development	Location	Year of Completion	Estimated GFA (sq m)
Existing Development			
Hi Time Times Tower	Hongkou	2006	38,000
CITIC Plaza	Hongkou	2011	87,000
One Prime	Hongkou	2011	36,718
BM Tower	Hongkou	2005	56,633
Sub Total		**—**	**218,351**
Future Development			
CITIC Pacific Place	Hongkou	2012	40,000
North Bund Pujiang International Finance Plaza	Hongkou	2013	69,111
Sub Total		**—**	**109,111**
Total		**—**	**327,462**

Retail

Shanghai's retail space can be divided into the prime, inner-ring and decentralised areas. The prime area refers to East and West Nanjing Road, Huaihai Road, Xujiahui and Lujiazui. The inner-ring refers to the retailing catchments along the inner-ring road and Hongqiao while the decentralised areas refer to emerging satellite commercial hubs such as Daning and Wujiaochang. New supply of approximately 2.7 million sq m of prime retail space is expected to come online between second half of 2012 and 2015 across various areas of Shanghai.

The retail properties situated in close proximity to Shanghai ICP include New World Printemps, Jiajie Plaza and Kaihong Plaza. Future retail space is expected to arise primarily from the new malls at CITIC Pacific Place and One Prime; these malls are expected to launch 18,000 sq m and 28,000 sq m of retail space respectively in the later part of 2012. However, these properties are not directly comparable to Shanghai ICP as the latter's retail offering is focused on F&B which complements the office component as opposed to traditional retail mall environments.

NANJING INTERNATIONAL FINANCE CENTER (南京国际金融中心)

No. 1 Hanzhong Road, Baixia District, Nanjing.

Profile of Nanjing

Nanjing is the provincial capital of Jiangsu province and has a population over 8.1 million. The city lies 255 kilometres northwest of Shanghai, on the southern bank of the Yangtze River. Second only to Shanghai as a commercial centre for east China, Nanjing serves as a gateway linking the greater Yangtze River Delta region, Anhui province, and the Shanghai metropolis. The port of Nanjing is both the PRC's largest inland port, handling container throughput of 1.84 million TEUs[1] in 2011, and the largest port on the Yangtze River.

Nanjing Lukou International Airport serves more than 75 domestic and international destinations including Frankfurt, Tokyo and Singapore and handled over 13.0 million passengers in 2011. Construction of the second terminal and runway is underway and expected to boost annual passenger capacity to 30.0 million upon its completion in 2013. Nanjing's 12th Five Year Plan also includes plans to construct an integrated regional transportation network by 2015 with several new intercity rail projects and highway extensions.

Situated at the intersection of Baixia district and Gulou district, Xinjiekou is a prime commercial hub and accounts for approximately 44.0% of the total number of office buildings in Nanjing, including prominent buildings such as Nanjing IFC, Nanjing City Center, Golden Eagle International Plaza and Shangmao Century Plaza. The area is well-established as a CBD and has a critical mass of occupiers with abundant support services, transportation and retail amenities.

In terms of retail space, Nanjing has more than 8.0 million sq m of retail GFA and more than 60 retail malls and stores with annual sales volume of over RMB100.0 million. Xinjiekou is the most popular shopping destination in Nanjing and home to most of the city's luxury brands. Retail sales in Xinjiekou currently accounted for approximately 16.0% to 20.0% of Nanjing's total retail sales.

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1 A "**TEU**" is a 20-foot equivalent unit that is based on the dimensions of a cargo container that is 20 feet long, 8 feet wide and 8 feet 6 inches high with a maximum load capacity of 24 tonnes.

Description of Nanjing IFC

Nanjing IFC is a commercial building with 51 storeys above ground and two basement levels. It is located at the crossroads of Zhongshan South Road and Hanzhong Road in the Xinjiekou business centre, which is one of the most popular historical and commercial hubs in Nanjing. The office tower and the retail podium were completed in March 2008 and October 2008 respectively. The floors from basement one to level six are used for retail outlets and the remaining floors are used for offices. Basement two is used as a car park and the mezzanine level between basement one and basement two is used for parking bicycles. The Property is situated above the busiest intersection of metro lines 1 and 2, with a direct underground linkage to the metro station.

For the period from late 2008 to July 2011, total capital expenditure of RMB94.6 million has been spent on upgrading works to enhance the quality and marketability of Nanjing IFC. Such works include revamping the retail podium, refurbishment of office lobby and floors, addition of new signage and escalators, enhancement of car park system as well as upgrading the chiller and waste water treatment systems.

The table below sets out a summary of selected information on Nanjing IFC.

Completion Date	Office component — 21 March 2008 Retail component — 20 October 2008
Committed Occupancy (as of 31 May 2012)	Total — 95.5% Office component — 94.4% Retail component — 98.6%
Number of car park lots	292
GFA(1) (sq m)	Total — 109,196.5 sq m Office component — 72,686.0 sq m Retail component — 27,503.9 sq m Car park — 9,006.6 sq m
Lettable Area (sq m)	Total — 96,321.8 sq m Office component — 72,024.6 sq m Retail component — 24,297.3 sq m
Appraised value (as of 31 May 2012)	RMB2,777.9 million (average)
• CBRE	RMB2,772.9 million
• JLL	RMB2,782.9 million
Number of tenants (as of 31 May 2012)	167
Land use right expiry	28 April 2045

Note:

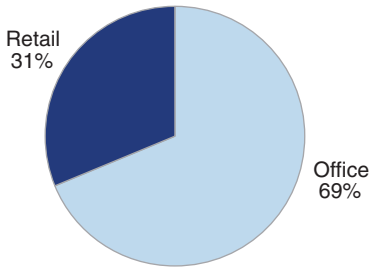
(1) Includes car parks and the Property Manager's office.

Trade Sector Analysis

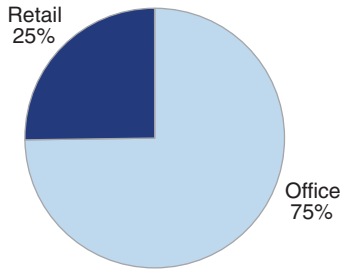
Nanjing IFC

Nanjing IFC is predominantly an office property with the office component contributing 68.8% of Gross Rental Income in the month of May 2012. The retail component, which contributes 25.2% of Lettable Area, is mainly positioned to offer supporting F&B services to complement the office component. The charts below provide a breakdown by Gross Rental Income and Lettable Area of Nanjing IFC by sector for the month of May 2012.

Breakdown of Gross Rental Income by sector

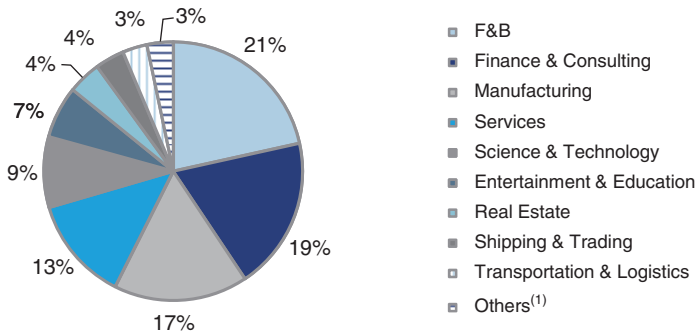


Breakdown of Lettable Area by sector



The chart below provides a breakdown by Gross Rental Income of the different trade sub-sectors represented in Nanjing IFC for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012

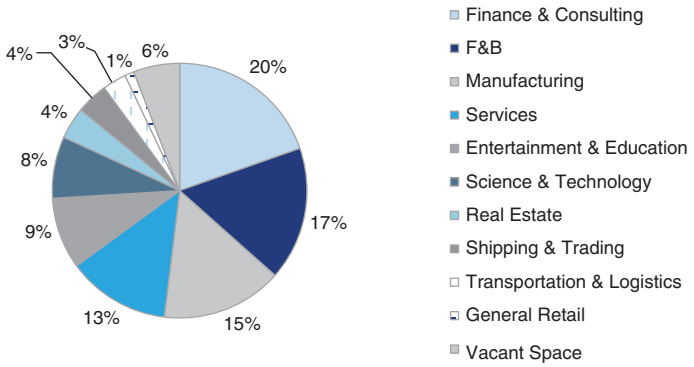


Note:

(1) "**Others**" include lifestyle & luxury and general retail.

The chart below provides a breakdown by Lettable Area of the different trade sub-sectors represented in Nanjing IFC for the month of May 2012.

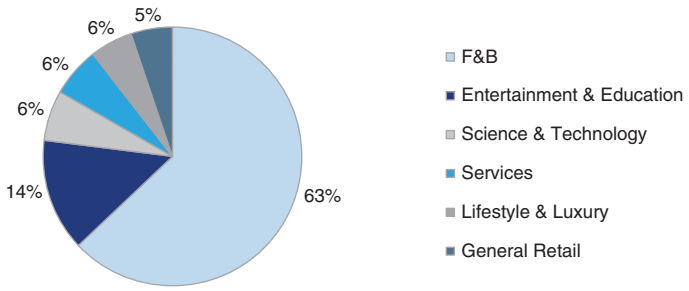
(b) By Lettable Area as at 31 May 2012



Retail Component

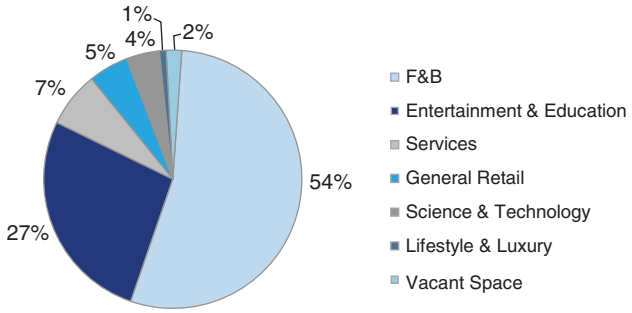
The retail component in Nanjing IFC is positioned to support the offices through the provision of F&B options as well as basic retail services. The chart below provides a breakdown by Gross Rental Income of the retail component of the different trade sub-sectors represented in Nanjing IFC for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012



The chart below provides a breakdown by Lettable Area of the retail component of the different trade sub-sectors represented in Nanjing IFC for the month of May 2012.

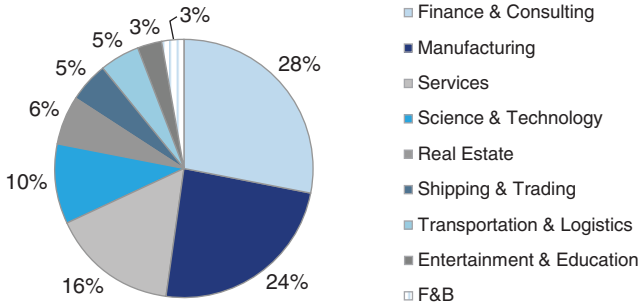
(b) By Lettable Area as at 31 May 2012



Office Component

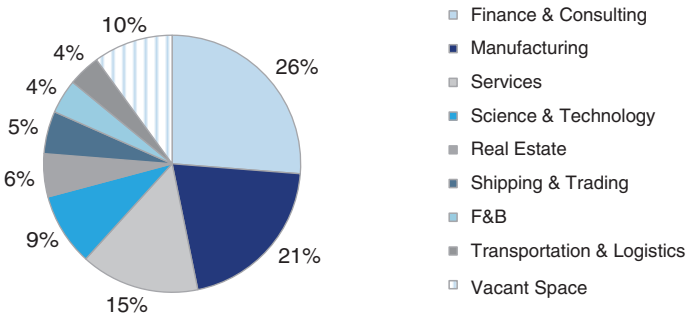
The chart below provides a breakdown by Gross Rental Income of the office component of the different trade sub-sectors represented in Nanjing IFC for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012



The chart below provides a breakdown by Lettable Area of the office component of the different trade sub-sectors represented in Nanjing IFC for the month of May 2012.

(b) By Lettable Area as at 31 May 2012



Top 10 Tenants

Nanjing IFC

The top 10 tenants of Nanjing IFC by Gross Rental Income for the month of May 2012 are: AstraZeneca (Wuxi) Trading Co., Ltd. (阿斯利康(无锡)贸易有限公司), Citrix Systems Information Technology (Beijing) Ltd. (思杰系统信息技术(北京)有限公司), Dongfeng Yueda Kia Motors Co., Ltd. (东风悦达起亚汽车有限公司), Nanjing Suodian Science & Technology Co., Ltd.* (南京索电科技有限公司), KFC Nanjing Co., Ltd. (南京肯德基有限公司), Nanjing New Tang Fresh Food Co., Ltd.* (南京新唐食餐饮有限公司), Nanjing Web International English Institute (南京韦博国际语言专修学校), Nanjing Zhuopei Education & Consulting Co., Ltd. (南京卓培教育信息咨询有限公司), Shenzhen Beloves Diamond Co., Ltd. Nanjing Xinjiekou Branch* (深圳彼爱钻石有限公司南京新街口分公司) and Sino-US United Metlife Insurance Company Limited Jiangsu Branch (中美联泰大都会人寿保险有限公司江苏分公司).

The table below sets out selected information on these top 10 tenants.

Tenant(1)	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	Manufacturing	January 2013	6.9%
Tenant B	F&B	November 2020	3.0%
Tenant C	IT services	December 2013	2.7%
Tenant D	Finance & consulting	July 2014	2.6%
Tenant E	Science & technology	August 2014	2.0%
Tenant F	F&B	March 2015	1.9%
Tenant G	Entertainment & education	August 2016	1.9%
Tenant H	Entertainment & education	April 2017	1.8%
Tenant I	Lifestyle & luxury	November 2015	1.7%
Tenant J	Science & technology	June 2018	1.7%
Top 10 Tenants			26.1%
Other Tenants			73.9%
Total			100.0%

Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

Retail Component

The top 10 tenants of the retail component of Nanjing IFC by Gross Rental Income for the month of May 2012 are: General Mills (Shanghai) Co., Ltd. (通用磨坊贸易(上海)有限公司), Hongkong Ying Xuan Restaurant Co., Ltd. (南京港盈轩餐饮有限公司), Nanjing Da Pai Dang Restaurant Co., Ltd. (南京大牌档美食有限公司), Nanjing Onion Restaurant Co., Ltd. (南京洋葱餐饮食品有限公司), Nanjing New Tang Fresh Food Co., Ltd.* (南京新唐食餐饮有限公司), Nanjing Suodian Science & Technology Co., Ltd.* (南京索电科技有限公司), Nanjing Web International English Institute* (南京韦博国际语言专修学校), Nanjing Zhuopei Education & Consulting Co., Ltd.* (南京卓培教育信息咨询有限公司), Jiangsu Xiang Mi Xin Food and Beverage Management Company Limited (江苏香蜜鑫餐饮管理有限公司) and Shenzhen Beloves Diamond Co., Ltd. Nanjing Xinjiekou Branch* (深圳彼爱钻石有限公司南京新街口分公司).

* Denotes a company without an official English name as PRC companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

The table below sets out selected information on these top 10 tenants.

Tenant[1]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	F&B	November 2020	9.6%
Tenant B	Entertainment & education	August 2016	6.0%
Tenant C	Entertainment & education	April 2017	5.8%
Tenant D	Lifestyle & luxury	November 2015	5.3%
Tenant E	Science & technology	June 2018	5.3%
Tenant F	F&B	September 2016	3.9%
Tenant G	F&B	November 2017	3.8%
Tenant H	F&B	February 2021	3.6%
Tenant I	F&B	March 2016	3.4%
Tenant J	F&B	November 2017	3.3%
Top 10 Tenants			50.2%
Other Tenants			49.8%
Total			100.0%

Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

Office Component

The top 10 tenants of the office component of Nanjing IFC by Gross Rental Income for the month of May 2012 are: Alibaba (China) Technology Co., Ltd. (阿里巴巴(中国)网络技术有限公司), AstraZeneca (Wuxi) Trading Co., Ltd. (阿斯利康(无锡)贸易有限公司), Beijing Sou Fun Network Technology Nanjing Branch (北京搜房科技发展有限公司南京分公司), Citrix Systems Information Technology (Beijing) Ltd. (思杰系统信息技术(北京)有限公司), Dongfeng Yueda Kia Motors Co., Ltd. (东风悦达起亚汽车有限公司), Nanjing Dynamic Learning Training Center* (南京德爱教育培训中心), KFC Nanjing Co., Ltd. (南京肯德基有限公司), NETGEAR (Beijing) Technology Co., Ltd. Nanjing Branch (网件(北京)网络技术有限公司南京分公司), Sino-US United Metlife Insurance Company Limited Jiangsu Branch (中美联泰大都会人寿保险有限公司江苏分公司) and Yingda Taihe Property Insurance Co., Ltd. Jiangsu Branch (英大泰和财产保险股份有限公司).

The table below sets out selected information on these top 10 tenants.

Tenant[1]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	Manufacturing	January 2013	10.0%
Tenant B	IT services	December 2013	3.9%
Tenant C	Finance & consulting	July 2014	3.8%
Tenant D	Science & technology	August 2014	2.9%
Tenant E	F&B	March 2015	2.7%
Tenant F	Finance & consulting	August 2013	2.4%

* Denotes a company without an official English name as PRC companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

Tenant[1]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant G	IT services	July 2015	2.3%
Tenant H	Services	December 2013	2.3%
Tenant I	IT services	March 2013	2.2%
Tenant J	Entertainment & education	January 2014	2.1%
Top 10 Tenants			34.6%
Other Tenants			65.4%
Total			100.0%

Note:

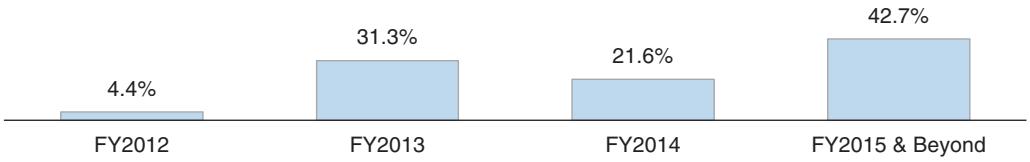
(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

Lease Expiry Profile

Nanjing IFC

The graph below illustrates the committed lease expiry profile of Nanjing IFC by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring[1] (By Gross Rental Income)[2]



The table below sets out the number of leases expiring in Nanjing IFC for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at May 2012).

	FY2012[3]	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	17	50	48	52

Notes:

(1) As at 31 May 2012.

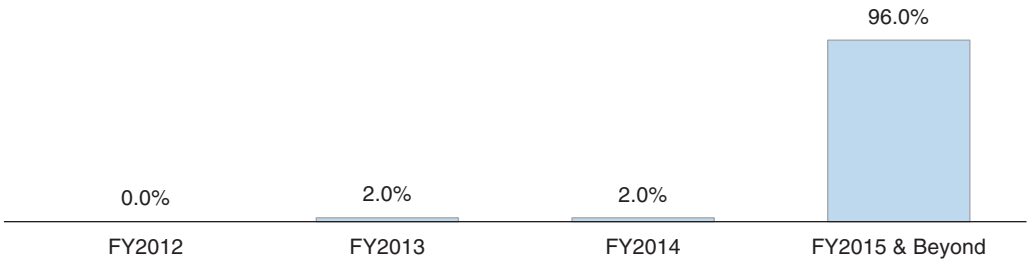
(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

Retail Component

The graph below illustrates the lease expiry profile of the retail component by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring[1] (By Gross Rental Income)[2]



The table below sets out the number of leases expiring for the retail component of Nanjing IFC for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012[3]	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	1	6	4	35

Notes:

(1) As at 31 May 2012.

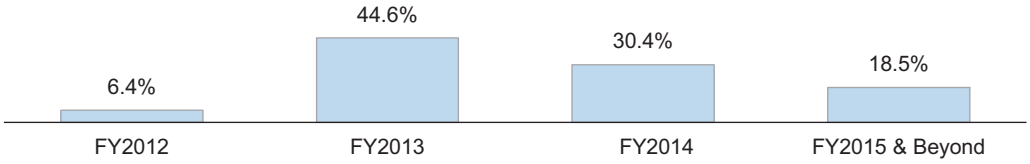
(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

Office Component

The graph below illustrates the lease expiry profile of the office component by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring[1] (By Gross Rental Income)[2]



The table below sets out the number of leases expiring for the office component of Nanjing IFC for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012[3]	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	16	44	44	17

Notes:

(1) As at 31 May 2012.

(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

DALIAN TIANXING ROOSEVELT CENTER (大连天兴罗斯福国际中心)

No. 139-1 Xi'an Road, Shahekou District, Dalian

Profile of Dalian

Dalian is the second largest city in Liaoning province and in 2011 recorded a GDP level higher than the provincial capital Shenyang. It is a port city located at the southern end of the Liaodong Peninsula and is a key gateway for access into north-east China. This coastal city has progressed beyond its traditional heavy industries with ambitions to become a centre of the PRC's information industry and a regional trade hub. The city is connected to other regional centres by highway, rail and Dalian's Zhoushuizi International Airport. Its port was also the busiest in northeast PRC in 2011, handling container throughput of 6.4 million TEUs[1] in that year.

In a recent global city competitiveness survey, Dalian was ranked third globally in terms of economic strength — a measure which emphasises a city's overall GDP, growth rate and relative income. This ranking demonstrates the city's on-going rise and growing importance as an economic power.[2]

Currently, Dalian has more than 1.6 million sq m of retail GFA with more than 25 retail malls and departmental stores. Dalian's main retail hubs are grouped into five major areas: Zhongshan Square, Qingniwa, Olympic Square, Xi'an Road and Peace Square. While Qingniwa is the city's primary retail area, recent developments have focused on the Xi'an Road area. This area now accounts for approximately 30.0% of retail space in Dalian and is recognised as the prime retail hub of western Dalian. In particular, the Shahekou district has seen strong population growth in recent years and has the highest population density of Dalian's urban districts.

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1 A "**TEU**" is a 20-foot equivalent unit that is based on the dimensions of a cargo container that is 20 feet long, 8 feet wide and 8 feet 6 inches high with a maximum load capacity of 24 tonnes.

2 **Source**: Economist Intelligence Unit. Economist Intelligence Unit has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) 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 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by Economic Intelligence Unit is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Description of Dalian TRC

Dalian TRC is a retail mall with five storeys above ground and two basement levels. It is located on Xi'an Road in the Shahekou district, which is the most densely populated urban district in Dalian. Xi'an Road is also the prime retail hub of western Dalian. The Property was completed in 2006.

Dalian TRC is a popular retail destination in the downtown Shahekou district of Dalian, and enjoys a strong footfall of over 50.0 million per annum. The Property is currently the only modern retail mall on Xi'an Road with a strong marketing position on youth fashion and is well-poised to capture the fast-growing young urban population in Dalian.

Post-acquisition, the Vendor of Dalian TRC has spent approximately RMB11.9 million up to July 2011 to improve the car park, mall layout and revamping of the basement into a trendy shopping area. Works to be completed during the Forecast Period 2012 and the Projection Year 2013 are expected to cost RMB3.5 million and will include the relocation of a set of escalators and the improvement of signage.

Dalian TRC also has a unique offering of four key tenants, Zara, H&M, C&A and UNIQLO, which enhances the attractiveness and branding of Dalian TRC as a landmark retail mall. The availability of these trendy brands in one location helps to draw shoppers from Dalian's young urban population to Dalian TRC.

The table below sets out a summary of selected information on Dalian TRC.

Completion Date	17 August 2006
Committed Occupancy (as of 31 May 2012)	93.2%
Number of car park lots	1,013
GFA(1) (sq m)	184,980.3 sq m
Lettable Area (sq m)	96,692.2 sq m
Appraised value (as of 31 May 2012)	RMB3,281.6 million (average)
• **CBRE**	RMB3,201.6 million
• **JLL**	RMB3,361.6 million
Number of tenants (as of 31 May 2012)	260
Land use right expiry	18 August 2042

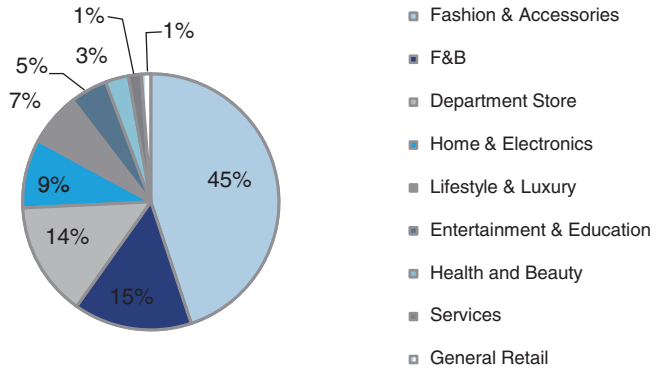
Note:

(1) Includes car parks and the Property Manager's office.

Trade Sector Analysis

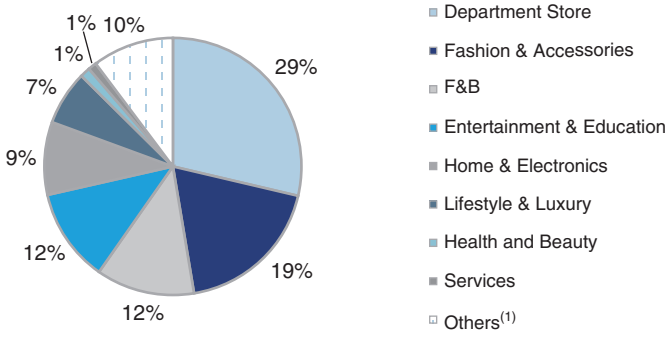
The chart below provides a breakdown by Gross Rental Income of the different trade sub-sectors represented in Dalian TRC for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012



The chart below provides a breakdown by Lettable Area of the different trade sub-sectors represented in Dalian TRC for the month of May 2012.

(b) By Lettable Area as at 31 May 2012



Note:

(1) "**Others**" include services and vacant space.

Top 10 Tenants

The top 10 tenants of Dalian TRC by Gross Rental Income for the month of May 2012 are: Bestseller (Jack & Jones) Fashion Co., Ltd. (Tianjin) (绫致时装(天津)有限公司), C&A (China) Company Limited (西雅衣家(中国)商业有限公司), Dalian New Cashbox Entertainment Company Limited (大连新金钱柜餐饮娱乐有限公司), Dalian GOME Appliances Co., Ltd (大连国美电器有限公司), Dalian Yueao Sports Goods Sales Co., Ltd. (大连悦奥体育用品销售有限公司), Dashang (MYKAL) Group Co., Ltd (大商集团股份有限公司), Fast Retailing (China) Trading Co., Ltd. (UNIQLO) (迅销(中国)商贸有限公司), Ningbo Hehejiesika Fashion Co., Ltd.* (宁波合和杰斯卡服饰有限公司), Shanghai Dazzle Trading Co., Ltd. (上海地素商贸有限公司) and Zhou Fu Kuan (周福宽) trading as Mark Fairwhale (马克华菲).

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* Denotes a company without an official English name as PRC Companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

The table below sets out selected information on these top 10 tenants.

Tenant[1]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	Department store	December 2024	14.4%
Tenant B	Home & electronics	December 2018	6.6%
Tenant C	Fashion & accessories	April 2014	3.9%
Tenant D	Fashion & accessories	April 2017	3.0%
Tenant E	Fashion & accessories	September 2016	2.9%
Tenant F	Fashion & accessories	November 2016	2.5%
Tenant G	Fashion & accessories	November 2015	2.5%
Tenant H	Lifestyle & luxury	September 2015	2.1%
Tenant I	Fashion & accessories	July 2014	1.8%
Tenant J	Entertainment & education	July 2015	1.4%
Top 10 Tenants			41.1%
Other Tenants			58.9%
Total			100.0%

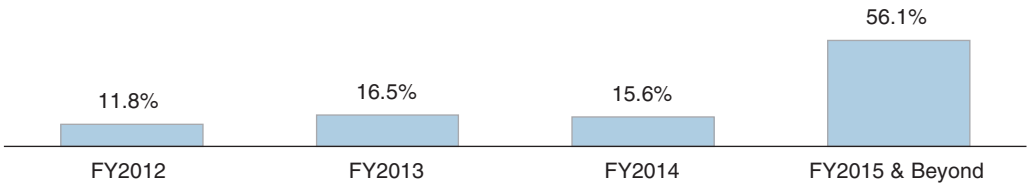
Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

Lease Expiry Profile

The graph below illustrates the lease expiry profile of Dalian TRC by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring[1] (By Gross Rental Income)[2]



The table below sets out the number of leases expiring in Dalian TRC for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012[3]	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	77	98	30	56

Notes:

(1) As at 31 May 2012.

(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

SHANGHAI INTERNATIONAL CAPITAL PLAZA (上海盛邦国际大厦)

No.1318 North Sichuan Road, Hongkou District, Shanghai

Profile of Shanghai

Shanghai, the largest and most influential city in eastern China, is the country's financial capital and a global leader in commerce, culture, finance, technology and transport. The city is located at the mouth of the Yangtze River and has a population of approximately 23.5 million people as at end 2011. Shanghai is widely regarded as the citadel of the PRC economy and is also a popular destination for international tourists.

In a recent global city competitiveness survey, Shanghai was ranked seventh globally in terms of economic strength — a measure which emphasises a city's overall GDP, growth rate and relative income. This ranking demonstrates the city's on-going rise and growing importance as an economic power.[1]

In recent years, Shanghai has developed to see the emergence of a decentralised Grade A office segment. The rapidly growing metro rail system and an increasing number of new buildings located just outside the CBD has fuelled this growth, allowing connectivity with the city centre while providing tenants with competitive rentals and better accessibility. Currently, decentralised Grade A space is the most common choice for tenants in the manufacturing, technology, e-commerce and other industries. The Hongkou district is expected to be a key beneficiary of this trend.

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1 **Source**: Economist Intelligence Unit. Economist Intelligence Unit has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) 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 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by Economic Intelligence Unit is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Description of Shanghai ICP

Shanghai ICP is a commercial building with 29 storeys above ground and one basement level, where its 24-storey Grade A office tower is constructed over a six-storey retail podium. It is located in the Hongkou district, close to the intersection of North Sichuan Road and Haining Road. Hongkou is one of Shanghai's largest downtown districts and it is also the traditional shipping, logistics and trading hub in Shanghai. The Property was completed in July 2009.

Shanghai ICP is situated in an emerging decentralised business district, with easy access to various modes of public transportation. It is adjacent to the North Sichuan Road Station of metro line 10 that links directly with the renowned Xintiandi development and the Nanjing West Road business district. It is also in close proximity to the Baoshan Road Station which connects metro lines 3 and 4. Shanghai ICP is also well-connected by various bus routes along North Sichuan Road and Haining Road, the arterial road located in Puxi, in close proximity to Pudong.

Since March 2011, several upgrading projects have been undertaken to increase the attractiveness and marketability of Shanghai ICP. Such asset enhancement initiatives include the expansion of lift capacity, upgrading of signage, as well as improved advertising space. Major works completed by July 2012 include a new back-lit billboard which is expected to enhance advertising revenue. The total cost of these projects amounts to RMB2.9 million.

The table below sets out a summary of selected information on Shanghai ICP.

Completion Date	Main building — 23 July 2009 External car park — 12 June 2010
Committed Occupancy (as of 31 May 2012)	Total — 86.8% Office component — 86.8% Retail component — 86.6%
Number of car park lots	128
GFA(1) (sq m)	Total — 56,299.0 sq m Office component — 41,493.1 sq m Retail component — 14,402.2 sq m Car park — 403.6 sq m
Lettable Area (sq m)	Total — 50,643.2 sq m Office component — 40,993.6 sq m Retail component — 9,649.5 sq m
Appraised value (as of 31 May 2012)	RMB1,622.0 million (average)
• CBRE	RMB1,619.5 million
• KF	RMB1,624.5 million
Number of tenants (as of 31 May 2012)	99
Land use right expiry	18 May 2045

Note:

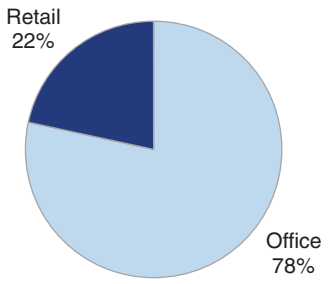
(1) Includes car parks and the Property Manager's office.

Trade Sector Analysis

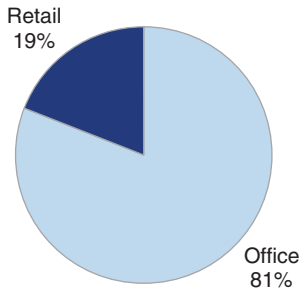
Shanghai ICP

Similar to Nanjing IFC, Shanghai ICP is predominately an office property with the office component contributing 78.4% of its Gross Rental Income in the month of May 2012. The retail component, which constitutes 19.1% of the Lettable Area, is mainly positioned to offer supporting F&B services to complement the office component. The charts below provide a breakdown by Gross Rental Income and Lettable Area of Shanghai ICP by sector for the month of May 2012.

Breakdown of Gross Rental Income by sector

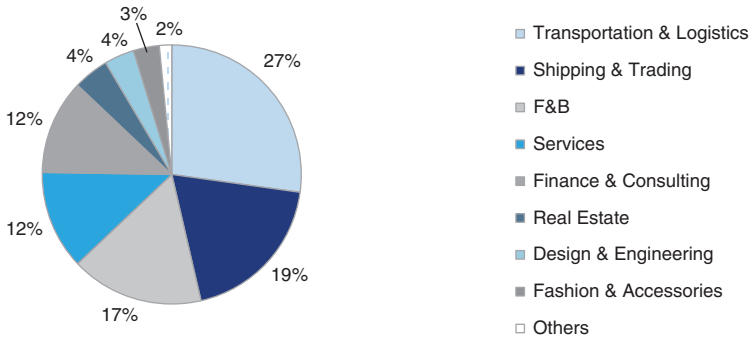


Breakdown of Lettable Area by sector



The chart below provides a breakdown by Gross Rental Income of the different trade sub-sectors represented in Shanghai ICP for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012

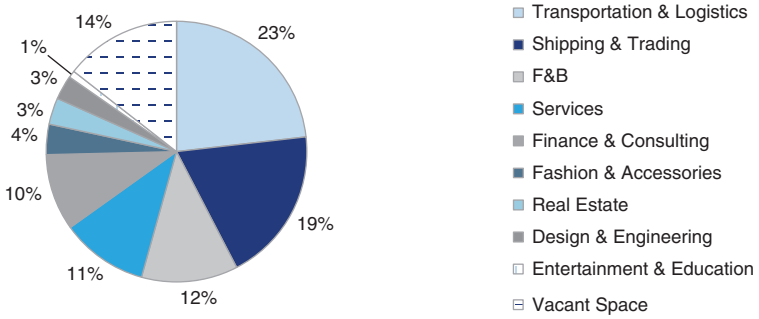


Note:

(1) "**Others**" include entertainment & education and science & technology.

The chart below provides a breakdown by Lettable Area of the different trade sub-sectors represented in Shanghai ICP for the month of May 2012.

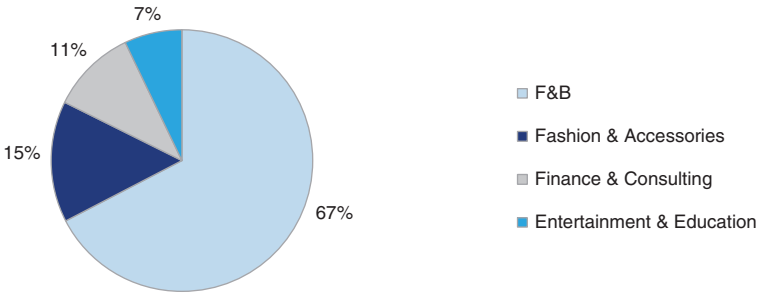
(b) By Lettable Area as at 31 May 2012



Retail Component

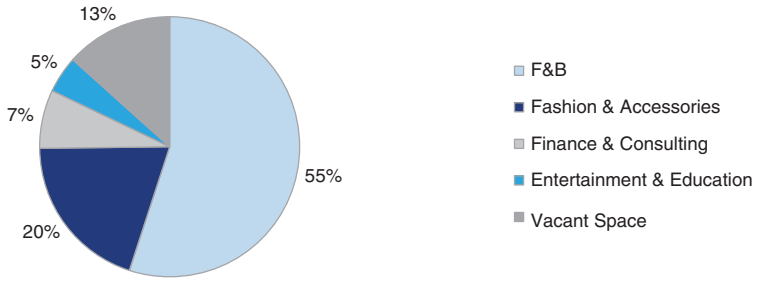
The retail component in Shanghai ICP is positioned to support the offices through the provision of F&B options as well as basic retailing services. The chart below provides a breakdown by Gross Rental Income of the retail component of the different trade sub-sectors represented in Shanghai ICP for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012



The chart below provide a breakdown by Lettable Area of the retail component of the different trade sub-sectors represented in Shanghai ICP for the month of May 2012.

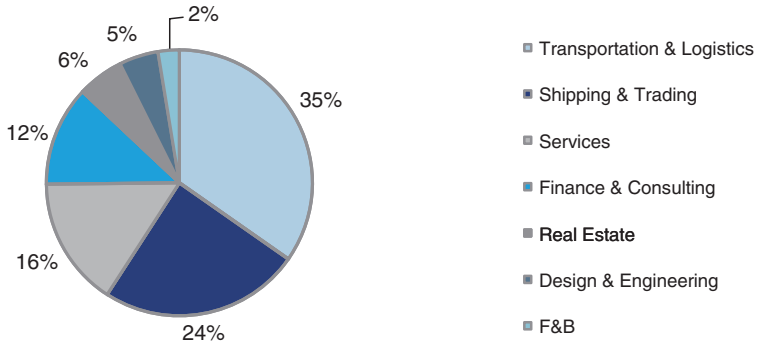
(b) By Lettable Area as at 31 May 2012



Office Component

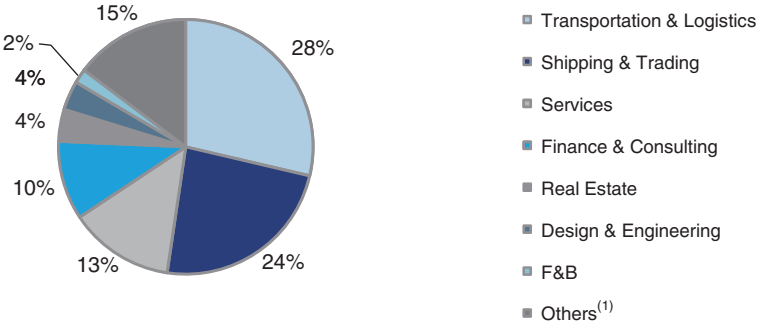
The chart below provides a breakdown by Gross Rental Income of the office component of the different trade sub-sectors represented in Shanghai ICP for the month of May 2012.

(a) By Gross Rental Income for the month of May 2012



The chart below provides a breakdown by Lettable Area of the office component of the different trade sub-sectors represented in Shanghai ICP for the month of May 2012.

(b) By Lettable Area as at 31 May 2012



Top 10 Tenants

Shanghai ICP

The top 10 tenants in Shanghai ICP by Gross Rental Income for the month of May 2012 are: Apparel Group Trading (Shanghai) Co., Ltd. (莎芭贸易(上海)有限公司), C&A (China) Company Limited (西雅衣家(中国)商业有限公司), Cinda Securities Co. Ltd. Shanghai Wujin Road Sales Department* (信达证券股份有限公司上海武进路证券营业部), E-Career (Shanghai) Co., Ltd. (英才网络技术(上海)有限公司), HKC (China) Management Co., Ltd. (香港建设(中国)管理有限公司), Jinfu (Shanghai) Restaurant Management Co., Ltd.* (进富(上海)餐饮有限公司), Kaiyuan Shipping Co., Ltd (上海开于源国际物流有限公司), Shanghai Gourmet Master Food & Beverage Ltd. (上海虹口津味餐饮管理有限公司), Wallem Shipping (China) Ltd. (上海鹏华船务有限公司) and Yuyan (Shanghai) Restaurant Management Co., Ltd.* (渝晏(上海)餐饮管理有限公司).

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* Denotes a company without an official English name as PRC companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

The table below sets out selected information on the top 10 tenants in Shanghai ICP by Gross Rental Income for the month of May 2012.

Tenant[1]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	IT services	June 2016	4.2%
Tenant B	Shipping & trading	June 2013	3.6%
Tenant C	Fashion & accessories	May 2020	3.2%
Tenant D	F&B	March 2018	2.8%
Tenant E	F&B	November 2017	2.8%
Tenant F	Transportation & logistics	November 2014	2.3%
Tenant G	Finance & consulting	August 2014	2.3%
Tenant H	F&B	August 2014	2.3%
Tenant I	Real estate	June 2014	2.2%
Tenant J	Shipping & trading	March 2014	2.2%
Top 10 Tenants			27.9%
Other Tenants			72.1%
Total			100.0%

Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

Retail Component

The top 10 tenants of the retail component of Shanghai ICP by Gross Rental Income for the month of May 2012 are: C&A (China) Company Limited (西雅衣家(中国)商业有限公司), Cinda Securities Co. Ltd. Shanghai Wujin Road Sales Department* (信达证券股份有限公司上海武进路证券营业部), Harvest Festival (group) Co., Ltd. (上海丰收日(集团)有限公司), Jinfu (Shanghai) Restaurant Management Co., Ltd.* (进富(上海)餐饮有限公司), Picasso Restaurant/Bar Management Co., Ltd (毕佳烁餐饮管理(上海)有限公司), Shanghai Gourmet Master Food & Beverage Ltd. (上海虹口津味餐饮管理有限公司), Shanghai Jin Shan District Xue Da Education Institute (上海金山区学大教育进修学校), Shanghai Kentucky Fried Chicken Company Ltd. (上海肯德基有限公司), Shanghai Xinsancheng Restaurant Management Co., Ltd.* (上海新三诚餐饮管理有限公司) and Yuyan (Shanghai) Restaurant Management Co., Ltd.* (渝晏(上海)餐饮管理有限公司).

The table below sets out selected information on these top 10 tenants.

Tenant[1]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	Fashion & accessories	May 2020	15.0%
Tenant B	F&B	March 2018	13.1%
Tenant C	F&B	November 2017	12.8%
Tenant D	Finance & consulting	August 2014	10.6%
Tenant E	F&B	August 2014	10.5%
Tenant F	F&B	December 2018	9.2%

* Denotes a company without an official English name as PRC companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

Tenant[1]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant G	Entertainment & education	February 2017	7.1%
Tenant H	F&B	January 2025	6.7%
Tenant I	F&B	October 2017	6.5%
Tenant J	F&B	December 2016	6.3%
Top 10 Tenants			97.7%
Other Tenants			2.3%
Total			100.0%

Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

Office Component

The top 10 tenants of the office component by Gross Rental Income for the month of May 2012 are: Apparel Group Trading (Shanghai) Co., Ltd. (莎芭贸易(上海)有限公司), Atlantic Forwarding (China) Co., Ltd. (理运国际货运(中国)有限公司), E-Career (Shanghai) Co., Ltd. (英才网络技术(上海)有限公司), HKC (China) Management Co., Ltd. (香港建设(中国)管理有限公司), Kaiyuan Shipping Co., Ltd (上海开于源国际物流有限公司), Macgregor (Shanghai) Trading Co., Ltd. (麦基嘉(上海)贸易有限公司), Shanghai Guangtian Real Estate Development Co., Ltd.* (上海广田房地产开发有限公司), Springs Shanghai Trading Co., Ltd. (斯浦林(上海)贸易有限公司), Wallem Shipping (China) Ltd. (上海鹏华船务有限公司) and Yueda Costa (Shanghai) Food & Beverage Management Co., Ltd. (悦达咖世家(上海)餐饮管理有限公司).

The table below sets out selected information on these top 10 tenants.

Tenant[1]	Trade Sector	Lease Expiry	% of Gross Rental Income
Tenant A	IT services	June 2016	5.4%
Tenant B	Shipping & trading	June 2013	4.5%
Tenant C	Transportation & logistics	November 2014	2.9%
Tenant D	Real estate	June 2014	2.9%
Tenant E	Shipping & trading	March 2014	2.8%
Tenant F	Real estate	July 2012	2.8%
Tenant G	Shipping & trading	August 2015	2.7%
Tenant H	Shipping & trading	September 2012	2.6%
Tenant I	Shipping & trading	December 2013	2.6%
Tenant J	F&B	November 2014	2.6%
Top 10 tenants			31.8%
Other tenants			68.2%
Total			100.0%

Note:

(1) The names of the tenants cannot be matched to the information set out above for confidentiality reasons.

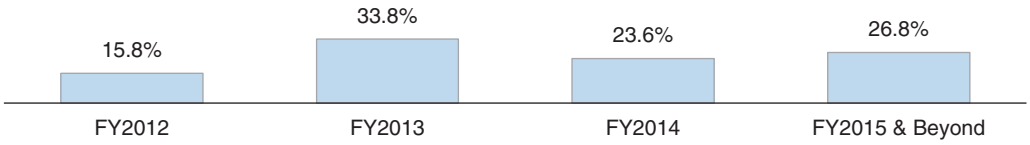
* Denotes a company without an official English name as PRC companies are not required to have an official English name. In such instances, the English name stated is a direct translation.

Lease Expiry Profile

Shanghai ICP

The graph below illustrates the committed lease expiry profile of Shanghai ICP by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring[1] (By Gross Rental Income)[2]



The table below sets out the number of leases expiring in Shanghai ICP for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012[3]	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	24	42	20	15

Notes:

(1) As at 31 May 2012.

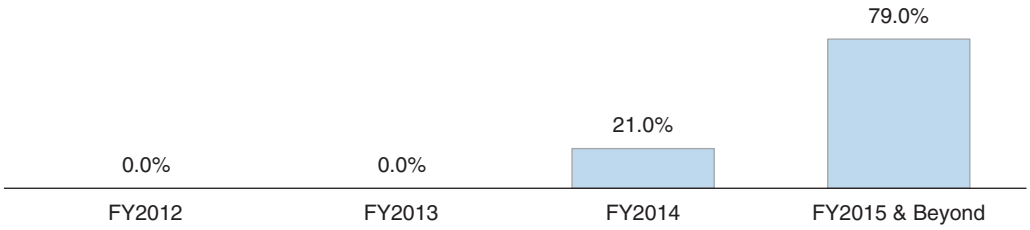
(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

Retail Component

The graph below illustrates the lease expiry profile of the retail component by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring[1] (By Gross Rental Income)[2]



The table below sets out the number of leases expiring for the retail component of Shanghai ICP for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012[3]	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	0	0	2	9

Notes:

(1) As at 31 May 2012.

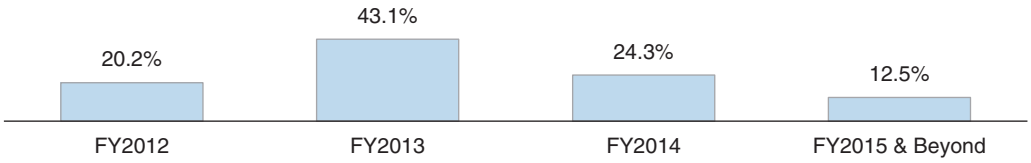
(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

Office Component

The graph below illustrates the committed lease expiry profile of the office component by Gross Rental Income for the month of May 2012.

Percentage of Leases Expiring(1) (By Gross Rental Income)(2)



The table below sets out the number of leases expiring for the office component of Shanghai ICP for FY2012, FY2013, FY2014 and FY2015 and beyond (based on the leases as at 31 May 2012).

	FY2012(3)	FY2013	FY2014	FY2015 & Beyond
No. of leases expiring	24	42	18	6

Notes:

(1) As at 31 May 2012.

(2) For the month of May 2012.

(3) For the period from 1 June 2012 to 31 December 2012.

THE MANAGER AND CORPORATE GOVERNANCE

THE MANAGER OF DYNASTY REIT

The Manager, ARA Trust Management (Dynasty) Pte. Ltd., was incorporated in Singapore under the Companies Act on 23 February 2012. It has a paid-up capital of S$1,000,000. Its registered office is 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986, and its telephone number is +65 6835 9232. The Manager is a wholly-owned subsidiary of the Sponsor.

The Manager has been issued a CMS Licence pursuant to the SFA on 11 October 2012.

Management Reporting Structure

Board of Directors of the Manager

The board of directors of the Manager (the "**Board**") is entrusted with the responsibility for the overall management of the Manager. The following table sets forth certain information regarding the directors of the Manager:

Name		Age		Address		Position
Mr Chiu Kwok Hung Justin		62		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Chairman and Non-Executive Director
Mr Lim Hwee Chiang John		56		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Non-Executive Director
Mr Lim Lee Meng		56		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Independent Non-Executive Director

Name		Age		Address		Position
Mr Lim Kong Puay		56		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Independent Non-Executive Director
Mrs Yu-Foo Yee Shoon		62		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Independent Non-Executive Director

Save for Mr Lim Kong Puay, for whom appropriate arrangements have been made to orientate him in acting as a director of a manager of a public-listed REIT, each of the directors of the Manager has served as a director of a public-listed company or a director of a manager of a public-listed REIT. The Board collectively has the appropriate experience to act as the directors of the Manager and is familiar with the rules and responsibilities of a director of a public-listed company and/or manager of a public-listed REIT.

Save as disclosed in this Prospectus, none of the directors of the Manager are related to one another, any substantial shareholder of the Manager or any Substantial Unitholder (as defined herein).

None of the independent directors of the Board sits on the boards of the principal subsidiaries of Dynasty REIT that are based in jurisdictions other than in Singapore.

Experience and Expertise of the Board of Directors

Information on the business and working experience of the directors of the Manager is set out below:

Mr Chiu Kwok Hung Justin is the Chairman and a Non-Executive Director of the Manager.

Mr Chiu is also the chairman and non-executive director of ARA Asset Management Limited, ARA Asset Management (Fortune) Limited (the manager of Fortune Real Estate Investment Trust ("**Fortune REIT**")), ARA Trust Management (Suntec) Limited (the manager of Suntec Real Estate Investment Trust ("**Suntec REIT**")) and ARA Asset Management (Prosperity) Limited (the manager of Prosperity Real Estate Investment Trust ("**Prosperity REIT**")). Mr Chiu is also a director of ARA Fund Management (Asia Dragon) Limited (the manager of the ARA Asia Dragon Fund).

Mr Chiu has more than 30 years of international experience in real estate in Hong Kong and various countries and is one of the most respected professionals in the property industry in Asia. Mr Chiu is an executive director of Cheung Kong, a company listed on the Main Board of the SEHK. He joined Cheung Kong in 1997 and has been an executive director since 2000, heading the real estate sales, marketing and property management team. Prior to joining Cheung Kong, Mr Chiu was with Hang Lung Development Company Limited (now known as Hang Lung Group Limited) from 1979 to 1994 and Sino Land Company Limited from 1994 to 1997. Mr Chiu was responsible for the leasing and property management operations in both companies.

Mr Chiu is also a member of the 11th Shanghai Committee of the Chinese People's Political Consultative Conference, the PRC, and a member of the Board of Governors of Hong Kong Baptist University Foundation.

Mr Chiu holds Bachelor degrees in Sociology and Economics from Trent University in Ontario, Canada. He is a fellow of the Hong Kong Institute of Real Estate Administration.

Mr Lim Hwee Chiang John is a Non-Executive Director of the Manager.

Mr Lim is the group chief executive officer and an executive director of ARA since its establishment. He is also a non-executive director of ARA Asset Management (Fortune) Limited (the manager of Fortune REIT), ARA Trust Management (Suntec) Limited (the manager of Suntec REIT), ARA Asset Management (Prosperity) Limited (the manager of Prosperity REIT), Am ARA REIT Managers Sdn. Bhd. (the manager of AmFIRST Real Estate Investment Trust ("**AmFIRST REIT**")), ARA-CWT Trust Management (Cache) Limited (the manager of Cache Logistics Trust ("**Cache**")), APN Property Group Limited listed in Australia and Hui Xian Asset Management Limited (the manager of Hui Xian REIT). Mr Lim is also the chairman of APM Property Management Pte. Ltd. ("**APM**"), Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and the management council of The Management Corporation Strata Title Plan No. 2197 (Suntec City).

In addition, Mr Lim is an independent director, chairman of the remuneration committee and share options scheme committee and member of the audit and nominating committees of Singapore-listed Teckwah Industrial Corporation Limited. He is also the vice president of the Hong Kong-Singapore Business Association, the senior vice president of the Asia Public Real Estate Association, a council member of the Singapore Chinese Chamber of Commerce & Industry and a member of the Valuation Review Board of the Ministry of Finance of Singapore.

Mr Lim has more than 30 years of experience in real estate. Prior to founding ARA, from 1997 to 2002, he was an executive director of GRA (Singapore) Pte. Ltd., a wholly-owned subsidiary of Prudential (US) Real Estate Investors. From 1996 to 1997, he founded and was the managing director of The Land Managers (S) Pte. Ltd., a Singapore-based property and consulting firm specialising in feasibility studies, marketing and leasing management in Singapore, Hong Kong and the PRC. He was the general manager of the Singapore Labour Foundation Management Services Pte. Ltd. from 1991 to 1995, and was with DBS Land Limited (now part of CapitaLand Limited) from 1981 to 1990.

Mr Lim holds a Bachelor of Engineering (First Class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.

Mr Lim Lee Meng is an Independent Non-Executive Director of the Manager.

Mr Lim is currently a senior partner of RSM Chio Lim LLP, a member firm of RSM International. Mr. Lim is also an independent director of Teckwah Industrial Corporation Ltd, Tye Soon Ltd, ARA Asset Management (Fortune) Limited (the manager of Fortune REIT) and ARA Trust Management (Suntec) Limited (the manager of Suntec REIT). He also serves as the chairman of the audit committee of Teckwah Industrial Corporation Ltd and ARA Asset Management (Fortune) Limited.

Mr Lim is also a practising member of the Institute of Certified Public Accountants of Singapore, an associate member of the Institute of Chartered Secretaries and Administrators and a fellow member of the Singapore Institute of Directors. He is also the vice-chairman of the River Valley High School Advisory Committee, the chairman of Yio Chu Kang Citizen Consultative Committee and the chairman of the finance committee of Ang Mo Kio Town Council. In addition, Mr Lim serves as a member of the Casino Regulatory Authority of Singapore Board, a member of the Appeal Advisory Panel of the Monetary Authority of Singapore.

Mr Lim graduated from the Nanyang University of Singapore with a Bachelor of Commerce (Accountancy) in May 1980. He also has a Master of Business Administration from the University of Hull (1992), a Diploma in Business Law from the National University of Singapore (1989) and an ICSA qualification from the Institute of Chartered Secretaries and Administrators.

The Manager believes that Mr Lim Lee Meng brings along a wealth of financial experience (including audit expertise) which would be invaluable to Dynasty REIT. In addition, the Manager believes that given Mr Lim Lee Meng's professional background and reputation, he would be independent from Mr John Lim and Mr Justin Chiu.

In addition, it should be noted that under the Code of Corporate Governance 2012, a director is not deemed to be not independent on the basis that he is on a director of another board together with a non-independent director. Mr Lim Lee Meng sitting on the same board with Mr John Lim and Mr Justin Chiu does not interfere with the exercise of his independent business judgement and professionalism with a view to the best interest of Dynasty REIT.

Mr Lim Kong Puay is an Independent Non-Executive Director of the Manager.

He is also the president and chief executive officer of Tuas Power Generation Pte. Ltd. (a power generation company supplying almost a quarter of Singapore's electricity needs). In addition, he is also a chairman and a non-executive director of TPGS Green Energy Pte. Ltd. Mr Lim is also a non-executive director of Tuas Power Supply Pte Ltd, TP Utilities Pte. Ltd., TP Asset Management Pte. Ltd., Newearth Pte. Ltd. and Newearth Singapore Pte. Ltd..

Mr Lim has many years of experience in the liberalised electricity market of Singapore in the generation and trading of electricity and providing electricity solutions to a wide spectrum of users which include those in the industrial and commercial buildings.

Mr Lim has held several key positions in the Tuas Power group of companies, such as being a general manager in Operations and deputy chief executive officer of the generation company since joining Tuas Power in 1996. Prior to joining Tuas Power, Mr Lim was a senior engineer in the Public Utilities Board & Singapore Power.

Mr Lim holds a Bachelor of Engineering (Mechanical) from National University of Singapore. He is also a Fellow in the Institute of Engineers of Singapore and a Professional Engineer (Mechanical) in the Professional Engineers Board in Singapore.

Mrs Yu-Foo Yee Shoon is an Independent Non-Executive Director of the Manager.

She is currently a non-executive director of Singapura Finance Ltd.

From 2004 to 2011, she was the Minister of State for the Ministry of Community Development, Youth and Sports, where her duties focused in community development for women, children, grassroots, charity and ComCare (Community Care Endowment Fund),

Prior to that from 2001 to 2004, she was the Mayor of the South West District and the Bukit Timah Community Development Council. Before that, she was a senior parliamentary secretary for the Ministry of Community Development and Sports. She was a member of parliament for Yuhua from 1984 to 1997, a member of parliament for Bukit Timah GRC from 1997 to 2006 and a member of parliament for Holland-Bukit Timah GRC from 2006 to 2011.

Prior to her service in politics, Mrs Yu-Foo was an industrial relations officer and later the Deputy Secretary-General of NTUC from 1972 to 1999. She was also director of the Economic Development Board, JTC Corporation, Singapore Telecommunications Limited, NTUC Income Insurance Co-operative Limited, and several other boards.

Mrs Yu-Foo holds a Bachelor of Commerce (Economics) from Nanyang University, Singapore, a Master of Business from Nanyang Technological University, Singapore, and an Honorary Doctorate in Education from Wheelock College, Boston, MA, USA.

List of Present and Past Principal Directorships of Directors

A list of the present and past directorships of each director of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix J, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Role of the Board of Directors

The key roles of the Board are to:

- guide the corporate strategy and directions of the 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 Manager.

The Board comprises five directors. The audit committee of the Board (the "**Audit Committee**") comprises Mr Lim Lee Meng, Mr Lim Kong Puay and Mrs Yu-Foo Yee Shoon. Mr Lim Lee Meng will assume the position of Chairman of the Audit Committee.

The Board meets to review the key activities and business strategies of the Manager. The Board will meet regularly, at least once every three months, to deliberate the strategies of Dynasty REIT, including acquisitions and disposals, funding and hedging activities, approval of the annual budget and review of the performance of Dynasty REIT. The Board or the relevant board committee will also review Dynasty REIT's key financial risk areas and the outcome of such reviews will be disclosed in the annual report or where the findings are material, immediately announced via SGXNET.

Each director of the Manager has been appointed on the basis of his professional experience and ability to contribute to the proper guidance of Dynasty REIT.

The Board will have in place a set of internal controls which set out certain approval limits to facilitate operational efficiency as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

The Board, in concurrence with the Audit Committee, are of the opinion that the internal controls as are further described in:

- "The Manager and Corporate Governance — The Manager of Dynasty REIT — Board of Directors of the Manager — Role of the Board of Directors";
- "The Manager and Corporate Governance — Corporate Governance of the Manager — Board of Directors of the Manager";
- "The Manager and Corporate Governance — Corporate Governance of the Manager — Audit Committee";
- "The Manager and Corporate Governance — Corporate Governance of the Manager — Compliance Officer";
- "The Manager and Corporate Governance — Corporate Governance of the Manager — Dealings in Units";
- "The Manager and Corporate Governance — Corporate Governance of the Manager — Management of Business Risk";
- "The Manager and Corporate Governance — Corporate Governance of the Manager — Potential Conflicts of Interest";
- "The Manager and Corporate Governance — Related Party Transactions — The Manager's Internal Control System";

- "The Manager and Corporate Governance — Related Party Transactions — Role of the Audit Committee for Related Party Transactions";

- "The Manager and Corporate Governance — Related Party Transactions — Related Party Transactions in Connection with the Setting Up of Dynasty REIT and the Offering";

- "The Manager and Corporate Governance — Related Party Transactions — Exempted Agreements"; and

- "The Manager and Corporate Governance — Related Party Transactions — Future Related Party Transactions",

are adequate in addressing financial, operational and compliance risks faced by Dynasty REIT.

Changes to regulations and accounting standards are monitored closely by the members of the Audit Committee. To keep pace with regulatory changes, where these changes have an important bearing on the Manager's or its directors' disclosure obligations, the directors of the Manager will be briefed either during Board meetings or at specially convened sessions involving 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.

At least one-third of the directors of the Manager are non-executive and independent. 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, provide 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 Manager.

As mentioned above, Mr Lim Lee Meng is a senior partner at RSM Chio Lim LLP, a public accounting entity offering assurance and tax services. He is also head of the firm's China Practice Group. Due to his profession as an auditor, Mr Lim Lee Meng will not jeopardise his professional reputation by acting in a manner not befitting of an independent director.

In addition to his audit portfolio, Mr Lim Lee Meng also advises companies on cross-border investments and IPOs, with special focus on investments into China. As an independent director, his experience in this regard will be highly beneficial as the initial portfolio of Dynasty REIT is located in the PRC.

It should be noted that paragraph 2.3 of the Code of Corporate Governance 2012 states that the Board may determine that a director is independent notwithstanding the existence of certain relationships or circumstances as set out in paragraph 2.3 of the Code of Corporate Governance 2012 provided that the Board states its reason for determining so.

Mr Lim Lee Meng has served on the board of directors of companies related to the Sponsor, namely ARA Asset Management (Fortune) Limited and ARA Trust Management (Suntec) Limited ("**Other Boards**"). He has contributed much to these Other Boards over the years and his service on these Other Boards should be seen as relevant experience which he can tap on to benefit Dynasty REIT. The Board is of the view that these experiences will enable him to provide better oversight and valuable insights, thus serving as a guardian of the activities of Dynasty REIT. In relation to his role in the Audit Committee, which includes, among others, reviewing Related Party Transactions (as defined herein), the quorum to review Related Party Transactions must comprise majority independent directors and any decisions which he makes will not form a majority. Moreover, in his role to perform internal checks and balances, he has no veto right to block any decisions of the other board members.

The Manager is a newly incorporated entity and has been in existence for less than a year. Therefore, Mr Lim Lee Meng has not served as a director on the board of the Manager for more than nine years. Even if the view taken is that Mr Lim Lee Meng's service as an independent director on boards of ARA Asset Management (Fortune) Limited and ARA Trust Management (Suntec) Limited should be taken into consideration when determining whether Mr Lim Lee Meng is independent, it should be noted that the mere fact that a director has served on a board for nine years does not mean that such director is no longer independent. The Board is of the view that Mr Lim Lee Meng's role as an independent director of ARA Asset Management (Fortune) Limited and ARA Trust Management (Suntec) Limited will not interfere with the exercise of the director's independent business judgement with a view to the best interests of the Dynasty REIT. Therefore, in this instance, Mr Lim Lee Meng's appointment as an independent director of the Manager should not be benchmarked as service beyond nine years due to his service on these Other Boards since 2003 but as an entrance into a new entity.

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 Chiu Kwok Hung Justin, while the Chief Executive Officer is Mr Mark Chu.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the Manager. 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. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager.

The Board has separate and independent access to senior management and the company secretary(s) at all times. The company secretary(s) attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate and when requested.

Executive Officers of the Manager

The executive officers of the Manager are entrusted with the responsibility for the daily operations of the Manager. The following table sets forth information regarding the executive officers of the Manager:

Name		Address		Position
Mr Mark Chu		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Chief Executive Officer
Mr Kong Tai Meng Thomas		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Director, Investments
Ms Chai Hoon Teng		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Senior Finance Manager
Ms Chan See Sharon		c/o 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986		Senior Asset Manager

Expertise and Experience of Executive Officers

Information on the working experience of the executive officers of the Manager is set out below:

Mr Mark Chu is the Chief Executive Officer of the Manager.

Mr Chu has over 18 years of real estate experience. Prior to joining the Manager, Mr Chu was a managing director and head of Asia Real Estate, Gaming and Lodging at Bank of America Merrill Lynch ("**BAML**") for seven years. Mr Chu was responsible for establishing the group in the region and transactions in the space that BAML worked on from China to India. His job scope involved raising capital for developers, REITs and lodging companies and providing strategic advice.

Prior to joining BAML, Mr Chu was a director of real estate and lodging in Citigroup, USA from 1997 to 2005. His duties centred primarily on capital markets transactions and mergers and acquisitions advisory work. During his time there, he represented many of the largest REITs in the US. Mr Chu started his career as an associate in LaSalle Partners from 1994 to 1997. He was the first analyst directly hired by the hotel group and helped acquire and asset-manage the portfolio that formed the nucleus of LaSalle Hotel REIT.

Mr Chu has also worked with many asset classes over the past 17 years from traditional ones such as office, retail and industrial to more non-traditional real estate such as hotels, healthcare assets and student housing.

Mr Chu holds a Bachelor of Science in Hotel Administration from Cornell University, USA.

Mr Kong Tai Meng Thomas is the Director, Investments, of the Manager.

Mr Kong has over 16 years of real estate experience.

Prior to joining the Manager and since 2004, Mr Kong has held various positions within the ARA Group including the fund manager for Al Islami Far Eastern Real Estate Fund, the first Shariah compliant real estate fund in Asia. Mr Kong was also part of the pioneer team that established the ARA Asia Dragon Fund, which is ARA's flagship US$1.1 billion private real estate fund, where he held the positions of Investment Director, Asset Management Director and Portfolio Management Director at various stages of the fund's life. As one of the key executives of ADF, Mr Kong was closely involved with the operations of the fund especially acquisition and asset management of properties, including those that Dynasty REIT would be acquiring for its initial portfolio.

Prior to joining ARA, Mr Kong held various positions in CapitaLand Limited, the largest listed real estate developer in Southeast Asia, from 2000 to 2004. His last position held was Vice President in TCC Capital Land Limited, a joint venture between CapitaLand Limited and T.C.C. Land Limited, where he was in charge of investments. Mr Kong began his career at Wing Tai Asia ("**Wing Tai**"), a listed real estate developer based in Singapore, from 1996 to 2000. During his tenure at Wing Tai, he was based in Suzhou Industrial Park, the PRC, as a Commercial Executive overseeing the investment for the joint venture consortium of Wing Tai, Temasek Holdings, JTC International Holdings Pte Ltd (a subsidiary of Jurong Town Corporation) and Keppel Land Limited.

Mr Kong holds a Bachelor of Business (Financial Analysis) from Nanyang Technological University. He is also a CFA Charterholder.

Ms Chai Hoon Teng is the Senior Finance Manager of the Manager.

Ms Chai has more than 18 years of experience in accounting and finance-related work including group accounting and reporting, tax planning, management, strategic planning and setting of accounting policies and procedures.

Prior to joining the Manager, Ms Chai was with ARA Managers (Asia Dragon) Pte. Ltd. from July 2011.

From June 2010 to July 2011, Ms Chai was an Assistant Financial Controller with Singex Group, the Meetings, Incentives, Conferences and Exhibitions (MICE) management business of Temasek Group from June 2010 to July 2011 where she was responsible for the accounting function and strategic planning and setting accounting policies and procedures within the group. During her employment, she worked closely with the chief executive officer and head of business development to implement short and long term investment strategies and alignment of businesses across different units. As head of Finance department, she worked with operational departments to implement policies and procedures and was responsible for the internal control audit and risk management within the group. She reported to the chief executive officer and the audit committee.

From June 2006 to June 2010, Ms Chai was with CapitaLand Financial Limited as finance manager, responsible for the finance operations of CapitaLand's real estate fund management and the financial advisory services arm, which included overseeing the preparation of financial reports and management accounts, group consolidation, budgeting and strategic financial and tax planning. Prior to that, she was a finance manager of SembWaste Pte Ltd, a member of SembCorp Industry Group from October 2002 to May 2006 where she oversaw a team involved in the day-to-day operations of the finance department. Ms Chai joined Ascott Holding Limited in May 1995 and last held the position of Accountant when she left the company in October 2002. She was responsible for accounting and consolidation of budgeting and forecasting and yearly SGX-ST announcements for the Ascott group of companies.

Ms Chai holds a Master of Business Administration from Murdoch University and a Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology, Australia.

Ms Chai confirms that she is adequately familiar with the business operations, accounting systems and policies of Dynasty REIT despite being employed with the Manager for less than six months as Ms Chai has been involved with the day-to-day operations of the finance and accounting functions for the ARA Asia Dragon Fund, which includes the entities to be acquired by Dynasty REIT, since she joined ARA Group. She is responsible for the review and analysis of the monthly financials of the properties and provides guidance to the team on applicable accounting standards. She is also responsible for the annual financial audit and the preparation of the budget/forecast for the entities.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the Audit Committee to cause them to believe that Ms Chai Hoon Teng does not have the competence, character and integrity expected of a Senior Finance Manager of the Manager. The Audit Committee is of the opinion that her experience with Singex Group and CapitaLand Financial Limited, along with her current involvement in the accounting and finance functions of the entities to be acquired by Dynasty REIT, makes her suitable for this position.

Ms Chan See Sharon is the Senior Asset Manager of the Manager.

Ms Chan See Sharon has more than 10 years of professional experience in the property and infrastructure sector. Her last role was Senior Manager, Asset Management with the ARA Asia Dragon Fund which she joined in April 2009 where she was involved in the pre-acquisition due diligence and asset-enhancement planning for the PRC retail and office properties under the Asia Dragon Fund. She was also the asset manager of a specialist shopping mall in Hong Kong and successfully enhanced the asset's performance. Ms Chan was also in charge of the marketing and launch of a high-end residential project in Hong Kong.

Prior to that, she was Manager, Capital Investments at Taubman Asia Management Limited ("**Taubman Asia**") which is the international arm of a US-listed REIT specialising in retail property development and management, from August 2005 to January 2009. She was responsible for

preparing in-depth analysis to substantiate investment in retail projects across Asia and coordinated the preparation of investment papers for the Board and Investment Committee in the US. During her time at Taubman Asia, she liaised with partners, consultants and external advisors on due diligence, tax/structuring and legal documentation.

Ms Chan joined Thames Water in July 2002 which was part of the RWE Group as Assistant Manager and was later promoted to Manager. She was responsible for project finance for Thames Water and its then associate, China Water Company until July 2005. She was responsible for the preparation of the financial models to support investment appraisals and the development of water projects in various Asian countries. She participated in commercial and financial due diligence on potential investment targets as well as business planning and monitoring of financial performance of operating projects in the region. Ms Chan was also involved in the financial restructuring for committed investments in Asia.

Ms Chan spent the early years of her career in public accounting, banking and infrastructure.

Ms Chan holds a Bachelor of Business Administration from the Chinese University of Hong Kong and a Masters in Investment Management from the Hong Kong University of Science and Technology. She is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants (AICPA). She has also completed the Certificate of Real Estate Investment Finance (CREIF) program by the Asia Pacific Real Estate Association (APREA) and received the Meritorious Award for Outstanding Performance. Ms Chan is fluent in English, Chinese (Mandarin and Cantonese) and holds the Japanese Language Proficiency Test Certificate (Level 2).

List of Present and Past Principal Directorships of Executive Officers

A list of the present and past directorships of each executive officer of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix J, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Roles of the Executive Officers of the Manager

The **Chief Executive Officer** of the Manager will work with the Board to determine the strategy for Dynasty REIT. The Chief Executive Officer will also work with the other executive officers of the Manager to ensure that Dynasty REIT operates in accordance with the Manager's stated investment strategy. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development of Dynasty REIT. The Chief Executive Officer is also responsible for strategic planning, the overall day-to-day management and operations of Dynasty REIT and working with the Manager's investment, asset management, financial and legal and compliance personnel in meeting the strategic, investment and operational objectives of Dynasty REIT.

The **Director, Investments**, is in charge of the investment team, which is responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing Dynasty REIT's portfolio, or divestments where a property is no longer strategic, fails to enhance the value of Dynasty REIT's portfolio or fails to be yield accretive. In order to support these various initiatives, the team develops financial models 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 **Senior Finance Manager** of the Manager will work with the Chief Executive Officer and the other executive officers of the Manager to formulate strategic plans for Dynasty REIT in accordance with the Manager's stated investment strategy. The Senior Finance Manager will be responsible for applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of Dynasty REIT's short and medium-term business plans, fund management activities and financial condition.

The **Senior Asset Manager** is in charge of the asset management team, which is responsible for formulating the business plans in relation to Dynasty REIT's properties with short, medium and long-term objectives, and with a view to maximising the rental income of Dynasty REIT. The Senior Asset Manager will ensure that the asset managers work closely with the Property Manager to implement Dynasty REIT's strategies to maximise the income generation potential and minimise the expense base of the properties without compromising their marketability. The asset management team led by the Senior Asset Manager focuses on the operations of Dynasty REIT's properties, the implementation of the short to medium-term objectives of Dynasty REIT's portfolio and supervise the Property Manager in the implementation of Dynasty REIT's property-related strategies including analysing and recommending asset enhancement initiatives.

Roles and Responsibilities of the Manager

The Manager has general powers of management over the assets of Dynasty REIT. The Manager's main responsibility is to manage Dynasty REIT's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction of Dynasty REIT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of Dynasty REIT in accordance with its stated investment strategy.

The Manager has covenanted in the Trust Deed to use its best endeavours to:

- carry on and conduct its business in a proper and efficient manner;
- ensure that Dynasty REIT's operations are carried on and conducted in a proper and efficient manner; and
- conduct all transactions with or for Dynasty REIT on an arm's length basis and on normal commercial terms.

The Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on Gross Revenue, 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 Dynasty REIT's properties.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the Property Funds Appendix, the Singapore Code on Take-overs and Mergers, the Trust Deed, the CMS Licence and any tax ruling and all relevant contracts. The Manager will be responsible for all regular communications with Unitholders.

The Manager may require the Trustee to borrow on behalf of Dynasty REIT (upon such terms and conditions as the Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Manager considers, among others, that such borrowings are necessary or desirable in order to enable Dynasty REIT to meet any liabilities or to finance the acquisition of any property. However, the Manager must not direct the Trustee to incur a borrowing if to do so would mean that Dynasty REIT's total borrowings and deferred payments will exceed the limit stipulated by the MAS based on the value of its Deposited Property 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).

In the absence of fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager, 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 Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims,

damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager.

The Manager may, in managing Dynasty REIT and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee, 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, provided always that the Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Manager's Fees

The Manager is entitled under the Trust Deed to the following management fees:

- a Base Fee at the rate of 0.3% per annum of the value of the Consolidated Assets; and

- a Performance Fee equal to the rate of 4.5% per annum of the Net Property Income of Dynasty REIT in the relevant financial year (calculated before accounting for the Performance Fee in that financial year).

The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). For the Forecast Period 2012 and the Projection Year 2013, the Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units.

Any increase in the rate or any change in the structure of the 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. For the avoidance of doubt, the Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in structure of the Manager's management fees.

The Manager is also entitled to:

- an acquisition fee equivalent to 1.0% of the acquisition price of real estate or real estate-related assets acquired directly or indirectly, through one or more SPVs, pro-rated if applicable to the proportion of Dynasty REIT's interest. For the purposes of this acquisition fee, real estate-related assets include all classes and types of securities relating to real estate;

- a divestment fee equivalent to 0.5% of the sale price of real estate or real estate-related assets disposed, pro-rated if applicable to the proportion of Dynasty REIT's interest. For the purposes of this divestment fee, real estate-related assets include all classes and types of securities relating to real estate; and

- development management fees equivalent to 3.0% of the total project costs incurred in Development Projects undertaken and managed by the Manager on behalf of Dynasty REIT.

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion.

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion and the acquisition fee payable to the Manager will be adjusted upwards or downwards.

No acquisition fee is payable for the acquisition of the Properties. In accordance with the CIS Code, where the Manager receives a percentage-based fee when Dynasty REIT acquires real estate from an interested party, or disposes of real estate to an interested party, the acquisition or, as the case may be, the divestment fee should be in the form of Units issued at prevailing market prices, such Units not to be sold within one year from the date of issuance.

Any payment to third party agents[1] or brokers in connection with the acquisition or divestment of any real estate of Dynasty REIT shall be paid by the Manager to such persons out of the Deposited Property of Dynasty REIT or the assets of the relevant SPV, and not out of the acquisition fee or the divestment fee received or to be received by the Manager.

The acquisition fee, divestment fee and development management fee are payable to the Manager in the form of cash and/or Units (as the Manager may elect) at the then prevailing market price provided that in respect of any acquisition and sale or divestment of real estate assets from/to interested parties, such a fee should be in the form of Units issued by Dynasty REIT at prevailing market price(s).

Any increase in the maximum permitted level of the Manager's acquisition fee, divestment fee or development management 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.

Retirement or Removal of the Manager

The Manager shall have the power to retire in favour of a corporation recommended by the Manager and approved by the Trustee to act as the manager of Dynasty REIT.

Also, the Manager may be removed by notice given in writing by the Trustee if:

- the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the Manager;
- the Manager ceases to carry on business;
- the Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any material obligation imposed on the Manager by the Trust Deed;
- the Unitholders by an Ordinary Resolution (as defined herein) duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, with no Unitholder (including the Manager and its Related Parties (as defined herein)) being disenfranchised, vote to remove the Manager;
- for good and sufficient reason, the Trustee is of the opinion, and so states in writing, that a change of the Manager is desirable in the interests of the Unitholders; or
- the MAS directs the Trustee to remove the Manager.

Where the Manager is removed on the basis that a change of the Manager is desirable in the interests of the Unitholders, the Manager has a right under the Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the Manager, the Trustee and all Unitholders.

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1 These third party agents or brokers could be property agents who are engaged for the purpose of acquiring assets or auctioneers (where assets are to be acquired through auction sales).

THE PROPERTY MANAGER

APM Property Management (China) Limited (formerly known as Central Property Management Co., Ltd.) has been appointed as the property manager of the Properties. The Property Manager was incorporated in Hong Kong on 18 December 2009. Its registered office is located at Unit A 9/F, Candy Novelty House, No. 164 Wai Yip Street, Kwan Tong, Kowloon, Hong Kong. As at the Listing Date, the shareholders of APM Property Management (China) Limited are SC Property Management Co. Ltd and Sun Bright International Holding Limited, which each holds 60.0% and 40.0% of the shareholdings in APM Property Management (China) Limited, respectively. Sun Bright International Holding Limited is not related to the Sponsor.

The Sponsor, through the acquisition of shares in SC Property Management Co. Ltd., has an effective indirect controlling interest of 30.6% in the Property Manager. The Sponsor's key strategic partner in APM Property Management (China) Limited is Mr. Chen Yan, the founder of Zhong Tai International Group Co., Ltd ("**Zhong Tai Group**"). Zhong Tai Group was established in 1999, it is a Guangzhou-based property development, property management and trading group of companies. Zhong Tai Group has managed commercial, industrial and residential projects which are developed by the Zhong Tai Group over the years starting with Center Plaza (since 2001), a Grade A office building cum retail mall located next to the Guangzhou East Railway Station at the heart of the Tianhe CBD. Other properties which are developed by Zhong Tai Group under the management of Zhong Tai Group include:

- Feng Jing Residence located at Heng Yang, Hunan province (since 2006).
- World Kite Flying Festival Golf Resort and Residence, Wei Fang, Shandong province (since 2009).
- Zhong Fang Golden Lake Residence, Dong Guan, Guangdong province (since 2010).

In addition to the above, Zhong Tai Group has also developed a logistics park located at Zeng Cheng, Guangdong province for Global Logistics Properties Limited, a Singapore listed logistics property investor.

APM Property Management (China) Limited has been providing property management services in Nanjing, Dalian and Shanghai. It is run by an experienced pool of staff with total head count of over 500, segregated into several leasing teams. In addition, these separate leasing teams will have in place china wall policies, which include restricting access to working areas and confidential documents.

ANNUAL REPORTS

An annual report will be issued by the Manager to Unitholders within the timeframe as set out in the Listing Manual and the CIS Code, 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 entered into during the financial accounting period;

(ii) details of Dynasty REIT's real estate assets;

(iii) the tenant profile of Dynasty REIT's real estate assets, including:

  (a) the total number of tenants;

  (b) the top 10 tenants, and the percentage of the total gross rental income attributable to each of these top 10 tenants;

(c) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major trade sectors; and

(d) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next five years;

(iv) 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 of the Manager' 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;

(v) cost of each property held by Dynasty REIT;

(vi) annual valuation of each property of Dynasty REIT;

(vii) analysis of provision for diminution in value of each property of Dynasty REIT (to the extent possible);

(viii) annual rental income for each property of Dynasty REIT;

(ix) occupancy rates for each property of Dynasty REIT;

(x) remaining term for each of Dynasty REIT's leasehold properties;

(xi) amount of distributable income held pending distribution;

(xii) details of assets other than real estate;

(xiii) details of Dynasty REIT's exposure to derivatives;

(xiv) details of Dynasty REIT's investments in other property funds;

(xv) details of borrowings by the Trustee and other financial accommodation to the Trustee in relation to Dynasty REIT;

(xvi) value of the Deposited Property and the NAV of Dynasty REIT at the beginning and end of the financial year under review;

(xvii) 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;

(xviii) volume of trade in the Units during the accounting period;

(xix) the aggregate value of all transactions entered into by the Trustee (for and on behalf of Dynasty REIT) with an interested party or with an "interested person" (as defined in the Listing Manual) during the financial year under review;

(xx) total operating expenses of Dynasty REIT in respect of the accounting period, including expenses paid to the Manager and interested parties (if any) and the Trustee, and taxation incurred in relation to Dynasty REIT's properties;

(xxi) historical performance of Dynasty REIT, 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;

(xxii) total amount of fees paid to the Trustee;

(xxiii) name of the manager of Dynasty REIT, together with an indication of the terms and duration of its appointment and the basis of its remuneration;

(xxiv) total amount of fees paid to the Manager and the price(s) of the Units at which they were issued in part payment thereof;

(xxv) total amount of fees paid to the Property Manager;

(xxvi) an analysis of realised and unrealised surpluses or losses, stating separately profits and losses as between listed and unlisted investments, if applicable;

(xxvii) any extraordinary items; and

(xxviii) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

Additionally, Dynasty REIT will announce its NAV on a quarterly basis. Such announcements will be based on the latest available valuation of Dynasty REIT's real estate and real estate-related assets, which will be conducted at least once a year (as required under the Property Funds Appendix). The first such valuation will be conducted by 31 May 2013.

CORPORATE GOVERNANCE OF THE MANAGER

The following outlines the main corporate governance practices of the Manager.

Board of Directors of the Manager

The Board is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Manager is also responsible for the strategic business direction and risk management of Dynasty REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of the directors of the Manager.

The Board will have in place a framework for the management of the Manager and Dynasty REIT, including a system of internal audit and control and a business risk management process. The Board consists of five members, three of whom are independent directors. None of the directors of the Manager has entered into any service contract with Dynasty REIT.

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive director of the Manager;
- the Board should comprise directors with a broad range of commercial experience including expertise in funds management, legal matters, audit and accounting and the property industry; and
- at least one-third of the Board should comprise independent directors.

However, according to Guideline 2.2 of the Code of Corporate Governance 2012, at least half of the Board should comprise independent directors where:

- the Chairman and the Chief Executive Officer is the same person;
- the Chairman and the Chief Executive Officer are immediate family members;
- the Chairman is part of the management team; or
- the Chairman is not an independent director.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Audit Committee

The Audit Committee is appointed by the Board from among the directors of the Manager and is composed of three members, a majority of whom (including the Chairman of the Audit Committee) are required to be independent directors. As at the date of this Prospectus, the members of the Audit Committee are Mr Lim Lee Meng, Mr Lim Kong Puay and Mrs Yu-Foo Yee Shoon. Mr Lim Lee Meng has been appointed as the Chairman of the Audit Committee. A majority of the members of the Audit Committee are independent directors and all of them are resident in Singapore.

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit 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.

The Audit Committee's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein) (both such types of transactions constituting "**Related Party Transactions**");
- reviewing transactions constituting Related Party Transactions;
- deliberating on resolutions relating to conflicts of interest situations involving Dynasty REIT;
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- reviewing 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;

- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with Dynasty REIT;

- the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);

- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

- reviewing the appointment, re-appointment or removal of external auditors;

- reviewing the nature and extent of non-audit services performed by external auditors;

- reviewing, on an annual basis, the independence and objectivity of the external auditors;

- meeting with external and internal auditors, without the presence of the executive officers, at least on an annual basis;

- reviewing the system of internal controls including financial, operational, compliance controls and risk management processes;

- reviewing the financial statements and the internal audit report;

- reviewing and providing their views on all hedging policies and instruments to be implemented by Dynasty REIT to the Board;

- reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;

- investigating any matters within the Audit Committee's terms of reference, whenever it deems necessary; and

- reporting to the Board on material matters, findings and recommendations.

Compliance Officer

The Manager has outsourced the role of the compliance officer to the Sponsor. The compliance officer will report to the Chief Executive Officer, the Sponsor's Group General Counsel and the Board, and his duties include:

- updating employees of the Manager on compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and all applicable laws, regulations and guidelines;

- preparing returns to the MAS as required under the SFA;

- highlighting any deficiencies or making recommendations with respect to the Manager's compliance processes;

- assisting in the application process for the appointment of new directors to the Board; and

- assisting in any other matters concerning compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and all applicable laws, regulations and guidelines.

Legal Representatives

The current legal representatives of Nanjing Rich Field Real Estate Development Co., Ltd. Dalian Boyuan and Lei Fu Real Estate (Shanghai) Co., Ltd. will be changed following the completion of the acquisition of the Properties. Mr Mark Chu will be appointed as the new legal representative of Nanjing Rich Field Real Estate Development Co., Ltd. Dalian Boyuan and Lei Fu Real Estate (Shanghai) Co., Ltd. following the completion of the acquisition of the Properties. The new legal representative is a person employed the Manager and who is also independent of, and not related to, the Sponsor (other than his employment by the Manager). The Manager will take the following factors into consideration when appointing the new legal representative:

- the qualifications and experience of the person; and

- the person's knowledge of the property market.

Each of the legal representatives are authorised to perform all acts regarding the general administration of the relevant PRC Property Company. They can also execute powers of attorney on behalf of their respective PRC Property Company and execute any legal transactions that are within the nature and the scope of business of their respective PRC Property Company.

There is a risk that the PRC Property Company will be held liable should its legal representative perform any unauthorised actions on its behalf. In this regard, the following measures will be implemented in order to mitigate such a risk:

- an internal control system to ensure that there is proper authorisation as to disbursements and delegation of authority;

- safeguarding controls over all the company seals and cheque books; and

- ensuring segregation of duties in the cash management process including receipts and disbursements.

The Board is of the opinion that adequate processes and procedures have been put in place to mitigate the risks in relation to the appointment of the legal representatives of Nanjing Rich Field Real Estate Development Co., Ltd., Dalian Boyuan and Lei Fu Real Estate (Shanghai) Co., Ltd. respectively.

Dealings in Units

Each director of the Manager is to give notice to the 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 days after 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. (See "The Formation and Structure of Dynasty Real Estate Investment Trust – Declaration of Unitholdings" for further details.)

All dealings in Units by the directors of the Manager 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 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 Dynasty REIT's annual results, quarterly results and property valuations and ending 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.

The directors and employees of the Manager are also prohibited from communicating price sensitive information to any person.

The Manager has also undertaken that it will not deal in the Units in the period commencing one month before the public announcement of Dynasty REIT's annual results and (where applicable) property valuations, and two weeks before the public announcement of Dynasty REIT's quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuations.

On 19 January 2009, a bill to amend the SFA was passed by the Singapore Parliament (the "**Securities and Futures (Amendment) Act**"). Pursuant to the Securities and Futures (Amendment) Act (Commencement) Notification 2012 (S467/2012) (the "**SFAA Notification**") which was gazetted on 19 September 2012, the new Section 137ZC of the SFA (relating to notification of unitholdings) will come into force on 19 November 2012. When the new Section 137ZC of the SFA comes into force, the Manager will be required to, *inter alia*, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the business day following the day on which the Manager became aware of the acquisition or disposal. In addition, when the new Section 137ZC of the Securities and Futures (Amendment) Act comes into force, all dealings in Units by the Chief Executive Officer will also need to be announced by the Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: http://www.sgx.com and in such form and manner as the Authority may prescribe.

Management of Business Risk

The Board will meet quarterly, or more often if necessary, and will review the financial performance of the Manager and Dynasty REIT against a previously approved budget. The Board will also review the business risks of Dynasty REIT, examine liability management and act upon any comments from the auditors of Dynasty REIT.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and Dynasty REIT. In assessing business risk, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual investment projects prior to approving major transactions. The management meets regularly to review the operations of the Manager and Dynasty REIT and discuss any disclosure issues.

The Manager has also provided an undertaking to the SGX-ST that:

(i) the Manager will make periodic announcements on the use of the proceeds from the Offering as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the annual report;

(ii) in relation to foreign exchange hedging transactions (if any) (a) the Manager will seek the approval of its board on the policy for entering into any such transactions, (b) the Manager will put in place adequate procedures which must be reviewed and approved by the Audit Committee and (c) the Audit Committee will monitor the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board;

(iii) the Audit Committee will review and provide their views on all hedging policies and instruments (if any) to be implemented by Dynasty REIT to the Board, and the trading of such financial and foreign exchange instruments will require the specific approval of the Board.

Potential Conflicts of Interest

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- The Manager will not manage any other REIT which invests in the same type of properties as Dynasty REIT.

- All key executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities.

- All resolutions in writing of the directors of the Manager in relation to matters concerning Dynasty REIT must be approved by at least a majority of the directors of the Manager, including at least one Independent Director.

- At least one-third of the Board shall comprise independent directors.

- 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 their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of the Sponsor and/or its subsidiaries.

- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Dynasty REIT with a Related Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Dynasty REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The directors of the Manager (including its independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Dynasty REIT with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

- Each of the PRC Property Companies manages a specific Property in Dynasty REIT's portfolio and each Property will have a dedicated centre management team that manages the day-to-day property management of that particular Property. In addition, the leasing team which is in charge of the properties of Dynasty REIT will not be in charge of any other properties which may directly compete with the properties of Dynasty REIT. It should be noted that currently, the Property Manager provides property management services only to the Properties.

Deal Allocation Committee

The Sponsor has in place a deal allocation committee (the "**Deal Allocation Committee**") to mitigate potential conflicts of interest details of which are set out below.

The origination of deals largely comes from the Sponsor's extensive network comprising the Cheung Kong group of companies (the "**Cheung Kong Group**"), the Sponsor's local offices in Singapore, Hong Kong and the PRC as well as the Sponsor's relationships with developers, joint venture partners, bankers, asset owners and real estate consultants.

The Sponsor maintains strict policies and procedures to address any potential conflict that may arise from its businesses. One of such policies includes reviewing of potential acquisitions by a deal allocation committee.

The Deal Allocation Committee comprises Mr Justin Chiu (Chairman of the Sponsor), Mr John Lim (Group CEO of the Sponsor), Mr Tang Boon Kang (Senior Manager, Group Risk Management & Internal Audit of the Sponsor) and Ms Cheryl Seow (Senior Director, Group Finance of the Sponsor). The Sponsor has established the Deal Allocation Committee to minimise any potential conflicts of interest. The Deal Allocation Committee ensures that an effective process is in place for the allocation of deals among the various REITs and private real estate funds which the Sponsor (including its subsidiaries) manages.

The Deal Allocation Committee considers the key investment objectives and criteria of each REIT and private real estate fund when reviewing and allocating deals received by the Sponsor as well as deals received directly by the various REITs or private real estate funds.

In general, the REITs managed by the Sponsor would only invest in core investments within their respective sector(s) and geographical region(s), confined by the regulated leverage ratios. The REITs focus on properties that have stable incomes, high occupancies and increasing distribution yields to unitholders. These properties offer potential for long-term growth through repositioning, value-add capital expenditure and/or continual leasing strategy.

In comparison, the private real estate funds managed by the Sponsor invest in opportunistic and strategic investments, which usually entail higher risks and higher risk-adjusted returns. The private real estate funds focus on properties which offer opportunities for re-development, asset enhancement and/or lease restructuring, to achieve their targeted internal rate of returns within the limited fund life.

All prospective deal information shall be submitted by the respective REITs or private real estate funds to the Head of Group Risk Management & Internal Audit Division to assess whether there is any potential conflict of interest (such as overlapping investment objectives and criteria). If the Head of Group Risk Management & Internal Audit Division forms a preliminary view that a potential conflict of interest could arise, the deal will be referred to the Deal Allocation Committee. All prospective deal information of Dynasty REIT will also be documented and subject to the review by the Head of Group Risk Management & Internal Audit of the Sponsor and the Deal Allocation Committee so as to prevent conflicts of interest from arising. While none of the REITs and private real estate funds (including Dynasty REIT and ADF) that are managed by the ARA Group are wholly-owned fund vehicles of the Sponsor, the managers of these REITs and private real estate funds are subsidiaries or associates of the Sponsor. Therefore, strict policies and procedures such as the reviewing of potential acquisitions by the Head of Group Risk Management & Internal Audit and the Deal Allocation Committee is required to address any potential conflict of interests that may arise. The Deal Allocation Committee applies to all REITs which are managed by the ARA Group.

The Deal Allocation Committee further evaluates the deal and determines which REIT or private real estate fund the deal should be allocated to, taking into account circumstances that best fit the investment objectives and criteria of the REITs or private real estate funds. All reviews carried out by the Head of Group Risk Management & Internal Audit Division are documented and submitted to the Deal Allocation Committee regularly and these records are subject to an annual audit by the external international accounting firm which reports to the Sponsor's Audit Committee, which comprises the Sponsor's independent directors, Mr Lee Yock Suan, Mr Lim How Teck, Dr Moses Cheng Mo Chi and Mr Colin Stevens Russel. The scope of the annual audit includes, among other things, a review of all the transactions which are submitted to the Head of Group Risk Management & Internal Audit and Deal Allocation Committee, to ensure that the conflict of interest guidelines are followed and such transactions are properly evaluated and documented.

RELATED PARTY TRANSACTIONS

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of Dynasty REIT and the Unitholders.

As a general rule, the Manager must demonstrate to its Audit Committee that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all Related Party Transactions which are entered into by Dynasty REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by Dynasty REIT. The Audit Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of Dynasty REIT's net tangible assets will be subject to review by the Audit Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Dynasty REIT's net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Dynasty REIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of Dynasty REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, 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 Dynasty REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Dynasty REIT with a Related Party of the Manager (which would include relevant Associates thereof) or Dynasty REIT, the Trustee 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 Dynasty REIT and the Unitholders; and
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or Dynasty REIT. If the Trustee is to sign any contract with a Related Party of the Manager or Dynasty REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual 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 REITs.

Save for the transactions described under "Related Party Transactions in Connection with the Setting Up of Dynasty REIT" and "Exempted Agreements", Dynasty REIT 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 person transactions entered into with the same interested person during the same financial year, is 3.0% or more of Dynasty REIT's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in Dynasty REIT's annual report for that financial year.

Role of the Audit Committee for Related Party Transactions

The Audit Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

Related Party Transactions in Connection with the Setting Up of Dynasty REIT and the Offering

Existing Agreements

The Trustee, on behalf of Dynasty REIT, has entered into a number of transactions with the Manager and certain Related Parties of the Manager in connection with the setting up of Dynasty REIT. These Related Party Transactions are as follows:

- The Trustee has on 4 October 2012 entered into the Trust Deed with the Manager. The terms of the Trust Deed are generally described in "The Formation and Structure of Dynasty Real Estate Investment Trust".
- The BVI Holding Company has on 9 October 2012 entered into the share purchase agreements with the Vendors in respect of the entire issued share capital of Elite Trade Investments Limited (which indirectly holds Nanjing IFC), RTC Limited (which indirectly holds Dalian TRC) and Favor Rise Group Limited (which indirectly holds Shanghai ICP) (the "**Share Purchase Agreements**"). These agreements are more particularly described in "Certain Agreements Relating to Dynasty Real Estate Investment Trust and the Properties — Share Purchase Agreements".
- The Trustee, the Manager and the Property Manager have on 4 October 2012 entered into the Master Property Management Agreement for the operation, maintenance, management and marketing of properties of Dynasty REIT by the Property Manager from time to time. Pursuant to the Master Property Management Agreement, the Trustee, the Manager, the relevant subsidiary of the Property Manager and the relevant PRC Property Company also entered into the Individual Property Management Agreements in relation to the Properties. These agreements are more particularly described in "Certain Agreements Relating to Dynasty Real Estate Investment Trust and the Properties — Master Property Management Agreement".

The Property Manager is staffed by employees with relevant experience and expertise and therefore the Manager considers that the Property Manager has the necessary expertise and resources to perform the property management, lease management, project management and marketing services for the Properties.

The Manager believes that each of the Master Property Management Agreement and the Individual Property Management Agreements is made on normal commercial terms and is not prejudicial to the interests of Dynasty REIT and the Unitholders.

Save as disclosed in this Prospectus, the Trustee has not entered into any other transactions with (i) the Manager or any Related Party of the Manager or (ii) the Property Manager in connection with the setting up of Dynasty REIT.

Property Management Agreement

In respect of property and lease management services, marketing services and project management services to be provided by the Property Manager for each property under its management (including each subsequently acquired property which are managed by the Property Manager), the Property Manager shall be entitled to receive from the Trustee:

- a property management fee of 1.5% of Gross Revenue and 1.5% of Net Property Income of each property;
- a leasing commission of 1.5 months for new leases and 0.5 months for renewal of leases with lease tenures of 24 months or longer, with such commission to be pro-rated if the lease tenure is less than 24 months; and
- a project management fee based on the Project Management Fee Schedule.

In respect of the asset management software provided by Property Manager to be used for the management of the Properties, the Property Manager shall be entitled to receive a service fee of RMB20,000 per month for each Property.

In addition to its fees, the Property Manager will be fully reimbursed for certain costs. (See "Certain Agreements Relating to Dynasty REIT and the Properties — Property Management Agreement — Reimbursable Expenses" for further details.)

Exempted Agreements

The entry into and the fees and charges payable by Dynasty REIT under the Trust Deed, the Share Purchase Agreements and the Master Property Management Agreement (including the Individual Property Management Agreements) (collectively, the "Exempted Agreements"), each of which constitutes or will, when entered into, constitute a Related Party 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 specific information on these agreements have been disclosed in this Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Dynasty REIT.

(See "Overview – Certain Fees and Charges" for the fees and charges payable by Dynasty REIT in connection with the establishment and on-going management and operation of Dynasty REIT.)

Any renewal of the Master Property Management Agreement (including the Individual Property Management Agreements) will be subject to Rules 905 and 906 of the Listing Manual. (See "The Manager and Corporate Governance — Related Party Transactions — The Manager's Internal Control System" for further details).

Future Related Party Transactions

As a REIT, Dynasty REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among others, transactions entered into by the Trustee (for and on behalf of Dynasty REIT) with an interested party relating to Dynasty REIT's acquisition of assets from or sale of assets to an interested party, Dynasty REIT's investment in securities of or issued by an interested party and the engagement of an interested party as property management agent or marketing agent for Dynasty REIT's properties.

Depending on the materiality of transactions entered into by Dynasty REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by, an interested party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the Unitholders be obtained.

The Listing Manual regulates all interested person transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction, Dynasty REIT 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). The Trust Deed requires the Trustee and the Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines relating to interested person transactions as may be prescribed by the SGX-ST to apply to REITs.

The Manager may 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, including a general mandate in relation to leases and/or licence agreements to be entered into with interested persons.

All transactions conducted under such 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 will appoint an independent financial adviser (without being required to consult the Manager) 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 to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of Dynasty REIT and the Unitholders.

Both the Property Funds Appendix and the Listing Manual requirements would have to be complied with in respect to a proposed transaction which is *prima facie* governed by both sets of rules. Where matters concerning Dynasty REIT relate to transactions entered or to be entered into by the Trustee for and on behalf of Dynasty REIT with a Related Party (either an "interested party" under the Property Funds Appendix or an "interested person" under the Listing Manual) of the Manager or Dynasty REIT, the Trustee and the Manager are required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual.

The Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the Trustee (when acting other than in its capacity as trustee of Dynasty REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of Dynasty REIT and the Unitholders. The Manager shall not be liable to account to the Trustee or to the Unitholders for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The Trustee shall not be liable to account to the Manager or to the Unitholders for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the Manager, its "connected persons" (as defined in the Listing Manual) and any director of the Manager are prohibited from voting their respective own Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

THE SPONSOR

ARA is an Asian real estate fund management group listed on the SGX-ST with a market capitalisation of S$1.2 billion as at the Latest Practicable Date. Established in July 2002 by ARA Group Chief Executive Officer, Mr Lim Hwee Chiang John, and Cheung Kong, ARA's assets under management have grown substantially from S$0.6 billion as at 31 December 2003 to S$21.8 billion as at 30 June 2012 with a Pan-Asian real estate investment and management platform.

As at the Latest Practicable Date, ARA is one of the largest REIT managers in Asia (excluding Japan) in terms of real estate assets under management. It has an established track record of managing publicly-listed REITs in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office, retail, industrial/office and logistics sectors. The publicly-listed REITs currently managed by ARA Group are Fortune REIT (dual primary listed in Singapore and Hong Kong), Suntec REIT (listed in Singapore), Cache (listed in Singapore), Prosperity REIT (listed in Hong Kong), Hui Xian Real Estate Investment Trust ("**Hui Xian REIT**") (listed in Hong Kong) and AmFIRST Real Estate Investment Trust ("**AmFIRST REIT**") (listed in Malaysia).

ARA also manages private real estate funds which invest in Singapore, Hong Kong, Malaysia, the PRC and other emerging economies in Asia and provides real estate management services including property management services and operations, sales and marketing services for convention, exhibition, meeting and event facilities, as well as corporate finance advisory services.

SPONSOR'S CAPABILITIES

Capital Management

With its experience and expertise in real estate and real estate financing, the ARA Group is committed to nurturing new streams of recurrent fee income by providing asset enhancement and innovative real estate-related capital management services. The ARA Group has established a strong track record in originating, structuring and growing its public and private real estate funds to offer consistently high returns to its stakeholders.

Fortune REIT

ARA Asset Management (Fortune) Limited, which is a wholly-owned subsidiary of ARA, is the manager of Fortune REIT, the first cross-border REIT in Singapore. Fortune REIT was listed on the SGX-ST on 12 August 2003 with the investment objective of investing in real estate and real estate related assets. It was dual primary listed on the SEHK on 20 April 2010 and holds a portfolio of 16 retail malls in Hong Kong with a total gross rentable area of approximately 2.4 million sq ft.

Suntec REIT

ARA Trust Management (Suntec) Limited, which is a wholly-owned subsidiary of ARA, is the manager of Suntec REIT, the first composite REIT in Singapore. Suntec REIT was listed on the SGX-ST on 9 December 2004 with the principal strategy of owning income-producing real estate that is primarily used for retail and/or office purposes. Since its listing, Suntec REIT has grown its portfolio size by 3.5 times from the initial one asset valued at S$2.2 billion to four assets, with a total value of about S$7.5 billion, as at 30 June 2012.

Cache Logistics Trust

ARA-CWT Trust Management (Cache) Limited, which is a joint venture REIT management company 60.0% owned by ARA and 40.0% by CWT Limited, is the manager of Cache. Cache was listed on the SGX-ST on 12 April 2010 with the investment objective of investing in income-producing real estate used for logistics purposes in Asia-Pacific, as well as real estate related assets. Cache currently holds a portfolio of logistics warehouse properties strategically located in established logistics cluster within Asia-Pacific.

Prosperity REIT

ARA Asset Management (Prosperity) Limited, which is a wholly-owned subsidiary of ARA, is the manager of Prosperity REIT, the first private sector REIT to be listed on the Main Board of the SEHK with exposure to the Hong Kong office and industrial/office sectors in decentralised business districts. Prosperity REIT was listed on 16 December 2005 and its portfolio currently features seven high-quality properties which are strategically located with direct access to the mass transportation network of Hong Kong.

Hui Xian REIT

Hui Xian Asset Management Limited, which is a joint venture REIT management company where ARA owns an indirect 30.0% interest via ARA Hui Xian (Holdings) Limited, which is the manager of Hui Xian REIT, the first RMB-denominated REIT to be listed on the Main Board of the SEHK. Hui Xian REIT was listed on 29 April 2011 and its portfolio consists of its investment in Hui Xian BVI. Hui Xian BVI holds Hui Xian Investment Limited, which is the foreign joint venture partner of Beijing Oriental Plaza Co., Ltd, a sino-foreign cooperative joint venture established in the PRC. Beijing Oriental Plaza Co., Ltd holds the land use right and building ownership rights of Beijing Oriental Plaza.

AmFIRST REIT

Am ARA REIT Managers Sdn. Bhd., which is a joint venture REIT management company between ARA Asset Management (Malaysia) Limited and AmInvestment Group Berhad, is the manager of AmFIRST REIT. AmFIRST REIT was listed on the Main Board of the Bursa Malaysia Berhad on 21 December 2006 and it is one of the largest Malaysia-based commercial REITs with exposure to the office, retail and hotel sectors in the Klang Valley and Cyberjaya.

Private Real Estate Funds

Besides Dynasty REIT (prior to listing), the ARA Group has managed or manages a number of private real estate funds:

- ADF;
- ARA Asia Dragon II Limited ("**ADF II**");
- ARA Harmony Fund;
- Al Islami Far Eastern Real Estate Fund ("**AIFEREF**"); and
- ARA China Investment Partners.

It has the experience and the necessary real estate and financing skills to structure, originate and manage real estate-related financial products that cater to different pools of investors with different risk appetites.

The following provides a brief summary of the private real estate funds, currently or previously managed by the ARA Group:

- **ADF**

  ADF is a closed-end seven-year private real estate fund with an aggregate committed capital of US$1.1 billion established to provide a platform for global institutional investors to invest in a diversified portfolio of real estate investments in various growth economies of Asia. ADF targets investment opportunities primarily in the main cities of the PRC, Singapore, Hong Kong and Malaysia and in other key cities in Thailand, Vietnam and other countries in Asia

to capitalise on the growth of the regional property markets. These investments include projects in development and completed projects in the office, retail and residential sectors, as well as other real estate sectors, with the goal of maximising total returns from a combination of income and capital appreciation.

- **ADF II**

  ADF II is a follow-up fund formed by ARA to continue the approach applied in investing and managing ADF II's predecessor, ADF. A Pan-Asian opportunistic closed-end fund with an initial lifespan of 10 years, ADF II will target real estate investment opportunities primarily in the major cities of the PRC, Singapore, Hong Kong and Malaysia, with a secondary focus in other key cities in Asia (excluding Japan) which have favourable economic and fundamental real estate outlooks and strong, sustainable demand.

- **ARA Harmony Fund**

  ARA Harmony Fund is a single-asset private real estate fund which owns the Suntec Singapore International Convention & Exhibition Centre ("**Suntec Singapore**"). Suntec REIT holds a 60.8% effective stake in the fund.

- **AIFEREF**

  Established in August 2004, AIFEREF was the ARA Group's first private real estate fund and it was also the first Shariah-compliant private real estate fund in Asia. AIFEREF invested in Singapore residential properties and had a committed capital of S$100.0 million. Among its major investors were the Dubai Islamic Bank and the Cheung Kong Group. The divestment of the underlying assets of AIFEREF was completed in October 2007 and the ARA Group achieved an internal rate of return of 23.7% for the fund.

- **ARA China Investment Partners**

  ARA China Investment Partners was established in June 2012 and is a long-term, core-plus separate account vehicle with significant contribution from the California Public Employees' Retirement System. ARA China Investment Partners targets high-quality, income producing office and retail properties in key cities in the PRC, including Hong Kong. ARA China Investment Partners has an initial term of fund of 10 years, with two additional extension options of six years each.

Real Estate Management Services

ARA's real estate management services business division complements and supports the growth of the ARA Group's core REITs and private real estate funds business divisions through the provision of property management and other supporting management services.

APM is a wholly-owned subsidiary of ARA and the ARA Group's in-house property management arm. APM is staffed by a team of experienced professionals with expertise in property and facilities management, leasing and marketing. APM is currently the property manager for Suntec REIT's properties in Suntec City as well as the managing agent of The Management Corporation Strata Title Plan No. 2179, responsible for the management and maintenance of the common property of Suntec City. APM has a presence in Malaysia via the provision of consultancy services to a retail mall owned by ADF.

Suntec Singapore International Convention & Exhibition Services Pte. Ltd. is a wholly-owned subsidiary and unit of the ARA Group's real estate management services business division. It is the convention and exhibition service provider for Suntec Singapore.

Suntec International Convention and Exhibition Services Pte Ltd is a member of the ARA Group and provides a suite of services such as sales and marketing representation, venue management and franchising and brand transfer.

THE FORMATION AND STRUCTURE OF DYNASTY REAL ESTATE INVESTMENT 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. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of Dynasty REIT. The Trust Deed is available for inspection at the registered office of the Manager at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986.

THE TRUST DEED

Dynasty REIT is a REIT constituted by the Trust Deed on 4 October 2012 and is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix).

The terms and conditions of the Trust Deed 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 contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Manager and/or the Trustee to do.

Operational Structure

Dynasty REIT is established to invest in real estate and real estate-related assets. The Manager must manage Dynasty REIT so that the principal investments of Dynasty REIT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is to hold or own real estate and real estate-related assets). Dynasty REIT is a Singapore REIT established to invest principally, directly or indirectly, in income-producing real estate located in the PRC which is used primarily for commercial purposes, as well as real estate-related assets.

Dynasty REIT aims to generate returns for its Unitholders by owning, buying and actively managing such properties in line with its investment strategy (including the selling of any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the Property Funds Appendix and the Listing Manual, the Manager is also authorised under the Trust Deed to invest in investments which need not be real estate.

The Manager may use certain financial derivative instruments for hedging purposes or efficient portfolio management, provided that (i) such financial derivative instruments are not used to gear Dynasty REIT's overall investment portfolio or are intended to be borrowings of Dynasty REIT and (ii) the policies regarding such use of financial derivative instruments have been approved by the Board.

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.

Each Unit represents an undivided interest in Dynasty REIT. A Unitholder has no equitable or proprietary interest in the Deposited Property. A Unitholder is not entitled to the transfer to him of the Deposited Property (or any part thereof) or of any real estate or interest in the Deposited Property (or any part thereof) of Dynasty REIT. A Unitholder's right is limited to the right to require due administration of Dynasty REIT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee or the Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that he will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the Deposited Property (or any part thereof) and waives any rights it may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to the Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the Deposited Property (or any part thereof) or lodge any caveat or other notice affecting the Deposited Property (or any part thereof), or require that any Authorised Investment forming part of the Deposited Property be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Manager or the Trustee in respect of Units issued to Unitholders. For so long as Dynasty REIT is listed, quoted and traded on the SGX-ST and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or de-listed permanently, the Manager shall pursuant to the Depository Services Terms and Conditions (as defined herein) appoint CDP as the Unit depository for Dynasty REIT, and all Units issued will be represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with, CDP as the registered holder of such Units.

The Manager or the agent appointed by the Manager shall issue to CDP not more than 10 Business Days[1] 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 are no restrictions under the Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Units and to own Units. The Singapore Code on Take-overs and Mergers applies to REITs. As a result, acquisitions of Units which may result in a change in effective control of Dynasty REIT will be subject to the mandatory provisions of the Singapore Code on Take-overs and Mergers, such as a requirement to make a general offer for Units.

Issue of Units

The following is a summary of the provisions of the Trust Deed relating to the issue of Units.

Subject to the following sub-paragraphs (1), (2) and (3) below and to such laws, rules and regulations as may be applicable, for so long as Dynasty REIT is listed, the Manager may issue Units on any Business Day at an issue price equal to the "market price", without the prior approval of the Unitholders. For this purpose, "market price" shall mean (i) the volume weighted average price for a Unit for all trades on the SGX-ST, or such other Recognised Stock Exchange (as defined herein) on which Dynasty REIT is listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding the relevant Business Day or (ii) if the Manager believes that the calculation in (i) does not provide a fair reflection of the market price of a Unit, an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit.

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1 "**Business Day**" means 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.

(1) The Manager shall comply with the listing rules of the Listing Manual, the Property Funds Appendix or any other relevant laws, regulations and guidelines in determining the issue price, including the issue price for a rights issue on a pro rata basis to all existing Unitholders, the issue price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders and the issue price for any reinvestment or distribution arrangement. If the issue price determined by the Manager is at a discount to the market price, the discount shall not exceed such percentage as may, from time to time, be permitted under the listing rules of the Listing Manual, the Property Funds Appendix or any other relevant laws, regulations and guidelines.

(2) Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by Dynasty REIT in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the issue price of a Unit so issued as full or partial consideration shall be the same as the issue price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

Unit Issue Mandate

By subscribing for the Units under the Offering, investors are (A) deemed to have approved the issuance of all Units comprised in the Offering, the Sponsor Subscription Units and the Cornerstone Units and (B) deemed to have given the authority to the Manager to:

(i) (a) issue Units whether by way of rights, bonus or otherwise; and/or

(b) make or grant 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 (collectively, "**Instruments**"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(ii) issue Units in pursuance of any Instrument made or granted by the 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),

(the "**Unit Issue Mandate**")

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) must 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 must 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 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 Dynasty REIT or (ii) the date by which first annual general meeting of Dynasty REIT 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 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 Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Dynasty REIT to give effect to the authority conferred by the Unit Issue Mandate.

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and 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 Manager or, as the case may be, the Trustee, might seriously prejudice the interests of the Unitholders as a whole or the Deposited Property;

- any breakdown in the means of communication normally employed in determining the price of any assets of Dynasty REIT or (if relevant) 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 Dynasty REIT 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 Dynasty REIT or in the payment for such asset of Dynasty REIT cannot, in the opinion of the Manager, be carried out at normal rates of exchange;

- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS or any other relevant regulatory authority;

- in relation to any general meeting of Unitholders, any 48-hour period before such general meeting or any adjournment thereof; or

- when the business operations of the Manager or the Trustee in relation to the operation of Dynasty REIT are substantially interrupted or closed as a result of, or arising from nationalisation, expropriation, currency restrictions, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee 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 Manager or (as the case may be) the Trustee.

In the event of any suspension while Dynasty REIT is listed on the SGX-ST, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

Redemption of Units

The Trust Deed provides that any redemption of Units will be carried out in accordance with the Trust Deed, the CIS Code, the Listing Rules or any relevant laws, regulations and guidelines. In the event that Dynasty REIT or the Units become unlisted, With respect to any terms which are necessary to carry out such redemption but are not prescribed by the Trust Deed, the CIS Code, the Listing Rules or any relevant laws, regulations and guidelines, these terms shall be determined by mutual agreement between the Manager and the Trustee.

For so long as the Units are listed on the SGX-ST, the Unitholders have no right to request the Manager to repurchase or redeem their Units while the Units are listed on the SGX-ST and/or any other Recognised Stock Exchange. It is intended that the Unitholders may only deal in their listed Units through trading on the SGX-ST.

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 Dynasty REIT; and
- participate in the termination of Dynasty REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Dynasty REIT less any liabilities, in accordance with their proportionate interests in Dynasty REIT.

No Unitholder has a right to require that any asset of Dynasty REIT be transferred to him.

Further, Unitholders cannot give any directions to the Trustee or the Manager (whether at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit from doing anything which may result in:

- Dynasty REIT, the Manager or the Trustee, as the case may be, ceasing to comply with the listing rules of the Listing Manual and such other relevant laws, regulations and guidelines; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of (i) the Trustee, (ii) the Manager, or (iii) both the Trustee and the Manager.

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 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 or any creditor of Dynasty REIT in the event that the liabilities of Dynasty REIT exceed its assets.

Under the Trust Deed, every Unit carries the same voting rights.

Amendments of the Trust Deed

Approval of Unitholders by an Extraordinary Resolution will be obtained for any amendment of the Trust Deed unless the Trustee certifies, in its opinion, that such amendment:

- does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders;

- is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or

- is made to remove obsolete provisions or to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the Manager and the Trustee may, with the written approval of the competent authorities, alter certain provisions in Clause 10.17 of the Trust Deed relating to the use of derivatives.

Meeting of Unitholders

Under applicable law and the provisions of the Trust Deed, Dynasty REIT will not hold any meetings for Unitholders unless the Trustee or the Manager (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the total Units issued) requests a meeting to be convened. In addition, Dynasty REIT is required to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting. Furthermore, the Trust Deed shall comply with paragraph 4 of the Property Funds Appendix.

A meeting of Unitholders when duly convened and held in accordance with the provisions of the Trust Deed, may by Extraordinary Resolution:

- sanction any modification, alteration or addition to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed;

- sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Manager's management fees, acquisition fee, divestment fee and development management fee and the Trustee's fee;

- remove the auditors and appoint other auditors in their place;

- remove the Trustee;

- direct the Trustee to take any action pursuant to Section 295 of the SFA (relating to the winding up of Dynasty REIT); and

- delist Dynasty REIT after it has been listed.

A meeting of Unitholders may, also by an Ordinary Resolution of Unitholders present and voting at a general meeting (with no Unitholder being disenfranchised), vote to remove the Manager.

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual.

Except as otherwise provided for in the Trust Deed, and save for Extraordinary Resolutions (which requires at least 21 days' notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given), at least 14 days' notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the Trust Deed. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed.

The quorum at a meeting shall not be less than two Unitholders (whether present in person or by proxy) together holding or representing one-tenth in value of all the Units for the time being in issue. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

Voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the meeting, or by five or more Unitholders present in person or by proxy, or holding or representing one-tenth in value of all the Units represented at the meeting. Unitholders do not have different voting rights on account of the number of votes held by a particular Unitholder. On a show of hands, every Unitholder has one vote. On a poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their unitholdings.

Neither the Manager nor any of its Associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the Manager or any of its Associates has a material interest save for an Ordinary Resolution duly proposed to remove the Manager, in which case, no Unitholder shall be disenfranchised.

For so long as the Manager is the manager of Dynasty REIT, the "controlling shareholders" (as defined in the Listing Manual) of the Manager and of any of its Associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its Associates have a material interest.

DECLARATION OF UNITHOLDINGS

Duty of Manager to Make Disclosure

On 19 January 2009, the Securities and Futures (Amendment) Act was passed by the Singapore Parliament. Pursuant to the SFAA Notification which was gazetted on 19 September 2012, the new Section 137ZC of the SFA (relating to notification of unitholdings) will come into force on 19 November 2012. When the new Section 137ZC of the SFA comes into force, where the Manager acquires or disposes of interests in Units or debentures or units of debentures of Dynasty REIT, or the Manager has been notified in writing by, *inter alia*, a Substantial Unitholder or director or Chief Executive Officer of the Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, the Manager shall announce such information via the SGXNET and in such form and manner as the Authority may prescribe as soon as practicable and in any case no later than the end of the business day following the day on which the Manager became aware of the acquisition or disposal or received the notice.

Substantial Unitholdings

Under the existing Section 137B of the SFA, Substantial Unitholders are required to notify the Trustee of their interest(s) in Units within two business days after becoming a Substantial Unitholder and within two business days after any subsequent change in the percentage level of such interest(s) (rounded down to the next whole number) or their ceasing to hold 5.0% or more of the total number of Units. Under the existing Section 137A of the SFA, Substantial Unitholders must also, within the same time limit, submit such notifications to the SGX-ST.

On 19 January 2009, the Securities and Futures (Amendment) Act was passed by the Singapore Parliament. Pursuant to the SFAA Notification which was gazetted on 19 September 2012, the new and/or amended Sections 135 to 137B of the SFA (read with the new Section 137U of the SFA) of the SFA (relating to notification of unitholdings by Substantial Unitholders) will come into force on 19 November 2012. When the new and/or amended Sections 135 to 137B of the SFA

(read with the new Section 137U of the SFA) come into force, Substantial Unitholders will be required to notify the Manager and the Trustee within two business days after becoming aware of their becoming a Substantial Unitholder, any subsequent change in the percentage level of their interest(s) in Units (rounded down to the next whole number) or their ceasing to be a Substantial Unitholder.

Directors and Chief Executive Officer of the Manager

On 19 January 2009, the Securities and Futures (Amendment) Act was passed by the Singapore Parliament. Pursuant to the SFAA Notification which was gazetted on 19 September 2012, the new Section 137Y of the SFA of the SFA (relating to notification of unitholdings by directors and Chief Executive Officer of the Manager) will come into force on 19 November 2012. When the new Section 137Y of the SFA comes into force, directors and chief executive officer of the Manager will be required to, within two business days, notify the Manager of their acquisition of interest in Units or of changes to the number of Units which they hold or in which they have an interest.

A director of the Manager is deemed to have an interest in Units in the following circumstances:

- Where the director is the beneficial owner of a Unit (whether directly through a direct Securities Account (as defined herein) or indirectly through a depository agent or otherwise).

- Where a body corporate is the beneficial owner of a Unit and the director is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate.

- Where the director's (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years has any interest in a Unit.

- Where the director, his (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years:

  — has entered into a contract to purchase a Unit;

  — has a right to have a Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;

  — has the right to acquire a Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or

  — is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of Unitholders) to exercise or control the exercise of a right attached to a Unit, not being a Unit of which any of them is the holder.

- Where the property subject to a trust consists of or includes a Unit and the director knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Unit.

THE TRUSTEE

The trustee of Dynasty REIT is HSBC Institutional Trust Services (Singapore) Limited. The Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act 2005, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the date of this Prospectus, the Trustee has a paid-up capital of S$5,150,000. The Trustee's registered office is located at 21 Collyer Quay, #10-02 HSBC Building, Singapore 049320.

The Trustee is independent of the Manager.

Powers, Duties and Obligations of the Trustee

The Trustee's powers, duties and obligations are set out in the Trust Deed. The powers and duties of the Trustee include:

- acting as trustee of Dynasty REIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of Dynasty REIT with a Related Party of the Manager or Dynasty REIT are conducted on normal commercial terms, are not prejudicial to the interests of Dynasty REIT and the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

- holding the assets of Dynasty REIT on trust for the benefit of the Unitholders in accordance with the Trust Deed; and

- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Dynasty REIT.

The Trustee has covenanted in the Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee may, subject to the provisions of the Trust Deed, appoint and engage:

- a person or entity to carry out and perform its duties and obligations; and

- on the Manager's recommendation any real estate agents or managers or service providers or such other persons, including a Related Party of the Manager on an arm's length basis and on normal commercial terms, in relation to the project management, development, leasing, lease management, marketing, property management, purchase or sale of any of the Investments.

Subject to the Trust Deed and the Property Funds Appendix, the Manager may direct the Trustee to borrow or raise money or obtain other financial accommodation for the purposes of Dynasty REIT, both on a secured and unsecured basis.

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, any tax ruling and all other relevant laws. It must retain Dynasty REIT's assets, or cause Dynasty REIT's assets to be retained, in safe custody and cause Dynasty REIT's accounts to be audited. Pursuant to the Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any Related Party of the Trustee) in relation to the whole or any part of the Deposited Property. It can appoint valuers to value the real estate assets and real estate-related assets of Dynasty REIT.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the Deposited Property over which the Trustee has recourse, provided that the Trustee has

acted without fraud, gross negligence, wilful default or breach of the Trust Deed. The Trust Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the Deposited Property for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement

The Trustee may retire or be replaced under the following circumstances:

- The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Trust Deed).

- The Trustee may be removed by notice in writing to the Trustee by the Manager:

  — if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee;

  — if the Trustee ceases to carry on business;

  — if the Trustee fails or neglects after reasonable notice from the Manager to carry out or satisfy any material obligation imposed on the Trustee by the Trust Deed;

  — if an Extraordinary Resolution is passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed, and of which not less than 21 days' notice has been given to the Trustee and the Manager, shall so decide; or

  — if the MAS directs that the Trustee be removed.

Trustee's Fee

The Trustee's fee shall not exceed 0.25% per annum of the value of the Deposited Property, subject to a minimum of S$20,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The actual fee payable to the Trustee will be determined between the Manager and the Trustee from time to time, and is presently charged on a scaled basis of up to 0.03% per annum of the Deposited Property.

The Trustee will also be paid a one-time inception fee of S$40,000.

Any increase in the maximum permitted amount or any change in the structure of the Trustee's fee must be approved by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

TERMINATION OF DYNASTY REIT

Under the provisions of the Trust Deed, the duration of Dynasty REIT shall end on:

- such date as may be provided under written law;

- the date on which Dynasty REIT is terminated by the Manager in such circumstances as set out under the provisions of the Trust Deed as described below; or

- the date on which Dynasty REIT is terminated by the Trustee in such circumstances as set out under the provisions of the Trust Deed as described below.

The Manager may in its absolute discretion terminate Dynasty REIT by giving notice in writing to all Unitholders, CDP and the Trustee not less than three months in advance of the termination and to the MAS not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue Dynasty REIT;

- if the NAV of the Deposited Property shall be less than S$50.0 million after the end of the first anniversary of the date of the Trust Deed or any time thereafter; and

- if at any time Dynasty REIT becomes unlisted after it has been listed.

Subject to the SFA and any other relevant laws, regulations and guidelines, Dynasty REIT may be terminated by the Trustee by notice in writing in any of the following circumstances:

- if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Trustee fails to appoint a successor manager in accordance with the provisions of the Trust Deed;

- if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue Dynasty REIT; and

- if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire, the Manager shall have failed to appoint a new trustee in accordance with the provisions of the Trust Deed.

The decision of the Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate Dynasty REIT pursuant to the paragraph above or otherwise. The Manager shall accept the decision of the Trustee and relieve the Trustee of any liability to it and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of Dynasty REIT, the Trustee shall, subject to any authorisations or directions given to it by the Manager or the Unitholders pursuant to the Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of Dynasty REIT in accordance with the Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of Dynasty REIT before distributing the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in Dynasty REIT.

CERTAIN AGREEMENTS RELATING TO DYNASTY REAL ESTATE INVESTMENT 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 Dynasty REIT. The agreements are available for inspection at the registered office of the Manager at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986.

SHARE PURCHASE AGREEMENTS

On 9 October 2012, the BVI Holding Company entered into the Share Purchase Agreements with the Vendors pursuant to which the BVI Holding Company has conditionally agreed to acquire all the ordinary shares and RPS of the Offshore Companies and in the case of Favor Rise Group Limited, (i) the shareholder's loan from ADF Phoenix V Limited to Favor Rise Group Limited and (ii) the shareholder's loan from ADF Phoenix V Limited to Lanrich International Limited.

Completion of each of the acquisitions as set out in the Share Purchase Agreements will be subject to the satisfaction of a number of conditions including, among others:

(a) no event or circumstance arising that prohibits or materially restricts the sale and purchase of the shares of the Offshore Companies and/or the relevant Property pursuant to the SFA and/or the CIS Code (including the Property Funds Appendix);

(b) the obligations of the Joint Bookrunners under the Underwriting Agreement becoming unconditional;

(c) the concurrent completion of the sale and purchase of the ordinary shares and RPS of the Offshore Companies in accordance with the terms of the Share Purchase Agreements;

(d) there being no compulsory acquisition or resumption of each Property or any part of it, and no notice of such intended compulsory acquisition or resumption having been given, by the government or other competent authority; and

(e) there being no material damage to each Property and no material breach of warranties which will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of the Holding Companies and the PRC Property Companies or on the Properties, in each case, taken as a whole.

Each Share Purchase Agreement contains certain representations and warranties made by the relevant Vendors. Each Share Purchase Agreement also sets out limitations on the liability of the relevant Vendor in respect of any claims by the BVI Holding Company for breach of any terms of the Share Purchase Agreement including the representations and warranties given by such Vendor. The aggregate maximum liability of each Vendor where there is a claim for breach of the warranty relating to the ownership of the ordinary shares and the OC RPS (and in the case of Favor Rise Group Limited, the shareholder's loans) shall not exceed an amount equivalent to 100.0% of the purchase consideration less the aggregate nominal value of the relevant OC RPS and before post-completion adjustments (the "**Liability Cap**"). Where there is no such claim, the aggregate maximum liability of such Vendor shall not exceed an amount equivalent to 50.0% of the Liability Cap. The BVI Holding Company shall only be entitled to make a claim against the relevant Vendor under each of the Share Purchase Agreements if and only if such claim arises from a single event or circumstance and the amount of such claim exceeds US$100,000.

Each of the Vendors shall not be liable in respect of any claim unless: (i) notice of such claim is given in writing by the BVI Holding Company to the Vendor stating in reasonable detail the specific matters in respect of which the claim is made, and, so far as practicable, the amount claimed,

within 18 calendar months after (and exclusive of) the completion date of the acquisition; and (ii) arbitration proceedings in respect of such claim shall have been commenced by the notice of arbitration being issued within four calendar months after the giving of the notice of such claim referred to above (except where the parties have amicably resolved between themselves all disputes in relation to such claim before the expiry of the aforesaid four calendar month period).

The following paragraphs set out certain specific terms of each of the Share Purchase Agreements.

Elite Trade Investments Limited (which indirectly holds Nanjing IFC)

The BVI Holding Company will acquire all the ordinary shares and all the RPS of Elite Trade Investments Limited (which would be issued prior to the completion of the acquisition) from ADF Phoenix IV Limited. (Please refer to "Distributions — DPU Support Arrangement" for further details.)

The purchase consideration for Elite Trade Investments Limited shall be the sum computed based on:

(i) an amount equal to RMB2,495.1 million (being the value attributed to Nanjing IFC as agreed between the BVI Holding Company and ADF Phoenix IV Limited);

(ii) an amount equal to RMB182.9 million (which is determined by reference to the applicable exchange rate as at 5 October 2012) (being the RMB equivalent of the aggregate nominal value of S$35.4 million of the RPS of Elite Trade Investments Limited); and

(iii) the estimated adjusted NAV of Elite Trade Investments Limited (computed in accordance with the terms of the Share Purchase Agreement).

Such amount shall be subsequently adjusted in accordance with the terms of the Share Purchase Agreement to reflect the actual NAV of Elite Trade Investments Limited (on a consolidated basis) on the completion date of the acquisition. Any deferred tax liability or deferred tax assets of Elite Trade Investments Limited will not be taken into account in the computation of the purchase consideration.

It is a term in the Share Purchase Agreement that the loans owing by Rich Field (China) Limited and Nanjing Rich Field Real Estate Development Co., Ltd. shall be repaid and any securities in relation thereto shall be discharged on completion of the acquisition.[1]

The BVI Holding Company shall upon completion of the acquisition, assume and take over the rights and obligations of ADF Phoenix IV Limited in respect of its indebtedness to Rich Field (China) Limited, of which such loan shall be novated from ADF Phoenix IV Limited to the BVI Holding Company.

RTC Limited (which indirectly holds Dalian TRC)

The BVI Holding Company will acquire all the ordinary shares and all the RPS of RTC Limited from ADF Falcon I Limited.

The purchase consideration for RTC Limited shall be the sum computed based on;

(i) an amount equal to RMB2,972.4 million (being the value attributed to Dalian TRC as agreed between the BVI Holding Company and ADF Falcon I Limited);

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1 The quantum of the loans to be discharged on completion of the acquisition is RMB1,074.6 million.

(ii) an amount equal to RMB191.6 million (which is determined by reference to the applicable exchange rate as at 5 October 2012) (being the RMB equivalent of the aggregate nominal value of S$37.1 million of the RPS of RTC Limited); and

(iii) the estimated adjusted NAV of RTC Limited (computed in accordance with the terms of the Share Purchase Agreement).

Such amount shall be subsequently adjusted in accordance with the terms of the Share Purchase Agreement to reflect the actual NAV of RTC Limited (on a consolidated basis) on the completion date of the acquisition. Any deferred tax liability or deferred tax assets of RTC Limited will not be taken into account in the computation of the purchase consideration.

It is a term in the Share Purchase Agreement that the loans owing by Global Glitter Limited and Dalian Boyuan shall be repaid and any securities in relation thereto shall be discharged on completion of the acquisition.[1]

The BVI Holding Company shall upon completion of the acquisition, assume and take over the rights and obligations of ADF Phoenix V Limited in respect of its indebtedness to Global Glitter Limited, of which such loan shall be novated from ADF Phoenix V Limited to the BVI Holding Company.

Favor Rise Group Limited (which indirectly holds Shanghai ICP)

The BVI Holding Company will acquire (i) all the ordinary shares and all the RPS of Favor Rise Group Limited and (ii) the shareholder's loans from ADF Phoenix V Limited to Favor Rise Group Limited and Lanrich International Limited.

The purchase consideration for Favor Rise Group Limited shall be the sum computed based on;

(i) an amount equal to RMB1,447.5 million (being the value attributed to Shanghai ICP as agreed between the BVI Holding Company and ADF Phoenix V Limited);

(ii) an amount equal to RMB116.5 million (which is determined by reference to the applicable exchange rate as at 5 October 2012) (being the RMB equivalent of the aggregate nominal value of S$22.5 million of the RPS); and

(iii) the estimated adjusted NAV of Favor Rise Group Limited (computed in accordance with the terms of the Share Purchase Agreement).

Such amount shall be subsequently adjusted in accordance with the terms of the Share Purchase Agreement to reflect the actual NAV of Favor Rise Group Limited (on a consolidated basis) on the completion date of the acquisition. Any deferred tax liability or deferred tax assets of Favor Rise Group Limited will not be taken into account in the computation of the purchase consideration. In addition, the shareholder's loans provided by the Vendor will be acquired.

It is a term in the Share Purchase Agreement that the loans owing by Lanrich International Limited and Lei Fu Real Estate (Shanghai) Co., Ltd (other than the shareholder's loans which will be assigned to the BVI Holding Company) shall be repaid and any securities in relation thereto shall be discharged on completion of the acquisition.[2]

MASTER PROPERTY MANAGEMENT AGREEMENT

The Properties which comprise the IPO Portfolio and any properties subsequently acquired by the Trustee on behalf of Dynasty REIT and in respect of which Dynasty REIT wholly owns and the Trustee has the right to appoint or, as the case may be, procure the appointment of the property

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1 The quantum of the loans to be discharged on completion of the acquisition is RMB1,120.1 million.

2 The quantum of the loans to be discharged on completion of the acquisition is RMB609.2 million.

manager (the "**Dynasty Properties**"), will be managed by the Property Manager in accordance with the terms of the Master Property Management Agreement and the individual property management agreements entered into.

The Property Manager is jointly appointed by the Trustee and the Manager pursuant to the Master Property Management Agreement. The Master Property Management Agreement was entered into on 4 October 2012 by the Trustee, the Manager and the Property Manager pursuant to which the Property Manager was appointed to operate, maintain, manage and market all the Dynasty Properties, subject to the terms and conditions of the Master Property Management Agreement. The property management will be subject to the overall management and supervision of the Manager and subject to the terms and conditions of the Master Property Management Agreement and the Individual Property Management Agreements.

The Master Property Management Agreement provides that in respect of each of the Properties and in respect of each Dynasty Property which is subsequently acquired by the Trustee (whether directly or indirectly), the Trustee, the Manager, the Property Manager and the SPV that owns the new Dynasty Property will enter into separate Individual Property Management Agreements with subsidiaries of the Property Manager in the form and on terms substantially similar to those set out in a schedule to the Master Property Management Agreement. The termination of the Master Property Management Agreement will not affect the Individual Property Management Agreements if they have been entered into.

The initial term of the Master Property Management Agreement is five years from the Listing Date. The Trustee may request to extend the appointment of the Property Manager for a further five years on the same terms and conditions six months prior to the expiration of the initial term of the Master Property Management Agreement.

Property Manager's Services

The services to be provided by the Property Manager for each Dynasty Property under its management include the following:

- project management services in relation to various phases of the project, like its design (pre-construction) phase, construction phase, completion phase and other additional services which the Property Manager might be tasked to do;

- lease management services, in relation to lease administration and tenancy related matters, leasing status management and reporting, rental collection and arrears management and budget forecasting and planning;

- general management services such as management services, financial and accounting services, contract and legal management services, corporate secretarial services, human resources and administrative services and corporate communications;

- property management services, including pre-marketing support, property hand-over/taking over, tenants' fitting out, preparing and managing term contracts, maintenance management of facilities, administrative management involving insurance, building safety and financial/cost management; and

- marketing services which involves the planning, preparation of and contracting for advertising and promotional programmes, advising on marketing and public relations and appointing advertising and public relations agencies.

Fees

Under the terms of the Master Property Management Agreement, the Property Manager is entitled to the fees set out below, to be borne by the Trustee or the SPV that owns the relevant Dynasty Property, for each Dynasty Property under its management.

Property Management Fee

In respect of the property management services provided by the Property Manager for a Dynasty Property, the Property Manager shall be entitled to receive from the Trustee or the owner of the relevant Dynasty Property each month, a property management fee of (i) 1.5% of the Gross Revenue and (ii) 1.5% of Net Property Income of the relevant Dynasty Property.

Lease Commission

In respect of the lease management services to be provided by the Property Manager for a Dynasty Property, the Property Manager shall be entitled to receive from the Trustee or the owner of the relevant Dynasty Property, for leases with a tenure of 24 months or more, (i) a leasing commission of 1.5 months for new leases, and (ii) a commission of 0.5 months for the renewal of existing leases. If the new lease or lease renewal is for tenure of less than 24 months, the commission shall be calculated pro rata.

The appointment of a third party agent which charges a commission which exceeds the commission payable to the Property Manager is subject to the approval of both the Trustee and the Manager.

Project Management Fee

In respect of the project management services to be provided by the Property Manager for a Dynasty Property, the Property Manager shall be entitled to receive from the Trustee or the owner of the relevant Dynasty Property, a project management fee based on the following for any development, re-development, refurbishment, retrofitting, addition and alteration or renovation works to the relevant Dynasty Property:

- where the construction costs are RMB10.0 million or less, a fee of 3.0% of the construction costs;

- where the construction costs exceed RMB10.0 million but do not exceed RMB100.0 million, a fee of 2.0% of the construction costs or RMB300,000, whichever is the higher;

- where the construction costs exceed RMB100.0 million but do not exceed RMB250.0 million, a fee of 1.5% of the construction costs or RMB2.0 million, whichever is the higher; and

- where the construction costs exceed RMB250.0 million, a fee to be mutually agreed by the parties.

For the purpose of calculating the fees payable to the Property Manager, "**construction costs**" means all construction costs and expenditure valued by the quantity surveyor engaged by the Trustee for the project, excluding development charges, differential premiums, statutory payments, consultants' professional fees and all applicable taxes.

Asset Management Software Service Fee

In respect of the asset management software provided by the Property Manager to be used for any Dynasty Property, the Property Manager shall be entitled to receive from the Trustee or the SPV that owns the relevant Dynasty Property each month, a service fee of RMB20,000 per month.

The software is primarily a property management application service provided by the Property Manager, which incurs cost to set up, maintain and operate the system. The Property Manager has to implement this software to better manage the Dynasty Properties. The software functions are wide-ranging:

- lease approval, purchase requisition, payment approval and other administrative approval process automation;
- lease information database (such as rent roll, stacking plan, lease management reporting);
- property operations management (such as tenant complaints, M&E maintenance, car parking, advertising);
- rental, property manager fee and other fee collection management; and
- automatic generation of general ledger entries linked to finance system.

The software is a dedicated software implemented by the Property Manager to manage Dynasty Properties. Such a software would improve the ability of the property manager in managing the Dynasty Properties.

Reimbursable Expenses

In addition to its fees, the Property Manager will be fully reimbursed by the SPV that owns the Dynasty Property for each Dynasty Property under its management for the agreed property related expenses (including but not limited to employee-related expenses, and any retrenchment benefits paid to employees who are involved in the management of the Dynasty Property as a result of the termination of the Individual Property Management Agreement pursuant to the sale of the Dynasty Property, repair and maintenance expenses, utilities, property related taxes and other general administrative expenses) incurred. This reimbursement shall be net of any revenue generated by the Dynasty Property that is collected by the Property Manager on behalf of the SPV that owns the Dynasty Property.

Project Management Expenses

The Trustee or the SPV that owns the relevant property on the recommendation of the Manager, shall at the request of the Property Manager, either pay directly or reimburse the Property Manager for the project management expenses incurred. Such reimbursement of project management expenses shall be paid to (i) the Property Manager on a monthly basis in arrears in respect of reimbursable costs and expenses incurred for that month, within 14 days after the SPV that owns the relevant Dynasty Property receives the relevant invoices from the Property Manager for that month or (ii) directly to the consultants or the entities rendering the invoice.

Operating Account

The Property Manager is authorised to utilise funds deposited in operating accounts maintained in the name of the Trustee or the SPV that owns the relevant Dynasty Property and to make payment for all costs and expenses incurred in the operation, maintenance, management general expenses, leasing and marketing of each Dynasty Property within the budget approved in the annual business plan and budget for such Dynasty Property.

Provision of Office Space

The SPV that owns the relevant Dynasty Property shall provide the employees of the Property Manager who are engaged to provide property management services for the Dynasty Property, at the owner's expense, with reasonable equipped office space at the Dynasty Property and adequate furnishings, including computers and other office equipment, to enable and facilitate the Property Manager's employees in the discharge of their duties.

The SPV that owns the relevant Dynasty Property shall also provide the employees of the 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 Dynasty Property to perform their duties, without the Property Manager having to pay rent, service charge or any other sums.

Termination

The Trustee or the Manager may terminate the appointment of the Property Manager under the Master Property Management Agreement on the occurrence of certain specified events, which include the liquidation or cessation of business of the Property Manager.

The Trustee or the Manager may terminate the appointment of the Property Manager specifically in relation to a Dynasty Property under its management in the event of the sale of such Dynasty Property, but the Master Property Management Agreement will continue to apply with respect to the remaining Dynasty Properties managed by the Property Manager under the terms of the Individual Property Management Agreements.

In addition, if the Property Manager or the Trustee or the Manager, (i) within 60 days of receipt of written notice (or 120 days if remedial actions have been initiated within 60 days), fails to remedy any breach (which is capable of remedy) of its obligations in relation to a Dynasty Property, or (ii) such breach materially adversely affects the Dynasty Property, the party which is not in breach may terminate the appointment of the Property Manager in relation only to such Dynasty Property in respect of which the breach relates, upon giving 30 days' written notice to the party in breach.

After three years from the date of the Master Property Management Agreement, the appointment of the Property Manager under the Master Property Management Agreement may be terminated by any of the Property Manager, the Trustee or the Manager without the need to provide the cause for this termination upon six months' written notice to all parties. The termination of the Master Property Management Agreement shall not in any manner affect the term of any Individual Property Management Agreement already entered into, or any rights and obligations between the respective parties thereunder.

On the termination of the appointment of the Property Manager, the Manager shall, as soon as practicable, procure the appointment of a replacement property manager for the affected Dynasty Property.

Assignability

The Trustee and the Manager are entitled to novate their respective rights, benefits and obligations under the Master Property Management Agreement or the Individual Property Management Agreements to a new trustee of Dynasty REIT or a new manager of Dynasty REIT appointed in accordance with the terms of the Trust Deed. With the prior written consent of the owner of the relevant Dynasty Property, the Trustee and the Manager, the Property Manager may novate all its rights, benefits and obligations under the Master Property Management Agreement to any entity in which one or more of the entities in the ARA Group has the right to exercise, directly or indirectly, more than 50.0% of the voting rights attributable to the shares or other interest in the first mentioned entity. The Trustee may assign or charge all of the Trustee's rights and benefits under the Master Property Management Agreement or the Individual Property Management Agreements to any lender of credit facilities to Dynasty REIT.

Exclusion of Liability

In the absence of fraud, negligence, wilful default or breach of the Master Property Management Agreement or the Individual Property Management Agreement, the Property Manager 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 Property Management Agreement or the Individual Property Management Agreements.

In addition, the Trustee and the SPV that owns the relevant Dynasty Property shall indemnify and keep the 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 Master Property Management Agreement and/or the Individual Property Management Agreement by the Property Manager, its employees, agents delegates or attorneys.

No Restriction on Property Manager

The Property Manager may provide services similar to those contemplated under the Master Property Management Agreement and the Individual Property Management Agreements to other parties operating in the same or similar business as Dynasty REIT, save that it shall take all reasonable or necessary steps to minimise or resolve any conflicts of interests which may arise thereto.

OVERVIEW OF RELEVANT LAWS AND REGULATIONS IN THE PEOPLE'S REPUBLIC OF CHINA

THE LAND SYSTEM

In the PRC, there are two kinds of land ownership, namely, state ownership and collective ownership. The urban lands are owned by the State and the rural and suburban lands, unless stipulated by laws to be owned by the State, are owned by collectives.

PRC law also distinguishes between the ownership of land and the right to use land.

Under the urban land regulations, a system for the grant and transfer of state land use rights in urban areas is implemented. Pursuant to this system, all local and foreign companies, enterprise and other organisations and individuals in the PRC are permitted, unless otherwise provided by laws, to acquire land use right and to develop and operate property in accordance with the laws and regulations.

According to the Property Law of the PRC (中华人民共和国物权法) (the "**Property Law**"), effective from 1 October 2007, the user of building land has the rights to in accordance with the laws occupy, use and benefit from the land owned by the State and to use such land to construct buildings, structure and facilities.

Under the urban land regulations, the grant of a state land use right refers to the grant of a land use right by the State to a land user for a definite period subject to the payment of a land premium by the land user. The maximum term of the grant depends on the type of use of the land. Such term is generally as follows:

- up to 70 years for residential use;
- up to 50 years for industrial use;
- up to 50 years for education, science, culture, public health or physical education uses;
- up to 40 years for commercial, tourism and entertainment uses; and
- up to 50 years for mixed or other uses.

According to the Property Law, upon expiry of land use term, the term of residential land use shall be automatically renewed, and the term of non-residential land use shall be handled in accordance with the laws and the buildings and other properties on such land shall be according to the contractual agreement; if there is no contractual agreement or it is not expressly agreed upon, the laws and administrative laws shall be applied.

GRANT OF LAND USE RIGHTS

Land use rights may be granted by agreement, public auction, tender or bidding.

According to the Regulations on the Grant of State-owned Land Use Rights through Competitive Bidding, Public Auction and Public Tender (招标拍卖挂牌出让国有建设用地使用权规定), which was passed by the Ministry of Land and Resources of the PRC on 3 April 2002 and revised on 21 September 2007 and effective from 1 November 2007, grant of lands for operational use (including industrial, commercial, tourism, entertainment and commodity housing development) or a plot of land with two or more prospective purchasers shall be subject to competitive bidding, public auction or public tender.

Upon signing of the land use right grant contract for the grant of land use right, the grantee is required to pay the land grant premium in accordance with the terms of the land use right grant contract. Once the land grant premium is paid in full, the contract may be submitted to the relevant local bureau for the issue of a State-owned Land Use Certificate evidencing the grant of land use right.

TRANSFER OF LAND USE RIGHTS

Subject to any restrictions imposed, the grantee to which the land use right is granted may transfer such land use right. The transfer may be by way of sale, exchange or gift. The term of land use right for the transferred land is the original term granted under the land use right grant contract less the term which has been used by the original grantee.

A transfer of land use right must be evidenced by a written contract. Upon such transfer, all rights and obligations of the transferor contained in the original contract for the grant of land use right by the State shall be simultaneously transferred to the transferee, together with any buildings and other fixtures on the land. The transfer must be duly registered with the relevant local land bureau and a new certificate of land use right will be issued and the original land use certificate of land use right will be surrendered.

Under the Law of Administration of Urban Real Estate of PRC (中华人民共和国城市房地产管理法), which was passed on 5 July 1994 and revised on 30 August 2007, in relation to the real estate for which a land use right is acquired by way of grant, the following conditions must be met:

- the land grant premium must have been paid in full in accordance with the land use right grant contract and a certificate of land use right must have been obtained;

- the investment in or development of such land must have been carried out in accordance with the land use right grant contract, evidenced by completion of 25.0% or more of total development amount in case of construction of building or by satisfaction of industrial or other use conditions in case of development of large parcel of land; and

- in the case of a transfer of a completed property, the building ownership certificate must have been obtained.

TERMINATION OF LAND USE RIGHTS

A land use right will terminate upon the expiration of the term of the grant specified in the relevant land use right grant contract. Land use rights may also terminate upon reclamation of the land use right by the State or by loss of the land, etc.

Generally the State shall not reclaim the granted land use right prior to expiration of the term of the land use under the land use right grant contract. In exceptional circumstances, and if it is in the public interest, the State has the right to reclaim the land use right in accordance with law and offer compensation to the land user, having regard to the period for which the land user has already used and the actual circumstances relating to the use and development of the land.

Upon expiry of the term of grant under the land use right grant contract, the user of non-residential land may apply for renewal of the land use term by submitting an application at least 12 months in advance. Such application will be granted unless for public interest the land needs to be taken back by the state. If the application is granted, the land user is required to enter into a new land use right grant contract, pay a land use right grant premium and effect the necessary registration of the renewed right. If no application is made, or such application is not granted, the land use right shall revert to the State and the buildings and fixtures on the land shall be handled in accordance with the agreements set forth in the land use right grant contract.

DOCUMENTATION OF TITLE

There are two types of title registrations in the PRC, namely land registration and building registration. Land registration is effected by the issue of a State-owned Land Use Certificate by the relevant authority to the land user, evidencing that the land user has obtained the land use right. The building registration is the issue of the building ownership certificate to the building owner evidencing that the building owner has obtained building ownership rights in respect of the building.

The two different systems are commonly maintained separately in many cities in the PRC. However, in Shenzhen, Guangzhou, Shanghai and some other major cities, the two systems have been consolidated and a single composite real estate and State-owned Land Use Certificate will be issued to evidence the ownership of building and the land use right.

TRANSFER OF PROPERTY

Pursuant to the Provisions of Administration of Transfer of Urban Real Property (城市房地产转让管理规定), which was promulgated in August 1995 and revised on 15 August 2001 by the Ministry of Construction of the PRC ("**Provisions of Real Estate Transfer**"), a real property owner can transfer its real property by means of sale, gift or other lawful means. Where a building is transferred, the ownership of the building and underlying land use right shall be transferred simultaneously. The following real property may not be transferred:

- real property for which the underlying land use right was acquired by way of grant but the conditions set forth in Section 10 of the Provisions of Real Estate Transfer are not met;
- real property which was seized or the rights to which were restricted in any other form by a ruling or decision of judicial or administrative authorities in accordance with the law;
- commonly owned real property, if the other common owners have not given their consent;
- the title of the real property is disputable;
- real property which has not been registered and a title certificate of which has not been obtained; and
- other circumstances in which transfer is prohibited under laws and administrative regulations.

LEASING OF PROPERTY

Leasing of urban real properties is governed by the Contract Law of the PRC, the Measures on Administration of Lease of Commodity Buildings (商品房屋租赁管理办法) and other related laws. Under these laws and regulations, owners of buildings in the PRC are entitled to lease their buildings. The lease shall be filed with the real property administration authority at the municipal or county level. The term of lease may not be longer than 20 years. If the lessor intends to sell out a leased property, it shall, within a reasonable time limit before the sale, notify the lessee and the lessee shall have a priority right to buy the leased property on equal terms and conditions, unless such priority right is waived by the lessee in the lease.

MANAGEMENT OF PROPERTY

The State Council promulgated the Property Management Rules (物业管理条例) ("**Property Management Rules**") on 8 June 2003 and revised it on 26 August 2007. The Property Management Rules stipulate that owners in a common property management region shall organise the Owners Meeting and elect and establish the Owners Committee. However, owners will jointly exercise the duties of the Owners Meeting and the Owners Committee if there is only one owner or there are only a few owners whom all agree not to organise the Owners Meeting.

Pursuant to the Property Management Rules, the quorum for an Owners Meeting requires owners representing more than 50.0% of the owners (one independent unit represents one owner) with their floor areas accounting for more than 50.0% of the GFA within the common property management region. The following matters shall only be passed by two-third of owners with their floor areas accounting for two-third of the GFA in respect of the property:

- collecting and utilising special maintenance fund; and
- alteration, reconstruction of building and its facilities.

Under the Measures on Administration of Qualifications of Property Service Enterprises (物业服务企业资质管理办法) revised by the Ministry of Construction of the PRC on 26 November 2007, a property service enterprise shall apply for qualification with the construction department according to the measures. A qualified property service enterprise will be issued with a qualification certificate evidencing the qualification classification by the relevant authority. No enterprise may conduct property service without such qualification.

Service charges comprise the property service cost and the property service enterprise's remuneration. The exact amount of service charges payable to a property service enterprise as remuneration may be agreed by the parties by reference to the two methods. According to the Rules on Property Service Fees (物业服务收费管理办法) jointly promulgated by the National Development and Reform Commission and the Ministry of Construction of the PRC on 13 November 2003, the extra amount of service charges payable to property service enterprise as remuneration may be entered into between the owners and property management enterprises by reference to a fixed management fee (包干制) or a percentage based management fee (酬金制).

FOREIGN INVESTMENT IN REAL ESTATE IN THE PRC

According to the Opinions on Regulating the Access and Management of Foreign Capital in the Real Estate Market (关于规范房地产市场外资准入和管理的意见) promulgated jointly by the Ministry of Construction of the PRC, the MOC, the National Development and Reform Commission, the People's Bank of China, the State Administration for Industry and Commerce and the SAFE on 11 July 2006, if the total investment amount of a foreign invested real estate development company is US$10.0 million or more, the amount of its registered capital shall not be less than 50.0% of the total investment.

According to the Notice of Issuing First Batch of Foreign Invested Real Estate Development Projects Completing Recording with MOC (关于下发第一批通过商务部备案的外商投资房地产项目名单的通知) issued by the SAFE on 10 July 2007, in respect of foreign invested real estate development enterprises (including new set-up and capital increase) obtaining approval certificates from departments of commerce and passing recording with MOC on and after 1 June 2007, all SAFE branches shall not handle foreign debt registration and foreign debt conversion matters with such enterprises, namely, such enterprises are prohibited from borrowing foreign debts. However, such restriction does not apply to the remaining quorum of foreign debts which has not been used by such enterprises prior to 1 June 2007. Besides, all SAFE branches shall not handle foreign exchange registration (or change of registration) and capital conversion matters with foreign invested real estate development enterprise obtaining approval certificate from local departments of commerce on and after 1 June 2007 but failing to secure recording with MOC. Pursuant to Notice of MOC on Implementing Recording Work of Foreign Investment in Real Estate Sector (商务部关于做好外商投资房地产业备案工作的通知), effective from 1 July 2008, the recording review is assigned to the department of commerce at the provincial level.

COMPANY LAW

The Company Law of the PRC (the "**Company Law**"), which came into effect on 1 July 2004 and was revised on 25 December 1999, 28 August 2004 and 27 October 2005 respectively, governs two types of companies, namely companies incorporated in the PRC with limited liability and companies incorporated in the PRC as joint stock limited companies. Both types of companies have the status of an enterprise legal person. The liability of shareholders of a limited liability company is limited to the extent of the amount of capital contributed by them and the company is liable to its creditors to the full amount of the assets owned by it. The liability of shareholders of joint stock limited companies is limited to the extent of the amount of shares owned by them and the company is liable to its creditors to the full amount of the assets owned by it.

Based on the relevant provisions in the Company Law, the Law of the PRC on Sino-Foreign Equity Joint Venture ("**EJV**") and the Law of the PRC on WFOE:

- an EJV should first pay off its income tax before it makes allocation of its gross profit. The reserve funds, the employee incentive and welfare funds and the enterprise development funds as provided under the articles of association of the EJV should also be paid off prior to the enterprise making allocation of any profit. Then the EJV may allocate the net profit in proportion of the percentages of registered capital paid by each shareholder or investor. The percentage of reverse funds, employee incentive and welfare funds and enterprise development fund is decided by the board of directors of the EJV;

- a WFOE when distributing its after-tax profits for a given year shall allocate 10.0% of profits to its statutory common reserve. It shall no longer be required to make allocations to their statutory common reserve once the aggregate amount of such reserve exceeds 50.0% of its registered capital; and

- if a WFOE's statutory common reserve is insufficient to make up its losses of the previous years, such losses shall be made up from the profit for the current year prior to making allocations to the statutory common reserve pursuant to the preceding paragraph. The WFOE may, if so resolved by the shareholder(s), make allocations to the discretionary common reserve from their after-tax profits after making allocations to the statutory common reserve from the after-tax profits.

A WFOE's after-tax profits remaining after it has made up its losses and made allocations to its common reserve shall be distributed based on the percentage as agreed previously by shareholder(s) or based on the percentage that shareholders have actually paid up.

TAXATION

The following summary of certain tax consequences in Singapore, BVI, Cayman Islands, Hong Kong and PRC of the purchase, ownership and disposition of the Units are 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 the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to apply to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisers concerning the application of Singapore, BVI, Cayman Islands, Hong Kong and PRC tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other tax jurisdictions.

*Dynasty REIT has obtained a ruling from the IRAS (the "**Singapore Tax Ruling**") on the Singapore taxation of dividend income receivable from the BVI Holding Company. In accordance with the Singapore Tax Ruling, the Singapore, BVI, the Cayman Islands, Hong Kong and PRC taxation consequences for Dynasty REIT and that of the Unitholders are described below.*

SINGAPORE TAXATION

Taxation of Dynasty REIT

Taxable Income Receivable by Dynasty REIT

Except as detailed in the paragraphs below, the Trustee will be assessed to Singapore income tax at the prevailing corporate tax rate on income derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore by Dynasty REIT ("**Taxable Income**"). Such Taxable Income would comprise of interest income arising from bank deposits. The current Singapore corporate tax rate is 17.0%.

Dividends Receivable by Dynasty REIT from the BVI Holding Company

Pursuant to the Singapore Tax Ruling, the Trustee will be exempt from Singapore income tax under Section 13(12) of the Income Tax Act, Chapter 134 of Singapore ("**SITA**") on the dividend receivable from the BVI Holding Company on or before 31 March 2015 ("**Tax-Exempt Income**"). The Singapore Tax Ruling is granted subject to certain conditions.

Repayment of Capital from the BVI Holding Company

Any repayment of capital received by Dynasty REIT from the BVI Holding Company is capital in nature and is hence not taxable in the hands of the Trustee.

Gains on Disposal of Shares in the BVI Holding Company

Singapore does not impose tax on capital gains. In the event that the Trustee disposes of its shares in the BVI Holding Company, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. Gains arising from the sale of shares in the BVI Holding Company, if considered to be trading gains, will be assessed to tax, currently at 17.0%, on the Trustee under Section 10(1)(a) of the SITA.

GST Registration of Dynasty REIT

Dynasty REIT is not expected to make any taxable supplies for GST purposes and hence, on this basis, it could not be registered as a taxable person for GST purposes in Singapore.

Recovery of GST incurred by Dynasty REIT

GST would be incurred by Dynasty REIT on offering-related and routine operating expenses incurred in Singapore. In the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for Singapore listed REITs to claim the GST incurred:

- on the setting up of their various tiers of SPVs that hold non-residential properties; and
- by their SPVs on the acquisition and holding of non-residential properties.

The GST remission has a qualifying period of up to 31 March 2015 and is subject to meeting certain qualifying conditions.

As the Properties comprise non-residential properties, Dynasty REIT should be able to recover the GST incurred on the IPO-related and/or routine operating expenses (except for certain disallowed expenses) in full.

Taxation of the Unitholders

Distributions out of Taxable Income

Unitholders will be exempt from Singapore income tax on distributions made out of Dynasty REIT's income previously taxed at the Trustee level. Accordingly, distributions made by Dynasty REIT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income.

Distributions out of Tax-Exempt Income

Unitholders will be exempt from Singapore income tax on distributions made out of Dynasty REIT's Tax-Exempt Income. No tax will be deducted at source on such distributions.

Distributions out of Repayment of Capital from the BVI Holding Company

Unitholders will not be subject to Singapore income tax on distributions made by Dynasty REIT out of its capital receipts, such as repayment of capital from the BVI Holding Company. No tax will be deducted at source on such distributions.

For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain when the Units are disposed of. If the amount exceeds the cost of the Units, the excess will be subject to tax as a trading income of such Unitholders.

Distributions out of Gains from the Disposal of Shares in the BVI Holding Company

Unitholders will not be subject to Singapore income tax on distributions made by Dynasty REIT out of capital gains from the disposal of shares in the BVI Holding Company unless the gains are considered income of a trade or business.

Gains derived by the Trustee from the disposal of shares in the BVI Holding Company if considered to be trading gains, will be assessed to tax on the Trustee. Distributions made from such gains will not be subject to further tax in the hands of the Unitholders.

Disposal of the Units

Singapore does not impose tax on capital gains. Any gains on disposal of the Units are not liable to tax provided the Units are not held as trading assets. Where the Units are held as trading assets of a trade or business carried on in Singapore, any gains on disposal of the Units are liable to Singapore income tax under Section 10(1)(a) of the SITA.

Stamp Duty

Stamp duty will not be imposed on instruments relating to the transfer of the Units. In the event of a change of the Trustee, stamp duty would not be imposed on any document effecting the appointment of a new trustee and the transfer of trust assets from the Trustee to the new trustee.

GST on Issue and Transfer of the Units

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, the Unitholders would not incur any GST on the subscription of the Units in Dynasty REIT. The subsequent disposal of the Units in Dynasty REIT by a GST-registered Unitholder through the SGX-ST or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Units through an overseas exchange or to another person belonging outside Singapore would constitute zero-rated supplies for GST purposes.

Recovery of GST incurred by Unitholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to the Unitholders belonging in Singapore in connection with their purchase and sale of the Units in Dynasty REIT would be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to the Unitholders belonging outside Singapore would generally be subject to GST at zero-rate when certain conditions are met.

Where the Unitholders are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Unitholders in Dynasty REIT 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 advisers on these conditions.

BRITISH VIRGIN ISLANDS TAXATION

There should be no income tax, capital gains tax, stamp duty and withholding tax applicable to the BVI Holding Company and BVI Intermediate Companies in the BVI.

CAYMAN ISLANDS TAXATION

There should be no income tax, capital gains tax, stamp duty and withholding tax applicable to the Cayman Intermediate Company in the Cayman Islands

HONG KONG TAXATION

Taxation of the Hong Kong Holding Companies

Dividends and Interest Receivable by the Hong Kong Holding Companies

Dividends derived by the Hong Kong Holding Companies from the PRC Property Companies will not be subject to Hong Kong profits tax.

Interest income from loans to the PRC Property Companies should be exempt from Hong Kong profits tax to the extent that the Hong Kong Holding Companies neither carry on a business in Hong Kong nor first make available the loan funds to the PRC Property Companies in Hong Kong. Where the Hong Kong Holding Companies carry on a business in Hong Kong and the loan funds are first made available to the PRC Property Companies in Hong Kong, income from such loans will be subject to Hong Kong profits tax at the prevailing tax rate of 16.5%.

Gains on Disposal of Shares in the PRC Property Companies

There is no capital gains tax in Hong Kong. Where the gains derived by the Hong Kong Holding Companies on the disposal of shares in the PRC Property Companies are considered capital in nature or offshore sourced, they should be not subject to profits tax in Hong Kong.

Stamp Duty

Hong Kong stamp duty will apply at an aggregate amount equal to 0.2% (the buyer and seller will each pay 0.1%) on the higher of the actual consideration stated in the relevant instrument and the value of the stock as at the transfer date, plus a fixed duty of HK$5 for stamping the instrument of transfer. Generally, persons executing chargeable instruments are jointly and severally liable for the stamp duty. Where the BVI Intermediate Companies and/or the Cayman Intermediate Company dispose of its interest in the Hong Kong Holding Companies, Hong Kong stamp duty will apply.

Distribution by the Hong Kong Holding Companies

There is no Hong Kong withholding tax applicable on dividends and interest payments made to non-Hong Kong residents. In this regard, dividends and interest payments made by the Hong Kong Holding Companies to the BVI Intermediate Companies and the Cayman Intermediate Company would not be subject to withholding tax in Hong Kong.

PRC TAXATION

Taxation of the PRC Property Companies

PRC Income Tax

Under the PRC Enterprise Income Tax Law (中华人民共和国企业所得法) and its implementation rules that became effective on 1 January 2008, the standard income tax rate of 25.0% should be applied to foreign invested enterprises as well as PRC domestic enterprises, while dividends and interests earned after 1 January 2008 paid by PRC foreign invested enterprises to their non-PRC parent companies will be subject to a 10.0% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent is incorporated, which specifically exempts or reduces such withholding tax. According to a circular issued by the PRC State Administration of Taxation in October 2009, tax treaty benefits will be denied to "conduit companies" or shell companies without business substance.

In line with the above, it is expected that the PRC Property Companies will be subject to tax on their taxable income, currently at a rate of 25.0%. Where the Hong Kong Holding Companies may rely on the tax treaty between the PRC and Hong Kong, the withholding tax rates for would be 5.0% for dividends and 7.0% for interest. However, pursuant to the Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Tax Agreements (国家税务总局关于如何理解和认定税收协定中"受益所有人"的通知) promulgated by the PRC State Administration of Taxation on 27 October 2009 and effective from 27 October 2009, the term "beneficial owner" mainly refers to a person who has the right to own and dispose of the income and the rights or properties generating the said income. The "beneficial owner" may be an individual, a company or any other organization which is usually engaged in substantial business operations. An agent or a conduit company is not a "beneficial owner". Where the Hong Kong Holding Companies are not considered "beneficial owners" of the dividend and interest paid by the PRC Property Companies, a 10.0% withholding rate will apply to both payments.

Business Tax

Business tax is payable in respect of certain business activities in the PRC as set out in the Provisional Regulations Concerning Business Tax (中华人民共和国营业暂行条例), which was promulgated on 13 December 1993 and amended on 10 November 2008. The activities to which the business tax applies include construction, leases and sales of real estate properties in the PRC. The tax is a turnover tax charged on gross revenue. No deduction of the tax incurred on purchased services or materials is allowed. However, deductions from gross revenue are allowed for subcontracting fees paid among the transportation, tourism and construction industries. The rate of business tax payable for property sale and leasing transactions is 5.0% of the proceeds from the sale or leasing of real estate/immovable properties in the PRC.

Real Estate Tax

Under the PRC Tentative Regulations on Real Estate Tax (中华人民共和国房产税暂行条例) promulgated by the State Council on 15 September 1986 and effective from 1 October 1986 and as amended on 8 January 2011, real estate tax is charged at 1.2% on the basis of the residual value of a building which is the original value of a building less prevailing discount rates (currently at 20.0% for Shanghai and 30.0% for Nanjing and Dalian), and 12.0% on the basis of the rental.

On 21 December 2010, the Ministry of Finance of the PRC and the PRC State Administration of Taxation jointly issued the Notice on the Policies regarding Urban and Town Land Use Imposed on Entities Employing the Disabled (关于安置残疾人就业单位城镇土地使用税等政策的通知), under which, if the real estate tax of a building is calculated on the basis of its residual value, the value of such building should cover its land premium, including the purchase price paid for the land use rights and cost and expenses for land development, and if the floor area ratio for a parcel of land is less than 0.5, the land premium should be calculated on the basis of a site area which is two times the GFA of the building.

Land Use Tax

Pursuant to the PRC Tentative Regulations on Land Use Tax in respect of Urban and Town Land (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council on 27 September 1988 and effective from 1 November 1988, the land use tax in respect of urban and town land is levied according to the area of relevant land. The annual tax on urban land was between RMB0.2 and RMB10.0 per sq m. The PRC Tentative Regulations on Land Use Tax in respect of Urban and Town Land were revised by the State Council respectively on 31 December 2006 and on 8 January 2011. As at 1 January 2007, the annual tax on every sq m of urban land shall be between RMB0.6 and RMB30.0. The current rates are, RMB10.0 per sq m for Nanjing Rich Field Real Estate Development Co., Ltd., RMB24.0 per sq m for Dalian Boyuan and RMB20.0 per sq m for Lei Fu Real Estate (Shanghai) Co., Ltd.

Stamp Duty

Under the PRC Tentative Regulations on Stamp Duty (中华人民共和国印花税暂行条例) promulgated by the State Council on 6 August 1988 and effective from 1 October 1988 and as amended on 8 January 2011, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate is 0.05% of the amount stated therein. For permits and certificates relating to rights, including real estate title certificates and state-owned land use rights certificates, the stamp duty is levied on an item-by-item basis of RMB5 per document. For building leases, the duty rate is 0.1% of the rental, and for construction and installation project contracts, the duty rate is 0.03% of the amount stated therein.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the territory of mainland China. These taxable transfers include grant of state-owned land user rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. The rate of deed tax is 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sales of commercial properties.

Urban Municipal Maintenance and Construction Tax and Education Surcharge

Under the PRC Interim Regulations on Urban Maintenance and Construction Tax (中华人民共和国城市维护建设税暂行条例) promulgated by the State Council on 8 February 1985 as amended on 8 January 2011, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7.0% for a taxpayer whose domicile is in an urban area, 5.0% for a taxpayer whose domicile is in a county and a town, and 1.0% for a taxpayer whose domicile is not in any urban area or county or town, each calculated on the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Interim Provisions on Imposition of Education Surcharge (征收教育费附加的暂行规定) promulgated by the State Council on 28 April 1986 and as amended on 7 June 1990, 20 August 2005 and 8 January 2011 respectively, a taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge pursuant to the Notice issued by the State Council on Raising Funds for Schools in Rural Areas (国务院关于筹措农村学校办学经费的通知). The tax rate of the education surcharge shall be 3.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

According to the PRC Education Law issued on 18 March 1995, provincial governments are empowered to collect local education surcharge. Under the Notice Concerning Unification of Local Education Surcharge Policy (关于统一地方教育费附加政策有关问题的通知) issued by the Ministry of Finance of the PRC on 7 November 2010, local education surcharge rate shall be unified to 2.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge (关于教育费附加征收问题的补充通知) issued by the State Council on 12 October 1994, and the Circular Concerning Temporary Exemption from Urban Maintenance and Construction Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (关于外商投资企业和外国企业暂不征收城市维护建设税和教育费附加的通知), and the Approval on Exemption of Urban Maintenance and Construction Tax and Education Surcharge in Foreign-invested Freightage Enterprises (关于外商投资货物运输企业免征收城市维护建设税和教育费附加问题的批复) issued by the PRC State Administration of Taxation on 25 February 1994 and on 14 September 2005 respectively (which now have both been invalidated), neither the urban maintenance and construction tax nor the education surcharge shall be applicable to foreign-invested enterprises until further explicit stipulations are issued by the State Council.

However, according to the Notice on Unifying the Urban Maintenance and Construction Tax and Education Surcharge System of Domestic Enterprises, Foreign-invested Enterprises and Individuals (关于统一内外资企业和个人城市维护建设税和教育费附加制度的通知) issued by the State Council on 18 October 2010, and the Notice on Enhancement of Finance Investment in Education (关于进一步加大财政教育投入的意见) issued by the State Council on 29 June 2011, both the urban maintenance and construction tax and education surcharge (including local education surcharge) shall be applicable to foreign-invested enterprise from 1 December 2010 onwards.

PRC Tax Reporting Obligations and Consequences for Certain Indirect Transfers of Equity Interests

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by the PRC State Administration for Taxation (国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知) on 10 December 2009 (effective 1 January 2008) and the Announcement on Enterprise Income Tax Administration on Non-PRC Resident Enterprises issued by the PRC State Administration for Taxation (国家税务总局关于非居民企业所得税管理若干问题的公告) on 28 March 2011, where a foreign investor or effective controlling party transfers the equity interests in a PRC resident enterprise (excluding the purchase and sale of the shares of PRC resident enterprises on the public securities markets) indirectly by way of the sale of equity interests in an overseas holding company, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate which is less than 12.5% for share transfers or (ii) does not levy tax on share transfer gain, the foreign investor should report such indirect transfer to the competent tax authority of the PRC resident enterprise within 30 days of the execution of the equity transfer agreement for such indirect transfer. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the foreign investor has adopted an abusive arrangement without reasonable commercial purposes and in order to avoid PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterise the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax currently at the rate of 10.0%.

As such, any gains derived arising from a disposal of the shares in the Hong Kong Holding Companies, the BVI Intermediate Companies, the Cayman Intermediate Company and/or the BVI Holding Company may be subject to tax in the PRC, currently at the rate of 10.0%.

PLAN OF DISTRIBUTION

The Manager is making an offering of between 893,162,000 Units to 900,832,000 Units (representing 77.8% to 78.5% 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. No more than 839,274,000 Units and 846,944,000 Units for the Minimum Offering Price and the Maximum Offering Price respectively will be offered under the Placement Tranche and no less than 53,888,000 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 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 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 and elsewhere, in reliance on Regulation S. Subject to the terms and conditions set forth in the Underwriting Agreement, the Manager is expected to effect for the account of Dynasty REIT the issue of, and the Joint Bookrunners are expected to severally (and not jointly) subscribe, or procure subscribers for, between 1,030,770,000 Units and 1,038,440,000 Units (which includes the Units to be issued pursuant to the Offering, and the Cornerstone Units), in the proportions set forth opposite their respective names below.

Joint Bookrunners	**Number of Units**	
	Based on Minimum Offering Price	**Based on Maximum Offering Price**
DBS Bank Ltd.	412,308,000	415,376,000
Standard Chartered Securities (Singapore) Pte. Limited	412,308,000	415,376,000
Macquarie Capital Securities (Singapore) Pte. Limited	206,154,000	207,688,000
Total	**1,030,770,000**	**1,038,440,000**

The Units will initially be offered at the Offering Price Range. The Offering Price per Unit in the Placement Tranche and the Public Offer will be identical. The Joint Bookrunners have agreed to subscribe or procure subscription of between 1,030,770,000 Units to 1,038,440,000 Units at the Offering Price.

The Offering Price will be determined, following a book-building process, by agreement between the Joint Bookrunners and the Manager on the Price Determination Date, which is expected to be 24 October 2012, subject to change. Among the factors that will be considered in determining the Offering Price are the level of investor demand for the Units and the prevailing market conditions in the securities markets.

The Manager, ADF and ARA Real Estate Investors VIII Limited have agreed in the Underwriting Agreement to indemnify the Joint Bookrunners and Issue Managers against certain liabilities, to the extent permitted by law.

The Underwriting Agreement also provides for the obligations of the Joint Bookrunners to subscribe or procure the subscription for the Units in the Offering subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by any of the Joint Bookrunners or Issue Managers at any time prior to issue and delivery of the Units upon the occurrence of certain events including, among others, certain force majeure events pursuant to the terms of the Underwriting Agreement.

Each of the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers and their associates may engage in transactions with, and perform services for, the Trustee, the Manager, the Sponsor and Dynasty REIT in the ordinary course of business and have engaged, and may in the future engage, in commercial banking, investment banking transactions and/or other commercial transactions with the Trustee, the Manager, the Sponsor and Dynasty REIT, for which they have received or made payment of, or may in the future receive or make payment of, customary compensation.

Each of the Joint Financial Advisers, the Joint Bookrunners, the Issue Managers and their associates 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 in the ordinary course of business, and such investment and securities activities may involve securities and instruments, including Units. The Joint Financial Advisers, the Joint Bookrunners and their associates 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 their 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 Joint Bookrunners and the Issue Managers that it will not, without the prior written consent of the Joint Bookrunners and the Issue Managers (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 direct and indirect effective interest in the Lock-up Units, enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any Lock-up Units in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above during the First Lock-up Period, and the same restrictions will apply in respect of the Sponsor's direct and indirect 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 in respect of not more than 50.0% of the Lock-up Units 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. The charge will only be created if the bank or financial institution agrees that the security over the Lock-up Units cannot be enforced over 100.0% of the Lock-up Units during the First Lock-up Period and can only be enforced in relation to 50.0% of the Lock-up Units during the Second Lock-up Period; or

- the transfer of any Lock-up Units to any wholly-owned subsidiaries of the Sponsor.

If, for any reason, the Listing Date does not take place within three months of the date of this Prospectus, the lock-up arrangements described above will be terminated.

ARA Real Estate Investors VIII Limited

Subject to the exception described below, ARA Real Estate Investors VIII Limited has agreed with the Joint Bookrunners and the Issue Managers that it will not, without the prior written consent of the Joint Bookrunners and the Issue Managers (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

direct and indirect effective interest in the Lock-up Units, enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any Lock-up Units in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above during the First Lock-up Period, and the same restrictions will apply in respect of its direct and indirect 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 in respect of not more than 50.0% of the Lock-up Units 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. The charge will only be created if the bank or financial institution agrees that the security over the Lock-up Units cannot be enforced over 100.0% of the Lock-up Units during the First Lock-up Period and can only be enforced in relation to 50.0% of the Lock-up Units during the Second Lock-up Period; or

- the transfer of any Lock-up Units to any wholly-owned subsidiaries of the Sponsor.

If, for any reason, the Listing Date does not take place within three months of the date of this Prospectus, the lock-up arrangements described above will be terminated.

The Manager

Subject to the exceptions described below, the Manager has agreed with the Joint Bookrunners and the Issue Managers that it will not, for the First Lock-up Period, directly or indirectly, without the prior written consent of the Joint Bookrunners and the Issue Managers (such consent not to be unreasonably withheld or delayed), offer, issue, sell, contract to issue or sell or otherwise dispose of any Units, enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; deposit any Lock-up Units in any depository receipt facility; enter into a transaction which is designed or which may reasonably be expected to result in any of the above or publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to the issuance of Units to the Manager in payment of any fees payable to the Manager under the Trust Deed.

If, for any reason, the Listing Date does not take place within three months of the date of this Prospectus, the lock-up arrangements described above will be terminated.

SGX-ST LISTING

Dynasty REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units 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, Dynasty REIT, the Manager or the Units. It is expected that the Units will commence trading on the SGX-ST on a “ready” basis on or about 30 October 2012.

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 Cornerstone Units of RMB331.4/S$64.4 million (using an assumed Maximum Offering Price of RMB4.70/S$0.915 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 Cornerstone Units, which will be borne by Dynasty REIT. A breakdown of these estimated expenses is as follows:

	(RMB'000)	(S$'000)
Professional and other fees[(1)]	124,192	24,134
Underwriting, Selling and Management Commission[(2)]	134,278	26,093
Miscellaneous Offering expenses[(3)]	72,907	14,168
Total estimated expenses of the Offering	**331,377**	**64,395**

Notes:

(1) Includes debt upfront and structuring fees, financial advisory fees, solicitors' fees and fees for the Reporting Auditors, the Independent Tax Adviser (all as defined herein), both of the Independent Valuers and other professionals' fees and other expenses.

(2) Such commission represents 2.75% (assuming the incentive fee of 0.5%, which is at the discretion of the Manager, is paid) of the total proceeds of the Offering (assuming the Maximum Offering Price) and the proceeds raised from the issuance of the Cornerstone Units.

(3) Based on the Maximum Offering Price. Includes cost of prospectus production, road show expenses and certain other expenses incurred or to be incurred in connection with the Offering.

DISTRIBUTION AND SELLING RESTRICTIONS

None of the Manager, the Sponsor, the Joint Bookrunners or the Issue Managers 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:

Selling Restrictions

Australia

Any offer, invitation, transfer or issue of Units in Dynasty REIT to any person located in, or a resident of, Australia may not occur unless the person is professional investor or sophisticated investor for the purposes of Chapter 6D, or a wholesale client for the purposes of Chapter 7.9, of the Corporations Act 2001 (Cth) (the "**Australian Corporations Act**"). This document has not been, and will not be, lodged with the Australian Securities and Investments Commission, Australian Securities Exchange or any other regulatory body or agency in Australia as a prospectus or product disclosure statement for the purposes of the Australian Corporations Act and is not required to, and does not, contain all the information which would be required in a prospectus or product disclosure statement under Australian law.

Any Units in Dynasty REIT issued upon acceptance of the Offering may not be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Chapter 6D or Chapter 7.9 of the Australian Corporations Act. Accordingly, each investor acknowledges these restrictions and, by applying for Units under this document, gives an undertaking not to sell those Units (except in the circumstances referred to above) for 12 months after their issue.

Dynasty REIT has not been and will not be registered as a managed investment scheme under Chapter 5C of the Australian Corporations Act. Neither Dyansty REIT nor the Manager holds an Australian financial services licence and they not licensed to provide financial product advice in relation to Units in Dynasty REIT. Investors in Dynasty REIT do not have "cooling off" rights under Australian law.

Bahrain

This Prospectus has not been approved by the Central Bank of Bahrain ("**CBB**") and the regulations of the CBB do not apply. No offer will be made in Bahrain to the public to purchase Units and this Prospectus will not be issued to, or made available to, the public generally in Bahrain. The CBB takes not responsibility for the performance of the Units nor for the correctness of any statements or representation made by the Joint Bookrunners.

Brunei

This Prospectus has not been delivered to, licensed or permitted by the Authority as designated under the Brunei Darussalam Mutual Funds Order 2001. Nor has it been registered with the Registrar of Companies. This document is for informational purposes only and does not constitute an invitation or offer to the public. As such it must not be distributed or redistributed to and may not be relied upon or used by any person in Brunei other than the person to whom it is directly communicated, (i) in accordance with the conditions of section 21(3) of the International Business Companies Order 2000, or (ii) whose business or part of whose business is in the buying and selling of shares within the meaning of section 308(4) of the Companies Act, Cap. 39.

Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("**DFSA**"). This document is intended for distribution only to persons of a type specified in the Offered Securities Rules. It must not be delivered to, or relied on, by any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Units to which this document relates may be illiquid and/or subject to restrictions on their re-sale. 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 adviser.

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:

(a) to any legal entity which are qualified investors as defined under the Prospectus Directive;

(b) by the Manager to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the International Purchasers for any such offer; or

(c) 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 Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 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 Offering 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 amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Hong Kong

This document has not been approved by the Securities and Futures Commission in Hong Kong. Accordingly:

(a) Units may not be offered or sold in Hong Kong by means of this document or any other document other than to "professional investors" within the meaning of Part I of Schedule I to the Securities and Futures Ordinance (Cap. 571) ("**SFO**") and any rules made under the SFO; and

(b) no person shall issue or possess 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 SFO and any rules made under the SFO.

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 Dynasty REIT 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.

Qatar

This Prospectus is not intended to constitute an offer, sale or delivery of shares, units in a collective investment scheme or other securities under the 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**) or equivalent laws of the Qatar Central Bank (**QCB**).

This Prospectus has not been lodged or registered with, or reviewed or approved by the QFCA, the QFCRA, the QCB or the Qatar Financial Markets Authority (**QFMA**) and is not otherwise authorised or licensed for distribution in the State of Qatar or the Qatar Financial Centre. The information contained in this Prospectus does not, and is not intended to, constitute a public or general offer or other invitation in respect of shares, units in a collective investment scheme, or other securities in the State of Qatar or the Qatar Financial Centre.

This Prospectus originates from outside of the jurisdiction of Qatar and is distributed to a limited number of sophisticated potential investors who are willing and able to conduct an independent investigation of the risks involved in an investment. Investors in the scheme may not have the same access to information about the scheme that they would have to information about a collective investment scheme registered in the Qatar Financial Centre. Recourse against the scheme, and those involved with it, may be limited or difficult and may have to be pursued in a jurisdiction outside the Qatar Financial Centre. The Joint Bookrunners are not regulated or authorised by the QCB, QFMA, QFC Authority, QFC Regulatory Authority or any other government authority in the State of Qatar.

The Joint Bookrunners are not, by virtue of the distribution of this Prospectus, conducting any banking, investment or other commercial business in the State of Qatar or the Qatar Financial Centre. The Joint Bookrunners are each an entity regulated under laws outside the State of Qatar.

Saudi Arabia

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Units in the Kingdom of Saudi Arabia. As required by Article 4 of the Investment Fund Regulations, as enacted by Resolution of the Board of the Capital Market Authority No. 1-219-2006 dated 3/12/1427 H (24 December 2006) (the "**IF Regulations**"), the Units will only be initially offered and sold in the Kingdom of Saudi Arabia following 15 days prior notification to the Capital Market Authority ("**CMA**") through an entity authorised by the CMA in accordance with the Authorised Persons Regulations, as enacted by Resolution of the Board of the Capital Market Authority No. 1-83-2005 dated 21/5/1426 H (28 June 2005) and further amended.

The Units will be offered in the Kingdom of Saudi Arabia to no more than two hundred offerees and the minimum amount payable per offeree will not be less than Saudi Riyals one million or an equivalent initial amount, in accordance with Articles 4 of the IF Regulations.

Investors are informed that Article 4 of the IF Regulations places restrictions on secondary market activity with respect to the Units, which are summarised as follows:

(a) any transfer must be made through an entity licensed by the CMA;

(b) a person (the "**Transferor**") who has acquired Units may not offer or sell such Units or any part thereof to any person (referred to as a "**Transferee**") unless the price to be paid by the Transferee for such Units equals or exceeds Saudi Riyals 1 million;

(c) if the provisions of paragraph (b) cannot be fulfilled because the price of the Units being offered or sold to the Transferee has declined since the date of the original private placement, the Transferor may offer or sell the Units to the Transferee if their purchase price during the period of the original offer was equal to or exceeded Saudi Riyals 1 million;

(d) if the provisions of either (b) or (c) cannot be fulfilled, the Transferor may offer or sell the units if he/she sells his entire holding of the Units to one Transferee; and

(e) the provisions of paragraphs (b), (c) and (d) shall apply to all subsequent Transferees of the Units.

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 Dynasty REIT 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 Dynasty REIT 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 Dynasty REIT could qualify as a foreign collective investment scheme pursuant to Article 119 para. 2 of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Dynasty REIT will not be licensed for public distribution in and from Switzerland. Therefore, Dynasty REIT 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**"). Therefore, investors in the Units do not benefit from the specific investor protection provided by CISA and the supervision of the FINMA.

The Netherlands

With regard to the Offering, the Manager is not obliged to obtain a license pursuant to the Netherlands Act on Financial supervision (*Wet op het financieel toezicht*) ("**AFS**") and the Manager is not subject to the supervision of the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) ("**AFM**").

The Units will not be offered or sold, directly or indirectly, in the Netherlands, other than solely to Qualified Investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the AFS, all within the meaning of section 1:12 and section 5:2 of the AFS.

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 Dynasty REIT are units in a collective investment scheme as defined in the Financial Services and Markets Act 2000 ("**FSMA**") of the United Kingdom ("**UK**"). Dynasty REIT 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 Dynasty REIT 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 may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act. The Units are being offered and sold outside of the United States in reliance on Regulation S (terms used in this subsection that are defined in Regulation S are used herein as defined therein).

Transfer Restrictions

Each purchaser of the Units offered hereby in reliance on Regulation S will be deemed to have represented and agreed that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

(a) it is aware that the Units have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(b) it is purchasing the Units in an offshore transaction meeting the requirements of Regulation S; and

(c) it will not offer, sell, pledge or transfer any Units, except in accordance with the Securities Act and any applicable laws of any state of the United States and any other jurisdiction.

Terms used in this subsection that are defined in Regulation S are used herein as defined therein.

General

Each applicant for Units in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation not contained in this Prospectus and none of Dynasty REIT, the Manager, the Sponsor, the Joint Global Coordinators and Underwriters, the Issue Managers or any other person responsible for this Prospectus or any part of it will have any liability for any such other information or representation.

CLEARANCE AND SETTLEMENT

INTRODUCTION

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units. 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 accountholders 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.

DUAL CURRENCY TRADING

Introduction to Dual Currency Trading for Dynasty REIT

Dual currency trading provides a platform for investors to trade the same Unit in two different currencies, namely in SGD and another foreign currency such as RMB.

Upon listing, the Units will be quoted and traded in both RMB and SGD. Dynasty REIT will have two trading counters: (i) DynastyREIT RMB and (ii) DynastyREIT S$D, providing investors with the flexibility to buy or sell the Units through either counter. Trades made in the DynastyREIT RMB counter will be settled through the SGX-ST in RMB while trades made in the SGD counter will be settled through the SGX-ST in SGD. The Units traded in both counters are identical.

Other key features of units traded under the dual currency regime include:

- The units will rank *pari passu* and Unitholders will be treated equally regardless of ownership acquired via the DynastyREIT RMB counter or the DynastyREIT S$D counter.

- The Units are fully fungible and any Units acquired via the DynastyREIT RMB counter or the DynastyREIT S$D counter can be traded on the other counter seamlessly. As an illustration, an investor may choose to buy the Units on the DynastyREIT S$D counter and sell the corresponding Units in the DynastyREIT RMB counter, and *vice versa*, seamlessly and without the need for any unit transfers.

Unitholders will be able to view their respective unitholdings in Dynasty REIT from their CDP statements. The market value of the Units will be computed based on the last done price traded on DynastyREIT RMB, which will be the primary counter for the Units, regardless of whether the Units were purchased through the DynastyREIT RMB counter or the DynastyREIT S$D counter.

Dual Currency Trading of Dynasty REIT Units

The introduction of dual currency trading for Dynasty REIT will provide investors with the flexibility to trade the Units in either RMB or SGD, given the fungibility between the two currency counters.

Unitholders who are allocated units from either the Placement Tranche or Public Offer will be able to trade in either the DynastyREIT RMB counter or the DynastyREIT S$D counter upon the listing of Dynasty REIT.

Investors will be able to trade in the DynastyREIT RMB and DynastyREIT S$D counters for Dynasty REIT in the same manner as trading in any other counters on the SGX-ST.

The traded prices in the DynastyREIT RMB and DynastyREIT S$D counters are available on the website of the SGX-ST and investors should note the different codes for the DynastyREIT RMB and DynastyREIT S$D counters.

Trades made in the DynastyREIT RMB counter will be settled in RMB, while trades made in the DynastyREIT S$D counter will be settled in SGD.

Investors who wish to transact in Units of Dynasty REIT are cautioned to seek professional advice and/or consult their stockbrokers before trading.

EXPERTS

KPMG LLP, the Reporting Auditors, were responsible for preparing the Reporting Auditors' Report on the Profit Forecast and Profit Projection, the Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012 and the Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date found in Appendix A, Appendix B and Appendix D of this Prospectus respectively.

KPMG Services Pte. Ltd., the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix F of this Prospectus.

CBRE, JLL and KF, the Independent Valuers, were responsible for preparing the Independent Property Valuation Summary Reports found in Appendix G of this Prospectus.

Colliers, the Independent Market Research Consultant, was responsible for preparing the Independent PRC Property Market Research Report found in Appendix H of this Prospectus.

The Independent Tax Adviser, the Independent Valuers 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, Allen & Overy LLP, Commerce & Finance Law Offices or Rodyk & Davidson 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.

King & Wood Mallesons, the PRC legal advisers to the Manager and the Sponsor, have advised on the statements attributed to them in the sections "Risk Factors — Risks Relating to the Properties — The business scope indicated in Dalian Boyuan's business licence does not expressly include "real estate operations and leasing" and Dalian Boyuan has not completed the filing (in respect of its status as a foreign-invested real estate enterprise) with the MOC" and "Risk Factors — Risks Relating to the Properties — A substantial portion of tenancy agreements of Dalian TRC and Shanghai ICP are not registered".

REPORTING AUDITORS

KPMG LLP, the Reporting Auditors, have given and have not withdrawn their consent to the issue of this Prospectus for the inclusion herein of:

- their name;
- the Reporting Auditors' Report on the Profit Forecast and Profit Projection;
- the Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012; and
- the Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date,

in the form and context in which they appear in this Prospectus, and references to its name and such reports in the form and context which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

GENERAL INFORMATION

RESPONSIBILITY STATEMENT BY THE DIRECTORS

(1) The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, Dynasty REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading, and the Directors are satisfied that the Profit Forecast and Profit Projection contained in "Profit Forecast and Profit Projection" have been stated after due and careful enquiry. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

MATERIAL BACKGROUND INFORMATION

(2) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Manager the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Manager.

(3) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against Dynasty REIT the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma basis) of Dynasty REIT.

(4) The name, age and address of each of the Directors are set out in "The Manager and Corporate Governance — Directors of the Manager". A list of the present and past directorships of each Director and executive officer of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix J, "List of Present and Past Principal Directorships of Directors and Executive Officers".

(5) There is no family relationship among the Directors and executive officers of the Manager.

(6) None of the Directors or executive officers of the Manager is or was involved in any of the following events:

   (i) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (ii) 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 was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he 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;

   (iii) any unsatisfied judgment against him;

   (iv) 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 is aware) for such purpose;

(v) 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 is aware) for such breach;

(vi) at any time during the last 10 years, judgment been entered against him 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 part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(viii) 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;

(ix) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(x) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(b) 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;

(c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(d) 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 was so concerned with the entity or business trust; or

(xi) 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.

MATERIAL CONTRACTS

(7) The dates of, parties to, and general nature of every material contract which the Trustee 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 Dynasty REIT) are as follows:

(i) the Trust Deed;

(ii) the Share Purchase Agreements; and

(iii) the Master Property Management Agreement.

DOCUMENTS FOR INSPECTION

(8) Copies of the following documents are available for inspection at the registered office of the Manager at 6 Temasek Boulevard, Suntec Tower Four #16-02, Singapore 038986, for a period of six months from the date of this Prospectus:

(i) the material contracts referred to in paragraph 7 above, save for the Trust Deed (which will be available for inspection for so long as Dynasty REIT is in existence);

(ii) the Reporting Auditors' Report on the Profit Forecast and Profit Projection as set out in Appendix A of this Prospectus;

(iii) the Reporting Auditors' Report on the Unaudited Pro Forma Financial Information as at and for the Year Ended 31 December 2011 and Five Months Ended 31 May 2011 and 2012 as set out in Appendix B of this Prospectus;

(iv) the Reporting Auditors' Report on the Unaudited Pro Forma Balance Sheet as at the Listing Date as set out in Appendix D of this Prospectus;

(v) the Independent Taxation Report as set out in Appendix F of this Prospectus;

(vi) the Independent Property Valuation Summary Reports as set out in Appendix G of this Prospectus as well as the full valuation reports for each of the Properties;

(vii) the Independent PRC Property Market Research Report set out in Appendix H of this Prospectus;

(viii) the written consents of the Reporting Auditor, the Independent Valuers, the Independent Market Research Consultant and the Independent Tax Adviser (see "Experts" and "Reporting Auditors" for further details);

(ix) the Sponsor Subscription Agreement;

(x) the Cornerstone Subscription Agreements; and

(xi) the Depository Services Terms and Conditions.

CONSENTS OF THE JOINT FINANCIAL ADVISERS, THE JOINT BOOKRUNNERS AND THE ISSUE MANAGERS

(9) DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited have each given and not withdrawn its written consent to being named in this Prospectus as a Joint Financial Adviser to the Offering.

(10) DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Macquarie Capital Securities (Singapore) Pte. Limited have each given and not withdrawn its written consent to being named in this Prospectus as a Joint Global Coordinator and Underwriter or a Joint Bookrunner to the Offering.

(11) DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Macquarie Capital (Singapore) Pte. Limited have each given and has not withdrawn its written consent to being named in this Prospectus as an Issue Manager to the Offering.

WAIVERS FROM THE SGX-ST

(12) The Manager has obtained from the SGX-ST waivers from compliance with the following listing rules under the Listing Manual:

(i) Rule 404(3), which relates to restrictions on investments subject to compliance with the CIS Code;

(ii) Rule 404(5), which requires the management company to be reputable and have an established track record in managing investments;

(iii) Rule 407(4), which requires the submission of the financial track record of the investment manager and investment adviser and persons employed by them;

(iv) Rule 409(3), which requires the annual accounts of the annual accounts of Dynasty REIT for each of the last three financial years to be submitted to the SGX-ST together with the application to the SGX-ST for the listing of Dynasty REIT;

(v) Rule 609(b), which requires the disclosure in this Prospectus of the pro forma income statement or statement of comprehensive income of Dynasty REIT for the latest three financial years and for the most recent interim period as if Dynasty REIT had been in existence at the beginning of the period reported on, as well as the pro forma statement of financial position as at the date to which the most recent pro forma income statement or statement of comprehensive income has been made up; and

(vi) Rule 705(2)(b), which requires the announcement of quarterly financial statements not later than 45 days after the quarter ended 30 June 2012.

MISCELLANEOUS

(13) The financial year end of Dynasty REIT is 31 December. The annual audited financial statements of Dynasty REIT will be prepared and sent to Unitholders within four months of the financial year-end and at least 14 days before the annual general meeting of the Unitholders.

(14) A full valuation of each of the real estate assets held by Dynasty REIT will be carried out at least once a year in accordance with the Property Funds Appendix. Generally, where the Manager proposes to issue new Units (except in the case where new Units are being issued in payment of the Manager's management fees) or to redeem existing Units, a valuation of the real properties held by Dynasty REIT must be carried out in accordance with the Property Funds Appendix. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by Dynasty REIT if it is of the opinion that it is in the best interest of Unitholders to do so.

(15) While Dynasty REIT 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 *Lianhe Zaobao*, for the price range within which Units were traded on the SGX-ST on the preceding day.

(16) The Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of Dynasty REIT. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Manager nor any of its Associates will be entitled to receive any part of any brokerage charged to Dynasty REIT, or any part of any fees, allowances or benefits received on purchases charged to Dynasty REIT.

GLOSSARY

%	:	Per centum or percentage
acquisition of the Properties	:	Dynasty REIT's acquisition of the entire issued share capital of the Offshore Companies from the Vendors
ADF	:	ARA Asia Dragon Limited
ADF II	:	ARA Asia Dragon II Limited
Aggregate Leverage	:	The total borrowings and deferred payments (if any) for assets of Dynasty REIT
AIFEREF	:	Al Islami Far Eastern Real Estate Fund
AmFIRST REIT	:	AmFIRST Real Estate Investment Trust
Annual Distributable Income	:	Dynasty REIT's distributable income in relation to a distribution period
APM	:	APM Property Management Pte. Ltd.
Application Forms	:	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
Application List	:	The list of applicants subscribing for Units which are the subject of the Public Offer
ARA or Sponsor	:	ARA Asset Management Limited
ARA Group	:	ARA and its subsidiaries
Associate	:	Has the meaning ascribed to it in the Listing Manual
ATM	:	Automated teller machine
Audit Committee	:	The audit committee of the Board
Authority or MAS	:	Monetary Authority of Singapore
BAML	:	Bank of America Merrill Lynch
Base Fee	:	0.3% per annum of the value of the Consolidated Assets
Base Rent	:	Rental income received (after leasing incentives such as rent rebates and rent-free periods where applicable)
Board	:	The board of directors of the Manager

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 Company	:	Monarchy Investment Limited
BVI Intermediate Companies	:	Elite Trade Investments Limited and Favor Rise Group Limited
BVIHC RPS	:	RPS issued by the BVI Holding Company
Cache	:	Cache Logistics Trust
CAGR	:	Compounded annual growth rate
Cayman Intermediate Company	:	RTC Limited
CBD	:	Central business district
CBRE	:	CBRE HK Limited
CDP	:	The Central Depository (Pte) Limited
Cheung Kong	:	Cheung Kong (Holdings) Limited
Cheung Kong Group	:	Cheung Kong group of companies
CIP	:	ARA China Investment Partners
CIS Code	:	The Code on Collective Investment Schemes issued by the MAS
CMS Licence	:	Capital markets services licence for REIT management
Colliers or **the Independent Market Research Consultant**	:	Colliers International Property Consultants (Shanghai) Co. Ltd
Committed Leases	:	In respect of the relevant Property as at 31 May 2012, the following: (i) tenancy agreements, (ii) letters of offers which have been signed, and 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 Property 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**"

Committed Occupancy	:	Occupancy rate based on all current leases in respect of the Properties as at 31 May 2012 including letters of intent which are to be followed up with tenancy agreements to be signed by the parties and for which a deposit has been paid
Companies Act	:	Companies Act, Chapter 50 of Singapore
Company Law	:	The Company Law of the PRC
Completion Date	:	The date on which the Property passes the completion inspection and acceptance and is ready for handing over pursuant to the applicable PRC laws
Committed RCF	:	An aggregate of RMB825.6 million[1] equivalent three-year committed revolving credit facilities comprising an aggregate of S$161.4 million (from DBS Bank Ltd., Standard Chartered Bank and/or their respective affiliates)
Consolidated Assets	:	The consolidated assets of Dynasty REIT and its subsidiaries, SPVs, Associates and joint ventures as defined under generally accepted accounting principles in Singapore. For the purposes of calculating the Base Fee, consolidated assets of Associates and the Consolidated Investments (as defined herein) shall include all the assets of the Associate and the Consolidated Investment, pro-rated, to the proportion of Dynasty REIT's effective interest in the relevant Associate or Consolidated Investment. The determination of whether an investment is considered to be a subsidiary or Associate of Dynasty REIT shall be determined by the Manager in consultation with the auditors taking into account the generally accepted accounting principles in Singapore
Consolidated Investments	:	The authorised investments of Dynasty REIT in listed or unlisted share or stock of property companies
Cornerstone Investors	:	The cornerstone investors being Amundi and Credit Suisse AG
Cornerstone Subscription Agreements	:	The subscription agreements entered into between the Manager and the Cornerstone Investors to subscribe for the Cornerstone Units
Cornerstone Units	:	The 137,608,000 Units subscribed by the Cornerstone Investors pursuant to the Cornerstone Subscription Agreements
Dalian AIC	:	Dalian Administration for Industry and Commerce
Dalian Boyuan	:	Dalian Boyuan Co., Ltd.
Dalian FTECB	:	Dalian Foreign Trade and Economic Cooperation Bureau

1 Based on an exchange rate of S$1.00 to RMB5.115.

Dalian TRC	:	Dalian Tianxing Roosevelt Center (大连天兴罗斯福国际中心)
Deal Allocation Committee	:	The deal allocation committee of the Sponsor
Deposited Property	:	All the assets of Dynasty REIT, including the Properties and all the authorised investments of Dynasty REIT for the time being held or deemed to be held upon the trusts under the Trust Deed
Depositor	:	Has the meaning ascribed to it in Section 130 of the Companies Act
Depository Register	:	Has the meaning ascribed to it in Section 130 of the Companies Act
Depository Services Terms and Conditions	:	The CDP's depository services terms and conditions in relation to the deposit of the Units in CDP
Development Project	:	A project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Dynasty REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations
DPU	:	Distribution per Unit
DPU Support	:	The DPU support arrangement which the Manager has put in place in relation to the acquisition of the Properties
DynastyREIT RMB	:	Dynasty REIT's primary RMB counter
DynastyREIT S$D	:	Dynasty REIT's secondary SGD counter
Dynasty Properties	:	The Properties which comprise the IPO Portfolio and any properties subsequently acquired by the Trustee on behalf of Dynasty REIT and in respect of which Dynasty REIT wholly owns or the Trustee has the right to appoint or, as the case may be, procure the appointment of the property manager
Dynasty REIT	:	Dynasty Real Estate Investment Trust, a real estate investment trust established in Singapore and constituted by the Trust Deed
EJV	:	Sino-Foreign Equity Joint Venture
Exempted Agreements	:	The Trust Deed, the Share Purchase Agreements and the Master Property Management Agreement (including the Individual Property Management Agreements)

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
Facilities	:	An aggregate of RMB3,751.3 million[1] equivalent committed three-year loan facilities, comprising RMB401.4 million equivalent Onshore Term Loan Facilities, a RMB2,524.3 million[1] equivalent Offshore Term Loan Facility and RMB825.6 million[1] equivalent Committed RCF from the Lenders
FDI	:	Foreign direct investment
Fee Arrangements	:	The fees arrangements of the Property Manager, the Manager and the Trustee as set out in "Overview — Certain Fees and Charges"
First Distribution	:	The first distribution of Dynasty REIT after the Listing Date for the period from the Listing Date to 31 December 2012
First Lock-up Period	:	The period commencing from the date of issuance of the Units until the date falling 180 days after the Listing Date (both dates inclusive)
Forecast Period 2012	:	1 August 2012 to 31 December 2012
Fortune REIT	:	Fortune Real Estate Investment Trust
FY	:	Financial year ended or, as the case may be, ending 31 December
F&B	:	Food and beverage
GDP	:	Gross domestic product
GFA	:	Gross floor area, being the area specified in the Building Ownership Certificate for each Property
GOME Group	:	GOME Electrical Appliances Holding Limited and its subsidiaries
Gross Rental Income	:	Comprises Base Rent or Turnover Rent or the higher of Base Rent or Turnover Rent
Gross Revenue	:	Comprises Gross Rental Income, service charges and other income earned from the Properties, including car park revenue, advertising and other income attributable to the operation of the Properties
GST	:	Goods and Services Tax

1 Based on an exchange rate of S$1.00 to RMB5.115.

H&M	:	Hennes & Mauritz
HKD	:	Hong Kong dollars, the lawful currency of Hong Kong
Holding Companies	:	The Offshore Companies and the Hong Kong Holding Companies
Hong Kong	:	The Hong Kong Special Administrative Region of the PRC
Hong Kong Holding Companies	:	Rich Field (China) Limited, Global Glitter Limited and Lanrich International Limited
Hui Xian REIT	:	Hui Xian Real Estate Investment Trust
Independent Tax Adviser	:	KPMG Services Pte. Ltd.
Independent Valuers	:	CBRE, JLL and KF
Individual Property Management Agreements	:	The individual property management agreements entered into pursuant to the Master Property Management Agreement
IPO	:	Initial public offering
IPO Portfolio	:	Dynasty REIT's initial portfolio of properties as at the Listing Date
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 party	:	Has the meaning ascribed to it in the Property Funds Appendix
interested party transaction	:	Has the meaning ascribed to it in the Property Funds Appendix
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
IRAS	:	Inland Revenue Authority of Singapore
Issue Managers	:	DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Macquarie Capital (Singapore) Pte. Limited
IT	:	Information technology
JLL	:	Jones Lang LaSalle Limited

Joint Financial Advisers	:	DBS Bank Ltd. and Standard Chartered Securities (Singapore) Pte. Limited
Joint Global Coordinators and Underwriters or Joint Bookrunners	:	DBS Bank Ltd., Standard Chartered Securities (Singapore) Pte. Limited and Macquarie Capital Securities (Singapore) Pte. Limited
KF	:	Knight Frank Petty Limited
Latest Practicable Date	:	1 October 2012, being the latest practicable date prior to the lodgment of this Prospectus with the MAS
Lenders	:	DBS Bank Ltd., DBS Bank (China) Limited, Shanghai Branch, Standard Chartered Bank, Standard Chartered Bank (China) Limited, Macquarie Capital Group Limited and/or their respective affiliates
Lettable Area	:	Area that is to be leased and for which rent is payable as stipulated in the respective tenancy agreements
Listing Date	:	The date of admission of Dynasty REIT to the Official List of the SGX-ST
Listing Manual	:	The Listing Manual of the SGX-ST
Lock-up Units	:	The Units which are held by the Sponsor and any other entity which is wholly-owned by the Sponsor which are subject to the lock-up arrangement
Manager	:	ARA Trust Management (Dynasty) Pte. Ltd., in its capacity as manager of Dynasty REIT
Market Day	:	A day on which the SGX-ST is open for trading in securities
Master Property Management Agreement	:	The master property management agreement dated 4 October 2012 entered into between the Manager, the Trustee and the Property Manager
Maximum Offering Price	:	RMB4.70/S$0.915 per Unit, being the maximum subscription price of the Offering Price Range
Minimum Offering Price	:	RMB4.40/S$0.855 per Unit, being the minimum subscription price of the Offering Price Range
MNCs	:	Multinational corporations
MOC	:	Ministry of Commerce of the PRC
MOC Filing	:	The filing which authorised legal authorities are required to make with the MOC in respect of their approvals of the establishment of foreign-invested real estate enterprises under regulations promulgated by the MOC and the SAFE

Nanjing IFC	:	Nanjing International Finance Center (南京国际金融中心)
Nanjing RF	:	Nanjing Rich Field Real Estate Development Co., Ltd.
NAV	:	Net asset value
Net Property Income or NPI	:	Gross Revenue less property expenses
OC RPS	:	The RPS issued by the Offshore Companies to the Vendors
Offering	:	The offering of between 893,162,000 Units to 900,832,000 Units by the Manager for subscription at the Offering Price under the Placement Tranche and the Public Offer
Offering Price	:	The subscription price of each Unit under the Offering, currently expected to be between RMB4.40 and RMB4.70 per Unit / S$0.855 and S$0.915 per Unit
Offering Price Range	:	RMB4.40 to RMB4.70 per Unit / S$0.855 to S$0.915 per Unit
Offering Units	:	Between 893,162,000 Units to 900,832,000 Units to be issued pursuant to the Offering
Offshore Companies	:	RTC Limited, Elite Trade Investments Limited and Favor Rise Group Limited
Offshore Term Loan Facility	:	A RMB2,524.3 million[1] equivalent three-year secured offshore term loan facility totalling S$493.5 million (from DBS Bank Ltd., Standard Chartered Bank, Macquarie Capital Group Limited and/or their respective affiliates)
Onshore Term Loan Facilities	:	An aggregate of RMB401.4 million equivalent comprising RMB309.0 million and HKD114.0 million three-year secured onshore term loan facilities (from DBS Bank (China) Limited, Shanghai Branch., Standard Chartered Bank (China) Limited and/or their respective affiliates)
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 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
Participating Banks	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited (including its subsidiary, Far Eastern Bank Limited)
Performance Fee	:	4.5% per annum of the Net Property Income in the relevant financial year (calculated before accounting for this additional fee in that financial year)

1 Based on an exchange rate of S$1.00 to RMB5.115.

Placement Tranche	:	The international placement of no more than 839,274,000 Units and 846,944,000 Units for the Minimum Offering Price and the Maximum Offering Price respectively to investors, including institutional and other investors in Singapore other than the Sponsor and the Cornerstone Investors, pursuant to the Offering
PRC	:	The People's Republic of China
PRC Property Companies	:	Dalian Boyuan, Nanjing Rich Field Real Estate Development Co., Ltd. and Lei Fu Real Estate (Shanghai) Co., Ltd
Price Determination Date	:	24 October 2012 (subject to change)
Profit Forecast and Profit Projection	:	The forecast and projected results for the Forecast Period 2012 and the Projection Year 2013
Project Management Fee Schedule	:	The fees payable to the Property Manager for project management
Projection Year 2013	:	1 January 2013 to 31 December 2013
Properties	:	The properties which are held by Dynasty REIT as at the Listing Date, and "**Property**" means any one of them
Property Funds Appendix	:	Appendix 6 of the CIS Code issued by the MAS in relation to REITs
Property Law	:	The Property Law of the PRC (中华人民共和国物权法)
Property Manager	:	APM Property Management (China) Limited (formerly known as Central Property Management Co., Ltd.), as the property manager of Dynasty REIT
Property Management Rules	:	The Property Management Rules (物业管理条例) promulgated by the State Council on 8 June 2003 and revised on 26 August 2007
Prosperity REIT	:	Prosperity Real Estate Investment Trust
Provisions of Real Estate Transfer	:	The Provisions of Administration of Transfer of Urban Real Property (城市房地产转让管理规定) which was promulgated in August 1995 and revised on 15 August 2001 by the Ministry of Construction of the PRC
Public Offer	:	The offering to the public in Singapore of no less than 53,888,000 Units
Recognised Stock Exchange	:	Any stock exchange of repute in any part of the world
Regulation S	:	Regulation S under the Securities Act

REIT	:	Real estate investment trust
Related Party	:	Refers to an interested person and/or, as the case may be, an interested party
Related Party Transactions	:	"Interested person transactions" in the Listing Manual and/or, as the case may be, "interested party transactions" in the Property Funds Appendix
Reporting Auditors	:	KPMG LLP
Renminbi or **RMB**	:	Renminbi, the lawful currency of the PRC
RPS	:	Redeemable preference shares
S$ or **Singapore dollars and cents**	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
SAFE	:	The State Administration of Foreign Exchange
SARS	:	Severe Acute Respiratory Syndrome
Second Lock-up Period	:	The period immediately following the First Lock-up Period until the date falling 360 days after the Listing Date
Securities Account	:	Securities account or sub-account maintained by a Depositor with CDP
Securities Act	:	U.S. Securities Act of 1933, as amended
Securities and Futures Act or SFA	:	Securities and Futures Act, Chapter 289 of Singapore
Securities and Futures (Amendment) Act	:	The amendments to the Securities and Futures Act which was passed by the Singapore Parliament on 19 January 2009
SEHK	:	The Stock Exchange of Hong Kong Limited
Settlement Date	:	The date and time on which the Units are issued as settlement under the Offering
SFAA Notification	:	The Securities and Futures (Amendment) Act (Commencement) Notification 2012 (S467/2012)
SGD	:	Singapore dollars
SGX-ST	:	Singapore Exchange Securities Trading Limited
Shanghai ICP	:	Shanghai International Capital Plaza (上海盛邦国际大厦)

Share Purchase Agreements	:	The share purchase agreements entered into between the BVI Holding Company and the Vendors on 9 October 2012 in respect of the entire issued share capital of Elite Trade Investments Limited (which indirectly holds Nanjing IFC), RTC Limited (which indirectly holds Dalian TRC) and Favor Rise Group Limited (which indirectly holds Shanghai ICP).
Singapore Tax Ruling	:	The tax ruling dated 28 March 2012 issued by the IRAS on the exemption of dividend receivable by Dynasty REIT from the BVI Holding Company on or before 31 March 2015
SITA	:	Income Tax Act, Chapter 134 of Singapore
Sponsor Initial Unit	:	The one Unit held by the Sponsor through ARA Real Estate Investors VIII Limited on the Listing Date immediately before the issue of the Offering Units and the Sponsor Subscription Units
Sponsor Subscription Agreement	:	The subscription agreement entered into between the Manager and ARA Real Estate Investors VIII Limited, which is a wholly-owned subsidiary of the Sponsor, dated 9 October 2012 to subscribe for the Sponsor Subscription Units
Sponsor Subscription Units	:	Between 116,959,999 Units (based on the Minimum Offering Price) and 109,289,999 Units (based on the Maximum Offering Price) subscribed by ARA Real Estate Investors VIII Limited, which is a wholly-owned subsidiary of the Sponsor, pursuant to the terms of the Sponsor Subscription Agreement
Sponsor Units	:	The Sponsor Initial Unit and the Sponsor Subscription Units
SPV	:	Special purpose vehicle
sq ft	:	Square feet
sq m	:	Square metres
Substantial Unitholder	:	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Suntec REIT	:	Suntec Real Estate Investment Trust
Suntec Singapore	:	Suntec Singapore International Convention & Exhibition Centre
Support Amount	:	The amount of DPU Support, being RMB491.0 million
Taubman Asia	:	Taubman Asia Management Limited
Tax-Exempt Income	:	Tax-exempt dividends receivable by Dynasty REIT in accordance with the Singapore Tax Ruling

Taxable Income	:	Income derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore
Threshold NPI Yield	:	The threshold net property income yield of 5.8% [1] for the IPO Portfolio
Turnover Rent	:	Rent calculated by reference to a pre-determined percentage of a tenant's sales turnover
Trust Deed	:	The trust deed dated 4 October 2012 entered into between the Manager and the Trustee constituting Dynasty REIT, and as may be amended, varied or supplemented from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Dynasty REIT
Unaudited Pro Forma Financial Information	:	Unaudited pro forma consolidated financial information of Dynasty REIT and its subsidiaries
Underwriting Agreement	:	The underwriting agreement dated 18 October 2012 entered into between the parties in connection with the Offering
Underwriting, Selling and Management Commission	:	The underwriting, selling and management commission payable to the Joint Bookrunners for their services in connection with the Offering
Unit(s)	:	An undivided interest in Dynasty REIT as provided for in the Trust Deed
Unit Issue Mandate	:	The authority that investors, by subscribing for the Units under the Offering, are deemed to have given to the Manager, to: (i) (a) issue Units whether by way of rights, bonus or otherwise; and/or (b) make or grant Instruments, at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and (ii) issue Units in pursuance of any Instrument made or granted by the 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 certain conditions in the Trust Deed are satisfied

1 This figure is rounded.

Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
United States or U.S.	:	United States of America
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
US$ or **USD** or **US Dollars**	:	United States dollar, the lawful currency of the United States
Vendors	:	ADF Falcon I Limited, ADF Phoenix IV Limited and ADF Phoenix V Limited
Waived Distribution	:	The amount of distributions waived by the Sponsor on the Sponsor Units during the Waiver Period
Waiver Period	:	The Forecast Period 2012 and thereafter every financial year until the financial year ending 31 December 2017
WFOE	:	Wholly Foreign Owned Enterprise
Zhong Tai Group	:	Zhong Tai International Group 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.

Information contained in the Manager's website and the Sponsor's website does not constitute part of this Prospectus.

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REPORTING AUDITORS' REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTION

The Board of Directors
ARA Trust Management (Dynasty) Pte. Ltd.
(as Manager of Dynasty Real Estate Investment Trust)
6 Temasek Boulevard
#16-02 Suntec Tower 4
Singapore 038986

HSBC Institutional Trust Services (Singapore) Limited
(as trustee of Dynasty Real Estate Investment Trust)
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

Letter from the Reporting Auditors on the Profit Forecast for the Period from 1 August 2012 to 31 December 2012 and the Profit Projection for the Year Ending 31 December 2013

This letter has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the offering of 1,147,730,000 Units in Dynasty Real Estate Investment Trust ("Dynasty REIT") at the offering price range of RMB4.40 to RMB4.70 per Unit (the "Offering").

The directors of ARA Trust Management (Dynasty) Pte. Ltd. (the "Directors") are responsible for the preparation and presentation of the Forecast and Projected Statements of Total Return for the period from 1 August 2012 to 31 December 2012 (the "Profit Forecast") and the year ending 31 December 2013 (the "Profit Projection") as set out on pages 106 to 108 of the Prospectus, which have been prepared on the basis of the assumptions set out on pages 109 to 119 of the Prospectus.

We have examined the Profit Forecast of Dynasty REIT for the period from 1 August 2012 to 31 December 2012 and the Profit Projection for the year ending 31 December 2013 as set out on pages 106 to 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 119 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-20 to C-28 of the Prospectus, and is presented in accordance with the applicable presentation principles of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* (but not all the required disclosures) issued by the Institute of Certified Public Accountants of Singapore ("ICPAS"), which is the framework to be adopted by Dynasty REIT 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 Dynasty REIT 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-20 to C-28 of the Prospectus, and is presented in accordance with the applicable presentation principles of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* (but not all the required disclosures), which is the framework to be adopted by Dynasty REIT 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 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 40 to 70 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 119 to 121 of the Prospectus.

KPMG LLP
Public Accountants and
Certified Public Accountants
Singapore

Eng Chin Chin
Partner-in-charge

18 October 2012

REPORTING AUDITORS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011 AND FIVE MONTHS ENDED 31 MAY 2011 AND 2012

The Board of Directors
ARA Trust Management (Dynasty) Pte. Ltd.
(as Manager of Dynasty Real Estate Investment Trust)
6 Temasek Boulevard
#16-02 Suntec Tower 4
Singapore 038986

HSBC Institutional Trust Services (Singapore) Limited
(as trustee of Dynasty Real Estate Investment Trust)
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

Letter from the Reporting Auditors on the Unaudited Pro Forma Financial Information as at and for the year ended 31 December 2011 and five months ended 31 May 2011 and 2012 (the "Unaudited Pro Forma Financial Information")

We report on the Unaudited Pro Forma Financial Information set out in Appendix C of the prospectus (the "Prospectus") to be issued in connection with the public offering of the units of Dynasty Real Estate Investment Trust ("Dynasty REIT"). The Unaudited Pro Forma Financial Information of Dynasty REIT and its subsidiaries (collectively, the "Pro Forma Group") have been prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments, to show what:

(a) the financial position of the Pro Forma Group as at 31 December 2011 and 31 May 2012 would have been if the following transactions have occurred on 31 December 2011 and 31 May 2012 respectively, pursuant to the terms set out in the Prospectus:

    (i) the acquisition by Dynasty REIT, through Monarchy Investment Limited ("BVI Holding Company"), of the entire issued share capital of Elite Trade Investments Limited (which indirectly holds Nanjing IFC) and Favor Rise Group Limited (which indirectly holds Shanghai ICP) (collectively, the "BVI Intermediate Companies") and RTC Limited (which indirectly holds Dalian TRC) (the "Cayman Intermediate Company"), from ADF Phoenix IV Limited, ADF Phoenix V Limited and ADF Falcon I Limited respectively, whereby, the BVI Intermediate Companies and Cayman Intermediate Company hold the entire issued share capital of Hong Kong Holding Companies (as defined herein) which in turn hold the entire issued share capital of Nanjing Rich Field Real Estate Development Co., Ltd (which owns Nanjing IFC), Dalian Boyuan Co., Ltd (which owns Dalian TRC) and Lei Fu Real Estate (Shanghai) Co., Ltd (which owns Shanghai ICP) (collectively, the "PRC Property Companies") (the "Acquisitions");

    (ii) the proposed issue of 1,147,730,000 units at the issue price of RMB4.40 per unit, net of issue costs of RMB255.7 million and proposed borrowings as set out in Section B of the Unaudited Pro Forma Financial Information, in order to, *inter alia*, fund the Acquisitions and associated costs.

    (collectively, the "Transactions")

(b) the total return of the Pro Forma Group for the year ended 31 December 2011 and five months ended 31 May 2011 and 2012 would have been if the Transactions had occurred on 1 January 2011; and

(c) the cash flows of the Pro Forma Group for the year ended 31 December 2011 and five months ended 31 May 2011 and 2012 would have been if the Transactions had occurred on 1 January 2011.

The objective of the Unaudited Pro Forma Financial Information of the Pro Forma Group is to show what the financial position, total return and cash flows might have been had the Pro Forma Group completed the Transactions at the earlier dates, as described above. However, the Unaudited Pro Forma Financial Information is not necessarily indicative of the financial position, total return and cash flows that would have been attained had the Pro Forma Group actually completed the Transactions earlier. The Unaudited Pro Forma Financial Information have been prepared for illustrative purpose only and, because of their nature, may not give a true picture of the actual financial position, total return and cash flows of the Pro Forma Group.

The Unaudited Pro Forma Financial Information is the responsibility of the directors of ARA Trust Management (Dynasty) Pte. Ltd. (the "Directors"). Our responsibility is to express an opinion on the Unaudited Pro Forma Financial Information based on our work.

Our procedures on the Unaudited Pro Forma Financial Information have not been carried out in accordance with attestation standards and practices generally accepted in the United States of America or other jurisdictions, other than in Singapore, and accordingly, should not be relied upon as if they had been carried out in accordance with those standards.

We carried out procedures in accordance with Singapore Statement of Auditing Practice ("SAP") 24 *Auditors and Public Offering Documents*. Our work, which involved no independent examination of the Unaudited Pro Forma Financial Information, consisted primarily of:

(a) comparing the Unaudited Pro Forma Financial Information to the restated financial statements of the PRC Property Companies and Hong Kong Holding Companies and the unaudited management accounts of BVI Intermediate Companies and Cayman Intermediate Company as at and for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012, unaudited balance sheet of BVI Holding Company at its incorporation and unaudited balance sheet of Dynasty REIT at its constitution; and

(b) considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors.

In our opinion:

(a) the Unaudited Pro Forma Financial Information have been properly prepared:

(i) from the restated financial statements of the PRC Property Companies and Hong Kong Holding Companies and the unaudited management accounts of BVI Intermediate Companies and Cayman Intermediate Company as at and for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012, unaudited balance sheet of BVI Holding Company at its incorporation and unaudited balance sheet of Dynasty REIT at its constitution and the available financial information in respect of the Transactions and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Certified Public Accountants of Singapore;

(ii) in a manner consistent with the format of the financial statements and the accounting policies of the Pro Forma Group; and

(iii) on the basis as set out in Section B of the Unaudited Pro Forma Financial Information.

(b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such financial information and in accordance with SAP 24.

This letter has been prepared for inclusion in the Prospectus of Dynasty REIT to be issued in connection with the initial public offering of the units of Dynasty REIT.

KPMG LLP
Public Accountants and
Certified Public Accountants
Singapore

Eng Chin Chin
Partner-in-charge

18 October 2012

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DYNASTY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES UNAUDITED PRO FORMA FINANCIAL INFORMATION

A INTRODUCTION

The Unaudited Pro Forma Financial Information has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the proposed listing of Dynasty Real Estate Investment Trust ("Dynasty REIT") on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

Dynasty REIT is a Singapore-domiciled unit trust, constituted pursuant to a trust deed dated 4 October 2012 between ARA Trust Management (Dynasty) Pte. Ltd. (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") to acquire an initial portfolio of properties comprising, Nanjing International Financial Center ("Nanjing IFC"), Dalian Tianxing Roosevelt Center ("Dalian TRC") and Shanghai International Capital Plaza ("Shanghai ICP") (collectively, the "Properties"), through the ownership of several special purpose vehicles.

The Manager's key objective for Dynasty REIT is to provide unitholders of Dynasty REIT with regular and stable distributions, and the potential for sustainable long-term growth of such distributions, while maintaining an optimal capital structure through the following key strategies:

(i) actively manage Dynasty REIT's property portfolio to achieve growth in revenue and net property income and maintain optimal occupancy levels;

(ii) achieve portfolio growth through the acquisition of quality income-producing commercial properties in the People's Republic of China ("PRC"); and

(iii) maintain a strong balance sheet and adopt appropriate financing and hedging policies to manage interest rate volatility and foreign exchange exposure by Dynasty REIT.

Dynasty REIT, through Monarchy Investment Limited ("BVI Holding Company"), which is a wholly-owned subsidiary of Dynasty REIT incorporated in the British Virgin Islands ("BVI"), will acquire the entire issued share capital of Elite Trade Investments Limited (which indirectly holds Nanjing IFC) and Favor Rise Group Limited (which indirectly holds Shanghai ICP) (collectively, the "BVI Intermediate Companies") and RTC Limited (which indirectly holds Dalian TRC) (the "Cayman Intermediate Company"), from ADF Phoenix IV Limited, ADF Phoenix V Limited and ADF Falcon I Limited (collectively, the "Vendors") respectively, each of which are subsidiaries of ARA Asia Dragon Fund. The BVI Intermediate Companies and Cayman Intermediate Company hold the entire issued share capital of Hong Kong Holding Companies (as defined herein) which in turn hold the entire issued share capital of Nanjing Rich Field Real Estate Development Co., Ltd (which owns Nanjing IFC), Dalian Boyuan Co., Ltd (which owns Dalian TRC) and Lei Fu Real Estate (Shanghai) Co., Ltd (which owns Shanghai ICP) (collectively, the "PRC Property Companies").

The acquisition as described above are collectively referred to as the "Acquisitions".

In connection with the Acquisitions, Dynasty REIT proposes to issue 1,147,730,000 new Units at the issue price of RMB4.40 per Unit, net of issue costs of RMB255.7 million (the "Initial Public Offering") and borrowings in order to, *inter alia*, fund the Acquisitions and associated costs.

B BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

The Unaudited Pro Forma Financial Information set out in this report, expressed in Chinese Renminbi ("RMB") and rounded to the nearest thousand, unless otherwise stated, has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments, and shows the Unaudited Pro Forma Statement of Total Return of Dynasty REIT for the financial year ended 31 December 2011 ("FY2011") and five months ended 31 May 2011 ("PE May 2011") and five months ended 31 May 2012 ("PE May 2012"), the Unaudited Pro Forma Balance Sheet of Dynasty REIT as at 31 December 2011 and 31 May 2012 and the Unaudited Pro Forma Statement of Cash Flows of Dynasty REIT for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012.

The Unaudited Pro Forma Financial Information has been compiled based on:

(a) the restated financial statements (financial statements prepared in accordance with accounting principles generally accepted in the PRC, restated to align to International Financial Reporting Standards) of the PRC Property Companies for the financial year ended 31 December 2011;

(b) the restated financial statements (financial statements prepared in accordance with accounting principles generally accepted in Hong Kong, restated to align to International Financial Reporting Standards) of the Hong Kong Holding Companies for the financial year ended 31 December 2011;

(c) the unaudited management accounts of BVI Intermediate Companies and Cayman Intermediate Company for the financial year ended 31 December 2011;

(d) the unaudited interim financial statements of the PRC Property Companies, the Hong Kong Holding Companies, BVI Intermediate Companies and Cayman Intermediate Company for the five months ended 31 May 2011 and 2012, which are prepared in accordance with International Financial Reporting Standards;

(e) the unaudited balance sheet of BVI Holding Company at its incorporation; and

(f) the unaudited balance sheet of Dynasty REIT at its constitution.

The Unaudited Pro Forma Statements of Total Return and Unaudited Pro Forma Statements of Cash Flows for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012 reflect the financial performance and cash flows of Dynasty REIT and its subsidiaries (the "Pro Forma Group") had the Pro Forma Group been in place and completed the Acquisitions on 1 January 2011, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Balance Sheets as at 31 December 2011 and 31 May 2012 reflect the financial position of the Pro Forma Group, had the Pro Forma Group been in place and completed the Acquisitions on 31 December 2011 and 31 May 2012 respectively, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Financial Information has been prepared on the basis of the accounting policies set out in Section F and is to be read in conjunction with Section G.

The objective of the Unaudited Pro Forma Financial Information is to show what the financial performance, financial position and cash flows might have been, had the Pro Forma Group as described above existed at an earlier date. However, the Unaudited Pro Forma Financial

Information is not necessarily indicative of the financial performance, financial position and cash flows of the operations that would have been attained had the Pro Forma Group actually existed earlier. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro Forma Group's actual financial performance, financial positions or cash flows.

The audited financial statements of the PRC Property Companies for the financial year ended 31 December 2011 were prepared in accordance with accounting principles generally accepted in the PRC and were audited by KPMG China in accordance with auditing standards generally accepted in the PRC. The auditors' reports on these financial statements were not subject to any qualifications, modifications or disclaimers.

The audited financial statements of the Hong Kong Holding Companies for the financial year ended 31 December 2011 were prepared in accordance with accounting principles generally accepted in Hong Kong and were audited by KPMG Hong Kong in accordance with auditing standards generally accepted in Hong Kong. The auditors' reports on these financial statements were not subject to any qualifications, modifications or disclaimers.

No audited financial statements have been prepared for the BVI Intermediate Companies and Cayman Intermediate Company as they are not subject to statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

The unaudited interim financial statements of the PRC Property Companies, the Hong Kong Holding Companies, BVI Intermediate Companies and Cayman Intermediate Company for the five months ended 31 May 2011 and 2012 are a component of the unaudited interim financial statements for the five months ended 31 May 2011 and 2012, and were reviewed by KPMG LLP Singapore, in accordance with auditing standards generally accepted in Singapore. The auditors' reports on these financial statements were not subject to any qualifications, modifications or disclaimers.

1 Unaudited Pro Forma Balance Sheets

The Unaudited Pro Forma Balance Sheets as at 31 December 2011 and 31 May 2012 have been prepared to reflect the financial position of the Pro Forma Group had the Pro Forma Group been in place and completed the Acquisitions on 31 December 2011 and 31 May 2012 respectively.

In arriving at the Unaudited Pro Forma Balance Sheets as at 31 December 2011 and 31 May 2012, the following key adjustments were made:

- Adjustment to reflect the settlement of net borrowings of RMB3,113.9 million (comprising the settlement of an entrust term loan extended to related corporations of RMB228.7 million, bank loans of RMB2,802.1 million and interest payable of RMB9.5 million and termination of cross currency interest rate swaps of RMB73.6 million) prior to the Initial Public Offering and draw down of bank borrowings of RMB2,801.7 million (net of transaction costs of RMB71.3 million) by Dynasty REIT on 31 December 2011;

- Adjustment to reflect the settlement of net borrowings of RMB3,122.2 million (comprising the settlement of an entrust term loan extended to related corporations of RMB232.1 million, bank loans of RMB2,812.2 million and interest payable of RMB7.6 million and termination of cross currency interest rate swaps

of RMB70.3 million) prior to the Initial Public Offering and draw down of bank borrowings of RMB2,801.7 million (net of transaction costs of RMB71.3 million) by Dynasty REIT on 31 May 2012;

- Adjustments to reflect the net proceeds of RMB4,794.3 million (net of issue costs of RMB255.7 million) arising from the Initial Public Offering relating to the issuance of 1,147,730,000 Units in Dynasty REIT on 31 December 2011 and 31 May 2012 at an assumed issue price of RMB4.40 per Unit;

- Adjustments to reflect the Acquisitions at the net purchase consideration of RMB5,079.8 million (including the purchase consideration for the Properties of RMB7,406.0 million) on 31 December 2011 and 31 May 2012 and the reversal of deferred tax liabilities relating to the change in fair value of the Properties prior to the Acquisitions;

- Adjustments to reflect the revaluation of the Properties to RMB7,681.5 million on the date of acquisition ("Acquisition Date") and recognition of deferred tax liabilities of RMB68.9 million arising from the change in fair value of the Properties of RMB275.5 million; and

- Adjustments to reflect the receipt of cash and cash equivalents of RMB491.0 million relating to Distribution per Unit support ("DPU Support") from the Vendors.

In addition, the following key assumptions were made:

- On Acquisition Date, the Properties were revalued to RMB7,681.5 million and a change in fair value of the Properties of RMB275.5 million was recognised.

- Cash and cash equivalents of RMB491.0 million relating to DPU Support was received from the Vendors on 31 December 2011 and 31 May 2012; and

- The exchange rates between SGD, HKD and RMB are assumed to be as follows as at 31 December 2011 and 31 May 2012:

	31 December 2011	**31 May 2012**
SGD and RMB	0.2058	0.2022
HKD and RMB	1.2329	1.2185

2 Unaudited Pro Forma Statements of Total Return

The Unaudited Pro Forma Statements of Total Return have been prepared to reflect the financial performance of the Pro Forma Group had the Pro Forma Group been in place and completed the Acquisitions on 1 January 2011.

In arriving at the Unaudited Pro Forma Statements of Total Return for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012, the following key adjustments were made:

- Adjustments to reverse the change in fair value of the Properties prior to the Acquisitions and deferred tax expenses arising from these changes in fair value of the Properties;

- Adjustments to reflect the change in fair value of the Properties of RMB275.5 million and corresponding deferred tax expenses of RMB68.9 million arising from the revaluation of the Properties to RMB7,681.5 million on 1 January 2011;

- Adjustments to reverse net finance costs (including amortisation of transaction costs) pertaining to net borrowings settled prior to the Initial Public Offering and reflect net finance costs (including amortisation of transaction costs) based on bank borrowings drawn down by Dynasty REIT; and

- Adjustments to reverse expenses that are not in line with Dynasty REIT's structure and replace them with similar expenses based on Dynasty REIT's structure, and include Manager's fees, Trustee's fees, Property Manager's fees, other trust expenses and expenses relating to Dynasty REIT being listed on SGX-ST.

In addition, the following key assumptions were made:

- Settlement of net borrowings of RMB1,818.0 million (comprising settlement of an entrust term loan extended to related corporations of RMB30.8 million, bank loans of RMB1,724.6 million and interest payable of RMB4.9 million and termination of cross currency interest rate swaps of RMB57.7 million) on 1 January 2011;

- The Acquisitions at a net purchase consideration of RMB5,079.8 million (including the purchase consideration for the Properties of RMB7,406.0 million) were funded with the following:

  - net proceeds arising from the Initial Public Offering of RMB4,794.3 million (net of issue costs of RMB255.7 million); and

  - draw down of bank borrowings of RMB2,801.7 million (net of transaction costs of RMB71.3 million) by Dynasty REIT;

- On 1 January 2011, the Properties were revalued to RMB7,681.5 million and a change in fair value of the Properties of RMB275.5 million was recognised. Subsequent to 1 January 2011, there was no change in the fair value of the Properties;

- The effective interest expense on the bank borrowings drawn down by Dynasty REIT is estimated to be 3.53% per annum;

- Manager's fees, Trustee's fees and Property Manager's fees were computed based on the formula as set out in Section G;

- No interest income was earned on the additional cash balance; and

- The exchange rates between Singapore dollar ("SGD"), Hong Kong dollar ("HKD") and RMB are assumed to be as follows:

	Average rate for FY2011	Average rate for PE May 2011	Average rate for PE May 2012
SGD and RMB	0.1943	0.1918	0.1993
HKD and RMB	1.2066	1.1902	1.2296

3 Unaudited Pro Forma Statements of Cash Flows

The Unaudited Pro Forma Statements of Cash Flows for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012 have been prepared to reflect the cash flows of the Pro Forma Group had the Pro Forma Group been in place and completed the Acquisitions on 1 January 2011.

In arriving at the Unaudited Pro Forma Statements of Cash Flows for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012, the following key adjustments were made:

- Adjustment to reflect the settlement of net borrowings of RMB1,818.0 (comprising the settlement of an entrust term loan extended to related corporations of RMB30.8 million, bank loans of RMB1,724.6 million and interest payable of RMB4.9 million and termination of cross currency interest rate swaps of RMB57.7 million) and draw down of bank borrowings of RMB2,801.7 million (net of transaction costs of RMB71.3 million) by Dynasty REIT on 1 January 2011;

- Adjustments to reflect the net proceeds of RMB4,794.3 million (net of issue costs of RMB255.7 million) arising from the Initial Public Offering relating to the issuance of 1,147,730,000 Units in Dynasty REIT on 1 January 2011 at an assumed issue price of RMB4.40 per Unit;

- Adjustments to reflect the Acquisitions at the net purchase consideration of RMB5,079.8 million (including the purchase consideration for the Properties of RMB7,406.0 million) on 1 January 2011 and the reversal of deferred tax liabilities relating to the change in fair value of the Properties prior to the Acquisitions;

- Adjustments to reflect the revaluation of the Properties to RMB7,681.5 million on Acquisition Date and recognition of deferred tax liabilities of RMB68.9 million arising from the change in fair value of the Properties of RMB275.5 million;

- Adjustments to reflect the receipt of cash and cash equivalents of RMB491.0 million relating to DPU Support from the Vendors;

- Adjustments to reverse net finance costs (including amortisation of transaction costs) pertaining to net borrowings settled prior to the Initial Public Offering and reflect net finance costs (including amortisation of transaction costs) based on bank borrowings drawn down by Dynasty REIT; and

- Adjustments to reverse expenses that are not in line with Dynasty REIT's structure and replace them with similar expenses based on Dynasty REIT's structure, and include Manager's fees, Trustee's fees, Property Manager's fees, other trust expenses and expenses relating to Dynasty REIT being listed on SGX-ST.

In addition, the following key assumptions were made:

- Settlement of net borrowings of RMB1,818.0 million (comprising settlement of an entrust term loan extended to related corporations of RMB30.8 million, bank loans of RMB1,724.6 million and interest payable of RMB4.9 million and termination of cross currency interest rate swaps of RMB57.7 million) on 1 January 2011;

- The Acquisitions at a net purchase consideration of RMB5,079.8 million (including the purchase consideration for the Properties of RMB7,406.0 million) were funded with the following:

  - o net proceeds arising from the Initial Public Offering of RMB4,794.3 million (net of issue costs of RMB255.7 million); and

  - o draw down of bank borrowings of RMB2,801.7 million (net of transaction costs of RMB71.3 million) by Dynasty REIT;

- On Acquisition Date, the Properties were revalued to RMB7,681.5 million and a change in fair value of the Properties of RMB275.5 million was recognised. Subsequent to Acquisition Date, there was no change in the fair value of the Properties;

- The effective interest expense on the bank borrowings drawn down by Dynasty REIT is estimated to be 3.53% per annum and is fully paid in cash on the last day of the period presented;

- Manager's fees, Trustee's fees and Property Manager's fees were computed based on the formula as set out in Section G and is paid fully in cash on the last day of the period presented; and

- The exchange rates between the SGD, HKD and RMB are assumed to be as follows:

	1 January 2011	Average rate for FY2011	31 December 2011
SGD and RMB	0.1938	0.1943	0.2058
HKD and RMB	1.1809	1.2066	1.2329

	1 January 2011	Average rate for PE May 2011	31 May 2011
SGD and RMB	0.1938	0.1918	1.1906
HKD and RMB	1.1809	1.1902	1.2004

	1 January 2012	Average rate for PE May 2012	31 May 2012
SGD and RMB	0.2058	0.1993	0.2022
HKD and RMB	1.2329	1.2296	1.2185

C UNAUDITED PRO FORMA BALANCE SHEETS

The Unaudited Pro Forma Balance Sheets as at 31 December 2011 and 31 May 2012 have been prepared for inclusion in the Prospectus and are presented below. Details of the Pro Forma adjustments made are set out on pages C-3 to C-4 of the Prospectus and are consistent with the assumptions described in the Basis of Preparation of Pro Forma Financial Information set out in Section B.

	Note	Aggregated Balance Sheet	Pro Forma Adjustments			Unaudited Pro Forma Balance Sheet
			Note (a)	Note (b)	Note (c)	
As at 31 December 2011		**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Non-current assets						
Plant and equipment	3	2,146	—	—	—	2,146
Investment properties	4	7,053,000	—	—	628,500	7,681,500
Deferred tax assets	5	27,987	—	—	—	27,987
		7,083,133	—	—	628,500	7,711,633
Current assets						
Trade and other receivables	6	793,654	(752,447)	—	—	41,207
Cash and cash equivalents	7	332,338	145,254	4,794,293	(4,588,848)	683,037
		1,125,992	(607,193)	4,794,293	(4,588,848)	724,244
Total assets		**8,209,125**	**(607,193)**	**4,794,293**	**(3,960,348)**	**8,435,877**
Non-current liabilities						
Loans and borrowings	8	(2,772,505)	(29,205)	—	—	(2,801,710)
Financial derivatives		(73,585)	73,585	—	—	—
Deferred tax liabilities	5	(320,929)	—	—	252,054	(68,875)
		(3,167,019)	44,380	—	252,054	(2,870,585)
Current liabilities						
Receipts in advance		(24,926)	—	—	—	(24,926)
Trade and other payables	9	(654,779)	533,245	—	—	(121,534)
Current tax payable		(16,328)	—	—	—	(16,328)
		(696,033)	533,245	—	—	(162,788)
Total liabilities		**(3,863,052)**	**577,625**	**—**	**252,054**	**(3,033,373)**
Net assets attributable to Unitholders		**4,346,073**	**(29,568)**	**4,794,293**	**(3,708,294)**	**5,402,504**

Notes to Pro Forma Adjustments:

(a) Adjustment to reflect the settlement of net borrowings prior to the Initial Public Offering and draw down of bank borrowings by Dynasty REIT.

(b) Adjustments to reflect the net proceeds from the Initial Public Offering in connection with the issuance of 1,147,730,000 Units in Dynasty REIT on 31 December 2011 at an assumed issue price of RMB4.40 per Unit and the receipt of cash payment of DPU Support from the Vendors.

(c) Adjustments to reflect (i) the Acquisitions; (ii) reversal of deferred tax liabilities relating to the change in fair value of the Properties prior to the Acquisition; and (iii) revaluation of the Properties and recognition of deferred tax liabilities on 31 December 2011.

DYNASTY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA FINANCIAL INFORMATION

As at 31 May 2012	Note	Aggregated Balance Sheet RMB'000	Pro Forma Adjustments Note (d) RMB'000	Note (e) RMB'000	Note (f) RMB'000	Unaudited Pro Forma Balance Sheet RMB'000
Non-current assets						
Plant and equipment	3	1,983	—	—	—	1,983
Investment properties	4	7,053,434	—	—	628,066	7,681,500
Deferred tax assets	5	25,829	—	—	—	25,829
		7,081,246	—	—	628,066	7,709,312
Current assets						
Trade and other receivables	6	468,614	(437,245)	—	—	31,369
Cash and cash equivalents	7	367,052	143,736	4,794,293	(4,588,848)	716,233
		835,666	(293,509)	4,794,293	(4,588,848)	747,602
Total assets		**7,916,912**	**(293,509)**	**4,794,293**	**(3,960,782)**	**8,456,914**
Non-current liabilities						
Loans and borrowings	8	(2,793,582)	(8,128)	—	—	(2,801,710)
Financial derivatives		(70,279)	70,279	—	—	—
Deferred tax liabilities	5	(324,544)	—	—	255,669	(68,875)
		(3,188,405)	62,151	—	255,669	(2,870,585)
Current liabilities						
Receipts in advance		(26,362)	—	—	—	(26,362)
Trade and other payables	9	(323,618)	212,694	—	—	(110,924)
Current tax payable		(12,387)	—	—	—	(12,387)
		(362,367)	212,694	—	—	(149,673)
Total liabilities		**(3,550,772)**	**274,845**	**—**	**255,669**	**(3,020,258)**
Net assets attributable to Unitholders		**4,366,140**	**(18,664)**	**4,794,293**	**(3,705,113)**	**5,436,656**

Notes to Pro Forma Adjustments:

(d) Adjustment to reflect the settlement of net borrowings prior to the Initial Public Offering and draw down of bank borrowings by Dynasty REIT.

(e) Adjustments to reflect the net proceeds from the Initial Public Offering in connection with the issuance of 1,147,730,000 Units in Dynasty REIT on 31 May 2012 at an assumed issue price of RMB4.40 per Unit and the receipt of cash payment of DPU Support from the Vendors.

(f) Adjustments to reflect (i) the Acquisitions; (ii) reversal of deferred tax liabilities relating to the change in fair value of the Properties prior to the Acquisition; and (iii) revaluation of the Properties and recognition of deferred tax liabilities on 31 May 2012.

D UNAUDITED PRO FORMA INCOME STATEMENTS

The Unaudited Pro Forma Statement of Total Return of the Pro Forma Group for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012 have been prepared for inclusion in the Prospectus and is presented below. Details of the Pro Forma adjustments made are set out on pages C-4 to C-6 of the Prospectus and are consistent with the assumptions described in the Basis of Preparation of Pro Forma Financial Information set out in Section B.

Year ended 31 December 2011	Note	Aggregated Income Statements RMB'000	Pro Forma Adjustments Note (g) RMB'000	Note (h) RMB'000	Note (i) RMB'000	Unaudited Pro Forma Income Statement RMB'000
Gross rental income		295,712	—	—	—	295,712
Service charges		58,789	—	—	—	58,789
Other income	10	22,080	—	—	—	22,080
Gross revenue		**376,581**	**—**	**—**	**—**	**376,581**
Property-related taxes		(39,562)	—	—	—	(39,562)
Business taxes		(22,232)	—	—	—	(22,232)
Property management fees		(5,989)	—	—	(5,876)	(11,865)
Other property operating expenses	11	(100,059)	—	2,839	—	(97,220)
Total property operating expenses		**(167,842)**	**—**	**2,839**	**(5,876)**	**(170,879)**
Net property income		**208,739**	**—**	**2,839**	**(5,876)**	**205,702**
Manager's management fees		—	—	—	(34,564)	(34,564)
Trustee's fees		—	—	—	(2,531)	(2,531)
Administrative expenses		—	—	—	(10,000)	(10,000)
Net foreign exchange gains		6,400	—	(6,098)	—	302
Finance income		8,977	—	(7,811)	—	1,166
Finance costs		(122,364)	—	6,653	—	(115,711)
Change in fair value of investment properties		689,452	(413,952)	—	—	275,500
Total returns before income tax	12	**791,204**	**(413,952)**	**(4,417)**	**(52,971)**	**319,864**
Income tax expense	13	(68,005)	11,055	—	—	(56,950)
Total returns for the year		**723,199**	**(402,897)**	**(4,417)**	**(52,971)**	**262,914**

Notes to Pro Forma Adjustments:

(g) Adjustments to reverse the change in fair value of the Properties and deferred tax expenses arising from these changes in fair value of the Properties prior to the Acquisition and recognition of change in fair value of the Properties and corresponding deferred tax expenses on 1 January 2011.

(h) Adjustments to reverse net finance costs pertaining to net borrowings settled prior to the Initial Public Offering and reflect net finance costs based on bank borrowings drawn down by Dynasty REIT.

(i) Adjustments to reverse expenses that are not in line with Dynasty REIT's structure and replace them with similar expenses based on Dynasty REIT's structure, and include Manager's fees, Trustee's fees, Property Manager's fees, other trust expenses and expenses relating to Dynasty REIT being listed on SGX-ST.

Five months ended 31 May 2011	Note	Aggregated Income Statements RMB'000	Pro Forma Adjustments Note (j) RMB'000	Note (k) RMB'000	Note (l) RMB'000	Unaudited Pro Forma Income Statement RMB'000
Gross rental income		106,639	—	—	—	106,639
Service charges		23,493	—	—	—	23,493
Other income	10	11,510	—	—	—	11,510
Gross revenue		**141,642**	**—**	**—**	**—**	**141,642**
Property-related taxes		(14,634)	—	—	—	(14,634)
Business taxes		(9,060)	—	—	—	(9,060)
Property management fees		(2,138)	—	—	(1,289)	(3,427)
Other property operating expenses	11	(31,092)	—	2,878	—	(28,214)
Total property operating expenses		**(56,924)**	**—**	**2,878**	**(1,289)**	**(55,335)**
Net property income		**84,718**	**—**	**2,878**	**(1,289)**	**86,307**
Manager's management fees		—	—	—	(14,288)	(14,288)
Trustee's fees		—	—	—	(1,048)	(1,048)
Administrative expenses		—	—	—	(4,167)	(4,167)
Net foreign exchange gains		417	—	—	—	417
Finance income		3,587	—	(3,406)	—	181
Finance costs		(67,334)	—	6,348	—	(60,986)
Change in fair value of investment properties		—	275,500	—	—	275,500
Total returns before income tax	12	**21,388**	**275,500**	**5,820**	**(20,792)**	**281,916**
Income tax expense	13	(9,781)	(68,875)	—	—	(78,656)
Total returns for the period		**11,607**	**206,625**	**5,820**	**(20,792)**	**203,260**

Notes to Pro Forma Adjustments:

(j) Adjustments to reverse the change in fair value of the Properties and deferred tax expenses arising from these changes in fair value of the Properties prior to the Acquisition and recognition of change in fair value of the Properties and corresponding deferred tax expenses on 1 January 2011.

(k) Adjustments to reverse net finance costs pertaining to net borrowings settled prior to the Initial Public Offering and reflect net finance costs based on bank borrowings drawn down by Dynasty REIT.

(l) Adjustments to reverse expenses that are not in line with Dynasty REIT's structure and replace them with similar expenses based on Dynasty REIT's structure, and include Manager's fees, Trustee's fees, Property Manager's fees, other trust expenses and expenses relating to Dynasty REIT being listed on SGX-ST.

DYNASTY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA FINANCIAL INFORMATION

Five months ended 31 May 2012	Note	Aggregated Income Statements RMB'000	Pro Forma Adjustments Note (m) RMB'000	Pro Forma Adjustments Note (n) RMB'000	Unaudited Pro Forma Income Statement RMB'000
Gross rental income		149,902	—	—	149,902
Service charges		25,803	—	—	25,803
Other income	10	10,457	—	—	10,457
Gross revenue		**186,162**	**—**	**—**	**186,162**
Property-related taxes		(18,460)	—	—	(18,460)
Business taxes		(11,515)	—	—	(11,515)
Property management fees		(3,100)	—	(1,464)	(4,564)
Other property operating expenses	11	(35,184)	—	—	(35,184)
Total property operating expenses		**(68,259)**	**—**	**(1,464)**	**(69,723)**
Net property income		**117,903**	**—**	**(1,464)**	**116,439**
Manager's management fees		—	—	(15,877)	(15,877)
Trustee's fees		—	—	(1,057)	(1,057)
Administrative expenses		—	—	(4,167)	(4,167)
Net foreign exchange losses		(547)	—	—	(547)
Finance income		500	—	—	500
Finance costs		(68,288)	7,428	—	(60,860)
Total returns before income tax	12	**49,568**	**7,428**	**(22,565)**	**34,431**
Income tax expense	13	(10,201)	—	—	(10,201)
Total returns for the period		**39,367**	**7,428**	**(22,565)**	**24,230**

Notes to Pro Forma Adjustments:

(m) Adjustments to reverse net finance costs pertaining to net borrowings settled prior to the Initial Public Offering and reflect net finance costs based on bank borrowings drawn down by Dynasty REIT.

(n) Adjustments to reverse expenses that are not in line with Dynasty REIT's structure and replace them with similar expenses based on Dynasty REIT's structure, and include Manager's fees, Trustee's fees, Property Manager's fees, other trust expenses and expenses relating to Dynasty REIT being listed on SGX-ST.

E UNAUDITED PRO FORMA STATEMENTS OF CASH FLOWS

The Unaudited Pro Forma Statements of Cash Flows for the financial year ended 31 December 2011 and five months ended 31 May 2011 and 2012 have been prepared for inclusion in the Prospectus and is presented below. Details of the Pro Forma adjustments made are set out on pages C-6 and C-7 of the Prospectus and are consistent with the assumptions described in the Basis of Preparation of Pro Forma Financial Information set out in Section B.

	Aggregated Statement of Cash Flows	Pro Forma Adjustments			Unaudited Pro Forma Statement of Cash Flows
		Note (o)	Note (p)	Note (q)	
Year ended 31 December 2011	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Cash flow from operating activities					
Total returns for the year	723,199	(4,417)	—	(455,868)	262,914
Adjustments for:					
Change in fair value of investment property	(689,452)	—	—	413,952	(275,500)
Depreciation of plant and equipment	547	—	—	—	547
Income tax expense	68,005	—	—	(11,055)	56,950
Interest income	(8,977)	7,811	—	—	(1,166)
Unrealised foreign exchange gain	(6,400)	6,098	—	—	(302)
Bad debts	86	—	—	—	86
Finance costs	122,364	(6,653)	—	—	115,711
	209,372	2,839	—	(52,971)	159,240
Changes in working capital:					
Trade and other receivables	137,011	—	—	—	137,011
Trade and other payables	(49,966)	—	—	—	(49,966)
Receipt in advance	6,717	—	—	—	6,717
Cash generated from operations	303,134	2,839	—	(52,971)	253,002
Tax paid	(5,629)	—	—	—	(5,629)
Net cash from operating activities	**297,505**	**2,839**	**—**	**(52,971)**	**247,373**
Cash flow from investing activities					
Purchase of plant and equipment	(2,038)	—	—	—	(2,038)
Capital expenditure on investment properties	(17,549)	—	—	—	(17,549)
Proceeds from disposal of plant and equipment	787	—	—	—	787
Interest received	8,977	(7,811)	—	—	1,166
Acquisitions of subsidiaries	—	—	(5,079,848)	—	(5,079,848)
Net cash used in investing activities	**(9,823)**	**(7,811)**	**(5,079,848)**	**—**	**(5,097,482)**

Year ended 31 December 2011	Aggregated Statement of Cash Flows RMB'000	Pro Forma Adjustments Note (o) RMB'000	Note (p) RMB'000	Note (q) RMB'000	Unaudited Pro Forma Statement of Cash Flows RMB'000
Cash flows from financing activities					
Proceeds from issue of shares	—	—	4,794,293	—	4,794,293
Proceeds from bank borrowings	1,077,428	1,724,282	—	—	2,801,710
Repayment of bank borrowings	(900,000)	(1,724,646)	—	—	(2,624,646)
Settlement of financial derivatives	—	(73,585)	—	—	(73,585)
Advance from/(repayment of advances from) related corporations	17,773	(533,245)	—	—	(515,472)
(Advance to)/Receipt of repayment of advances to related corporations	(271,330)	752,446	—	—	481,116
Capital contribution by Vendor (DPU Support)	—	—	491,000	—	491,000
Interest paid	(122,364)	6,653	—	—	(115,711)
Change in restricted cash	(179,123)	234,464	—	—	55,341
Net cash (used in)/from financing activities	**(377,616)**	**386,369**	**5,285,293**	**—**	**5,294,046**
Net (decrease)/increase in cash and cash equivalents	(89,934)	381,397	205,445	(52,971)	443,937
Cash and cash equivalents at beginning of year	200,510	—	—	—	200,510
Effect of exchange rate fluctuations on cash balances held in foreign currencies	(12,701)	—	—	—	(12,701)
Cash and cash equivalents at end of year	97,875	381,397	205,445	(52,971)	631,746

Notes to Pro Forma Adjustments:

(o) Adjustment to reflect the settlement of net borrowings prior to the Initial Public Offering, draw down of bank borrowings by Dynasty REIT, reverse net finance costs pertaining to net borrowings settled prior to the Initial Public Offering and reflect net finance costs based on bank borrowings drawn down by Dynasty REIT.

(p) Adjustments to reflect the net proceeds from the Initial Public Offering in connection with the issuance of 1,147,730,000 Units in Dynasty REIT on 1 January 2011 at an assumed issue price of RMB4.40 per Unit, the receipt of cash payment of DPU Support from the Vendors and payment for the Acquisitions.

(q) Adjustments to (i) reverse the change in fair value of the Properties and deferred tax expenses arising from these changes in fair value of the Properties prior to the Acquisition; (ii) reflect the change in fair value of the Properties and deferred tax expenses on 1 January 2011; (iii) reverse expenses that are not in line with Dynasty REIT's structure and replace them with similar expenses based on Dynasty REIT's structure; and (iv) include Manager's fees, Trustee's fees, Property Manager's fees, other trust expenses and expenses relating to Dynasty REIT being listed on SGX-ST.

Five months ended 31 May 2011	Aggregated Statement of Cash Flows RMB'000	Pro Forma Adjustments Note (r) RMB'000	Note (s) RMB'000	Note (t) RMB'000	Unaudited Pro Forma Statement of Cash Flows RMB'000
Cash flow from operating activities					
Total returns for the period	11,607	5,820	—	185,833	203,260
Adjustments for:					
Change in fair value of investment property	—	—	—	(275,500)	(275,500)
Depreciation of plant and equipment	196	—	—	—	196
Income tax expense	9,781	—	—	68,875	78,656
Interest income	(3,587)	3,406	—	—	(181)
Unrealised foreign exchange gain	(417)	—	—	—	(417)
Finance costs	67,334	(6,348)	—	—	60,986
	84,914	2,878	—	(20,792)	67,000
Changes in working capital:					
Trade and other receivables	13,577	—	—	—	13,577
Trade and other payables	(874,079)	—	—	—	(874,079)
Receipt in advance	(6,002)	—	—	—	(6,002)
Cash used in operations	(781,590)	2,878	—	(20,792)	(799,504)
Tax paid	(8,929)	—	—	—	(8,929)
Net cash used in operating activities	**(790,519)**	**2,878**	**—**	**(20,792)**	**(808,433)**
Cash flow from investing activities					
Purchase of plant and equipment	(167)	—	—	—	(167)
Capital expenditure on investment properties	(11,370)	—	—	—	(11,370)
Interest received	3,587	(3,406)	—	—	181
Acquisitions of subsidiaries	—	—	(5,079,848)	—	(5,079,848)
Net cash used in investing activities	**(7,950)**	**(3,406)**	**(5,079,848)**	**—**	**(5,091,204)**

Five months ended 31 May 2011	Aggregated Statement of Cash Flows RMB'000	Pro Forma Adjustments Note (r) RMB'000	Note (s) RMB'000	Note (t) RMB'000	Unaudited Pro Forma Statement of Cash Flows RMB'000
Cash flows from financing activities					
Proceeds from issue of shares	—	—	4,794,293	—	4,794,293
Proceeds from bank borrowings	900,000	1,901,710	—	—	2,801,710
Repayment of bank borrowings	—	(1,764,644)	—	—	(1,764,644)
Settlement of financial derivatives	—	(76,620)	—	—	(76,620)
Repayment of advances from related corporations	—	(199,098)	—	—	(199,098)
Receipt of repayment of advances to related corporations	—	166,097	—	—	166,097
Capital contribution by Vendor (DPU Support)	—	—	491,000	—	491,000
Interest paid	(39,582)	6,348	—	—	(33,234)
Change in restricted cash	(167,290)	222,629	—	—	55,339
Net cash from financing activities	**693,128**	**256,422**	**5,285,293**	**—**	**6,234,843**
Net (decrease)/increase in cash and cash equivalents	(105,341)	255,894	205,445	(20,792)	335,206
Cash and cash equivalents at beginning of period	200,510	—	—	—	200,510
Effect of exchange rate fluctuations on cash balances held in foreign currencies	(450)	—	—	—	(450)
Cash and cash equivalents at end of period	94,719	255,894	205,445	(20,792)	535,266

Notes to Pro Forma Adjustments:

(r) Adjustment to reflect the settlement of net borrowings prior to the Initial Public Offering, draw down of bank borrowings by Dynasty REIT, reverse net finance costs pertaining to net borrowings settled prior to the Initial Public Offering and reflect net finance costs based on bank borrowings drawn down by Dynasty REIT.

(s) Adjustments to reflect the net proceeds from the Initial Public Offering in connection with the issuance of 1,147,730,000 Units in Dynasty REIT on 1 January 2011 at an assumed issue price of RMB4.40 per Unit, the receipt of cash payment of DPU Support from the Vendors and payment for the Acquisitions.

(t) Adjustments to (i) reverse the change in fair value of the Properties and deferred tax expenses arising from these changes in fair value of the Properties prior to the Acquisition; (ii) reflect the change in fair value of the Properties and deferred tax expenses on 1 January 2011; (iii) reverse expenses that are not in line with Dynasty REIT's structure and replace them with similar expenses based on Dynasty REIT's structure; and (iv) include Manager's fees, Trustee's fees, Property Manager's fees, other trust expenses and expenses relating to Dynasty REIT being listed on SGX-ST.

Five months ended 31 May 2012	Aggregated Statement of Cash Flows RMB'000	Pro Forma Adjustments Note (u) RMB'000	Note (v) RMB'000	Note (w) RMB'000	Unaudited Pro Forma Statement of Cash Flows RMB'000
Cash flow from operating activities					
Total returns for the period	39,367	7,428	—	(22,565)	24,230
Adjustments for:					
Depreciation of plant and equipment	349	—	—	—	349
Income tax expense	10,201	—	—	—	10,201
Interest income	(500)	—	—	—	(500)
Unrealised foreign exchange gain	547	—	—	—	547
Finance costs	68,288	(7,428)	—	—	60,860
	118,252	—	—	(22,565)	95,687
Changes in working capital:					
Trade and other receivables	(1,064)	—	—	—	(1,064)
Trade and other payables	(9,862)	—	—	—	(9,862)
Receipt in advance	1,435	—	—	—	1,435
Cash generated from operations	108,761	—	—	(22,565)	86,196
Tax paid	(13,562)	—	—	—	(13,562)
Net cash from operating activities	**95,199**	**—**	**—**	**(22,565)**	**72,634**
Cash flow from investing activities					
Purchase of plant and equipment	(204)	—	—	—	(204)
Capital expenditure on investment properties	(434)	—	—	—	(434)
Proceeds from disposal of plant and equipment	23	—	—	—	23
Interest received	490	—	—	—	490
Net cash used in investing activities	**(125)**	**—**	**—**	**—**	**(125)**
Cash flows from financing activities					
Repayment of bank borrowings	(11,000)	11,000	—	—	—
Interest paid	(48,955)	7,428	—	—	(41,527)
Change in restricted cash	(61,960)	—	—	—	(61,960)
Net cash used in financing activities	**(121,915)**	**18,428**	**—**	**—**	**(103,487)**

Five months ended 31 May 2012	Aggregated Statement of Cash Flows RMB'000	Pro Forma Adjustments Note (u) RMB'000	Note (v) RMB'000	Note (w) RMB'000	Unaudited Pro Forma Statement of Cash Flows RMB'000
Net decrease in cash and cash equivalents	(26,841)	18,428	—	(22,565)	(30,978)
Cash and cash equivalents at beginning of period	97,875	381,397	205,445	(52,971)	631,746
Effect of exchange rate fluctuations on cash balances held in foreign currencies	(403)	—	—	—	(403)
Cash and cash equivalents at end of period	70,631	399,825	205,445	(75,536)	600,365

Notes to Pro Forma Adjustments:

(u) Adjustment to reverse net finance costs pertaining to net borrowings settled prior to the Initial Public Offering and reflect net finance costs based on bank borrowings drawn down by Dynasty REIT.

(v) Adjustments to reflect the net proceeds from the Initial Public Offering in connection with the issuance of 1,147,730,000 Units in Dynasty REIT on 1 January 2011 at an assumed issue price of RMB4.40 per Unit, the receipt of cash payment of DPU Support from the Vendors and payment for the Acquisitions.

(w) Adjustments to (i) reverse expenses that are not in line with Dynasty REIT's structure and replace them with similar expenses based on Dynasty REIT's structure; and (ii) include Manager's fees, Trustee's fees, Property Manager's fees, other trust expenses and expenses relating to Dynasty REIT being listed on SGX-ST.

F NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1 Basis of preparation

(a) Statement of compliance

The Unaudited Pro Forma Financial Information is prepared in accordance with the basis set out in Section B and applied to financial information prepared in accordance with Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" ("RAP 7") issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Code of Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provision of the Trust Deed.

(b) Basis of measurement

The financial information on the Pro Forma Financial Information is prepared on the historical cost basis except as disclosed in the accounting policies below.

(c) Functional and presentation currency

The financial information is presented in Renminbi ("RMB") which is Dynasty REIT's functional currency. All Unaudited Pro Forma Financial Information presented in RMB has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 estimates are revised and any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial information is included in the following notes:

Note 4 — Valuation of investment properties

Note 6 — Recoverability of loans and receivables

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 5 — Utilisation of tax losses

2 Significant accounting policies

The accounting policies set out below have been applied consistently throughout the period presented in these financial information, and have been applied consistently by the Pro Forma Group.

(a) Basis of consolidation

(i) 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 Pro Forma 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 Pro Forma 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 Pro Forma 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.

For non-controlling interests that are present ownership interest and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Pro Forma Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

If the business combination is achieved in stages, the Pro Forma Group's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Pro Forma Group. Control exists when the Pro Forma Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Pro Forma Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Upon the loss of control, the Pro Forma Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Pro Forma Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iii) Special purpose entities

The Pro Forma Group has established a number of special purpose entities ("SPE") for investment purposes. The Pro Forma Group may not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Pro Forma Group, and the SPE's risks and rewards, the Pro Forma Group concludes that it controls the SPE. SPEs controlled by the Pro Forma Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Pro Forma Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the Financial Information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's balance sheet at cost less accumulated impairment losses.

(b) Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Pro Forma 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").

Transactions in foreign currencies are translated to the respective functional currencies of the Pro Forma Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated 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 costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from retranslation are recognised in profit or loss, except for differences arising from the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation (see (ii) below), or qualifying cash flow hedges, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising from the acquisition, are translated to Renminbi at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Renminbi at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal. When the Pro Forma Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(c) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to plant and equipment 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 the originally assessed standard of performance of the existing asset, will flow to the Pro Forma Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised on a straight-line basis over their estimated useful lives of each component of an item of plant and equipment as follows:

Furniture and fittings	— 2 to 5 years
Computers	— 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if necessary, at each reporting date.

(d) Investment property

Investment properties are properties held either to earn rental income or for capital appreciation or both. They are not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment properties are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Rental income from investment properties is accounted for in the manner described in Note 2(k). 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.

(e) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Pro Forma Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Pro Forma Group's contractual rights to the cash flows from the financial assets expire or if the Pro Forma Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Pro Forma Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Pro Forma Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

Others

Subsequent to initial recognition, other non-derivative financial instruments which are categorised as loans and receivables or financial liabilities, are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments and hedging activities

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income and presented in the hedging reserve in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the profit or loss.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

(iii) Financial guarantees

Financial guarantees classified as financial liabilities

Such financial guarantees are recognised initially at fair value and classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of (i) the amount that would be recognised if they were accounted for as contingent liabilities; and (ii) the initial fair value less cumulative amortisation. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Financial guarantees classified as insurance contracts

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Pro Forma Group's or Dynasty REIT's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

(iv) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In assessing collective impairment, the Pro Forma Group uses historical trends of probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser 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 original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(f) Impairment — non-financial assets

The carrying amounts of the Pro Forma 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, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated 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 generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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.

(g) Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Pro Forma Group's net assets upon termination and are classified as equity.

Incremental costs directly attributable to the issue of units are recognised as a deduction from Unitholders' funds.

(h) Employee benefits

Short term employee benefits

All short term employee benefits are recognised in profit or loss in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under variable bonus if the Pro Forma Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in profit or loss as incurred.

(i) Provision

A provision is recognised if, as a result of a past event, the Pro Forma Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits to be derived by the Pro Forma Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(j) Leases

When entities within the Pro Forma Group are lessees of an operating lease

Where the Pro Forma Group has the use of assets under operating leases, payments made under the leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

When entities within the Pro Forma Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties (see Note 2(d)).

(k) Revenue recognition

Rental income

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.

(l) Expenses

Manager's management fees, trustee fees and property manager's management fees

These fees are recognised on an accrual basis using the applicable formula stipulated in Section G.

(m) Finance income and costs

Interest income is recognised as it accrues using the effective interest method.

Borrowing costs are recognised in profit or loss using the effective interest method in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(n) Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense 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 on the taxable income 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.

Deferred tax is recognised using the balance sheet method, providing for 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 the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable returns, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the 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 to the extent that it is probable that future taxable returns will be available against which the temporary differences 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) Earnings per unit ("EPU")

Basic EPU is calculated by dividing the total return attributable to Unitholders by the weighted average number of ordinary units outstanding during the period. Diluted EPS is determined by adjusting the total return attributable to Unitholders and the weighted average number of ordinary units outstanding for the effects of all dilutive potential units.

(p) Segment reporting

An operating segment is a component of the Pro Forma 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 Pro Forma Group's other components. All operating segments' results are reviewed and used by the management for strategic decisions making and resources allocation.

(q) Related parties

For the purposes of these financial information, parties are considered to be related to the Pro Forma Group if the Pro Forma 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 Pro Forma Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

3 Plant and equipment

	Furniture and fittings RMB'000	Computers RMB'000	Total RMB'000
Cost			
At 1 January 2011	955	1,158	2,113
Additions during the year	1,122	916	2,038
Disposals during the year	(577)	(627)	(1,204)
At 31 December 2011	1,500	1,447	2,947
Additions during the period	60	144	204
Disposal during the year	(23)	—	(23)
At 31 May 2012	1,537	1,591	3,128
Accumulated deprecation			
At 1 January 2011	(276)	(395)	(671)
Depreciation for the year	(232)	(315)	(547)
Disposal during the year	158	259	417
At 31 December 2011	(350)	(451)	(801)
Depreciation for the year	(147)	(197)	(344)
At 31 May 2012	(497)	(648)	(1,145)
Carrying amount			
At 31 December 2011	1,150	996	2,146
At 31 May 2012	1,040	943	1,983

4 Investment properties

	31 December 2011 RMB'000	31 May 2012 RMB'000
Investment properties	7,681,500	7,681,500

Description of Leasehold Property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation RMB'000	Percentage of net assets attributable to Unitholders %
Nanjing IFC	No. 1 Hanzhong Road, Baixia District, Nanjing	33	33	2,777,900	49.30
Dalian TRC	No. 139-1 Xi'an Road, Shahekou District, Dalian	30	30	3,281,600	58.23
Shanghai ICP	1318, North Sichuan Road, Hongkou District, Shanghai	33	33	1,622,000	28.78
				7,681,500	

(a) Investment properties comprise retail malls and office space that are leased to external customers. The lease terms range from 8 to 20 years for anchor tenants and 2 to 5 years for the non-anchor tenants.

(b) Investment properties are stated at fair value based on the average of two valuations performed by independent professional valuers at 31 May 2012. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered valuation techniques including the direct comparison method, discounted cash flow method and/or capitalisation approach in arriving at the open market value as at the balance sheet date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The discounted cash flow method involves estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of the market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

The independent professional valuations were carried out by the following valuers on the date stated below:

Valuers	Valuation Date
Jones Lang LaSalle Limited	31 May 2012
CBRE HK Limited	31 May 2012
Knight Frank Petty Limited	31 May 2012

(c) Contingent rents, representing income based on certain sales achieved by tenants, recognised in profit or loss during the year ended 31 December 2011 and five months ended 31 May 2011 and 2012 amounted to RMB10.3 million, RMB28.5 million and RMB11.4 million respectively.

(d) At 31 December 2011 and 31 May 2012, investment properties with carrying value totalling approximately RMB7,681.5 million were mortgaged to banks to secure credit facilities for the Pro Forma Group.

5 Deferred tax

	31 December 2011 RMB'000	31 May 2012 RMB'000
Deferred tax assets		
Tax value of loss carry-forward	27,987	25,829
Deferred tax liabilities		
Investment properties	68,875	68,875

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable returns will be available against which the Pro Forma Group can utilise the benefits there from:

	31 December 2011 RMB'000	31 May 2012 RMB'000
Tax losses	38,024	38,342

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the countries in which the subsidiaries operate.

6 Trade and other receivables

	31 December 2011 RMB'000	31 May 2012 RMB'000
Trade receivables	22,464	12,753
Allowance for doubtful receivables	(703)	(468)
	21,761	12,285
Deposits	2,460	27
Other receivables	402	3,489
Loans and receivables	24,623	15,801
Prepayment	16,584	15,568
	41,207	31,369

Concentration of credit risk relating to trade receivables is limited due to the Pro Forma Group's many varied tenants and the credit policy of obtaining security deposits from tenants for leasing the Pro Forma Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades and medium to long term office tenants. The Pro Forma Group's historical experience in the collection of accounts receivable falls within the recorded allowances. The Pro Forma Group believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Pro Forma Group's trade receivables, based on historical payment behaviours and the security deposits held.

Allowances for doubtful receivables

The ageing of loan and receivables at the reporting date is:

	31 December 2011		31 May 2012	
	Gross RMB'000	Allowances for doubtful receivables RMB'000	Gross RMB'000	Allowances for doubtful receivables RMB'000
Not past due	21,647	—	12,945	—
Past due 0 — 30 days	2,608	—	1,527	—
Past due 31 — 90 days	148	—	901	—
Past due 91 — 180 days	110	—	896	—
More than 180 days	813	(703)	—	(468)
	25,326	(703)	16,269	(468)

The movement in allowances for doubtful debts in respect of loans and receivables during the year is as follows:

	31 December 2011 RMB'000	31 May 2012 RMB'000
At 1 January	—	703
Allowances made during the year/period	703	—
Utilisation of allowances	—	(235)
	703	468

The majority of the trade receivables are mainly from tenants that have good credit records with the Pro Forma Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Pro Forma Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

7 Cash and cash equivalents

	31 December 2011 RMB'000	31 May 2012 RMB'000
Cash at bank and in hand	683,037	716,233

Cash at bank and in hand includes DPU Support received from the Vendors, amounting to RMB491.0 million, in connection with the acquisition of the Properties. The weighted average effective interest rate per annum relating to cash and cash equivalents at the balance sheet date is 0.15%. Interest rates reprice at intervals of one, three or six months.

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

8 Loans and borrowings

	31 December 2011 RMB'000	31 May 2012 RMB'000
Non-current liabilities		
Secured bank loans	2,873,000	2,873,000
Less: Unamortised transaction costs	(71,290)	(71,290)
	2,801,710	2,801,710
Maturity of gross interest-bearing borrowings:		
— within 1 year	—	—
— after 1 year but within 5 years	2,801,710	2,801,710
	2,801,710	2,801,710

The Pro Forma Group has in place the following facilities:-

- a RMB3,349.9 million equivalent three-year secured term loan and revolving credit facility to BVI Holding Company and Hong Kong Holding Companies (collectively, the "Offshore Borrowers") (the "Offshore Loan") which is guaranteed by Dynasty REIT, the BVI Intermediate Companies and the Cayman Intermediate Company. The Offshore Loan is secured by a pledge of shares over the entire issued share capital or equity interest of BVI Holding Company and each of its subsidiaries, fixed and floating first legal charge and debenture over all of the assets of BVI Holding Company and each of its subsidiaries and assignment of rights under material contracts with the Onshore Borrowers. The Offshore Loan is repayable in full at maturity in October 2015, however, the Pro Forma Group has the option to make prepayments in whole or in part, subject to the minimum amount of RMB10 million in multiples of RMB1 million;

- a RMB401.4 million equivalent three-year secured term loan facility to the PRC Property Companies (the "Onshore Loan") which is guaranteed by Dynasty REIT. The Onshore Loan is secured by first priority mortgages over the Properties and bank accounts and assignment of rights under all material agreements with the PRC Property Companies, pledge over receivables from the Properties and/or all proceeds arising from tenancy agreements. The Onshore Loan is repayable in full at maturity in October 2015, however, the Pro Forma Group has the option to make prepayments in whole or in part subject to the minimum amount of RMB3 million in multiples of RMB1 million and the Onshore Loan shall not be repaid in full prior to the full repayment of the Offshore Loan.

The Offshore Loan bears a floating interest rate of 1.97% per annum above the relevant Singapore Swap Offer Rate. The Onshore Loans bear a floating interest rate of 3.75% per annum above the three-month Hong Kong Inter Bank Offer Rate and 120% per annum above the People's Bank of China base lending rate.

At 31 December 2011, the weighted average effective interest rate of the interest-bearing borrowings is 3.53% per annum.

9 Trade and other payables

	31 December 2011 RMB'000	31 May 2012 RMB'000
Trade payables	12,379	6,155
Security deposit received	86,556	96,165
Other payables and accrued operating expenses	22,599	8,604
	121,534	110,924

10 Other income

	FY2011 RMB'000	PE May 2011 RMB'000	PE May 2012 RMB'000
Carpark income	8,125	4,607	4,996
Advertising income	2,053	823	408
Miscellaneous income	11,902	6,080	5,053
	22,080	11,510	10,457

11 Other property operating expenses

	FY2011 RMB'000	PE May 2011 RMB'000	PE May 2012 RMB'000
Staff cost (include defined contribution plans)	20,171	6,486	7,001
Repair and maintenance	33,100	5,147	8,259
Utilities	15,886	7,657	8,381
Agency commission	8,484	3,007	2,982
Depreciation	547	196	349
Professional fee	5,117	3,574	2,923
Insurance	1,221	510	468
Other general and administrative expenses	12,694	1,637	4,821
	97,220	28,214	35,184

12 Total returns for the year

The following item has been included in arriving at total returns for the year:

	FY2011 RMB'000	PE May 2011 RMB'000	PE May 2012 RMB'000
Operating expenses arising from investment properties	156,181	51,144	60,849

13 Income tax expense

	FY2011 RMB'000	PE May 2011 RMB'000	PE May 2012 RMB'000
Current tax			
— Current year	12,151	3,912	3,072
— Withholding tax	3,544	2,254	1,447
— Under provision in respect of prior years	275	—	—
	15,970	6,166	4,519
Deferred tax			
— Origination and reversal of temporary differences	40,980	72,490	5,682
	56,950	78,656	10,201
Reconciliation of effective tax rate			
Total returns before taxation	319,864	281,916	34,431
Income tax using PRC tax rate of 25%	79,966	70,479	8,608
Income not subject to tax	(4,832)	(15,953)	(10,882)
Expenses not deductible for tax purposes	9,016	21,876	11,028
Recognition of previously unrecognised tax losses	(31,019)	—	—
Effect of withholding tax	3,544	2,254	1,447
Under provision in respect of prior years	275	—	—
	56,950	78,656	10,201

14 Earnings per unit

Basis and diluted earnings per unit are based on

	FY2011 RMB'000	PE May 2011 RMB'000	PE May 2012 RMB'000
Total returns after tax	262,914	203,260	24,230

Weighted average number of units	Number of units ('000)	Number of units ('000)	Number of units ('000)
Issued ordinary units at 1 January	*	*	*
Issue of units for the Acquisitions	1,147,730	1,147,730	1,147,730
Weighted average number of units at 31 December/31 May	1,147,730	1,147,730	1,147,730

** Less than 1,000 units*

For the purposes of earnings per unit computation, the number of units as at 31 December 2011 comprise the number of units issued as a result of the Acquisitions.

15 Financial risk management

The Pro Forma Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Interest rate risk
- Foreign currency risk
- Liquidity risk

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Pro Forma Group as and when they fall due.

The Pro Forma Group has credit policy in place and exposure to credit risk is monitored on an ongoing basis. Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Pro Forma Group's interest rate risk arises primarily from its interest-bearing financial liabilities which are variable rate instruments. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) total returns before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	100 bp increase RMB'000	**100 bp decrease RMB'000**
31 December 2011		
Variable rate bank loan	(25,600)	25,600
31 May 2012		
Variable rate bank loan	(25,600)	(25,600)

The Pro Forma Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis.

Foreign currency risk

The Pro Forma Group is exposed to foreign currency risk on cash and cash equivalents, trade and other receivables and trade and other payables that are denominated in foreign currencies, primarily in United States dollars, Singapore dollars ("SGD") and Hong Kong dollars.

There is no formal hedging policy with respect to foreign exchange exposures. Exposure to currency risk is monitored on an ongoing basis and the Pro Forma Group endeavours to keep the net exposure at an acceptable level.

The Pro Forma Group's exposures to foreign currency are as follows:

	United States dollars RMB'000	Singapore dollars RMB'000	Hong Kong dollars RMB'000
31 December 2011			
Cash and cash equivalents	47,378	17,496	14,830
Trade and other payables	—	—	(1,402)
Loans and borrowings	—	(2,318,492)	(469,537)
	47,378	(2,300,996)	(456,109)
31 May 2012			
Cash and cash equivalents	34,646	7,349	8,340
Trade and other payables	(34)	—	(39)
Loans and borrowings	—	(2,359,771)	(471,071)
	34,612	2,352,422	(462,770)

Sensitivity analysis

The following table indicates the approximate change in the Pro Forma Group's statement of total return in response to a 10% strengthening in foreign exchange rates to which the Pro Forma Group has significant exposure at the reporting date.

	FY2011 Statement of total return RMB'000	PE May 2012 Statement of total return RMB'000
United States dollars [(1)]	4,738	3,461
Singapore dollars [(1)]	230,100	235,242
Hong Kong dollars [(1)]	45,611	46,277
	280,449	284,980

(1) As compared to functional currency of Chinese Renminbi

A 10% weakening in foreign exchange rates against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk that the Pro Forma Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Pro Forma Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Pro Forma Group's reputation.

The Pro Forma Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Pro Forma Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual maturities of financial liabilities including interest payments and excluding the impact of netting agreements:

		Contractual cash flows		
	Carrying amount RMB'000	Total RMB'000	Within 1 year RMB'000	Within 2 to 5 years RMB'000
31 December 2011				
Loans and borrowings	2,801,710	3,200,735	123,771	3,076,964
Trade and other payables	121,534	121,534	121,534	—
	2,923,244	3,322,269	245,305	3,076,964
31 May 2012				
Loans and borrowings	2,801,710	3,192,435	126,578	3,065,857
Trade and other payables	110,924	110,924	110,924	—
	2,912,634	3,303,359	237,502	3,065,857

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair value of financial instruments of the Pro Forma Group.

Loans and borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. At the balance sheet date, the fair value of loans and borrowings approximate their carrying amounts.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, receipts in advance and trade and other payables) are assumed to approximately their fair values because of the short period to maturity.

16 Segment reporting

Business segment

	Nanjing IFC RMB'000	Dalian TRC RMB'000	Shanghai ICP RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2011					
Gross rental income	85,283	157,109	53,320	—	295,712
Service charges	14,862	29,507	14,420	—	58,789
Other income	7,139	11,979	2,962	—	22,080
Gross revenue	**107,284**	**198,595**	**70,702**	**—**	**376,581**
Property-related taxes	(11,168)	(20,465)	(7,929)	—	(39,562)
Business taxes	(12,595)	(6,061)	(3,576)	—	(22,232)
Property management fees	(3,359)	(6,114)	(2,392)	—	(11,865)
Other property expenses	(30,186)	(49,135)	(17,899)	—	(97,220)
Total property operating expenses	**(57,308)**	**(81,775)**	**(31,796)**	**—**	**(170,879)**
Net property income	**49,976**	**116,820**	**38,906**	**—**	**205,702**
Manager's management fees					(34,564)
Trustee's fees					(2,531)
Administrative expenses					(10,000)
Net foreign exchange gains					302
Finance income					1,166
Finance costs					(115,711)
Change in fair value of investment properties					275,500
Total returns before income tax					**319,864**
Income tax expense					(56,950)
Total returns for the year					**262,914**
As at 31 December 2011					
Segment assets	**2,944,965**	**3,368,251**	**1,895,908**	**226,753**	**8,435,877**
Segment liabilities	**(1,198,470)**	**(1,403,196)**	**(1,261,383)**	**829,682**	**(3,033,373)**

Business segment

	Nanjing IFC RMB'000	Dalian TRC RMB'000	Shanghai ICP RMB'000	Others RMB'000	Total RMB'000
Five months ended 31 May 2011					
Gross rental income	28,105	58,880	19,654	—	106,639
Service charges	5,272	12,438	5,783	—	23,493
Other income	2,124	8,701	685	—	11,510
Gross revenue	**35,501**	**80,019**	**26,122**	**—**	**141,642**
Property-related taxes	(3,423)	(8,168)	(3,043)	—	(14,634)
Business taxes	(1,975)	(5,365)	(1,720)	—	(9,060)
Property management fees	(564)	(2,471)	(392)	—	(3,427)
Other property expenses	(11,038)	(12,210)	(4,966)	—	(28,214)
Total property operating expenses	**(17,000)**	**(28,214)**	**(10,121)**	**—**	**(55,335)**
Net property income	**18,501**	**51,805**	**16,001**	**—**	**86,307**
Manager's management fees					(14,288)
Trustee's fees					(1,048)
Administrative expenses					(4,167)
Net foreign exchange gains					417
Finance income					181
Finance costs					(60,986)
Change in fair value of investment properties					275,500
Total returns before income tax					**281,916**
Income tax expense					(78,656)
Total returns for the year					**203,260**

Business segment

	Nanjing IFC RMB'000	Dalian TRC RMB'000	Shanghai ICP RMB'000	Others RMB'000	Total RMB'000
Five months ended 31 May 2012					
Gross rental income	48,874	72,841	28,187	—	149,902
Service charges	8,098	11,354	6,351	—	25,803
Other income	3,583	6,574	300	—	10,457
Gross revenue	**60,555**	**90,769**	**34,838**	**—**	**186,162**
Property-related taxes	(5,941)	(9,458)	(3,061)	—	(18,460)
Business taxes	(3,367)	(5,906)	(2,242)	—	(11,515)
Property management fees	(933)	(3,084)	(547)	—	(4,564)
Other property expenses	(13,261)	(15,813)	(6,110)	—	(35,184)
Total property operating expenses	**(23,502)**	**(34,260)**	**(11,960)**	**—**	**(69,723)**
Net property income	**37,053**	**56,508**	**22,878**	**—**	**116,439**
Manager's management fees					(15,877)
Trustee's fees					(1,057)
Administrative expenses					(4,167)
Net foreign exchange losses					(547)
Finance income					500
Finance costs					(60,860)
Total returns before income tax					**34,431**
Income tax expense					(10,201)
Total returns for the year					**24,230**
As at 31 May 2012					
Segment assets	**2,992,071**	**3,352,763**	**1,572,078**	**540,002**	**8,456,914**
Segment liabilities	**(1,174,881)**	**(1,452,000)**	**(933,891)**	**530,514**	**(3,030,258)**

17 Commitment

(i) Capital commitment:

	31 December 2011 RMB'000	31 May 2012 RMB'000
Contracted but not provided for	40	—

(ii) Non-cancellable rental receivable:

	31 December 2011 RMB'000	31 May 2012 RMB'000
— within 1 year	300,241	310,105
— after 1 year but within 5 years	648,977	642,941
— after 5 years	271,224	277,627
	1,220,442	1,230,673

18 Other information

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held by the Pro Forma Group 2011 %
Monarchy Investment Limited	BVI	Investment holding	100%
Elite Trade Investments Limited	BVI	Investment holding	100%
Favor Rise Group Limited	BVI	Investment holding	100%
RTC Limited	Cayman Islands	Investment holding	100%
Rich Field (China) Limited	Hong Kong	Investment holding	100%
Global Glitter Limited	Hong Kong	Investment holding	100%
Lanrich International Limited	Hong Kong	Investment holding	100%
Nanjing Rich Field Real Estate Development Co., Ltd	PRC	Property investment	100%
Dalian Boyuan Co. Ltd	PRC	Property investment	100%
Lei Fu Real Estate (Shanghai) Company Limited	PRC	Property investment	100%

G TRUSTEE'S FEES, MANAGER'S MANAGEMENT FEES AND PROPERTY MANAGER'S MANAGEMENT FEES

Unless defined in this report, capitalised terms below shall have the meanings set out in the Glossary to the Prospectus.

1 Manager's Management Fees

The Manager is entitled under the Trust Deed to management fees comprising the base fee and performance fee as follows:

(a) A base fee of 0.3% per annum of the value of the consolidated assets of Dynasty REIT; and

(b) A performance fee of 4.5% per annum of the net property income of the real estate held by Dynasty REIT in the relevant financial year (calculated before accounting for the performance fee in that financial year).

2 Trustee's Fees

The Trustee is entitled under the Trust Deed to a fee charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property of Dynasty REIT, subject to a minimum of SGD20,000 per month (not exceeding 0.25% per annum of the value of the Deposited Property).

3 Property Manager's 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:

(a) A development management fee equivalent to 3.0% of the total project costs incurred in development projects undertaken and managed by the Manager on behalf of Dynasty REIT;

(b) A property management fee of 1.5% of gross revenue (as defined herein) and 1.5% of net property income of the real estate held by Dynasty REIT in the relevant financial year (calculated before accounting for the property management fee in that financial year); and

(c) A project management fee, which is collected progressively based on the construction costs incurred in relation to the refurbishment, retrofitting and renovation works on the real estate held by Dynasty REIT.

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REPORTING AUDITORS' REPORT ON THE UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The Board of Directors
ARA Trust Management (Dynasty) Pte. Ltd.
(as Manager of Dynasty Real Estate Investment Trust)
6 Temasek Boulevard
#16-02 Suntec Tower 4
Singapore 038986

HSBC Institutional Trust Services (Singapore) Limited
(as trustee of Dynasty Real Estate Investment Trust)
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

Letter from the Reporting Auditors on the Unaudited Pro Forma Balance Sheet as at the Listing Date

We report on the unaudited pro forma balance sheet of Dynasty Real Estate Investment Trust ("Dynasty REIT") and its subsidiaries (collectively, the "Pro Forma Group") as at the date that Dynasty REIT is admitted to the Official List of the Singapore Exchange Trading Limited ("Listing Date") (the "Unaudited Pro Forma Balance Sheet") set out in Appendix E of the prospectus (the "Prospectus") to be issued in connection with the offering of 1,147,730,000 units in Dynasty REIT, which has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments.

The Unaudited Pro Forma Balance Sheet has been prepared on the basis of the assumptions set out on page E-2 of the Prospectus to provide information on the financial position of the Pro Forma Group, had the purchase of interests in the properties, comprising Nanjing International Financial Center, Dalian Tianxing Roosevelt Center and Shanghai International Capital Plaza, been undertaken by Dynasty REIT through the ownership of several special purpose vehicles, under the same terms set out in the Prospectus on the Listing Date.

The Unaudited Pro Forma Balance Sheet has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro Forma Group's actual financial position.

The Unaudited Pro Forma Balance Sheet is the responsibility of the directors of ARA Trust Management (Dynasty) Pte. Ltd. (the "Directors"). Our responsibility is to express an opinion on the Unaudited Pro Forma Balance Sheet based on our work.

Our procedures on the Unaudited Pro Forma Balance Sheet have not been carried out in accordance with attestation standards and practices generally accepted in the United States of America or other jurisdictions, other than in Singapore, and accordingly, should not be relied upon as if they had been carried out in accordance with those standards.

We carried out procedures in accordance with Singapore Statement of Auditing Practice 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 Balance Sheet to the unaudited balance sheet of Dynasty REIT at its constitution; and

(b) considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Balance Sheet with the Directors.

In our opinion:

(a) the Unaudited Pro Forma Balance Sheet has been properly prepared from the unaudited balance sheet of Dynasty REIT at its constitution (which was prepared in accordance with Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Certified Accountants of Singapore) and is presented in accordance with the relevant presentation principles of RAP 7;

(b) the Unaudited Pro Forma Balance Sheet has been properly prepared in a manner consistent with both the format of the balance sheet and the relevant accounting policies of Dynasty REIT;

(c) each material adjustment to the information used in the preparation of the Unaudited Pro Forma Balance Sheet is appropriate for the purpose of preparing such a balance sheet; and

(d) the Unaudited Pro Forma Balance Sheet has been properly prepared on the basis as set out in Section B of the Unaudited Pro Forma Balance Sheet.

This letter has been prepared for inclusion in the Prospectus of Dynasty REIT to be issued in connection with the initial public offering of the units of Dynasty REIT.

KPMG LLP
Public Accountants and
Certified Public Accountants
Singapore

Eng Chin Chin
Partner-in-charge

18 October 2012

DYNASTY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

A INTRODUCTION

The Unaudited Pro Forma Balance Sheet as at Listing Date has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the proposed listing of Dynasty Real Estate Investment Trust ("Dynasty REIT") on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

Dynasty REIT is a Singapore-domiciled unit trust, constituted pursuant to a trust deed dated 4 October 2012 between ARA Trust Management (Dynasty) Pte. Ltd. (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") to acquire an initial portfolio of properties comprising, Nanjing International Financial Center ("Nanjing IFC"), Dalian Tianxing Roosevelt Center ("Dalian TRC") and Shanghai International Capital Plaza ("Shanghai ICP") (collectively, the "Properties"), through the ownership of several special purpose vehicles.

The Manager's key objective for Dynasty REIT is to provide unitholders of Dynasty REIT with regular and stable distributions, and the potential for sustainable long-term growth of such distributions, while maintaining an optimal capital structure through the following key strategies:

(i) actively manage Dynasty REIT's property portfolio to achieve growth in revenue and net property income and maintain optimal occupancy levels;

(ii) achieve portfolio growth through the acquisition of quality income-producing commercial properties in the People's Republic of China ("PRC"); and

(iii) maintain a strong balance sheet and adopt appropriate financing and hedging policies to manage interest rate volatility and foreign exchange exposure for Dynasty REIT.

Dynasty REIT, through Monarchy Investment Limited ("BVI Holding Company"), which is a wholly-owned subsidiary of Dynasty REIT incorporated in the British Virgin Islands, will acquire the entire issued share capital of Elite Trade Investments Limited (which indirectly holds Nanjing IFC) and Favor Rise Group Limited (which indirectly holds Shanghai ICP) (collectively, the "BVI Intermediate Companies") and RTC Limited (which indirectly holds Dalian TRC) (the "Cayman Intermediate Company"), from ADF Phoenix IV Limited, ADF Phoenix V Limited and ADF Falcon I Limited (collectively, the "Vendors") respectively, each of which are subsidiaries of ARA Asia Dragon Fund. The BVI Intermediate Companies and Cayman Intermediate Company hold the entire issued share capital of Hong Kong Holding Companies (as defined herein) which in turn hold the entire issued share capital of Nanjing Rich Field Real Estate Development Co., Ltd (which owns Nanjing IFC), Dalian Boyuan Co., Ltd (which owns Dalian TRC) and Lei Fu Real Estate (Shanghai) Co., Ltd (which owns Shanghai ICP) (collectively, the "PRC Property Companies").

The acquisition as described above are collectively referred to as the "Acquisitions" and Nanjing IFC, Dalian TRC and Shanghai ICP are collectively referred to as the "Properties".

In connection with the Acquisitions, Dynasty REIT proposes to issue 1,147,730,000 new Units at the issue price of RMB4.40 per Unit, net of issue costs of RMB255.7 million (the "Initial Public Offering") and borrowings in order to, *inter alia*, fund the Acquisitions and associated costs.

B BASIS OF PREPARATION OF UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The unaudited Pro Forma balance sheet of the Pro Forma Group as at the Listing Date (the "Unaudited Pro Forma Balance Sheet") is set out in this report. The Unaudited Pro Forma Balance Sheet is prepared for illustrative purposes only and is based on the unaudited financial statements of Dynasty REIT at its constitution, after making certain assumptions and incorporating the adjustments necessary to reflect the financial position of the Pro Forma Group as at the Listing Date, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Balance Sheet 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. The following exchange rates as at the Listing Date have been assumed:

Singapore dollars and Renminbi ("RMB"):	SGD0.1955: RMB1.00
Hong Kong dollars ("HKD") and RMB:	HKD1.2190: RMB1.00

The objective of the Unaudited Pro Forma Balance Sheet is to show what the financial position of the Pro Forma Group might have been at the Listing Date, on the basis as described above. However, the Unaudited Pro Forma Balance Sheet is not necessarily indicative of the financial position that would have been attained by the Pro Forma Group on the actual Listing Date. The Unaudited Pro Forma Balance Sheet, because of its nature, may not give a true picture of the Pro Forma Group's financial position.

The Unaudited Pro Forma Balance Sheet has been prepared after incorporating the following key adjustments:

- Adjustments to reflect the net proceeds of RMB4,794.3 million (net of issue costs of RMB255.7 million) arising from the Initial Public Offering ("IPO") relating to the issuance of 1,147,730,000 Units in Dynasty REIT on the Listing Date at an assumed issue price of RMB4.40 per Unit;

- Adjustments to reflect the Acquisitions at the net purchase consideration of RMB5,079.8 million (including acquisition of the Properties for a consideration of RMB7,406.0 million) on the Listing Date and the reversal of deferred tax liabilities relating to the change in fair value of the Properties prior to the Acquisitions;

- Adjustments to reflect the revaluation of the Properties to RMB7,681.5 million and recognition of deferred tax liabilities of RMB68.9 million arising from the change in fair value of the Properties of RMB275.5 million on Listing Date;

- Adjustments to reflect the receipt of cash and cash equivalents of RMB491.0 million relating to Distribution per Unit support ("DPU Support") from the Vendors; and

- Adjustments to reflect the drawdown of bank borrowings of RMB2,801.7 million (net of transaction costs of RMB71.3 million) by Dynasty REIT.

In addition the following assumptions were made:

- There are no significant movements in the assets and liabilities of the Pro Forma Group during the period from 31 May 2012 to the Listing Date, other than those arising from the proforma adjustments and assumptions as described above; and

- The derivative financial instruments held by certain Hong Kong Holding Companies and PRC Property Companies were terminated prior to the Acquisitions and Dynasty REIT did not enter into any derivative financial instruments during the period between the date of constitution of Dynasty REIT and the Listing Date.

C UNAUDITED PRO FORMA BALANCE SHEET AS AT THE LISTING DATE

The Unaudited Pro Forma Balance Sheet has been prepared for inclusion in the Prospectus and is presented below. The assumptions used to prepare the Unaudited Pro Forma Balance Sheet are consistent with those described in Section B: Basis of Preparation of Unaudited Pro Forma Balance Sheet as at the Listing Date.

	Note	Unaudited Balance Sheet[1] RMB'000	Pro Forma Adjustments RMB'000	Unaudited Pro Forma Balance Sheet As At Listing Date RMB'000
Non-current assets				
Plant and equipment		—	1,798	1,798
Investment properties	2	—	7,681,500	7,681,500
Deferred tax assets	3	—	23,634	23,634
			7,706,932	7,706,932
Current assets				
Trade and other receivables	4	—	32,768	32,768
Cash and cash equivalents	5	—	768,023	768,023
		—	800,791	800,791
Total assets		—	8,507,723	8,507,723
Non-current liabilities				
Loans and borrowings	6	—	(2,801,710)	(2,801,710)
Deferred tax liabilities	3	—	(69,017)	(69,017)
		—	(2,870,727)	(2,870,727)
Current liabilities				
Receipts in advance		—	(26,362)	(26,362)
Trade and other payables	7	—	(106,329)	(106,329)
Current tax payable		—	(12,387)	(12,387)
		—	(145,078)	(145,078)
Total liabilities		—	(3,015,805)	(3,015,805)
Net assets attributable to Unitholders	8	—	5,491,918	5,491,918
Number of Units in issue ('000)				1,147,730
Net asset value per Unit (RMB)				4.79

Notes:

(1) As at the constitution of Dynasty REIT.

D PRO FORMA ADJUSTMENTS

In arriving at the Unaudited Pro Forma Balance Sheet, the following Pro Forma adjustments were made:

		RMB'000
(i)	**Plant and equipment**	—
	Adjustments:	
	Incorporate plant and equipment acquired	1,798
	Investment plant and equipment per Unaudited Pro Forma Balance Sheet	1,798
(ii)	**Investment properties**	—
	Adjustments:	
	Incorporate Properties acquired (including acquisition costs)	7,406,000
	Incorporate change in fair value of investment properties on Listing Date	275,500
	Investment properties per Unaudited Pro Forma Balance Sheet	7,681,500
(iii)	**Deferred tax assets**	—
	Adjustments:	
	Incorporate deferred tax assets acquired	23,634
	Deferred tax assets per Unaudited Pro Forma Balance Sheet	23,634
(iv)	**Trade and other receivables**	—
	Adjustments:	
	Incorporate trade and other receivables acquired	32,768
	Trade and other receivables per Unaudited Pro Forma Balance Sheet	32,768
(v)	**Cash and cash equivalents**	—
	Adjustments:	
	Incorporate cash and cash equivalents acquired	768,023
	Cash and cash equivalents per Unaudited Pro Forma Balance Sheet	768,023
(vi)	**Interest-bearing borrowings**	—
	Incorporate the drawdown of the Offshore Loan and Onshore Loan facilities	2,873,000
	Incorporate transaction costs relating to the Offshore Loan and Onshore Loan facilities	(71,290)
		(2,801,710)
	Interest-bearing borrowings per Unaudited Pro Forma Balance Sheet	(2,801,710)

		RMB'000
(vii)	**Deferred tax liabilities**	—
	Adjustments:	
	Incorporate deferred tax liabilities acquired	(142)
	Incorporate deferred tax liabilities arising from change in fair value of investment properties on Listing Date	(68,875)
	Deferred tax liabilities per Unaudited Pro Forma Balance Sheet	(69,017)
(viii)	**Receipts in advance**	—
	Adjustments:	
	Incorporate receipts in advance acquired	(26,362)
	Trade and other payables per Unaudited Pro Forma Balance Sheet	(26,362)
(ix)	**Trade and other payables**	—
	Adjustments:	
	Incorporate trade and other payables acquired	(106,329)
	Trade and other payables per Unaudited Pro Forma Balance Sheet	(106,329)
(x)	**Current tax payable**	—
	Adjustments:	
	Incorporation of current tax payable acquired	(12,387)
	Current tax payable per Unaudited Pro Forma Balance Sheet	(12,387)
(xi)	**Net assets attributable to Unitholders**	—
	Adjustments:	
	Incorporate new units issued during IPO	5,050,012
	Incorporate issue costs	(255,719)
	Incorporate capital contribution from Vendors (DPU Support)	491,000
	Incorporate change in fair value of investment properties and deferred tax liabilities	206,625
		5,491,918
	Net assets attributable to Unitholders per Unaudited Pro Forma Balance Sheet	5,491,918

E NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET

1 Basis of Preparation

The Unaudited Pro Forma Balance Sheet is prepared in accordance with the bases set out in Section BC and applied to financial information prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The Unaudited Pro Forma Balance Sheet, which is expressed in Renminbi ("RMB") and rounded to the nearest thousand, is prepared on the historical cost basis, except for investment properties which are stated at valuation.

The accounting policies applied by Dynasty REIT in preparing the Unaudited Pro Forma Balance Sheet are the same as those applied by Dynasty REIT in it Pro Forma Financial Information as at and for the year ended 31 December 2011.

2 Investment Properties

	As at Listing Date RMB'000
Investment properties	7,681,500

Investment properties comprise retail malls and office space that are leased to external customers. The lease terms range from 8 to 20 years for anchor tenants and 2 to 5 years for the non-anchor tenants.

Investment properties are stated at fair value based on the average of two valuations performed by independent professional valuers, namely Jones Lang LaSalle Limited, CBRE HK Limited and Knight Frank Petty Limited as at 31 May 2012. The valuation was based on the discounted cash flow, net income capitalisation and direct comparison methods.

Description of Leasehold Property	Location	Remaining term of lease (years)	Valuation RMB'000	Percentage of net assets attributable to Unitholders %
Nanjing IFC	No. 1 Hanzhong Road, Baixia District, Nanjing	33	2,777,900	50.58
Dalian TRC	No. 139-1 Xi'an Road, Shahekou District, Dalian	30	3,281,600	59.75
Shanghai ICP	1318, North Sichuan Road, Hongkou District, Shanghai	33	1,622,000	29.53
			7,681,500	

3 Deferred Tax Assets

	As at Listing Date RMB'000
Deferred tax assets	
Tax value of loss carry-forward	23,634
Deferred tax liabilities	
Accelerated tax depreciation	(142)
Investment properties	(68,875)
	(69,017)

4 Trade and other receivables

	As at Listing Date RMB'000
Trade receivables	13,684
Deposits	27
Other receivables	3,489
Loans and receivables	17,200
Prepayments	15,568
	32,768

5 Cash and cash equivalents

	As at Listing Date RMB'000
Cash at bank and in hand	768,023

Cash at bank and in hand includes DPU Support received from the Vendors, amounting to RMB491.0 million, in connection with the acquisition of the Properties.

6 Loans and Borrowings

	As at Listing Date RMB'000
Secured loans	2,873,000
Less: Unamortised transaction costs	(71,290)
	2,801,710
Maturity of gross interest-bearing borrowings	
— within 1 year	—
— after 1 year but within 5 years	2,801,710
	2,801,710
	2,801,710

The Pro Forma Group has in place the following facilities:-

- a RMB3,349.9 million equivalent three-year secured term loan and revolving credit facility to BVI Holding Company and Hong Kong Holding Companies (collectively, the "Offshore Borrowers") (the "Offshore Loan") which is guaranteed by Dynasty REIT, the BVI Intermediate Companies and the Cayman Intermediate Company. The Offshore Loan is secured by a pledge of shares over the entire issued share capital or equity interest of BVI Holding Company and each of its subsidiaries, fixed and floating first legal charge and debenture over all of the assets of BVI Holding Company and each of its subsidiaries and assignment of rights under material contracts with the Onshore Borrowers. The Onshore Loan is repayable in full at maturity in October 2015, however, the Pro Forma Group has the option to make prepayments in whole or in part of subject to the minimum amount of RMB10 million in multiples of RMB1 million;

- a RMB401.4 million equivalent three-year secured term loan facility to the PRC Property Companies (the "Onshore Loan") which is guaranteed by Dynasty REIT. The Onshore Loan is secured by first priority mortgages over the Properties and bank accounts and assignment of rights under all material agreements with the PRC Property Companies, pledge over receivables from the Properties and/or all proceeds arising from tenancy agreements. The Onshore Loan is repayable in full at maturity in October 2015, however, the Pro Forma Group has the option to make prepayments in whole or in part subject to the minimum amount of RMB3 million in multiples of RMB1 million and the Onshore Loan shall not be repaid in full prior to the full repayment of the Offshore Loan.

  The Offshore Loan bears a floating interest rate of 1.97% per annum above the relevant Singapore Swap Offer Rate. The Onshore Loans bear a floating interest rate of 3.75% per annum above the three-month Hong Kong Inter Bank Offer Rate and 120% per annum above the People's Bank of China base lending rate.

At the Listing Date, the weighted average effective interest rate of the interest-bearing borrowings is 3.53% per annum.

7 Trade and other payables

	As at Listing Date RMB'000
Trade payables	6,156
Security deposits received	96,165
Other payables and accrued operating expenses	4,008
	106,329

8 Net Assets Attributable to Unitholders

	As at Listing Date Number of Units in issue ('000)	As at Listing Date RMB'000
Creation of new Units, at issue price of RMB4.40 per Unit	1,147,730	5,050,012
Expenses incurred in connection with the initial public offering of Dynasty REIT		(255,719)
Capital contribution from Vendors (DPU Support)	—	491,000
Change in fair value of investment properties and deferred tax liabilities	—	206,625
As at the Listing Date	1,147,730	5,491,918

Each Unit in Dynasty REIT represents an undivided interest in the Trust. 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;
- participate in the termination of Dynasty REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Dynasty REIT less any liabilities, in accordance with their proportionate interests in Dynasty REIT. However, a Unitholder has no equitable or proprietary interest in the underlying assets of Dynasty REIT and is not entitled to the transfer to it of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of Dynasty REIT; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of Dynasty REIT in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Unit in Dynasty REIT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of Dynasty REIT exceed its assets. Under the Trust Deed, every Unit carries the same voting rights.

9 Commitments

The Pro Forma Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	As at Listing Date RMB'000
Receivable	
— within 1 year	288,770
— after 1 year but within 5 years	638,128
— after 5 years	169,524
	1,096,422

F MANAGER'S MANAGEMENT FEES, PROPERTY MANAGEMENT FEES, AND TRUSTEE'S FEES

Unless defined in this report, capitalised terms below shall have the meanings set out in the Glossary to the Prospectus.

1 Manager's Management Fees

The Manager is entitled under the Trust Deed to management fees comprising the base fee and performance fee as follows:

(a) A base fee of 0.3% per annum of the value of the consolidated assets of Dynasty REIT; and

(b) A performance fee of 4.5% per annum of the net property income of the real estate held by Dynasty REIT in the relevant financial year (calculated before accounting for the performance fee in that financial year).

2 Trustee's Fees

The Trustee is entitled under the Trust Deed to a fee charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property of Dynasty REIT, subject to a minimum of SGD20,000 per month (not exceeding 0.25% per annum of the value of the Deposited Property).

3 Property Manager's 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:

(a) A development management fee equivalent to 3.0% of the total project costs incurred in development projects undertaken and managed by the Manager on behalf of Dynasty REIT;

(b) A property management fee of 1.5% of gross revenue and 1.5% of net property income of the real estate held by Dynasty REIT in the relevant financial year (calculated before accounting for the property management fee in that financial year); and

(c) A project management fee, which is collected progressively based on the construction costs incurred in relation to the refurbishment, retrofitting and renovation works on the real estate held by Dynasty REIT.

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INDEPENDENT TAXATION REPORT

18 October 2012

The Board of Directors
ARA Trust Management (Dynasty) Pte. Ltd.
(as the manager of Dynasty Real Estate Investment Trust (the **"Manager"**))
6 Temasek Boulevard #16-02
Suntec Tower Four
Singapore 038986

HSBC Institutional Trust Services (Singapore) Limited (as the trustee of Dynasty Real Estate Investment Trust (the **"Trustee"**))
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

Dear Sirs

INDEPENDENT TAXATION REPORT

This letter has been prepared at the request of the Manager for inclusion in the prospectus (**"Prospectus"**) to be issued in relation to the initial public offering of units (**"Units"**) in Dynasty REIT on Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The purpose of this letter is to provide prospective purchasers of the Units with an overview of the Singapore income tax consequences of the acquisition, ownership and disposal of the Units. This letter principally addresses purchasers who hold the Units as investment assets. Purchasers who acquire 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 tax consequences in the British Virgin Islands ("**BVI**"), the Cayman Islands ("**Cayman**"), Hong Kong and the People's Republic of China ("**PRC**").

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 purchasers of the Units should consult their own tax advisors to take into account the tax law applicable to their particular situations. In particular, prospective purchasers who are not Singapore tax residents are advised to consult their own tax advisors to take into account the tax laws of their respective country of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.

This letter is based on Singapore, BVI, Cayman, Hong Kong and PRC income 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 defined in the Prospectus have the same meaning in this letter. 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 the other gender.

SINGAPORE TAXATION

GENERAL PRINCIPLES OF TAXATION OF A TRUST

The income of a trust derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore will be assessed to Singapore income tax ("**Taxable Income**") unless otherwise exempted. There is no capital gains tax in Singapore. However, gains from the sale of investments are chargeable to tax if such gains are derived from a trade or business of dealing in investments.

Singapore income tax is imposed on all income chargeable to tax (i.e. income derived from or accrued in Singapore, or received in Singapore from outside Singapore) after deduction of the allowable expenses.

Taxable Income of the trust is assessed to tax in the name of the trustee at the prevailing corporate tax rate. However, foreign-sourced dividend income received in Singapore by Real Estate Investment Trusts ("**REITs")** listed on the SGX ("**S-REIT**") will be granted tax exemption under section 13(12) of the Income Tax Act, Chapter 134 ("**SITA**") where certain conditions are met (please see "Dividends Receivable by Dynasty REIT from the BVI Holding Company" below).

TAXATION OF DYNASTY REIT

General

The Taxable Income of Dynasty REIT will be determined in accordance with the provisions of the SITA as is the case of any trust having income that is chargeable to Singapore income tax at the prevailing corporate tax rate, except as detailed in the paragraphs below. Such Taxable Income would comprise of interest income arising from bank deposits. The current Singapore corporate tax rate is 17.0%.

Dividends Receivable by Dynasty REIT from the BVI Holding Company

Pursuant to the Singapore Tax Ruling, the Trustee will be exempt from Singapore income tax under Section 13(12) of the SITA on the dividend receivable from the BVI Holding Company on or before 31 March 2015 ("**Tax-Exempt Income**"). The Singapore Tax Ruling is granted subject to certain conditions.

Repayment of Capital from the BVI Holding Company

Any repayment of capital received by Dynasty REIT from the BVI Holding Company is capital in nature and is hence not taxable in the hands of the Trustee.

Gains on Disposal of Shares in the BVI Holding Company

Singapore does not impose tax on capital gains. In the event that the Trustee disposes of its shares in the BVI Holding Company, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. Gains arising from the sale of shares in the BVI Holding Company, if considered to be trading gains, will be assessed to tax, currently at 17.0%, on the Trustee under Section 10(1)(a) of the SITA.

GST Registration of Dynasty REIT

Dynasty REIT is not expected to make any taxable supplies for GST purposes and hence, on this basis, it could not be registered as a taxable person for GST purposes in Singapore.

Recovery of GST incurred by Dynasty REIT

GST would be incurred by Dynasty REIT on offering-related and routine operating expenses incurred in Singapore. In the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for Singapore listed REITs to claim the GST incurred:

- on the setting up of their various tiers of special purpose vehicles ("**SPVs**") that hold non-residential properties; and

- by their SPVs on the acquisition and holding of non-residential properties.

The GST remission has a qualifying period of up to 31 March 2015 and is subject to meeting certain qualifying conditions.

As the properties comprise non-residential properties, Dynasty REIT should be able to recover the GST incurred on the IPO-related and/or routine operating expenses (except for certain disallowed expenses) in full.

TAXATION OF THE UNITHOLDERS

Distributions out of Taxable Income

Unitholders will be exempt from Singapore income tax on distributions made out of Dynasty REIT's income previously taxed at the Trustee level. Accordingly, distributions made by Dynasty REIT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income.

Distributions out of Tax-Exempt Income

Unitholders will be exempt from Singapore income tax on distributions made out of Dynasty REIT's Tax-Exempt Income. No tax will be deducted at source on such distributions.

Distributions out of Repayment of Capital from the BVI Holding Company

Unitholders will not be subject to Singapore income tax on distributions made by Dynasty REIT out of its capital receipts, such as repayment of capital from BVI Holding Company. No tax will be deducted at source on such distributions.

For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain when the Units are disposed of. If the amount exceeds the cost of the Units, the excess will be subject to tax as a trading income of such Unitholders.

Distributions out of Gains from the Disposal of Shares in the BVI Holding Company

Unitholders will not be subject to Singapore income tax on distributions made by Dynasty REIT out of capital gains from the disposal of shares in the BVI Holding Company unless the gains are considered income of a trade or business.

Gains derived by the Trustee from the disposal of shares in the BVI Holding Company if considered to be trading gains, will be assessed to tax on the Trustee. Distributions made from such gains will not be subject to further tax in the hands of the Unitholders.

Disposal of the Units

Singapore does not impose tax on capital gains. Any gains on disposal of the Units are not liable to tax provided the Units are not held as trading assets. Where the Units are held as trading assets of a trade or business carried on in Singapore, any gains on disposal of the Units are liable to Singapore income tax under Section 10(1)(a) of the SITA.

Stamp Duty

Stamp duty will not be imposed on instruments relating to the transfer of the Units. In the event of a change of the Trustee, stamp duty would not be imposed on any document effecting the appointment of a new trustee and the transfer of trust assets from the Trustee to the new trustee.

GST on Issue and Transfer of the Units

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, the Unitholders would not incur any GST on the subscription of the Units in Dynasty REIT. The subsequent disposal of the Units in Dynasty REIT by a GST-registered Unitholder through the SGX-ST or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Units through an overseas exchange or to another person belonging outside Singapore would constitute zero-rated supplies for GST purposes.

Recovery of GST incurred by Unitholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to the Unitholders belonging in Singapore in connection with their purchase and sale of the Units in Dynasty REIT would be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to the Unitholders belonging outside Singapore would generally be subject to GST at zero-rate when certain conditions are met.

Where the Unitholders are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Unitholders in Dynasty REIT 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 advisers on these conditions.

BRITISH VIRGIN ISLANDS TAXATION

There should be no income tax, capital gains tax, stamp duty and withholding tax applicable to the BVI Holding Company and BVI Intermediate Companies in the BVI.

CAYMAN ISLANDS TAXATION

There should be no income tax, capital gains tax, stamp duty and withholding tax applicable to the Cayman Intermediate Company in the Cayman Islands.

HONG KONG TAXATION

Taxation of the Hong Kong Holding Companies

Dividends and Interest Receivable by the Hong Kong Holding Companies

Dividends derived by the Hong Kong Holding Companies from the PRC Property Companies will not be subject to Hong Kong profits tax.

Interest income from loans to the PRC Property Companies should be exempt from Hong Kong profits tax to the extent that the Hong Kong Holding Companies neither carry on a business in Hong Kong nor first make available the loan funds to the PRC Property Companies in Hong Kong. Where the Hong Kong Holding Companies carry on a business in Hong Kong and the loan funds are first made available to the PRC Property Companies in Hong Kong, income from such loans will be subject to Hong Kong profits tax at the prevailing tax rate of 16.5%.

Gains on Disposal of Shares in the PRC Property Companies

There is no capital gains tax in Hong Kong. Where the gains derived by the Hong Kong Holding Companies on the disposal of shares in the PRC Property Companies are considered capital in nature or offshore sourced, they should be not be subject to profits tax in Hong Kong.

Stamp Duty

Hong Kong stamp duty will apply at an aggregate amount equal to 0.2% (the buyer and seller will each pay 0.1%) on the higher of the actual consideration stated in the relevant instrument and the value of the stock as at the transfer date, plus a fixed duty of HK$5 for stamping the instrument

of transfer. Generally, persons executing chargeable instruments are jointly and severally liable for the stamp duty. Where the BVI Intermediate Companies and/or the Cayman Intermediate Company dispose of its interest in the Hong Kong Holding Companies, Hong Kong stamp duty will apply.

Distribution by the Hong Kong Holding Companies

There is no Hong Kong withholding tax applicable on dividends and interest payments made to non-Hong Kong residents. In this regard, dividends and interest payments made by the Hong Kong Holding Companies to the BVI Intermediate Companies and the Cayman Intermediate Company would not be subject to withholding tax in Hong Kong.

PRC TAXATION

Taxation of the PRC Property Companies

PRC Income Tax

Under the PRC Enterprise Income Tax Law (中华人民共和国企业所得法) and its implementation rules that became effective on 1 January 2008, the standard income tax rate of 25.0% should be applied to foreign invested enterprises as well as PRC domestic enterprises, while dividends and interests earned after 1 January 2008 paid by PRC foreign invested enterprises to their non-PRC parent companies will be subject to a 10.0% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent is incorporated, which specifically exempts or reduces such withholding tax. According to a circular issued by the PRC State Administration of Taxation in October 2009, tax treaty benefits will be denied to "conduit companies" or shell companies without business substance.

In line with the above, it is expected that the PRC Property Companies will be subject to tax on their taxable income, currently at a rate of 25.0%. Where the Hong Kong Holding Companies may rely on the tax treaty between the PRC and Hong Kong, the withholding tax rates for dividends would be 5.0% and 7.0% for interest.

However, pursuant to the Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Tax Agreements (国家税务总局关于如何理解和认定税收协定中"受益所有人"的通知) promulgated by the PRC State Administration of Taxation on 27 October 2009 and effective from 27 October 2009, the term "beneficial owner" mainly refers to a person who has the right to own and dispose of the income and the rights or properties generating the said income. The "beneficial owner" may be an individual, a company or any other organization which is usually engaged in substantial business operations. An agent or a conduit company is not a "beneficial owner". Where the Hong Kong Holding Companies are not considered "beneficial owners" of the dividend and interest paid by the PRC Property Companies, a 10.0% withholding rate will apply to these payments.

Business Tax

Business tax is payable in respect of certain business activities in the PRC as set out in the Provisional Regulations Concerning Business Tax (中华人民共和国营业暂行条例), which was promulgated on 13 December 1993 and amended on 10 November 2008. The activities to which the business tax applies include construction, leases and sales of real estate properties in the PRC. The tax is a turnover tax charged on gross revenue. No deduction of the tax incurred on purchased services or materials is allowed. However, deductions from gross revenue are allowed for subcontracting fees paid among the transportation, tourism and construction industries. The rate of business tax payable for property sale and leasing transactions is 5.0% of the proceeds from the sale or leasing of real estate/immovable properties in the PRC.

Real Estate Tax

Under the PRC Tentative Regulations on Real Estate Tax (中华人民共和国房产税暂行条例) promulgated by the State Council on 15 September 1986 and effective from 1 October 1986 and as amended on 8 January 2011, real estate tax is charged at 1.2% on the basis of the residual value of a building which is the original value of a building less prevailing discount rates (currently at 20.0% for Shanghai and 30.0% for Nanjing and Dalian), and 12.0% on the basis of the rental.

On 21 December 2010, the Ministry of Finance of the PRC and the PRC State Administration of Taxation jointly issued the Notice on the Policies regarding Urban and Town Land Use Imposed on Entities Employing the Disabled (关于安置残疾人就业单位城镇土地使用税等政策的通知), under which, if the real estate tax of a building is calculated on the basis of its residual value, the value of such building should cover its land premium, including the purchase price paid for the land use rights and cost and expenses for land development, and if the floor area ratio for a parcel of land is less than 0.5, the land premium should be calculated on the basis of a site area which is two times the GFA of the building.

Land Use Tax

Pursuant to the PRC Tentative Regulations on Land Use Tax in respect of Urban and Town Land (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council on 27 September 1988 and effective from 1 November 1988, the land use tax in respect of urban and town land is levied according to the area of relevant land. The annual tax on urban land was between RMB0.2 and RMB10.0 per sq m. The PRC Tentative Regulations on Land Use Tax in respect of Urban and Town Land were revised by the State Council respectively on 31 December 2006 and on 8 January 2011. As at 1 January 2007, the annual tax on every sq m of urban land shall be between RMB0.6 and RMB30.0. The current rates are, RMB10.0 per sq m for Nanjing Rich Field Real Estate Development Co., Ltd, RMB24.0 per sq m for Dalian Boyuan Co., Ltd and RMB20.0 per sq m for Lei Fu Real Estate (Shanghai) Co., Ltd.

Stamp Duty

Under the PRC Tentative Regulations on Stamp Duty (中华人民共和国印花税暂行条例) promulgated by the State Council on 6 August 1988 and effective from 1 October 1988 and as amended on 8 January 2011, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate is 0.05% of the amount stated therein. For permits and certificates relating to rights, including real estate title certificates and state-owned land use rights certificates, the stamp duty is levied on an item-by-item basis of RMB5 per document. For building leases, the duty rate is 0.1% of the rental, and for construction and installation project contracts, the duty rate is 0.03% of the amount stated therein.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the territory of mainland China. These taxable transfers include grant of state-owned land user rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. The rate of deed tax is 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of

state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sales of commercial properties.

Urban Maintenance and Construction Tax and Education Surcharge

Under the PRC Interim Regulations on Urban Maintenance and Construction Tax (中华人民共和国城市维护建设税暂行条例) promulgated by the State Council on 8 February 1985 as amended on 8 January 2011, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7.0% for a taxpayer whose domicile is in an urban area, 5.0% for a taxpayer whose domicile is in a county and a town, and 1.0% for a taxpayer whose domicile is not in any urban area or county or town, each calculated on the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Interim Provisions on Imposition of Education Surcharge (征收教育费附加的暂行规定) promulgated by the State Council on 28 April 1986 and as amended on 7 June 1990, 20 August 2005 and 8 January 2011 respectively, a taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge pursuant to the Notice issued by the State Council on Raising Funds for Schools in Rural Areas (国务院关于筹措农村学校办学经费的通知). The tax rate of the education surcharge shall be 3.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

According to the PRC Education Law issued on 18 March 1995, provincial governments are empowered to collect local education surcharge. Under the Notice Concerning Unification of Local Education Surcharge Policy (关于统一地方教育费附加政策有关问题的通知) issued by the Ministry of Finance of the PRC on 7 November 2010, local education surcharge rate shall be unified to 2.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge (关于教育费附加征收问题的补充通知) issued by the State Council on 12 October 1994, the Circular Concerning Temporary Exemption from Urban Maintenance and Construction Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (关于外商投资企业和外国企业暂不征收城市维护建设税和教育费附加的通知), and the Approval on Exemption of Urban Maintenance and Construction Tax and Education Surcharge in Foreign-invested Freightage Enterprises (关于外商投资货物运输企业免征收城市维护建设税和教育费附加问题的批复) issued by the PRC State Administration of Taxation on 25 February 1994 and on 14 September 2005 respectively (which now have been invalidated), neither the urban maintenance and construction tax nor the education surcharge shall be applicable to foreign-invested enterprises until further explicit stipulations are issued by the State Council.

However, according to the Notice on Unifying the Urban Maintenance and Construction Tax and Education Surcharge System of Domestic Enterprises, Foreign-invested Enterprises and Individuals (关于统一内外资企业和个人城市维护建设税和教育费附加制度的通知) issued by the State Council on 18 October 2010, and the Notice on Enhancement of Finance Investment in Education (关于进一步加大财政教育投入的意见) issued by the State Council on 29 June 2011, both the urban maintenance and construction tax and education surcharge (including local education surcharge) shall be applicable to foreign-invested enterprise from 1 December 2010 onwards.

PRC Tax Reporting Obligations and Consequences for Certain Indirect Transfers of Equity Interests

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by the PRC State Administration for Taxation (国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知) on 10 December 2009

(effective 1 January 2008) and the Announcement on Enterprise Income Tax Administration on Non-PRC Resident Enterprises issued by the PRC State Administration for Taxation (国家税务总局关于非居民企业所得税管理若干问题的公告) on 28 March 2011, where a foreign investor or effective controlling party transfers the equity interests in a PRC resident enterprise (excluding the purchase and sale of the shares of PRC resident enterprises on the public securities markets) indirectly by way of the sale of equity interests in an overseas holding company, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate which is less than 12.5% for share transfers or (ii) does not levy tax on share transfer gain, the foreign investor should report such indirect transfer to the competent tax authority of the PRC resident enterprise within 30 days of the execution of the equity transfer agreement for such indirect transfer. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the foreign investor has adopted an abusive arrangement without reasonable commercial purposes and in order to avoid PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterise the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax currently at the rate of 10.0%.

As such, any gains derived arising from a disposal of the shares in the Hong Kong Holding Companies, the BVI Intermediate Companies, the Cayman Intermediate Company and/or the BVI Holding Company may be subject to tax in China, currently at the rate of 10.0%.

Yours faithfully

Leonard Ong
Executive Director, Tax
For and on behalf of
KPMG Services Pte. Ltd.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

The following is the text of a letter with the valuation summaries received from CBRE HK Limited, in connection with their valuation as at 31 Mary 2012 of all the property interests of the Company.

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地产代理（公司）牌照号码
Estate Agent's Licence No: C-004065

1 October 2012

The Board of Directors
HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of Dynasty Real Investment Trust)

Dear Sirs,

In accordance with your instructions for us to value the property interests held by HSBC Institutional Trust Services (Singapore) Limited (as Trustee of Dynasty Real Investment Trust) (the "Company") in the People's Republic of China ("the PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of such property interests as at 31 May 2012 (the "Date of Valuation").

Our valuation is our opinion of Market Value which is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Unless otherwise stated, our valuation is prepared in accordance with the ''First Edition of The HKIS Valuation Standards on Properties'' published by The Hong Kong Institute of Surveyors (''HKIS''). In valuing the property interests of the Group, we have complied with all the requirements contained in Part VII of Chapter 2 of the Listing Manual ('the "Exchange Listing Rules'') issued by the Singapore Exchange Securities Trading Limited.

Our valuation has been made on the assumption that the owner sells the properties on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to increase the values of the property interests.
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 commercial property market. We have primarily utilized the

Capitalisation Approach and Discounted Cash Flow analysis in undertaking our assessment of the property interests.

We have relied to a considerable extent on information given by the Company, in particular, but not limited to, planning approvals, statutory notices, easements, tenancies, site area and floor areas. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificates are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

In the course of our valuation for the property interests in the PRC, we have relied on the information provided by the Company. We have not, however, searched the original documents to verify ownership or existence of any amendment which does not appear on the copies handed to us. All documents have been used for reference only.

We have inspected the properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We enclose herewith our valuation summaries.

Yours faithfully,
For and on behalf of
CBRE HK Limited

Yu Kam Hung FHKIS FRICS RPS(GP) FHIREA
Senior Managing Director
Valuation & Advisory Services
Greater China

Harry Chan FHKIS MRICS MCIREA RPS(GP)
Senior Director
Valuation & Advisory Services
Greater China

Valuation Summary

Property:	Tianxing Roosevelt Center Shahekou District, Dalian The People's Republic of China
Company:	HSBC Institutional Trust Services (Singapore) Limited (as Trustee of Dynasty Real Investment Trust)
Purpose:	Initial Public Offering Only
Basis of Valuation:	Market Value in existing state
Land Area:	26,963.4 sq.m. approximately
Brief Description:	The Property, located at Xi'an Avenue, is a 7-storey retail mall with 5 storeys above ground and 2 storey in the basement. It was completed in 2006. The area where the Property is situated is one of the most popular commercial districts in Dalian. Part of Basement 1 and the whole of Basement 2 is for carparking. As required by the Landlord, we provide our opinion of the make value of the Property in existing state as at valuation date.
Total Floor Area:	184,980.30 sq.m. approximately
Critical Assumptions:	Subject to proposed usage, floor areas and development schedule in accordance with information provided by the landlord and its representatives. If this information turns out to be different, we reserve the right the revise the valuation.
Valuation Approaches:	Capitalization Approach and Discounted Cash Flow Approach
Date of Inspection:	22 December 2011
Date of Valuation:	31 May 2012

Valuation:

Approaches	RMB
Discounted Cashflow Approach	3,020,000,000
Capitalisation Approach	3,008,000,000
Reconciled Value	**3,010,000,000**

Fair Value with DPU support:	RMB3,201,600,000
Prepared By:	**CBRE HK Limited**

Yu Kam Hung
FHKIS FRICS RPS(GP) FHIREA
Senior Managing Director
Valuation & Advisory Services
Greater China

Harry Chan
FHKIS MRICS MCIREA RPS(GP)
Senior Director
Valuation & Advisory Services
Greater China

Valuation Summary

Property:	Nanjing International Finance Center Baixia District, Nanjing City The People's Republic of China
Company:	HSBC Institutional Trust Services (Singapore) Limited (as Trustee of Dynasty Real Investment Trust)
Purpose:	Initial Public Offering
Basis of Valuation:	Market Value in existing state
Land Area:	16,718.5 sq.m. approximately (entire site)
Brief Description:	The Property, located at No.1 Hanzhong Road, Baixia District, Nanjing City, is a 51-level above ground and 2-level underground commercial building. The Property, which was completed in March 2008 and October 2008 for office and retail portions respectively, is situated in Xinjiekou business centre, one of the most popular historical and commercial hubs in Nanjing. Basement 1 to Level 6 are for retail use whereas the floors above are for office use. Basement 2 is used as car parking spaces. There is also a mezzanine floor between Basement 1 and 2 used for bicycle parking. As required by the Landlord, we provide our opinion of Market Value of the Property in existing state as at the valuation date.
Total Floor Area:	109,196.46 sq.m. approximately
Critical Assumptions:	Subject to proposed usage, floor areas and development schedule in accordance with information provided by the Nanjing Fucheng Real Estate Development Co., Ltd. (南京富城房地产开发有限公司) and its representatives. If this information turns out to be different, we reserve the right to revise the valuation.
Valuation Approaches:	Capitalization Approach and Discounted Cash Flow Approach
Date of Inspection:	23 December 2011
Date of Valuation:	31 May 2012

Valuation:

Approaches	RMB
Discounted Cash Flow Approach	2,538,000,000
Direct Capitalisation Approach	2,642,000,000
Reconciled Value	**2,590,000,000**

Fair Value with DPU support:	RMB2,772,900,000

Prepared By: **CBRE HK Limited**

Yu Kam Hung
FHKIS FRICS RPS(GP) FHIREA
Senior Managing Director
Valuation & Advisory Services
Greater China

Harry Chan
FHKIS MRICS MCIREA RPS(GP)
Senior Director
Valuation & Advisory Services
Greater China

Valuation Summary

Property:	International Capital Plaza Hongkou, Shanghai The People's Republic of China
Company:	HSBC Institutional Trust Services (Singapore) Limited (as Trustee of Dynasty Real Investment Trust)
Purpose:	Initial Public Offering Only
Basis of Valuation:	Market Value
Land Area:	4,913 sq.m.
Brief Description:	Completed in early 2009, the subject building is a 24-storey, A-Grade office tower erected over a 6-storey retail podium (including retail spaces in B1) plus 128 car park lots. Situated in the Hongkou area, one of the traditional commercial areas of Shanghai which is now known for dense residential accommodation. In recent years, the locale has started to be rejuvenated which has seen the development of various mixed-use commercial projects such as the subject and the refurbishment of several character buildings.
Gross Floor Area:	56, 298.97 sq.m.
Critical Assumptions:	Subject to floor areas and tenancy schedule including lease execution in accordance with information provided by the ARA Managers (Asia Dragon) Pte Ltd and its representatives. If this information turns out to be different, we reserve the right the revise the valuation.
Valuation Approaches:	Direct Comparison Approach and Discounted Cash Flow Approach
Date of Inspection:	29 December 2011
Date of Valuation:	31 May 2012

Valuation:

Approaches	**RMB**
Discounted Cash Flow Approach	1,528,000,000
Capitalisation Approach	1,478,000,000
Reconciled Value	**1,503,000,000**

Fair Value with DPU support: RMB1,619,500,000

Prepared By: **CBRE HK Limited**

Yu Kam Hung
FHKIS FRICS RPS(GP) FHIREA
Senior Managing Director
Valuation & Advisory Services
Greater China

Harry Chan
FHKIS MRICS MCIREA RPS(GP)
Senior Director
Valuation & Advisory Services
Greater China

Valuation Report

1) **Nanjing IFC, No. 1 Hanzhong Road, Baixia District, Nanjing, Jiangsu Province, the People's Republic of China**

2) **Tianxing Roosevelt Center, No. 139-1 Xi'an Road, Shahekou District, Dalian, Liaoning Province, the People's Republic of China**

Date of Report	:	**1 October 2012**
Prepared for	:	**ARA Trust Management (Dynasty) Pte. Ltd.** **(as manager of Dynasty Real Estate Investment Trust)**
Report No.	:	**3/12/00021 (RW/KN/ay)**

JONES LANG LASALLE 仲量聯行

Jones Lang LaSalle Limited
Valuation Advisory Services
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Company Licence No.: C-003464

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牌照號碼 C-003464

Our Ref: 3/12/00021
RW/KN/ay

1 October 2012

The Board of Directors
ARA Trust Management (Dynasty) Pte. Ltd.
(as manager of Dynasty Real Estate Investment Trust)
6 Temasek Boulevard, #16-02
Suntec Tower Four
Singapore 038986

Dear Sirs

1) Nanjing IFC, No. 1 Hanzhong Road, Baixia District, Nanjing, Jiangsu Province, the People's Republic of China

2) Tianxing Roosevelt Center, No. 139-1 Xi'an Road, Shahekou District, Dalian, Liaoning Province, the People's Republic of China

Purpose and Date of Valuation

We refer to the instruction from ARA Trust Management (Dynasty) Pte Ltd. (as manager of Dynasty Real Estate Investment Trust) (the Instructing Party or the Manager) for us to carry out market valuations for the captioned leasehold property interests (collectively, the Properties) in relation to the initial public offering of the Dynasty Real Estate Investment Trust.

We are instructed to provide our opinion of the market values of the Properties with the Distribution Per Unit (DPU) support provided by the Manager.

We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we deem necessary to provide our opinion as to the market value of the Properties as at 31 May 2012 (the date of valuation).

Basis of Valuation

Our valuation of the property interests are made on the basis of the 'Market Value' defined by International Valuation Standards Council and adopted by the Royal Institution of Chartered Surveyors as ***"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".***

Each of the property has been valued as a single property interest and subject to the existing tenancies. The valuations presented herein represent 100% interest for each of the property and not the shareholdings of the company holding the respective property interest thereof.

Valuation Assumptions

Our valuations have been made on the assumption that the owner sells the Properties on the market without the benefit of deferred terms contracts, leasebacks, joint venture, management agreements or any similar arrangements which could serve to affect the values of the Properties.

No allowance has been made in our valuations for any unpaid land use fee/premium, compensation, charges, mortgages or amounts owing on the Properties nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of onerous nature that could affect their values.

In forming our opinion of values of the Properties, we have assumed that the grantees or the users of the Properties have free and uninterrupted rights to use and assign the property interests for the whole of the unexpired term as granted. Unless otherwise stated, we have valued the Properties on the assumption that they are freely disposable and transferable and the Properties have been built and completed in accordance with relevant government approvals.

Reliance of This Letter

We have prepared full valuation reports (the Reports) in accordance with the requirements of the instruction from the Instructing Party. For the purpose of this prospectus, we have prepared this letter and the enclosed valuation summaries which summarise the Reports and outline key factors which we have considered in arriving at our opinion of values.

The letter and valuation summaries alone do not contain the necessary data and information included in the Reports submitted to the Manager. Reference shall be made to the Reports for any further necessary information not contained herein.

Source of Information

In the course of our valuations, we have relied to a very considerable extent on the information provided to us by the Manager. Dimensions, measurements and areas included in this report are based on information contained in copies of documents provided to us.

We have no reason to doubt the truth and accuracy of the information provided to us and have been advised by the Manager that no material facts have been omitted from the information supplied and no material information has been withheld.

Summary of Property Details

	Property	Type of Development	Land Tenure	Approx. Gross Floor Area (m^2)
1.	Nanjing IFC, Nanjing	Office with retail podium	Land use rights term to be expired on 28 April 2045	109,196.46
2.	Tianxing Roosevelt Center, Dalian	Shopping Centre	Land use rights term to be expired on 18 August 2042	184,980.30

Valuation Rationale

In arriving at our opinion of values, we have considered relevant trend, general and economic factors, and examined relevant available market evidences. We have principally adopted the Income Capitalisation Method and Discounted Cash Flow (DCF) Analysis in the course of our valuations. Direct Comparison Method has also been used as cross-reference to the results derived from the income approaches.

Income Capitalisation Method

The income capitalisation method is based on the capitalisation of the fully leased, current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yield to arrive at the capital value.

In this valuation method, the rental income derived from the existing tenancies are capitalised for their respective unexpired terms of the contractual tenancies whilst vacant units are assumed to be let at their respective market rents as at the date of valuation. Upon expiry of the existing tenancies, each unit is assumed to be let at its current market rent as at the date of valuation, which is then capitalised for the remaining term of the land use rights of the property. The sum of the capitalised value of the term income for the leased portion, the capitalised value of the reversionary income as appropriate deferred and the capitalised value for the vacant portion provides the market value of the property.

The capitalisation rate adopted is by reference to the yield achieved in the analysed market sale transactions and our knowledge of the market expectation from property investors. This expected return reflects the type and quality of the property, the expectation of the potential for future rental growth and capital appreciation, and any associated risk factors.

Valuation Rationale (Cont'd)

Discounted Cash Flow Analysis

The DCF Analysis involves the projection of a series of periodic cash flows and applied an appropriate discount rate to arrive at the present value of the income stream associated with the property.

The periodic cash flow is typically estimated as gross income less vacancy and operating expense as well as other outgoings. The series of periodic net income, along with an estimate of the terminal value at the end of the projection period are then discounted at the discount rate that reflects the rate of return required by a third party investor for an investment of this type to arrive at the present value.

We have undertaken the DCF Analysis on a monthly basis over an assumed 10-year investment horizon. The net income in the Year 11 is capitalised at an appropriate yield for the remainder of the land use right term. This analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental income and capital growth over an assumed investment horizon.

Direct Comparison Approach

Direct Comparison method is a method of valuation based on comparing the property directly with other comparable properties which recently transacted. Comparable premises are generally located in the surrounding areas or in other sub-markets which are comparable to the property. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price likely to be achieved by the property under consideration.

Summary of Values

	Property	Gross Capitalisation Rate		Discount Rate	Terminal Yield	Market Value as at 31 May 2012 (RMB)	Market Value as at 31 May 2012 (RMB)
		(adopted in Income Capitalisation Method)		(adopted in DCF Analysis on NOI)		(without DPU support)	(with DPU support)
1.	Nanjing IFC	Office Retail	5.75% 6.00%	8.00%	4.00%	2,600,000,000	2,782,900,000
2.	Tianxing Roosevelt Center	General Retail Anchor / Semi-anchor	6.75% 6.50%	9.00%	5.25%	3,170,000,000	3,361,600,000
					Total:	**5,770,000,000**	**6,144,500,000**

Title Investigation

We have been provided with copies of certain title documents relating to the Properties. However, we have not searched and examined the original documents to verify ownership or to ascertain the existence of any lease amendments that may not appear on the copies handled to us.

For the title matters of the Properties, we have relied on the legal opinion provided by King & Wood and no responsibility is assumed for any matters concerning the legal title of the subject property interests.

Property Inspection

We have inspected the exterior and where possible the representative parts of the interior of the Properties in February 2012. We have not conducted formal site and structural surveys and, as such, we cannot report that the Properties are free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Properties, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. We have not conducted tests to any of the building services.

Disclaimers

We have prepared this letter and enclosed valuation summaries which appear in this prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the prospectus, other than in respect of the information provided within the Reports and this valuation summary report. We do not make any warranty or representation as to the accuracy of the information in any other part of the prospectus other than as expressly made or given in this valuation report.

We have relied upon property data supplied by the Manager which we assume to be true and accurate. We have no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The report analysis, opinions and conclusions are our unbiased professional opinions and are subject to the assumptions and limiting conditions as stated in this letter and the Reports. Valuers involved in preparation of these valuations have no present or prospective interests in the Properties and have no personal interest or bias with respect to the parties involved. The Valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favour the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the Valuers undertaking these valuations are authorised to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

Unless otherwise stated, all currency stated herein this report is in Renminbi (RMB).

The valuation summaries of the Properties follows.

Yours faithfully
For and on behalf of
Jones Lang LaSalle Limited

C K Lau MRICS, MHKIS, RPS (GP)	Rita Wong MHKIS, AAPI, RPS(GP)
International Director	Regional Director
Licence No. E-131615	*Licence No.: E-130557*

Valuation Summary

The Property	Nanjing IFC No. 1 Hanzhong Road, Baixia District, Nanjing, Jiangsu Province, the PRC
Property Type	Office building with retail podium
Building Completion Date	2008
Apportioned Site Area	16,718.5m²
Gross Floor Area	109,196.46m^2
Registered Owner	南京富城房地产开发有限公司
Land Tenure	The subject site was granted for commercial, office, culture, sports and entertainment uses for a term expiring on 28 April 2045.
Brief Description	Nanjing IFC, located in Xinjiekou business centre, is a 51-storey above ground and 2-storey underground commercial building. Basement Level 1 to Level 6 are for retail use whereas the floors above are for office use. Basement Level 2 is used for car parking. There is also a mezzanine floor between Basement Levels 1 and 2 used for bicycle parking. The Property was completed in 2008. The area where the Property is situated is one of the most popular historical and commercial hubs in Nanjing.
Occupancy (as at date of valuation)	Office: 92.4% (passing) / 94.4% (including pre-committed tenancies) Retail: 98.2% (passing) / 98.6% (including pre-committed tenancies)
Tenancy Details	Total passing rental income of about RMB10,280,000 per month, exclusive of management fee. The office and retail portions are let under various tenancies at varying lease terms with the latest office and retail tenancy expiring in April 2018 and August 2022 respectively.
Basis of Valuation	Market Value of the Property subject to the existing tenancies.
Valuation Methods	Income Capitalisation and Discounted Cash Flow Analysis. Direct Comparison method as cross-check.
Key Valuation Assumptions	*Income Capitalisation Method* Gross Capitalisation Rate — Office : 5.75%; Retail : 6.00% *DCF Analysis* Discount Rate — 8.0% Terminal Yield (on NOI) — 4.0%
Purpose of Valuation	For public disclosure purpose.
Date of Valuation	31 May 2012
Market Value as at Date of Valuation	RMB2,600,000,000 – without DPU support RMB2,782,900,000 – with DPU support

Valuation Summary

The Property	Tianxing Roosevelt Center No. 139-1 Xi'an Road, Shahekou District, Dalian, Liaoning Province, the PRC
Property Type	Shopping center
Building Completion Date	2006
Apportioned Site Area	26,963.4m²
Gross Floor Area	184,980.3m²
Registered Owner	大连博原有限公司
Land Tenure	The subject site was granted for other commercial use for a term expiring on 18 August 2042.
Brief Description	Tianxing Roosevelt Center, located in Xi'an Avenue, Shahekou District, is a 7-storey retail mall with 5-storey above ground and 2-storey underground. Part of Basement Level 1 and the whole of Basement Level 2 are for car parking. The Property was completed in 2006. The area where the Property is situated is one of the most popular commercial districts in Dalian.
Occupancy (as at date of valuation)	90.7% (passing) / 93.2% (including pre-committed tenancies)
Tenancy Details	Total passing rental income of about RMB14,856,000 per month, exclusive of management fee. The retail units are let under various tenancies for varying terms with anchor tenants signed on lease terms ranging from 8 to 20 years while most of the general retail tenancies are for 1 to 3 years. Some larger tenants have longer lease terms of 5 to 12 years.
Basis of Valuation	Market Value of the Property subject to the existing tenancies
Valuation Methods	Income Capitalisation and Discounted Cash Flow Analysis. Direct Comparison method as cross-check.
Key Valuation Assumptions	*Income Capitalisation Method* Gross Capitalisation Rate: General Retail : 6.75%; Anchor / Semi-anchor : 6.50% *DCF Analysis* Discount Rate: 9.00% Terminal Yield (on NOI): 5.25%
Purpose of Valuation	For public disclosure purpose.
Date of Valuation	31 May 2012
Market Value as at Date of Valuation	RMB3,170,000,000 – without DPU support RMB3,361,600,000 – with DPU support

Our Ref: CV/CL/EL/NY/gc/10-0903(4)

26 September 2012

ARA Trust Management (Dynasty) Pte Ltd
(as Manager of Dynasty Real Estate Investment Trust (hereinafter referred to as the "Manager"))
6 Temasek Boulevard
#16-02 Suntec Tower Four
Singapore 038986

Dear Sirs

INTERNATIONAL CAPITAL PLAZA, NO.1318 NORTH SICHUAN ROAD, HONGKOU DISTRICT, SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

This valuation has been prepared for the purposes of the listing of Dynasty REIT on Singapore Exchange Securities Trading Limited.

In accordance with the instructions from the Manager for us to value the Property, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 May 2012.

Our valuation is our opinion of the market value of the Property which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation, we have valued the Property (i) on the basis that the Property is immediately available for sale in the market subject to its existing tenancies as at the date of valuation; (ii) by taking into account the DPU Support on the basis that the vendor will pay the DPU support upfront; and (iii) without considering the DPU Support.

../2

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Where applicable, information such as the title particulars, ownership and land use right term have been provided by the Manager. We have also relied on the information provided by the Manager on matters such as site and floor areas, tenancy details, occupancy status, land use right term, building plans and all other relevant matters. In the course of our valuation, we have assumed that all the leases are legally valid and enforceable and the Property has proper legal title, which can be freely transferable and leased in the market without being subject to any land premium or any extra charges. We have no reason to doubt the truth and accuracy of the information provided to us by the Manager which is material to the valuation. All information provided to us is treated as true and correct. We accept no responsibility for subsequent changes in information and reserve the right to change our opinion of value if any other information provided were to materially change.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have inspected the exterior and, where possible, the interior of the Property. No structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the Property is free from rot, infestation or any other structural defect. No tests were carried out to any of the services.

In arriving at our opinion of value, we have considered the prevailing market conditions. The valuation methods adopted to arrive at our opinion of value are Discounted Cash Flow Analysis (DCF), Income Capitalisation Approach and Direct Comparison Approach. Each method has been used as a check against the others. The DCF is relied on a set of assumptions as to income and expenses of the Property and future economic conditions in the local market. Expenses include repair and maintenance, business and property taxes, marketing, general and administration fees and sinking fund for future capital expenditure, where appropriate. 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.

Details of the Property are attached to this letter. This letter alone does not contain the necessary data and support information included in our comprehensive report. For further information to that contained herein, reference should be made to the comprehensive report, copy of which is held by the Manager.

This valuation summary is for the use of the Manager, the board of directors of the Manager in connection with the proposed offering. No responsibility is accepted to any other party for the whole or any part of its contents.

.../3

We have prepared this valuation summary for inclusion in the prospectus and specially disclaim liability to any person in the event of any omission from or false or misleading statement included in the prospectus, other than in respect of the information provided within the valuation report and summary. We do not make any warranty or representation as to the accuracy of the information in any part of the prospectus other than as expressly made or given in this valuation summary.

We have relied upon the property data supplied by the Manager which we assume to be true and accurate. We take no responsibility for inaccurate data provided to us and subsequent conclusions derived from 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. We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the Manager. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Vendor, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that our valuers undertaking this valuation are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Clement W M Leung
MRICS MHKIS RPS(GP)
Executive Director

Reviewed (but not undertaken) by:

Alan O R Child
FRICS FHKIS RPS(GP)
Executive Chairman

Enc

EL/gc

Our Ref: CV/CL/EL/NY/gc/10903(4)

International Capital Plaza

Address of Property	:	No. 1318 North Sichuan Road, Hongkou District, Shanghai, The People's Republic of China
Land Use Right Term	:	50 years expiring on 18 May 2045
Registered Owner	:	雷富房地产（上海）有限公司 (Lei Fu Real Estate (Shanghai) Co. Ltd)
Brief Description	:	Completed in early 2009, the Property is a 24-storey, A-Grade office tower erected over a 6-storey retail podium (including retail spaces in Basement Level 1) plus 128 car park lots. The total gross floor area of the Property is approximately 56,298.97 sq m. The site area of the Property is approximately 4,913 sq m.
Tenancy Particulars	:	The Property was let under various tenancies for terms of one to thirteen years with the last lease expiring in January 2025, yielding a total monthly rental income of approximately RMB5,620,000, exclusive of management fees.
Gross Floor Area	:	Approximately 56,298.97 sq m
Year of Completion	:	2009
Current Occupancy Rate	:	Approximately 86%
Monthly Rent	:	Approximately RMB5,620,000
Land Use	:	Comprehensive
Valuation Methodologies	:	Direct Comparison Approach, Income Capitalisation Approach and Discounted Cash Flow Analysis
Market Value as at 31 May 2012 (without DPU Support)	:	RMB1,508,000,000 (RENMINBI ONE BILLION FIVE HUNDRED AND EIGHT MILLION ONLY)
Market Value as at 31 May 2012 (with DPU Support)	:	RMB1,624,500,000 (RENMINBI ONE BILLION SIX HUNDRED TWENTY FOUR MILLION AND FIVE HUNDRED THOUSAND ONLY)

Notes:

1. *Distribution Per Unit Support (the "DPU Support") is a commercial arrangement arrived at after negotiations by the Manager with the vendor of the Property for the benefit of unit holders of Dynasty REIT. The vendor would be required to pay the DPU Support upfront.*

INDEPENDENT PRC PROPERTY MARKET RESEARCH REPORT

Project Dynasty, Nanjing, Dalian and Shanghai

H1 2012

DATED 10-01-12

Prepared by
Colliers International Property Consultants (Shanghai) Co. Ltd

for ARA Trust Management (Dynasty) Pte. Ltd (as Manager of Dynasty Real Estate Investment Trust)

Accelerating success

Colliers International Property
Consultants (Shanghai) Co. Ltd
Advisory Services
Company Licence No: C-006052

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16F 300 Hong Kong New World Tower
Huai Hai Zhong Lu
Shanghai
200021 PRC

1 October 2012

ARA Trust Management (Dynasty) Pte Ltd
(as Manager of Dynasty Real Estate Investment Trust)
6 Temasek Boulevard
#16-02 Suntec Tower Four
Singapore 038986

Dear Sirs,

Re: Project Dynasty – Nanjing, Dalian and Shanghai (the 'Project')

With reference to your instructions received on 22 August 2012, we have prepared market studies with reference to Dynasty Real Estate Investment Trust's portfolio of properties located in Nanjing, Dalian and Shanghai. The report is required for inclusion within the prospectus issued for the IPO of the said portfolio.

This report is for your sole use and for internal purposes and no liability to any third party can be accepted for the whole or any part of the contents of the document. Neither the whole nor any part of this report nor any reference thereto may be included in any published documents, circular or statement, nor published in any way whatsoever without prior written approval of Colliers International Property Consultants (Shanghai) Co. Limited as to the form and context in which it may appear.

The report is enclosed herewith.

Yours faithfully,
For and on behalf of
Colliers International Property Consultants (Shanghai) Co. Ltd.

James Shepherd MRICS
Senior Director
Research and Advisory Services; Corporate and Institutional Services
East and Southwest China

TABLE OF CONTENTS

CERTIFICATION

The market study has been prepared by Colliers International Property Consultants Advisory teams based in Shanghai. The project was coordinated by Mr. James Shepherd MRICS. Sections of this report have been prepared by Miss. Caroline Dellasega MRICS (Shanghai). The analysts are suitably qualified to carry out the instruction and have ample experience in real estate consultancy of this magnitude and nature. They have no pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion or that could conflict with a proper judgment of the stated property markets.

We confirm that we have carried out an inspection, made relevant enquiries and obtained further information as we consider necessary to allow us to provide you with our opinions for reference purposes. All investigations have been conducted independently and without influence from any third parties in any way. The information provided in this report has been obtained from the Client, relevant government bureaus, other public information sources and our internal database.

James Shepherd MRICS
Senior Director
Research and Advisory Services
Corporate and Institutional Services
East and Southwest China

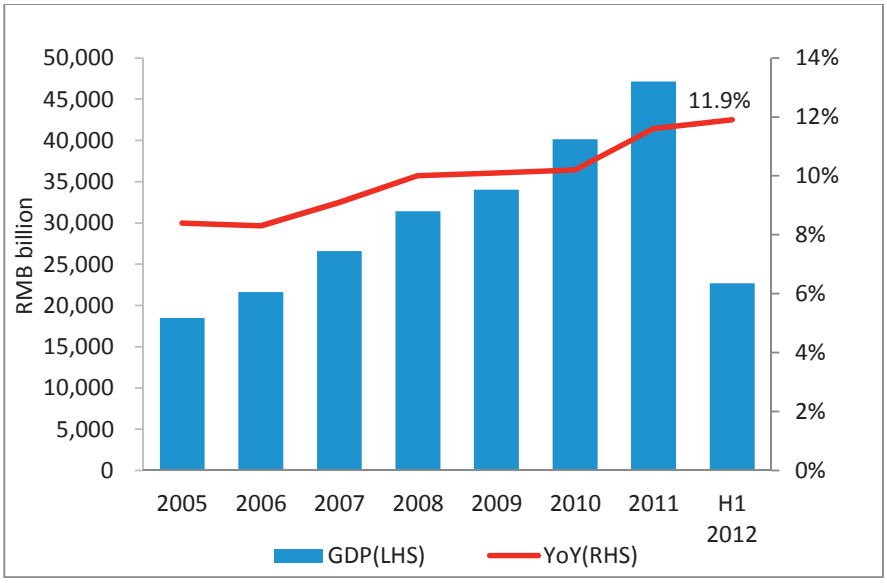
Lina Wong MRICS CCIM
Managing Director
East & Southwest China
Investment Services China

1 EXECUTIVE SUMMARY

CHINA ECONOMIC OVERVIEW

Following the reform and opening-up policies started in the late 1970s, China has experienced significant economic growth in the last three decades. China's accession to the World Trade Organization (WTO) in 2001 further accelerated the country's economic growth. As one of the fastest-growing economies and the second largest economy in the world, China's gross domestic product (GDP) quintupled from RMB 8,940 billion in 2000 to RMB 47,156 billion in 2011 at a compound annual growth rate of 16.3 percent. As at the end of the first half of 2012, GDP stood at 22,710 billion, a year on year increase of 11.9 percent.

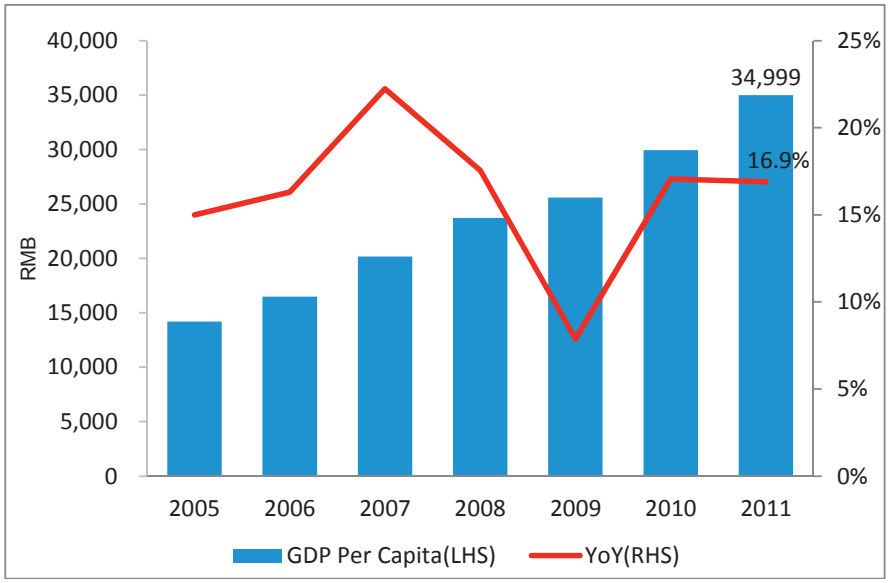
Figure 1: China's GDP and GDP Growth (2005-H1 2012)



Source: National Statistics Bureau

Between 2005 and 2011, per capita Gross Domestic Product (GDP) more than doubled from RMB 14,185 to RMB 34,999, growing 16.9 percent in 2011 (from RMB 29,940 in 2010). Per capita GDP between 2005 and 2011 grew at a compound annual growth rate of 16.2 percent.

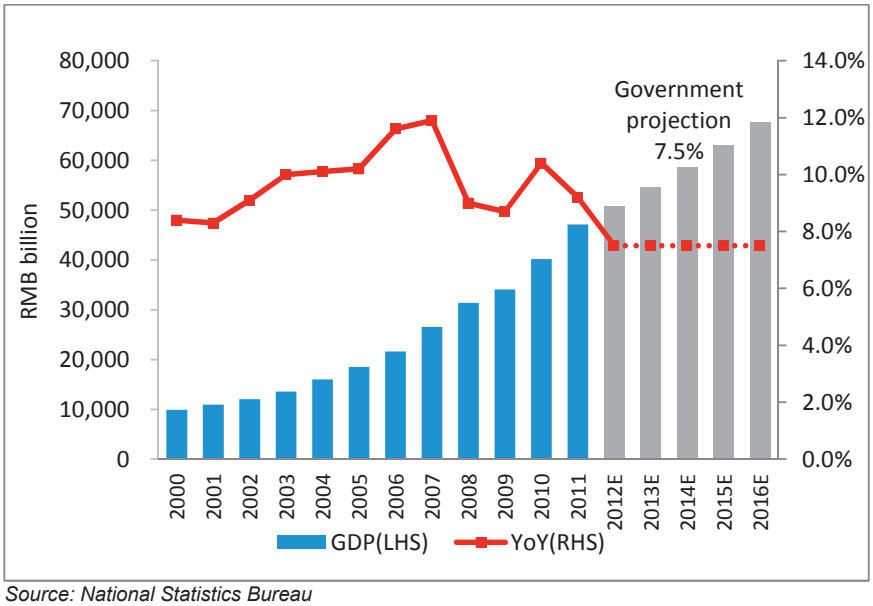
Figure 2: China's GDP Per Capita and Growth (2005-2011)



Source: National Statistics Bureau

The Central Government projects GDP growth to be 7.5 percent in 2012. This annual growth is expected to sustain at the same levels from 2013 to 2016.

Figure 3: GDP and GDP Growth Projection (2012-2016F)



Source: National Statistics Bureau

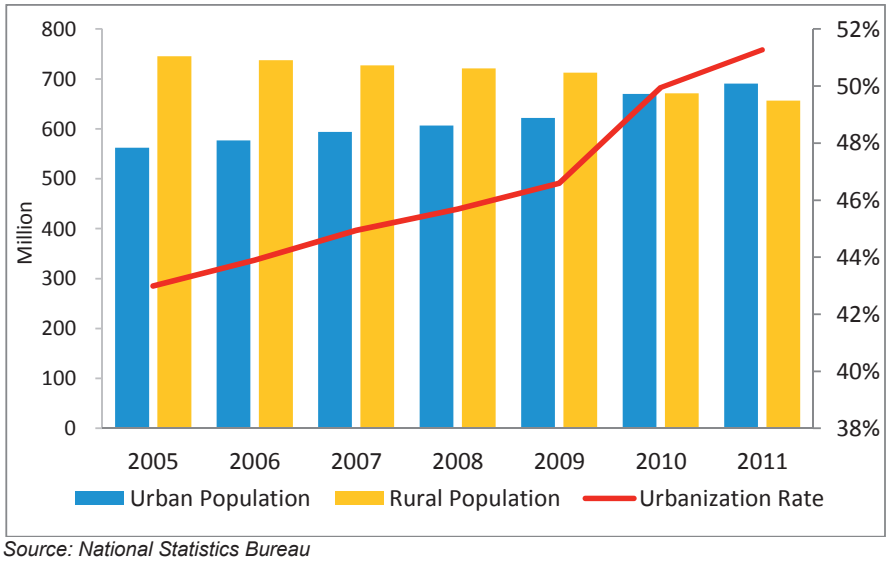
Demographic Trends

China currently has the world's largest population and continues to grow at a

stable rate. Between 2005 and 2011, the country's compound annual population growth rate was 0.43 percent. China's population grew 0.47 percent in 2011 to approximately 1.35 billion.

As China continues to modernize, its large rural population has flocked to the urban cities. The urbanization rate is projected by the government to reach approximately 51.5 percent by 2015. The previous five year urban population annual growth rate averaged 3.5 percent. Despite the current austerity measures on the residential real estate market, China's residential real estate prospects for the next decade are promising, supported by sustained urbanization and strong demand for housing.

Figure 4: Urban and Rural Population, Urbanization Rate (2005-2011)

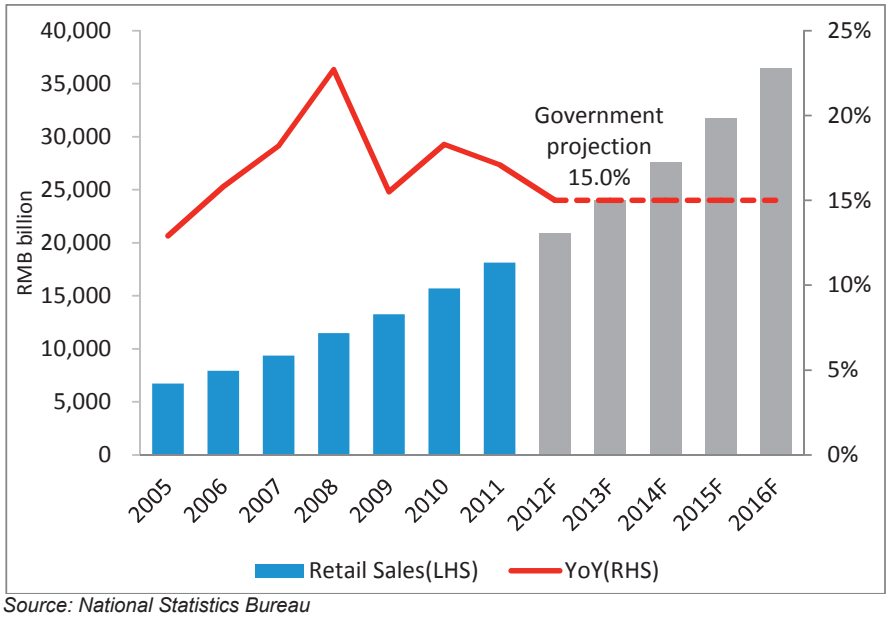


Source: National Statistics Bureau

Retail Sales

From 2006 to 2011, China's retail sales recorded a compound annual growth rate of 18.2 percent. According to the government's 12th Five Year Plan, China's retail sales are projected to grow steadily at approximately 15 percent per annum to reach RMB 32 trillion by 2015, twice the 2010 total, driven substantially by the rapid increase of disposable incomes.

Figure 5: Retail Sales (2005-2016F)



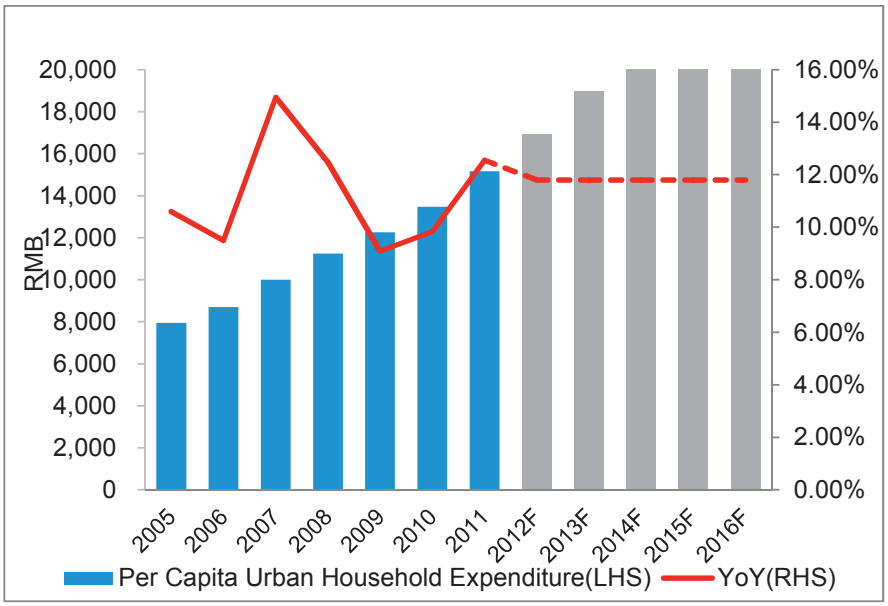
Source: National Statistics Bureau

China's Per Capita Urban Household Expenditure

China's per capita urban household expenditure[1] grew at a compound annual growth rate of approximately 11.8 percent between 2006 and 2011, reaching RMB 15,161 by the end of the period. If growth continues at this rate it should pass RMB 25,000 by 2016.

[1] Per capita urban household expenditure refers to total expenditure per person of the sample households for consumption in daily life, including expenditure for various commodities and expenses for non-commodity items such as culture and services, etc, but excluding fines and confiscation, loss and tax payments.

Figure 6: Per Capita Urban Household Expenditure (2005-2016F)

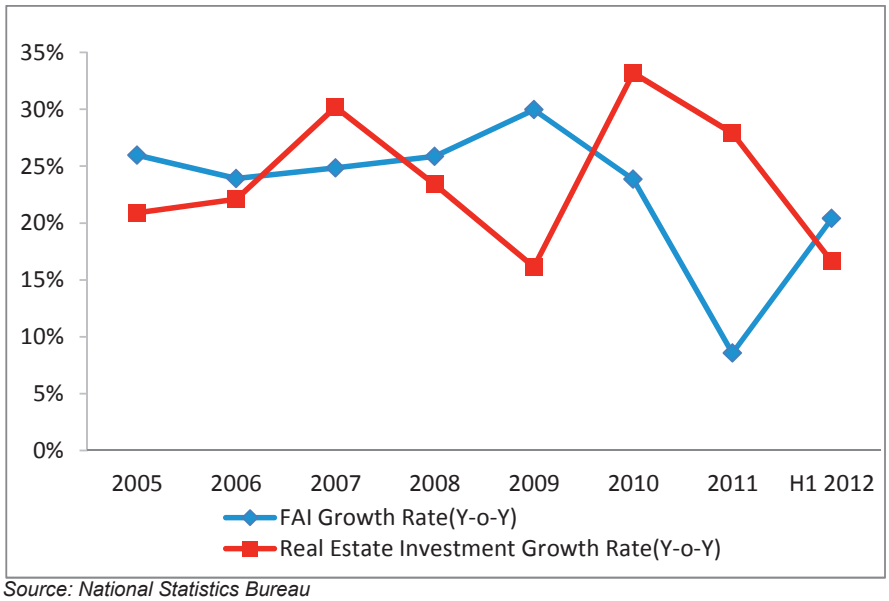


Source: National Statistics Bureau

Fixed Asset Investment

Fixed asset investment, a key driving factor of China's economy, saw a compound annual growth rate of approximately 18.3 percent between 2006 and 2011. After a drop in growth rate in 2011 to 8.55 percent, fixed asset investment in China grew 20.4 percent in the first half of 2012, equating to approximately 66 percent of total gross domestic product.

Figure 7: Fixed Asset Investment and Real Estate Investment Growth (2005-H1 2012)

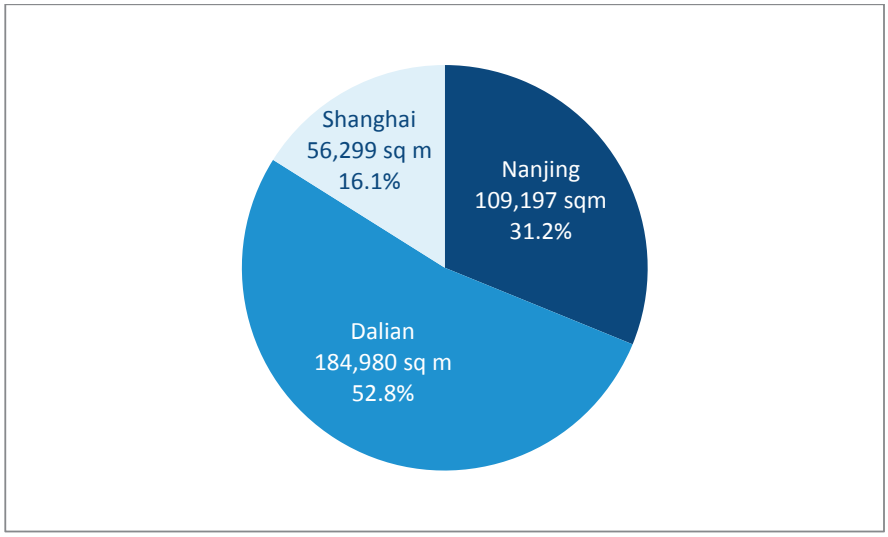


Source: National Statistics Bureau

PORTFOLIO

The portfolio presented showcases a strong mix of three commercial properties in key first and second tier markets across China.

Figure 8: Overall Portfolio (GFA sq m)

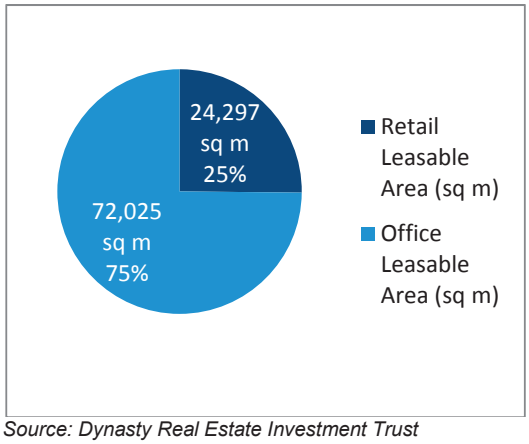


Source: Colliers International Shanghai (CIS) Research

NANJING INTERNATIONAL FINANCE CENTER

Nanjing International Finance Center (Nanjing IFC) is located in Xinjiekou Commercial Circle, commanding a prime position directly on the central intersection at the commercial hub of Zhongshan Road and Hanzhong Road. Beneath this intersection is the metro station with an interchange between Lines 1 and 2 providing Nanjing IFC with direct metro access.

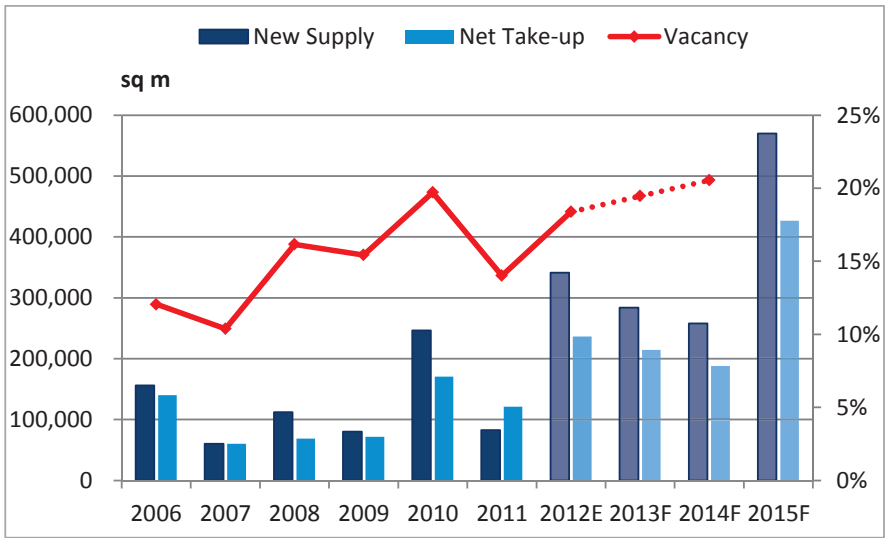
Figure 9: Nanjing IFC Portfolio (GFA sq m)



Source: Dynasty Real Estate Investment Trust

OFFICE

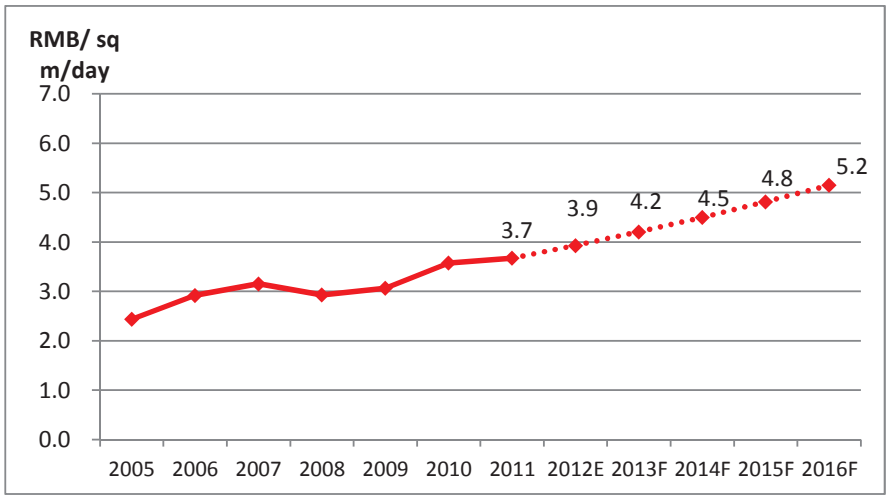
Figure 10: Nanjing Grade A Office Supply, Demand and Vacancy Rate, 2011-2015F



Source: Colliers International Shanghai (CIS) Research

The Nanjing office market appears robust and we expect that the historical growth seen should continue in the Xinjiekou area over the mid-term. New high quality retail and office developments serve to reinforce the area as the prime Central Business District (CBD) for Nanjing and the property's prime position within Xinjiekou means it is well positioned to compete with the future new supply.

Figure 11: Nanjing Grade A Office Rental Trends, 2005 to 2015F



Source: Colliers International Shanghai (CIS) Research

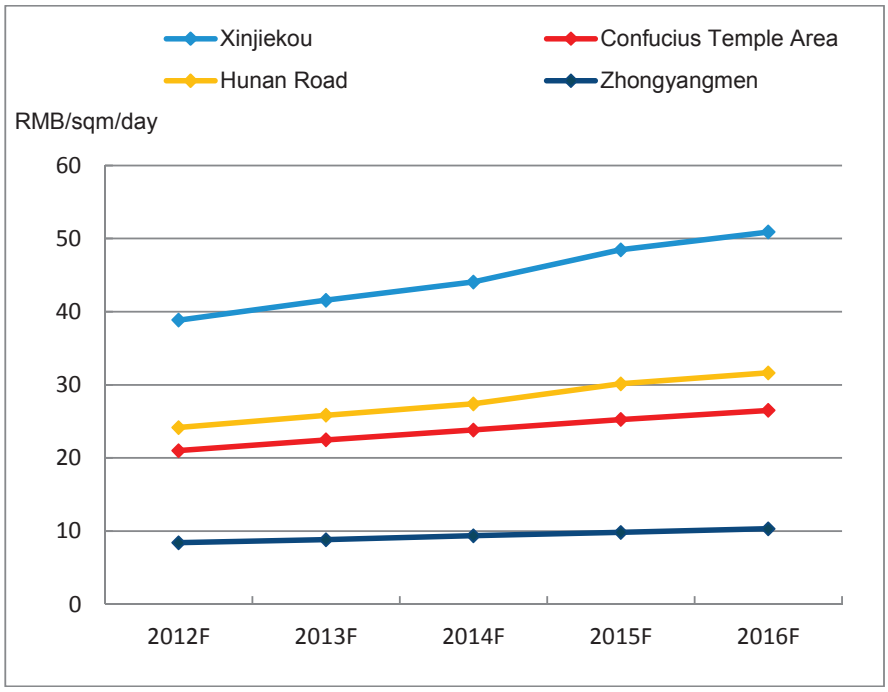
Asking rentals in Grade A office buildings in Nanjing range from approximately RMB 3.3 to RMB 6.0 per square metre per day.

Considering historic Nanjing office rental growth rates, it is estimated that annual increases of approximately seven percent over the next three years may be achievable as more local companies seek higher quality office accommodation and multi-national companies continue to set up or expand offices in Nanjing.

According to developers' schedules, the majority of future new supply in Nanjing will be in Jianye district's Hexi New Town. Hence, the limited new supply in the Xinjiekou district should further support rental growth in the district.

RETAIL

Figure 12: Estimated Future Average Ground Floor Rental Trend of Major Retail Areas, Nanjing (2012F-2016F)



Source: Colliers International Shanghai (CIS) Research

Steadily increasing disposable income and retail sales growth have been the drivers of Nanjing's retail market development. At the end of 2011, the per capita disposable income for Nanjing's urban residents increased 13.7 percent

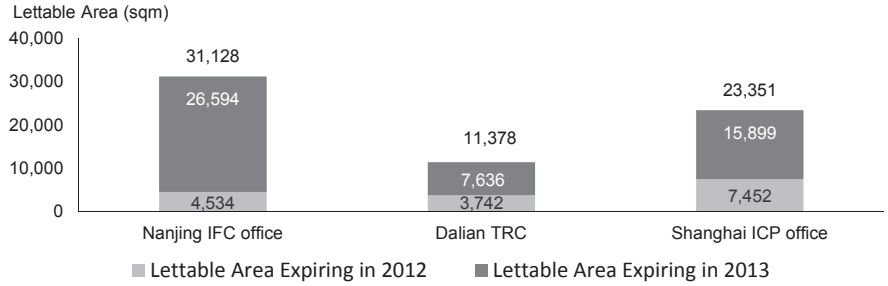
from the same period of 2010 to RMB 32,200, driving the increase in retail demand. Within Nanjing, Xinjiekou is expected to continue to lead Nanjing's retail market in the coming years. Demand for retail facilities in the Nanjing downtown area is expected to remain robust and, over the next three years, could drive rental levels for high quality developments up by approximately eight to ten percent per annum.

It should be noted that the retail components of each of the Nanjing and Shanghai properties are not traditional malls; instead, they focus on a Food & Beverage positioning to complement the office accommodation within the building whilst at the same time attract customers from the immediate surrounding area.

Positive Rental Reversion

The office components of Nanjing IFC and Shanghai ICP, and the retail area of Dalian TRC[2] may have the potential to enjoy positive rental reversions from renewals of existing leases that we are advised comprise 31.4 percent of the total Lettable Area expiring during the FY2012 and FY2013. The typical asking headline rentals in the market are in general higher than the average passing rental of the leases due to expire during this period[3].

Figure 13: FY2012 – FY2013 Expiring Lettable Area



Source: Dynasty Real Estate Investment Trust

Note: Figures as at May 31 2012

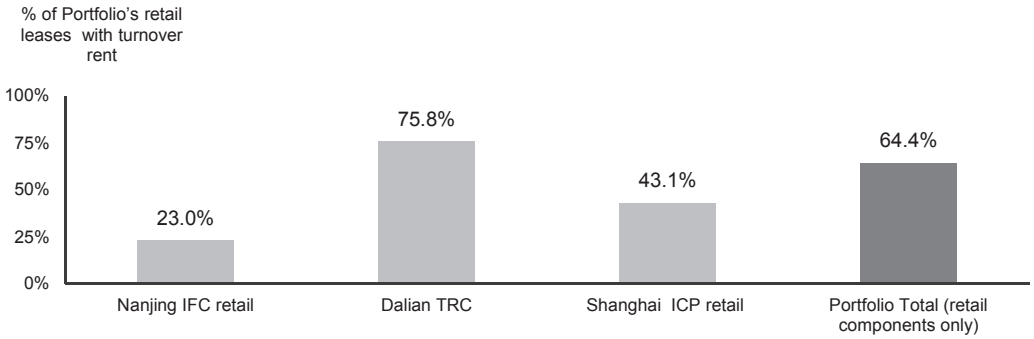
2 Nanjing IFC Retail component and Shanghai ICP Retail component are excluded here as the retail components are viewed as complementary to the office towers and inappropriate to benchmark against prime retail properties.

3 Average expiring rent FY2012/FY2013 is calculated based on Gross Rental Income for Nanjing IFC office, Dalian TRC ground floor retail and Shanghai ICP office that is expiring in FY2012 and FY2013 and Lettable Area expiring in FY2012 and FY2013 under the company's rent-roll as of 31 May 2012. RMB 4.6 per sq m per day is the average headline asking prime office rental for comparable properties in the Xinjiekou area compared to Nanjing IFC office average expiry rental of RMB 3.7 per sq m per day; RMB 20 per sq m per day is the average headline asking ground floor retail rental on gross basis within the Xi'an Road area compared to Dalian TRC's ground floor average expiry rental of RMB 16.6 per sq m per day and RMB 4.9 per sq m per day is the average headline asking prime office rental within the Hongkou district compared to Shanghai ICP office's expiring rentals averaging RMB 3.9 per sq m per day.

Upside from Turnover Rent

According to the information provided, the Properties' Gross Rental Income is derived from both the Base Rental and Turnover Rental. As of 31 May 2012, we are advised approximately 64.4 percent of the IPO Portfolio's retail leases (by gross rental income) have a Turnover Rental component. This allows the retail component of the Properties to potentially capture any future potential upside on the back of the strong PRC economy. According to the National Bureau of Statistics, China's PRC's urban disposable income per capita grew 14.1 percent in 2011 to RMB 21,810, more than twice the 2005 level of RMB 10,493. This upward trend is expected to continue, according to the income growth objectives outlined the PRC's 12th Five Year Plan.

Figure 14: Percent of Portfolio's Retail Leases (by GRI) with Turnover Rent



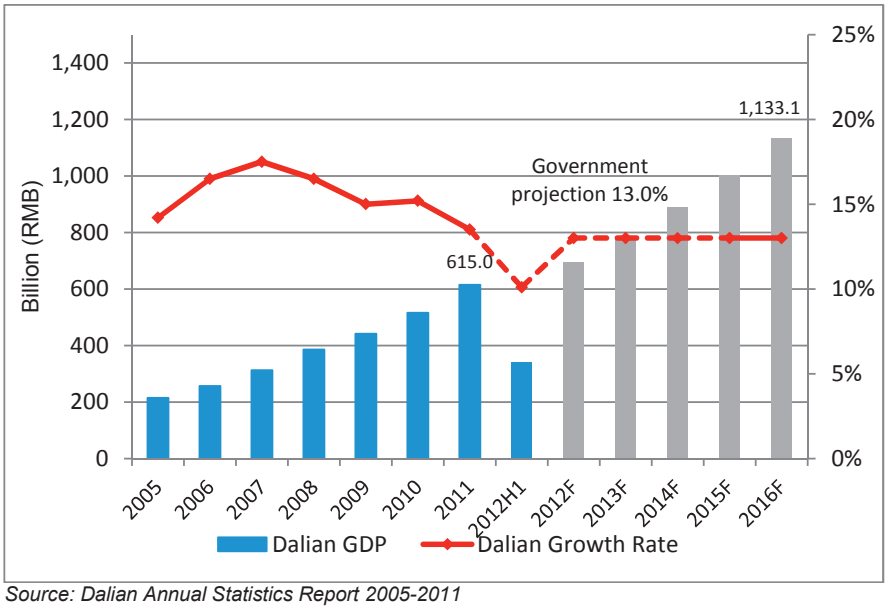
Source: Dynasty Real Estate Investment Trust

Note: Figures as at May 31 2012

DALIAN TIANXING ROOSEVELT CENTER

Dalian's history as an important shipping hub in north-east Asia has cemented its recent economic development. 45 percent of Liaoning province's total FDI is concentrated in Dalian and the majority of the investment comes from Japan and South Korea, both of which have historical trading links with the city. Dalian has a national-level economic development zone, a hi-tech industrial zone, a national-level tourist resort, and the only bonded harbour and export processing zone in the region.

Figure 15: Dalian GDP & GDP Growth (2005-2016F)

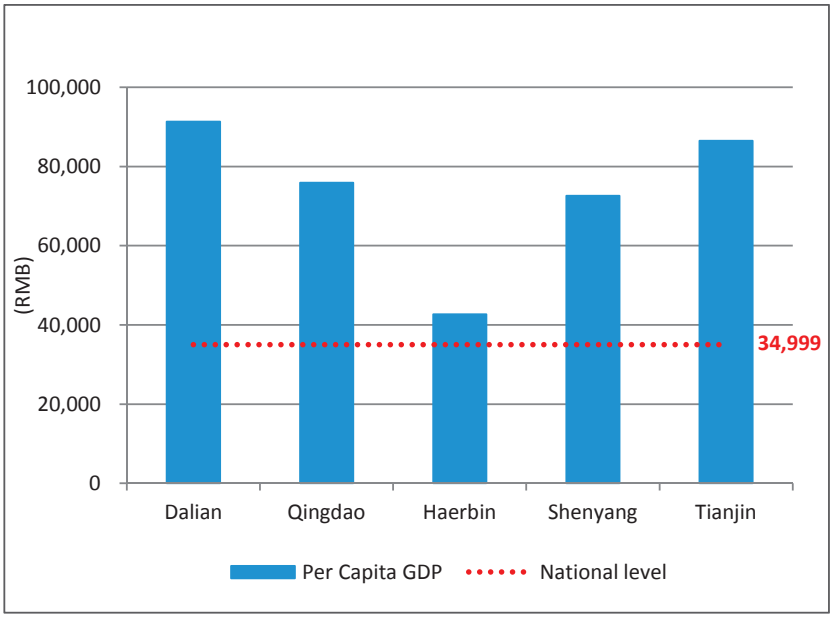


Source: Dalian Annual Statistics Report 2005-2011

The Dalian government's projection for GDP growth in 2012 is 13 percent, should this growth rate continue GDP could surpass RMB 1,000 billion by 2016.

Per capita GDP in 2011 was RMB 91,287, higher than the national average of RMB 34,999 per capita, and Liaoning Province's capital Shenyang at RMB 72,637.The graph below demonstrates Dalian's position in relation to comparable north-eastern cities in 2011.

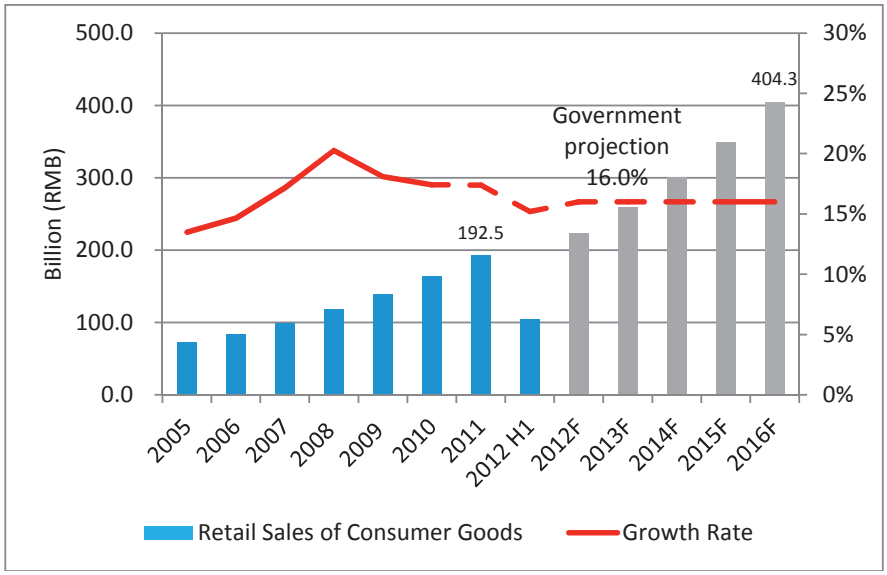
Figure 16: Per Capita GDP Comparison by North Eastern Cities, 2011



Source: Dalian Annual Report 2011 and population census 2011

Dalian's retail sales have been historically strong, recording a compound annual growth rate of 18.06 percent between 2006 and 2011. In the first half of 2012, retail sales reached RMB 104.64 billion, a 15.4 percent increase over the same time last year. Dalian government targets are for a retail sales growth of 16 percent in 2012. Based on the assumption that the government's target for 2012 continues, the projected total retail sales in 2016 could grow to RMB 400 billion.

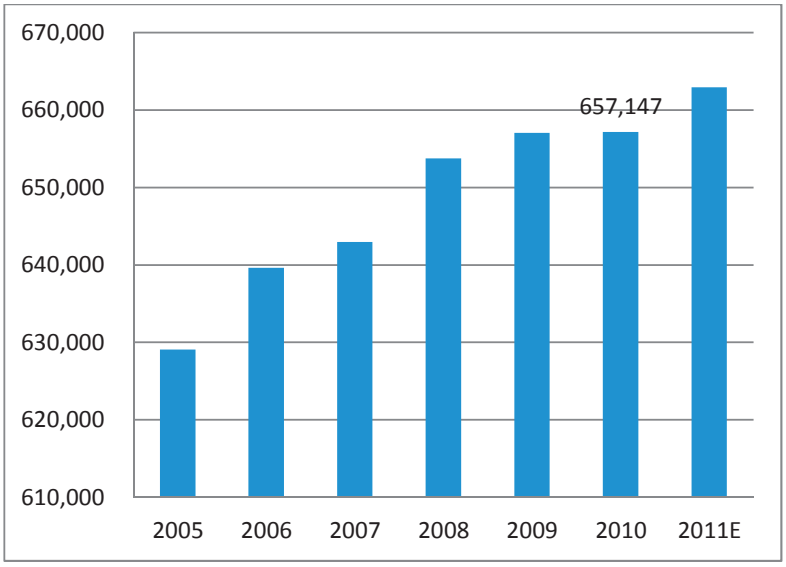
Figure 17: Dalian Retail Sales of Consumer Goods (2005-2016F)



Source: Dalian Annual Report 2005-2011

Dalian Tianxing Roosevelt Center (Dalian TRC) mall is one of a limited number of high quality shopping mall centers in Dalian and particularly in the Xi'an Road area, the prime retail hub of western Dalian, which accounts for approximately 30 percent of prime retail supply in Dalian. Shahekou district, where the Xi'an Road area is located, has seen strong population growth in recent years, and has the highest population density of Dalian's urban districts.

Figure 18: Shahekou District Population Growth (2005 – 2011E)

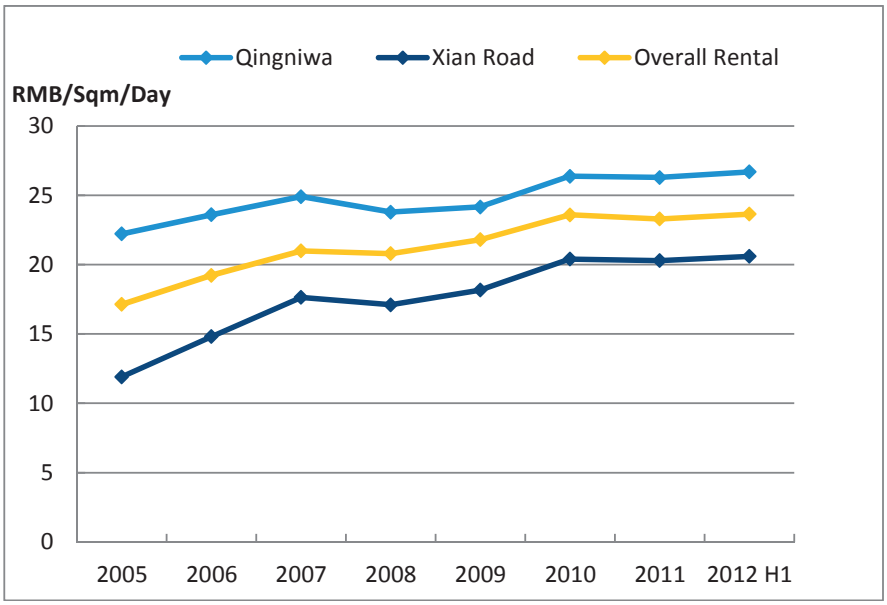


Source: Dalian Statistical Yearbook 2006-2010 and Colliers' estimation

Future prospects for Xi'an Road appear to be positive, with improved connectivity following the ongoing metro line development and, with the interchange station potentially connecting to Dalian TRC. We consider retail rental growth across Dalian could be in the range of 8 to 10 percent over the next year. The Xi'an Road area may perform better than the traditional retail area of Qingniwa given Qingniwa's already high levels of supply and high volumes of new development coming forward in future years. Although there is increasing supply and it is likely to see increasing vacancy rates in the short to mid-term, we consider that increases in rental levels are still achievable.

In the Xi'an Road area, asking rentals for ground floor space within the Fujia Xintiandi Shopping Mall range between RMB 18 to RMB 35 per square meter per day. According to the operator, average passing ground floor rentals in Dalian TRC are RMB 13 per square meter per day although we are informed recent ground floor rental transactions are greater than RMB 30 per square meter per day, and asking ground floor rentals are approximately RMB 35 to RMB 40 per square meter per day.

Figure 19: Average Ground Floor Rental Levels of Prime Retail Areas (2005-H1 2012)

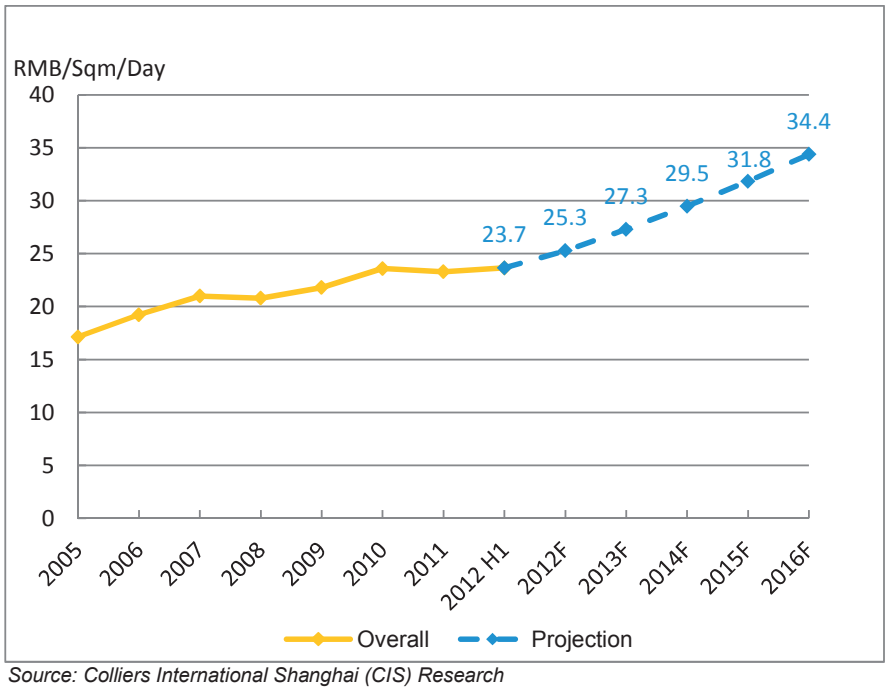


Source: Colliers International Shanghai (CIS) Research

If historical rental growth achieved is projected forward at an average of 8 percent, rentals would reach an average level of RMB 35 per square meter on

a ground floor basis by 2016.

Figure 20: Dalian Average Ground Floor Rental Level Projection (2005-2016F)

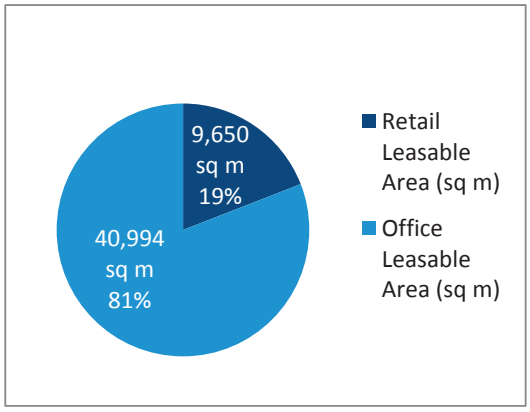


Source: Colliers International Shanghai (CIS) Research

SHANGHAI INTERNATIONAL CAPITAL PLAZA

Shanghai International Capital Plaza (Shanghai ICP) is located in the emerging decentralized business district of Hongkou, close to the intersection of Sichuan North Road and Haining Road. Key occupiers of the office component include BT (British Telecom), China International Holdings Ltd and Monster.

Figure 21: Shanghai ICP Portfolio



Source: Dynasty Real Estate Investment Trust

OFFICE

Shanghai is China's financial capital and is one of the world's most dynamic cities. In the first half of 2012, Shanghai remained as the world's sixth most competitive city worldwide, according to a Dow Jones-Xinhua index. The city is a global leader in commerce, culture, finance, technology and transport, and its rapid rise has been a powerful driver for the formidable recent development of the entire Yangtze River Delta region.

The outlook for office property in decentralized areas in Shanghai is strong. Competitive rental levels, accessibility and improved facilities are attracting occupiers away from the traditional down-town areas. Hongkou, as an example, is transforming into a well regarded commercial hub with strong representation from shipping and logistics related firms. Key decentralised areas are defined as Changfeng/Putuo, Hongkou, Zhabei and Huamu. In the future this will also include the emerging decentralized areas of Yangpu, Hongqiao Transportation Hub and the former Expo site.

Map 1: Shanghai Decentralized Office Areas

Source: Colliers International Shanghai (CIS) Research

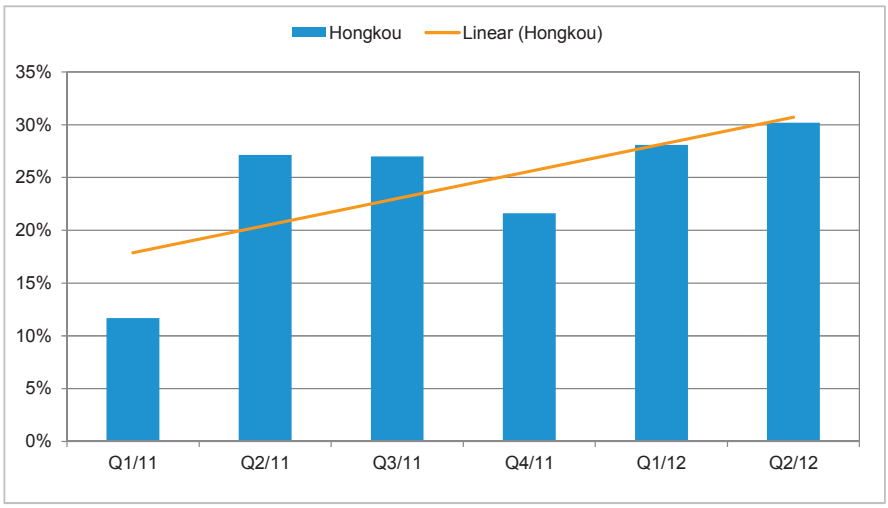
Rental rates and capital values of prime Shanghai offices could stabilize or grow over the next few years. In downtown locations, rental levels should stabilize somewhat over the previous years' impressive growth levels, with growth anticipated at a rate of five to seven percent per annum.

Figure 22: Decentralized Grade A Office Quarterly Supply, Demand and Vacancy Rate (2009-2015F)

Source: Colliers International Shanghai (CIS) Research

Major office developments within Hongkou District, where the Shanghai International Capital Plaza is located, include Shanghai ICP, One Prime, CITIC Plaza and Hi Time Times Tower. Overall vacancy rates for the district increased from an average of 20 percent in the fourth quarter of 2011 to an average of 30 percent by the end of the first half of 2012 as new supply has entered the market.

Figure 23: Vacancy Rate and Trend in Hongkou District H1 2012

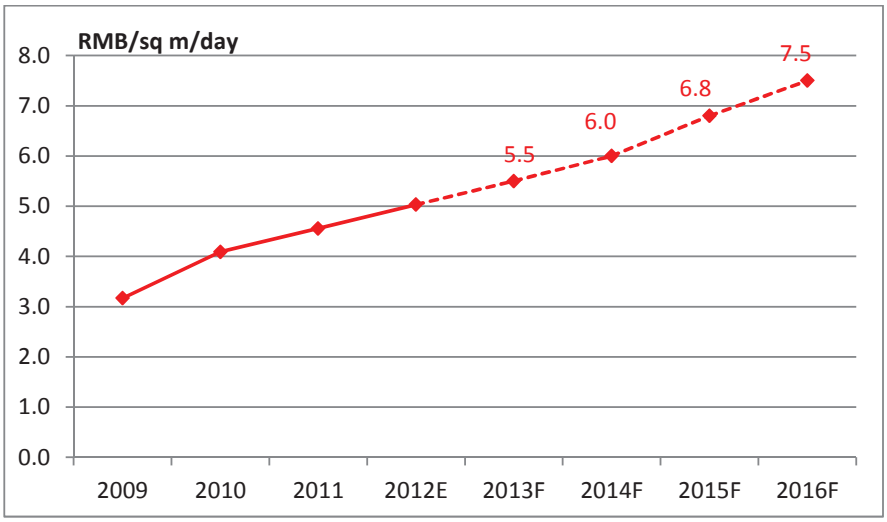


Source: Colliers International Shanghai (CIS) Research

The graph below illustrates the trends in rental levels seen over recent years for decentralized Grade A office accommodation. We have based the future

rental projections on an extrapolation of historic trends on the assumption that recent rental growth rates continue. Current rental levels are approximately RMB 5 per square meter per day on average in decentralized areas, compared to approximately RMB 8.6 per square meter seen in the CBD, a discount of approximately 42 percent.

Figure 24: Decentralized Grade A Office Effective Rental (2009-2016F)



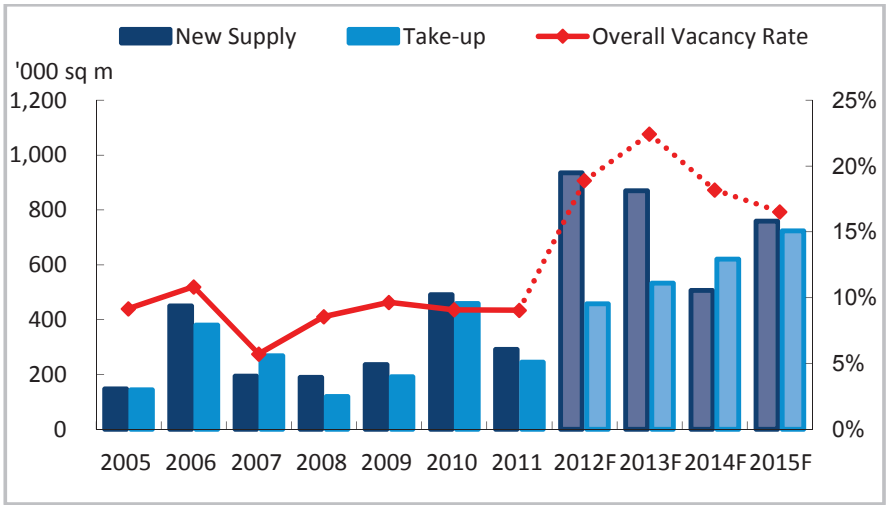
Source: Colliers International Shanghai (CIS) Research

Given the strong performance of Shanghai's economy in 2011 amidst a weak global business climate, the city's outlook is positive. The inflow of foreign direct investment, particularly in financial services, is expected to grow as the government eases restrictions on foreign exchange for overseas financial institutions. Shanghai's office market should see robust demand for the remainder of 2012, particularly as new office supply for 2013 in the downtown area is limited. As Western economies continue to register sluggish growth, multinational corporations are expected to place increasing importance on the long-term prospects of China's economy to generate revenue. Additionally, significant demand from domestic banks and insurance companies is likely to continue.

RETAIL

Population growth and rising disposable income per capita are directly driving demand in Shanghai's retail market. Consumer expenditure and retail sales growth in recent years shows the increasing buying trends of Shanghai citizens' and their strong purchasing power.

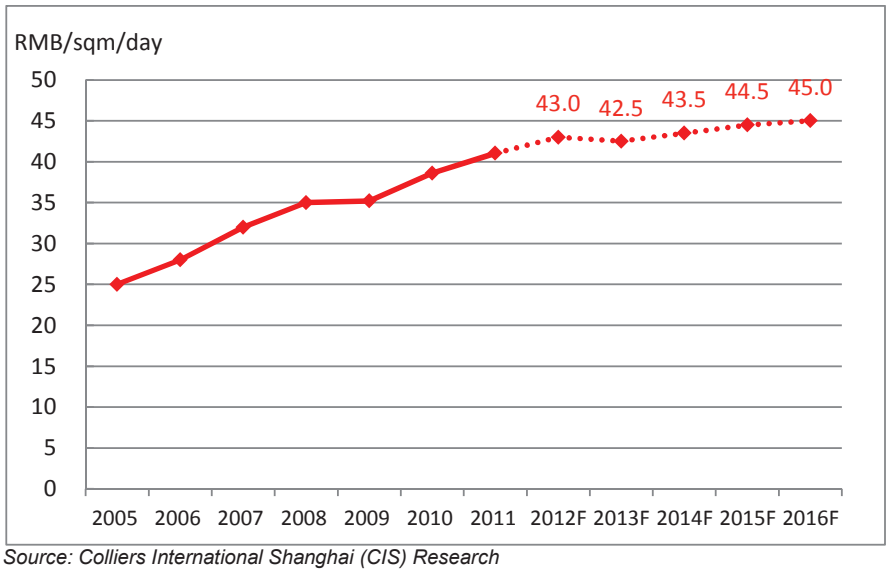
Figure 25: Shanghai Retail Mall Market New Supply, Demand and Vacancy (2005–2015F)



Source: Colliers International Shanghai (CIS) Research

Developers' confidence in the long-term prospects of Shanghai's retail property market is reflected in the expected launch of an estimated 600,000 square metres of new supply in the second half of 2012. The significant increase in total stock of retail property in Shanghai in the coming two years will raise vacancy rates in the short term, leading to increased activity and more competition in the leasing market. However, average rental rates are expected to maintain stable growth as demand remains strong from both domestic and international retailers, and it is expected that annual increases of approximately six to eight percent of the average rental rate in prime retail areas may be possible over the next three years.

Figure 26: Shanghai Retail Rental Projection (2005-2016F)



Source: Colliers International Shanghai (CIS) Research

Summary of Properties' Outlook H2 2012

Looking ahead to the second half of 2012, there is strong potential for the properties to achieve rental reversion at higher levels than the passing rentals which are, in most cases, now below current headline market levels. This is particularly true for the office components of Nanjing IFC and Shanghai ICP.

Table 1: Outlook H2 2012

	Nanjing IFC		Dalian TRC	Shanghai ICP	
	Office	Retail	Retail	Office	Retail
Vacancy Rate	→	→	↓	↓	→
Rental Level	↑	↑	↑	↑	↑

Source: Colliers International Shanghai (CIS) Research

NB: The macroeconomic and market information contained within this report is dated as at the end of the first half of 2012 and is as believed to have been correct at that point in time. Specific property information provided to us by Dynasty Real Estate Investment Trust has been updated as at May 2012. No liability is accepted for information that may be subsequently revised or superseded.

2 INTRODUCTION

INSTRUCTIONS

Dynasty Real Estate Investment Trust, hereafter referred to as “the Trust”, has requested the Colliers International Advisory Services Team to undertake market research services in relation to a portfolio of three real estate properties owned by the Trust and located in the cities of Nanjing, Dalian and Shanghai. We refer to these collectively as the “Properties”.

The report is intended to form sections of the prospectus issued for the IPO of the portfolio of assets belonging to the Trust. The report is issued as it is intended to appear in the prospectus and thereafter we take no responsibility for reviewing the prospectus or any edits of the document after the final version is issued by us. We will not accept any liability in the event an omission or error is created during the transfer into the prospectus format.

OBJECTIVE

The key requirements are:

- High level overview of the PRC economy and office and retail sectors in particular
- Nanjing commercial real estate market commentary and analysis covering office and retail sectors
- Dalian commercial real estate market commentary and analysis covering the retail sector only
- Shanghai commercial real estate market commentary and analysis covering office and retail sectors
- IPO portfolio benchmarking of the Properties within their respective markets

INFORMATION SOURCES

The information provided in this report has been obtained from the Client, our internal database and discussions with other market participants active in the market, applicable government bureaus and other public information sources.

Please note that where Colliers International comments on current and future supply, this is based on publicly available data on the proposed launch dates of individual projects, such information can vary from source to source. Developer's schedules change regularly and the definition of what constitutes a "launch" may vary in a variety of different sources. Based on data available as of the second quarter of 2012, Colliers International has used their best estimates for current and future supply. In the process Colliers International has had to make certain assumptions in the interest of consistency. Such assumptions or estimates do not have a material impact on the conclusions of this report.

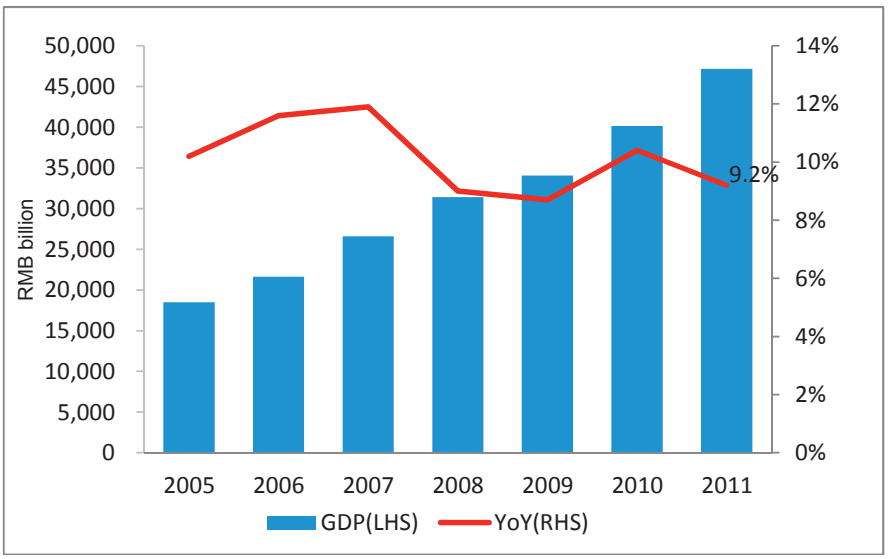
3 MACROECONOMIC ANALYSIS

CHINA ECONOMIC OVERVIEW

3.1 Gross Domestic Product

Following the reform and opening-up policies started in the late 1970s, China has experienced significant economic growth in the last three decades. China's accession to the World Trade Organization (WTO) in 2001 further accelerated the country's economic growth. As one of the fastest-growing economies and the second largest economy in the world, China's gross domestic product (GDP) quintupled from RMB 8,940 billion in 2000 to RMB 47,156 billion in 2011 at a compound annual growth rate of 16.3 percent. As at the end of the first half of 2012, GDP stood at 22,710 billion.

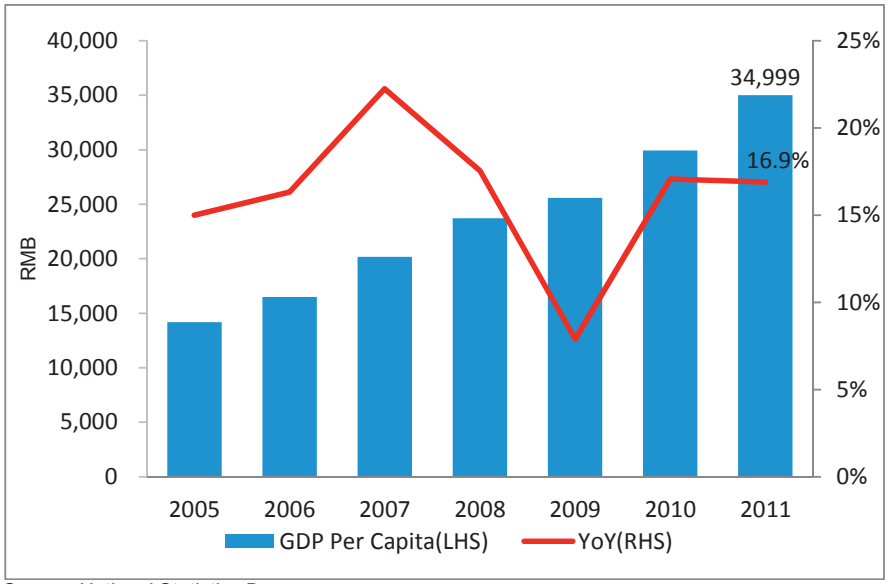
Figure 27: China's GDP and GDP Growth (2005-2011)



Source: National Statistics Bureau

Between 2005 and 2011, per capita Gross Domestic Product (GDP) more than doubled from RMB 14,185 to RMB 34,999, growing 16.9 percent in 2011 (from RMB 29,940 in 2010). Per capita GDP between 2005 and 2011 grew at a compound annual growth rate of 16.2 percent.

Figure 28: China's GDP Per Capita and Growth (2005-2011)

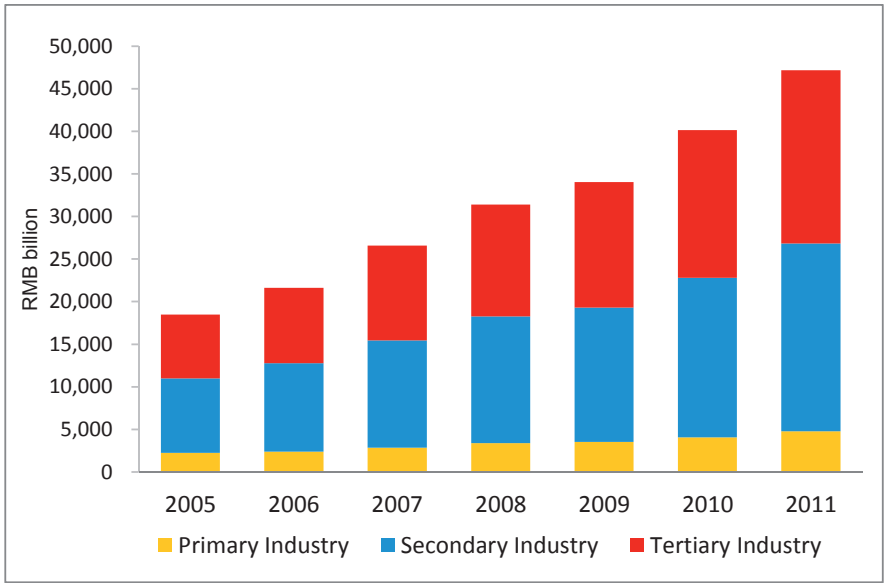


Source: National Statistics Bureau

By industry, the output of primary industry has been relatively flat since 2005, with a compound annual growth rate of approximately 9.5 percent. Secondary and tertiary industries witnessed a more aggressive compound annual growth rate of approximately 13.7 percent and 14.6 percent respectively during the same period, indicating an economic restructuring from an agriculture-driven economy to an industry-based economy.

In 2011, the output of China's secondary and tertiary industries totalled RMB 22 trillion and RMB 20 trillion respectively. With China's drive for modernization, sustainable development is a core theme for China's long-term economic development. Future development is expected to rely on advances in technology to boost output, while reducing reliance on non-renewable resources.

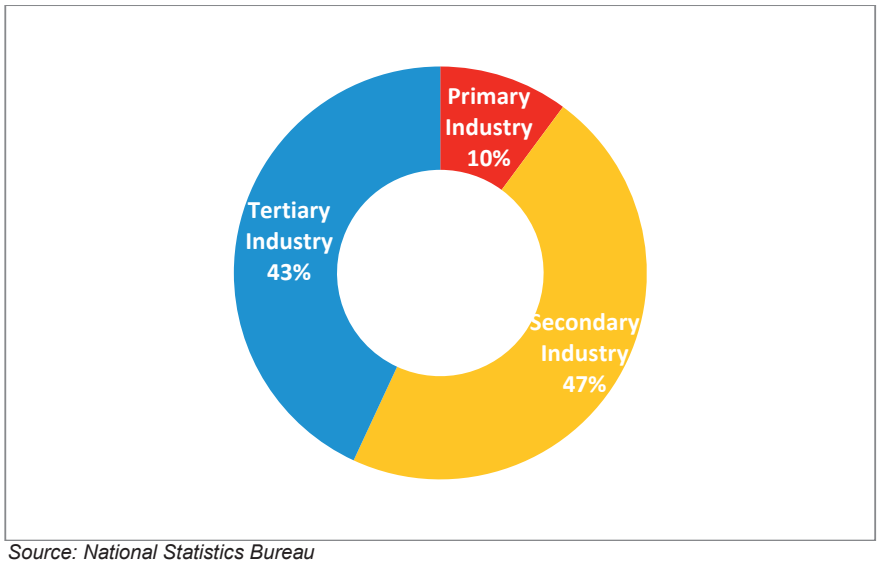
Figure 29: GDP by Industry (2005-2011)



Source: National Statistics Bureau

Primary industry (the extraction and collection of natural resources), accounted for ten percent of China's 2011 GDP. Secondary industry (manufacturing raw materials into finished products) comprised approximately 47 percent where as tertiary (or service) industry in China accounted for 43 percent of total GDP in 2011. At the end of the first half of 2012 these proportions stood at 8 percent, 49 percent and 43 percent respectively.

Figure 30: 2011 GDP by Industry



Source: National Statistics Bureau

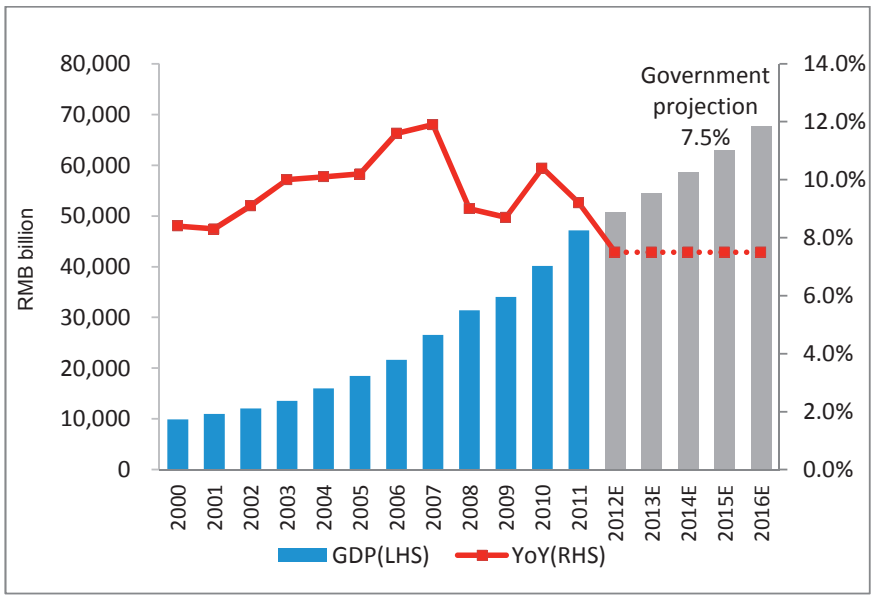
Historical and Projected GDP growth

Fixed asset investment, driven by urbanization, has been a key engine of China's GDP growth since 2000. In 2005, fixed asset investment accounted for 48 percent of total GDP, by 2011, that figure had grown to 64 percent. China's GDP had an average growth rate of approximately 9.7 percent from 2000 to 2011. The FAI growth rate of the first half of 2012 stood at 20 percent year on year. However, in the face of global uncertainties such as the Euro debt crisis and Japan's slow economic recovery, China has experienced certain challenges in sustaining its strong economic growth of recent years.

Looking ahead, the Chinese government will continue its economic restructuring, while seeking methods to increase its added value with a minimal increase in energy consumption, in part through new technologies and new methods of energy generation. In addition, the government has pledged to boost retail sales through objectives such as growth in personal income.

In view of such factors, it is generally accepted that China's economy will not see an extreme fluctuation from its current path from 2012 to 2016. In 2012, the GDP growth rate is projected by the Central government at 7.5 percent. The compound annual growth rate of GDP is projected to remain at 7.5 percent from 2013 to 2016. By 2015, China's GDP is expected to hit USD 11 to 12 trillion.

Figure 31: GDP and GDP Growth Projection (2012-2016F)



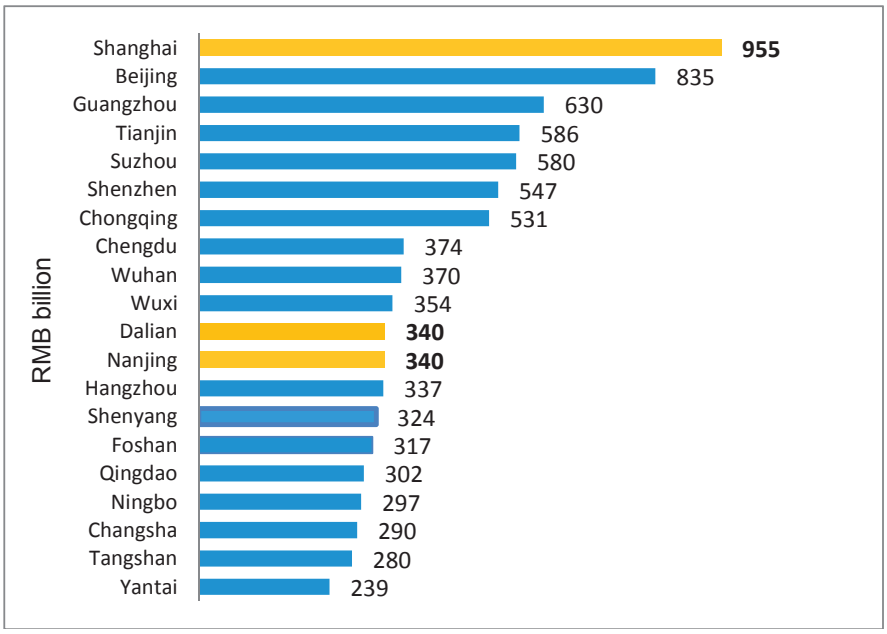
Source: National Statistics Bureau

3.2 Rankings by City

Shanghai led the country in terms of total GDP in the first half of 2012. Shanghai generated GDP in the first half of the year of RMB 955 billion, followed by Beijing (RMB 835 billion) and Guangzhou (630 billion).

In the first half of 2012 Tianjin led the second-tier city GDP rankings, at RMB 586 billion, just ahead of Suzhou at RMB 580 billion. Dalian's GDP of RMB 340 billion was the 11th largest in China in the first half of 2012, and the largest in Liaoning province. Nanjing's GDP of RMB 340 billion put it in 12th place in the first half of 2012.

Figure 32: Top 20 Cities by H1 2012 GDP



Source: National Statistics Bureau

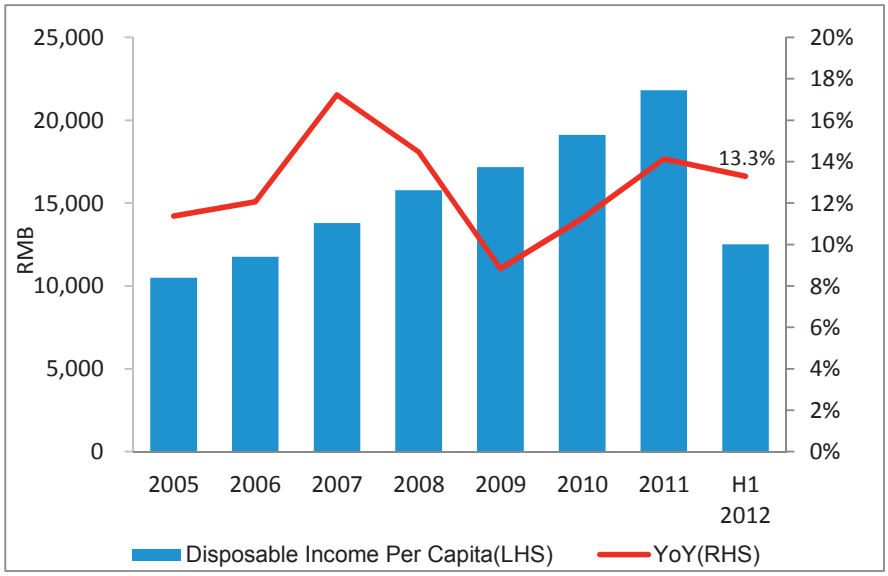
3.3 Disposable Income Per Capita

In line with China's gross domestic product growth, urban annual disposable income per capita generally recorded a rising trend. In 2009, undermined by the global financial crisis that commenced in 2008, the annual growth rate of disposable income per capita slowed to 8.8 percent. However, following this, stimulated by government economic policies, urban disposable income per capita grew 14.1 percent in 2011 to RMB 21,810, more than twice the 2005

level of RMB 10,493. The year on year growth rate in the first half of 2012 was 13.3 percent.

China's urban disposable income is expected to continue its rising momentum, supported by income growth objectives outlined in the government's 12th Five Year Plan. Based on this strong support, retail sales are likely to increase and become a long-term driver of economic growth.

Figure 33: Disposable Income Per Capita and Growth (2005-H1 2012)



Source: National Statistics Bureau

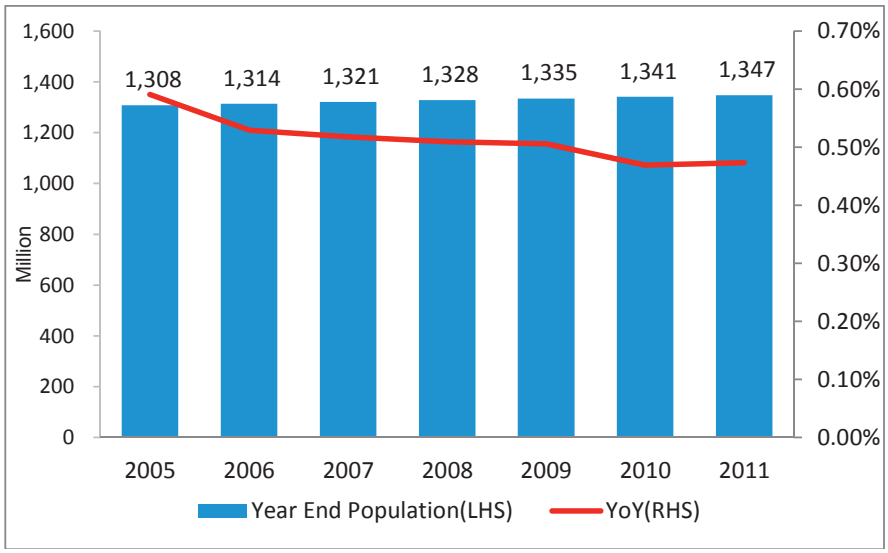
3.4 Demographic Trends

China has the world's largest population, and it continues to grow at a stable rate. Between 2005 and 2011, the country's compound annual population growth rate was 0.43 percent. China's population grew 0.47 percent in 2011 to 1.35 billion.

As China continues to modernize, its large rural population has flocked to cities. The gap between the urban and rural populations continued to narrow from 2005 to 2009. By 2010, China's rural population was 1.42 million people higher than its urban population. In 2011, the urban population climbed to 690.79 million, with the urbanization rate reaching 51.3 percent, the first time the urban population has exceeded rural population in China's history. The urbanization rate is projected by the government to reach approximately 51.5 percent by 2015. The previous five year urban population growth rate was

projected at 3.5 percent.

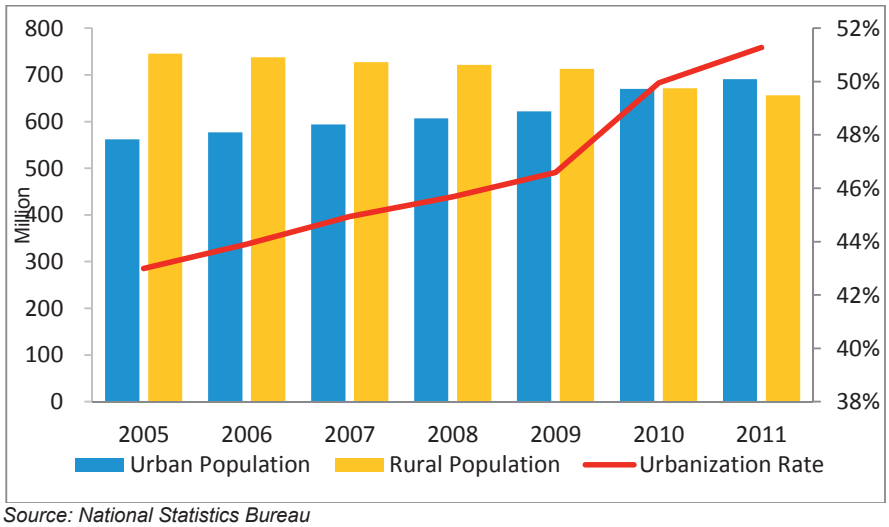
Figure 34: China's Population and Growth (2005-2011)



Source: National Statistics Bureau

In the years to come, China's urbanization rate should continue to show an upward trend, laying a solid foundation for China's real estate development. Despite the current austerity measures on the residential real estate market, China's residential real estate prospects for the next decade are promising, supported by sustained urbanization and strong demand for housing.

Figure 35: Urban and Rural Population, Urbanization Rate (2005-2011)



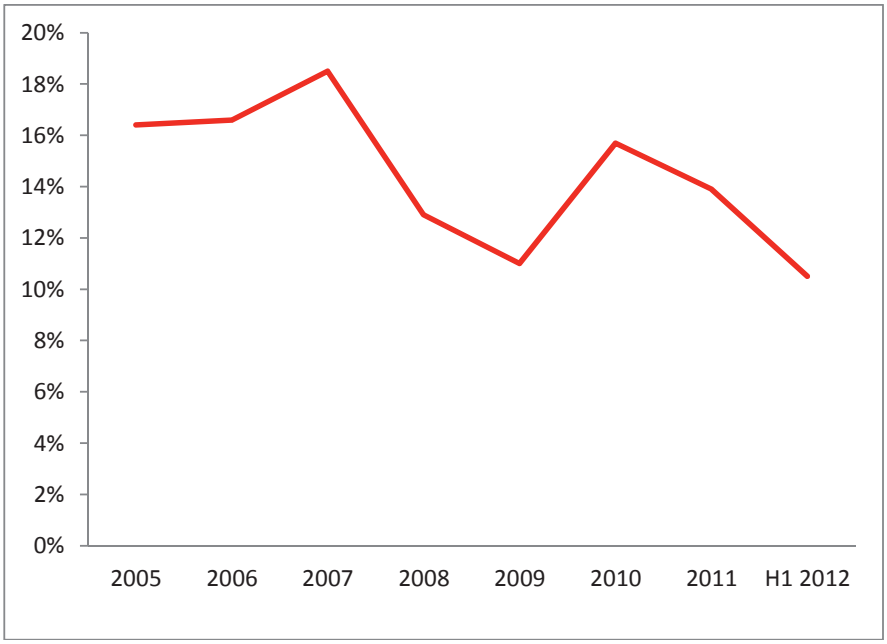
Source: National Statistics Bureau

3.5 Industrial Added Value

From 2005 to 2011, companies above "designated size" were defined as

those whose major business revenue exceeded RMB 5 million before 2011. However, as of 2011, the definition of "designated size" was amended to those whose corporate business revenue surpasses RMB 10 million. After peaking at 18.5 percent growth in 2005, industrial added value saw a downward trend, marked by a drop to 11 percent growth in 2009, a result of the global financial crisis weakening external demand. In 2010, spurred on by government stimulus measures, China's industrial added value recovered to 15.7 percent growth year on year. In 2011, the growth rate of industrial added value retreated to 13.9 percent, and then again in the first half of 2012 to 10.5 percent year on year, against a background of the European debt crisis and fragile external demand.

Figure 36: Industrial Added Value above Designated Size Growth (2005-H1 2012)



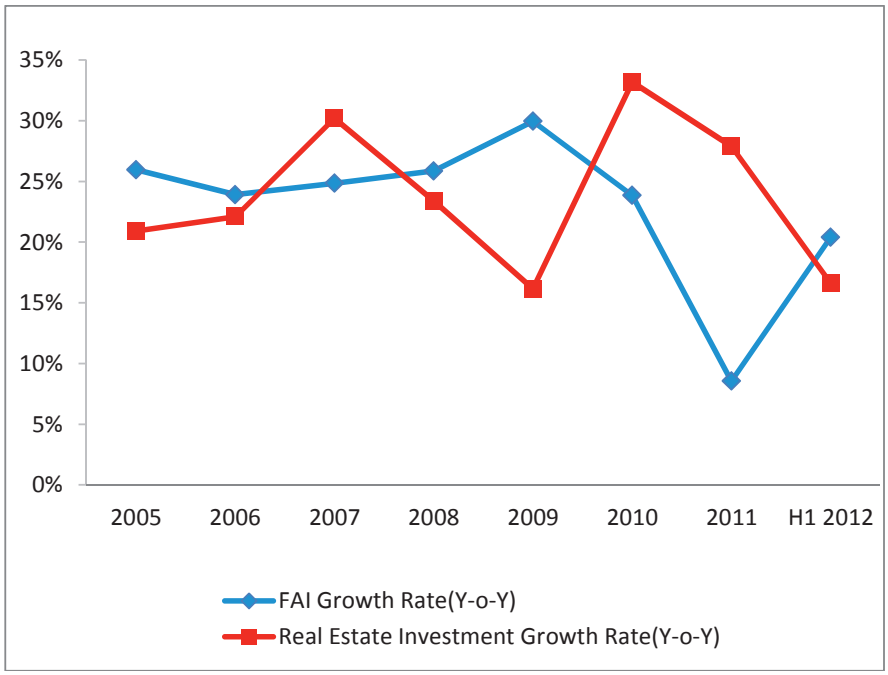
Source: National Statistics Bureau

3.6 Fixed Asset Investment

Fixed asset investment, a key driving factor of China's economy, saw a compound annual growth rate of approximately 18.3 percent between 2006 and 2011. The real estate boom of the last decade, driven by urbanization and policy changes, has driven accelerated growth of fixed asset investment, in turn contributing significantly to overall GDP growth. After a drop in growth rate in 2011 to 8.55 percent, fixed asset investment in China grew 20.4 percent in the first half of 2012, or approximately 66 percent of total gross domestic product. The fixed asset investment growth rate in 2010 was 23.8

percent, with the drop in 2011 due to the impact of the Euro debt crisis.

Figure 37: Fixed Asset Investment and Real Estate Investment Growth (2005-H1 2012)

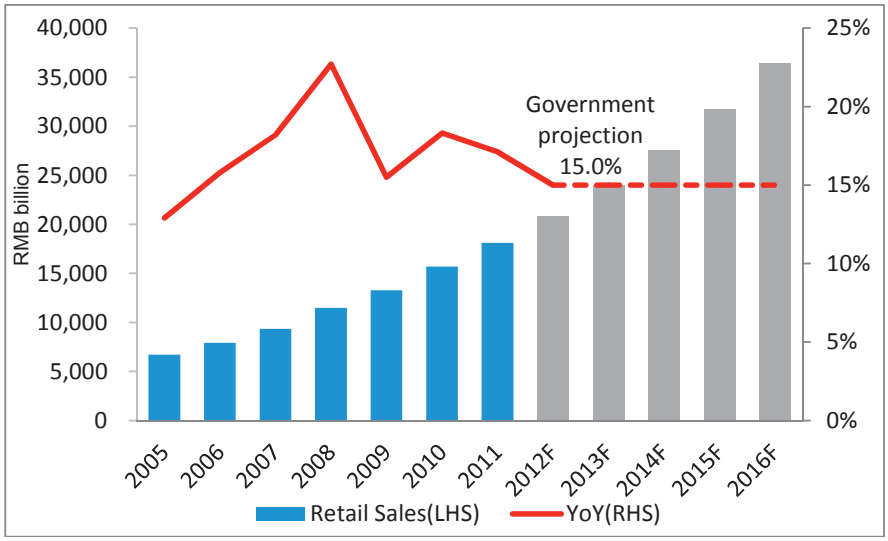


Source: National Statistics Bureau

3.7 Retail Sales

From 2006 to 2011, China's retail sales recorded a compound annual growth rate of 18.2 percent. In 2009, the global financial crisis caused the annual growth of retail sales to slow 7.2 percentage points to 15.5 percent, or RMB 13.3 trillion. In 2011, retail sales grew 17.1 percent to RMB 18 trillion, buoyed by rising disposable income per capita and inflationary pressure.

Figure 38: Retail Sales and Growth (2005-2016F)



Source: National Statistics Bureau

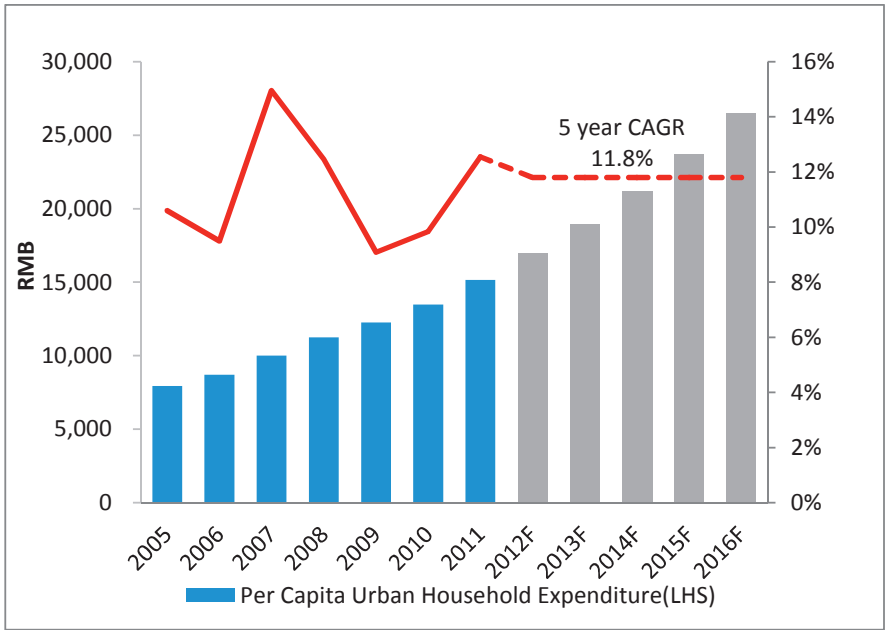
According to the government's 12th Five Year Plan, China's retail sales are projected to grow steadily at approximately 15 percent per annum to reach RMB 32 trillion by 2015, twice the 2010 total. The stable annual growth rate is expected to be driven substantially by the further development of online retailing and the rapid increase of disposable incomes.

3.8 China's Per Capita Urban Household Expenditure

China's per capita urban household expenditure[4] grew at a compound annual growth rate of approximately 11.8 percent between 2006 and 2011, reaching RMB 15,161 by the end of the period. If growth continues at this rate it should pass RMB 25,000 by 2016.

[4] Per capita urban household expenditure refers to total expenditure per person of the sample households for consumption in daily life, including expenditure for various commodities and expenses for non-commodity items such as culture and services, etc, but excluding fines and confiscation, loss and tax payments.

Figure 39: Per Capita Urban Household Expenditure and Growth (2005-2016F)



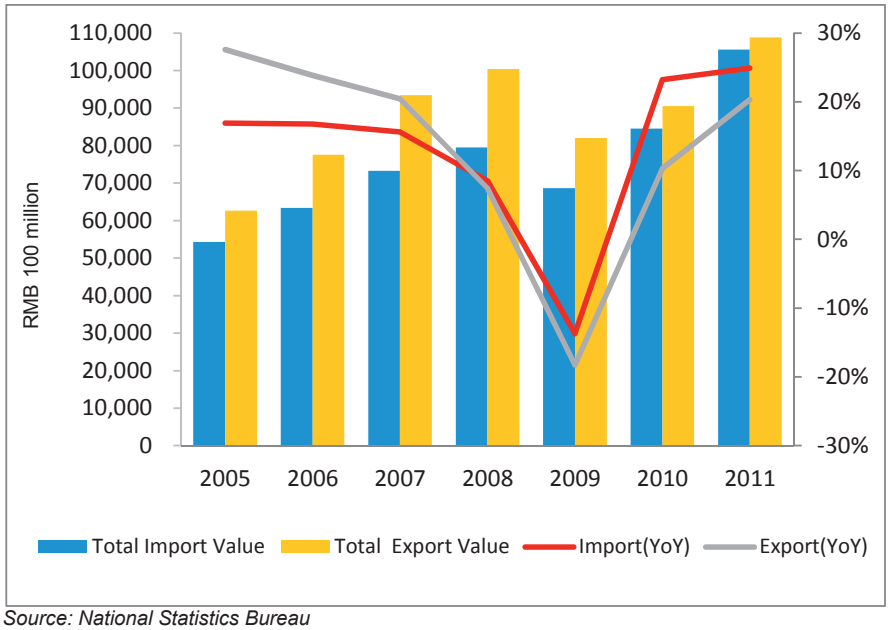
3.9 Imports and Exports

From 2005 to 2011, China's total imports and exports saw a compound annual growth rate of 9.1 percent. In 2011, imports and exports totalled RMB 21 trillion, up 22.5 percent from 2010. Within that figure, total imports recorded RMB 10.6 trillion, up 24.9 percent year on year while total exports registered RMB 10.9 trillion, up 20.3 percent year on year.

China's trade surplus continued to narrow in 2011 for the third consecutive year, falling 45.2 percent to RMB 325.8 billion. Key factors for the reduction in the trade surplus include: the European debt crisis, the appreciation of the RMB, trade friction, rising labour costs, and China's balancing strategy for imports and exports.

As China's trade surplus continues to narrow, the country's foreign exchange reserves will be reduced correspondingly, possibly compelling the government to expand credit in order to stabilize the economy in the latter half of 2012.

Figure 40: Imports and Exports and Growth (2005-2011)



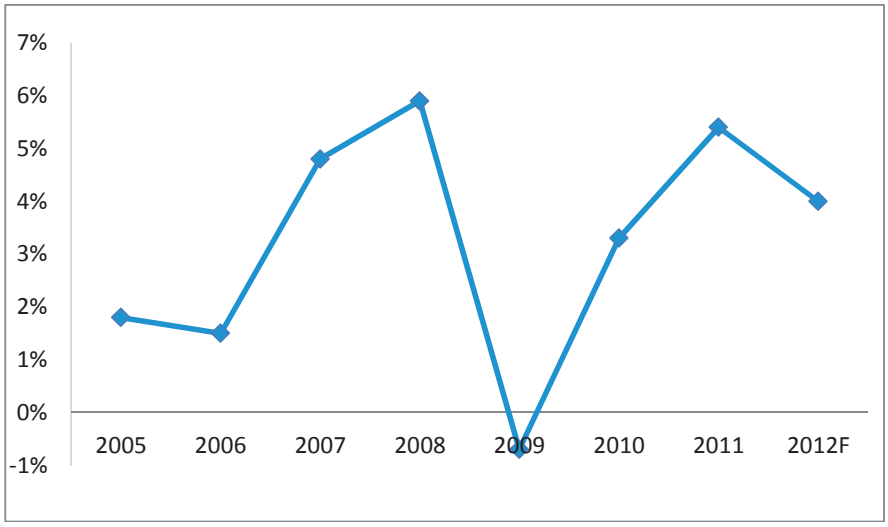
Source: National Statistics Bureau

3.10 Consumer Price Index

After peaking in 2008 at 5.9 percent, China's National Statistics Bureau consumer grew to 3.3 percent and further increased in 2011 to 5.4 percent, exceeding the government's annual target of 4.0 percent.

In order to ease increasing inflationary pressure, China's central bank has raised the benchmark rates five times since October 2010. By the end of 2011, the benchmark interest rate was 3.5 percent and the base lending rate was 6.56 percent. The central bank raised the reserve ratio for banks from 2010 to December 2011. Notably, the reserve ratio was adjusted on a monthly basis during the first half of 2011. As inflationary pressure eased in the second half, the central bank indicated future policy fine-tuning by cutting the reserve ratio by 50 basis points in December 2011 and again by 50 basis points in February 2012. These anti inflationary measures seem to have had the required effect and as at the end of the first half of 2012, CPI growth stood at 3.3 percent.

Figure 41: Consumer Price Index (2005-H1 2012)



Source: National Statistics Bureau

4 NANJING COMMERCIAL REAL ESTATE MARKET

4.1 NANJING CITY OVERVIEW

4.1.1 City Overview

Map 2: Location of Nanjing City within PRC

Source: Colliers International Shanghai (CIS) Research

Nanjing, the capital of Jiangsu province, is one of China's most important historical capitals. Since it was first established as a capital city almost 2,000 years ago, Nanjing has been central to China's history.

The city lies 255 kilometers northwest of Shanghai, on the southern bank of the Yangtze River. Second only to Shanghai as a commercial center for the East China region, Nanjing serves as a gateway linking the greater Yangtze River Delta region, Anhui province, and the Shanghai metropolis.

Nanjing is designated as a sub-provincial city, enjoying autonomy just below that of a province. The city administers 11 districts and 2 counties, with a total population of just over 8.1 million as of 2011, spread over 6,600 square kilometers. As at the 2010 census, the city's metropolitan districts were home to 4.39 million residents.

Nanjing lies at the intersection of two of China's most important water and

land transport arteries, making it a key regional hub. Its gateway location is a junction for several important rail lines, including the Beijing-Shanghai route.

In July 2011, the city completed the Nanjing South Railway Station, a 458,000 square meter high-speed rail hub connected directly to city's underground Metro system. Travel times between Nanjing and Shanghai have been reduced to as little as 67 minutes.

The Port of Nanjing is both China's largest inland port and the largest port on the Yangtze River, with an annual throughput of 1.84 million TEUs in 2011, a 27 percent increase over 2010.

Nanjing Lukou International Airport serves more than 75 domestic and international destinations and handled over 13.0 million passengers in 2011. It is conveniently accessed by airport bus connecting to the Nanjing South Railway Station along metro line 1. Construction of the metro airport line is underway and will interchange with metro line 1 at the Nanjing South Railway Station.

Nanjing's recent history as a base for heavy industry, including automotive manufacturing, iron, steel, and petrochemicals, is shifting, as the city's leaders steer its economy towards tertiary industry. After decades of manufacturing, the service sector accounted for more than 50 percent of Nanjing's gross domestic product for the first time in 2008. Nanjing's government is currently leading a drive in the development of hi-tech industries, including bio-technology, IT, and scientific research. The city's four designated industrial zones are now home to 78 Fortune 500 companies, including Siemens, FIAT, and Dell.

Nanjing's 12th Five-Year Plan laid out the city's plans to construct an integrated regional transportation network by 2015, with several new intercity rail projects, highway extensions, and the aforementioned expansion of Lukou International Airport. In May 2011, the city began soliciting designs for "Finance Town", a riverside financial district set on 80,000 square meters in Hexi's central business district, with planned office gross floor area of approximately 650,000 to 700,000 square meters. Total investment for the office component of the project is estimated at RMB 7 billion.

Nanjing's position as both a historically important and economically powerful city, coupled with its central geographic location as a hub for the Yangtze River Delta, has made it one of China's most important metropolises.

4.1.2 Infrastructure and Transportation Network

Existing Metro Line

Nanjing's Metro system currently has two operational lines (Lines 1 and 2), with four more under construction (Lines 3, 4, 6, and 10) that will be completed in time for the 2014 Second Youth Olympic Games, which will be held in Nanjing.

Metro Lines 1 and 2 are operated by the Nanjing Metro Company. Metro Line 1 is 46.2 kilometres long and has 31 stations. It runs predominantly in a north-south direction. The line starts at Maigaoqiao station in the north, heading south until it splits at Andemen Station. From there, the main line heads west towards Olympic Stadium Station, while the branch line continues south to China Pharmaceutical University (CPU) Station.

Metro Line 2 started operation in May 2010 and is 40.8 kilometres long with 26 stations. It runs mainly in an east-west direction, from Youfangqiao Station in the southwest to Jingtian Road Station in the northeast.

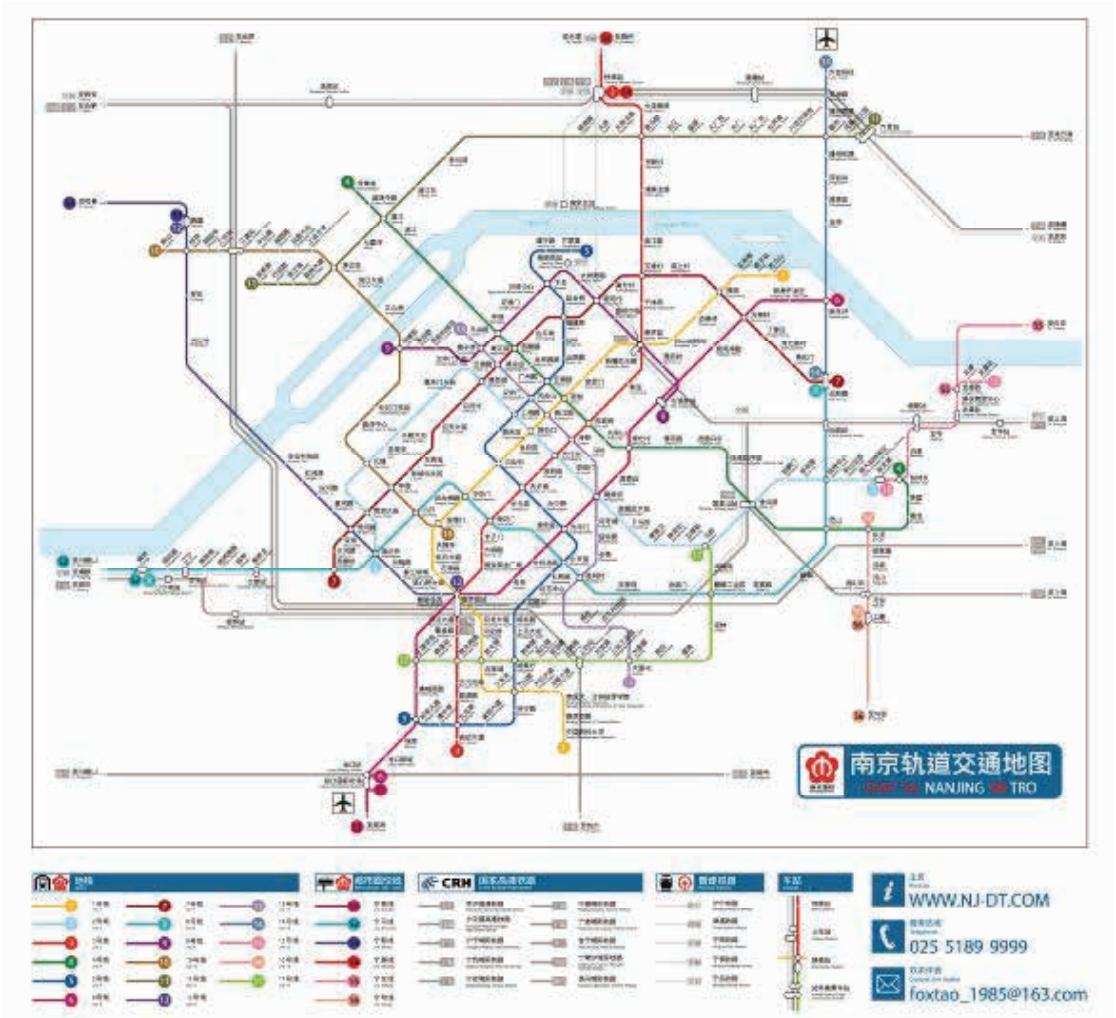
Map 3: Existing Metro Lines in Nanjing 2012

Source: Nanjing Metro Company

Future Planning of the Nanjing Metro System

Metro Line 3 broke ground in January 2010. A 14.4 kilometres extension to Line 1 westward across the Yangtze River is also underway and will have eight new stations. Nanjing currently has 85 kilometres of metro rail network, with plans to increase this to 600 kilometres, comprising 17 rail lines, by 2030.

Map 4: Nanjing Planned Metro System, 2030



Source: www.NJ-DT.com

Nanjing lies at the intersection of two of China's most important water and land transport arteries, making it a key regional hub. Its gateway location is a junction for several important rail lines, including the Beijing to Shanghai route.

The Shanghai to Nanjing High Speed Railway opened in July 2010, with stops in Suzhou, Wuxi, Changzhou, Zhenjiang, and other regional cities. The 300 kilometer line has 31 stations, and reduced travel time from Nanjing to Shanghai to less than 70 minutes, from Nanjing to Wuxi to 55 minutes, and from Wuxi to Shanghai to 34 minutes.

In July 2011, the city completed the Nanjing South Railway Station, a 458,000 square meter high speed rail hub connected directly to city's underground Metro system.

Map 5: China's High-Speed Railway Network 2012

Source: Colliers International Shanghai (CIS) Research

4.2 NANJING MACROECONOMIC OVERVIEW

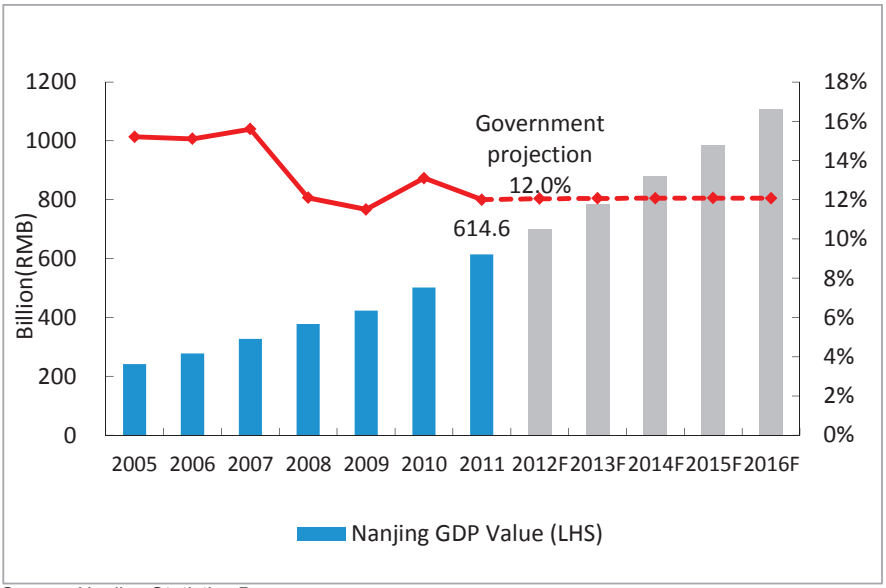
The Nanjing economy has some unique characteristics differentiating the city from its peers in the Yangtze River Delta region. Although the size of Nanjing's economy and its per capita gross domestic product trail smaller than highly developed cities in the province such as Suzhou and Wuxi, a closer look at its economic structure shows rapid growth in the service sector. Tertiary industry accounted for 53 percent of Nanjing's economy in the first half of 2012. The city's highly concentrated central business district (CBD) area has contributed to a very buoyant commercial atmosphere, underpinning development of the office and retail markets. Nanjing is the capital city of Jiangsu province, one of the wealthiest provinces in the PRC[5] and the second largest commercial center in the Eastern region, second only to Shanghai.[6]

4.2.1 Gross Domestic Product

Nanjing's gross domestic product (GDP) has seen significant double-digit growth for the last five years. GDP in the first half of 2012 rose by 10.9 percent year on year (adjusted for inflation) to RMB 339.81 billion. The municipal government plans to achieve total GDP of RMB one trillion by 2015, according to its 12th Five Year Plan; if growth should continue at the current rate this should almost be achievable.

5 http://www.chinenanjing.com/english/nanjing_airport_bus.htm
6 China Education Center: http://www.chinaeducenter.com/en/cityguide/cgnanjing.php

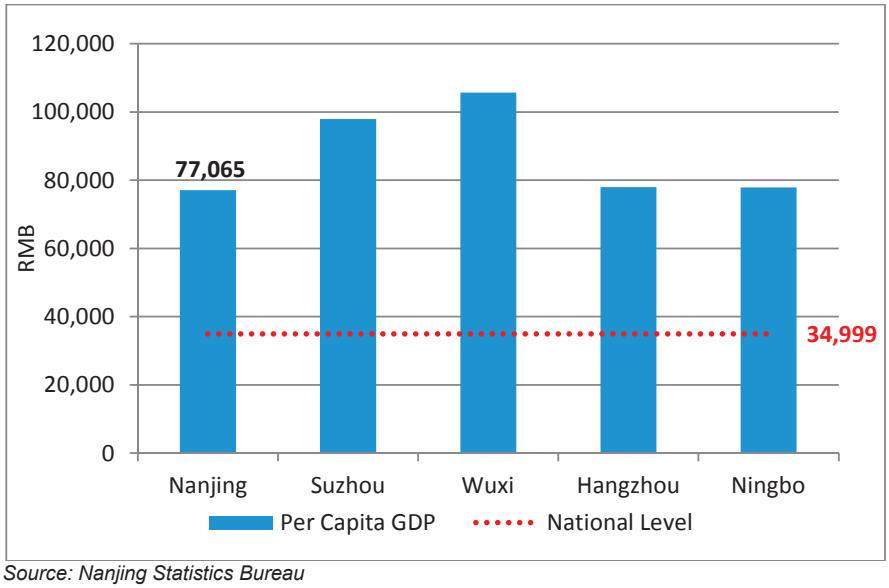
Figure 42: Nanjing GDP & GDP Growth (2005-2016F)



Source: Nanjing Statistics Bureau

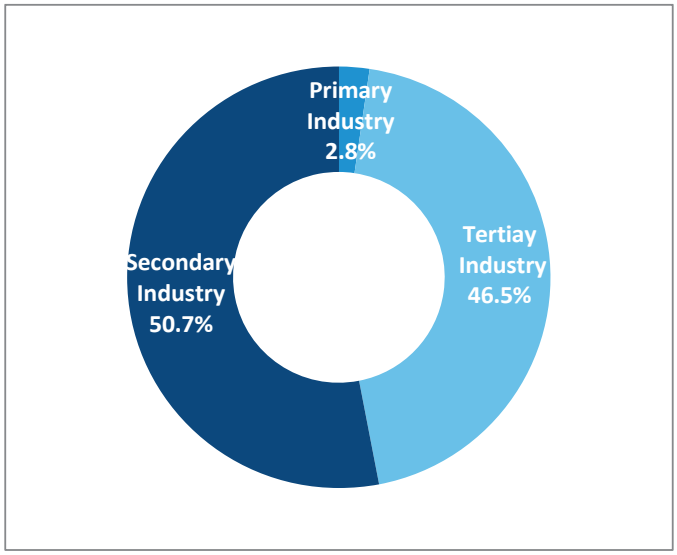
During the first half of 2012, the added value of secondary and tertiary industry reached RMB 151.61 billion and RMB 180.26 billion, growing 11.1 percent and 11 percent from the same period of 2011 respectively. Per capita GDP in 2011 was RMB 77,065, an increase of approximately 23 percent year on year from 2010's RMB 62,593.

Figure 43: Per Capita GDP Comparison by Jiangsu and Zhejiang Province Cities, 2011



Source: Nanjing Statistics Bureau

Figure 44: Nanjing 2011 GDP Value by Industry



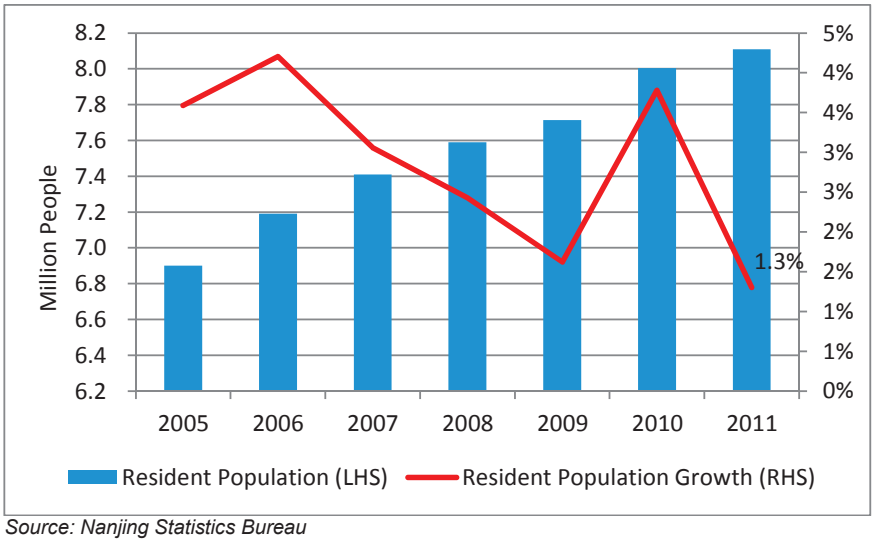
Source: Nanjing Statistics Bureau

Primary industry, defined as the extraction and collection of natural resources such as agriculture and fishing, in the first half of 2012 accounted for approximately two percent of Nanjing's GDP. Secondary industry accounted for approximately 45 percent of Nanjing's GDP, whereas tertiary (services) industry in Nanjing comprised almost 53 percent of the total GDP in the first half of 2012.

4.2.2 Population

Nanjing's sustained development has continued to attract a wide range of high quality domestic and foreign talents. According to the latest census in 2010, the city's resident population reached eight million people, up 3.8 percent from 2009. Nanjing's 2011 resident population reached 8.11 million people, up 1.3 percent on year. The historic five year compound annual growth rate of population is 2.4 percent.

Figure 45: Nanjing Year-end Resident Population & Growth (2005-2011)

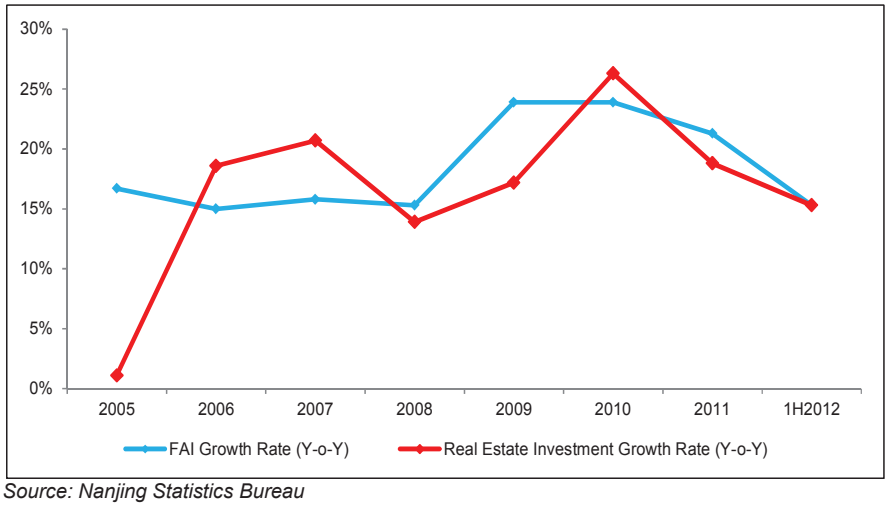


Source: Nanjing Statistics Bureau

4.2.3 Fixed Asset Investment and Real Estate Investment

Nanjing attracted fixed asset investment of RMB 235.04 billion in the first half of 2012, a 15.3 percent increase over the same period of 2011. Real estate investment has been one of the underlying drivers of the rapid growth in fixed asset investment, increasing 15.3 percent in the first half of 2012 to approximately RMB 51.54 billion, or 21.9 percent of total fixed asset investment.

Figure 46: Nanjing Fixed Asset Investment & Real Estate Investment Growth (2005-H1 2012)

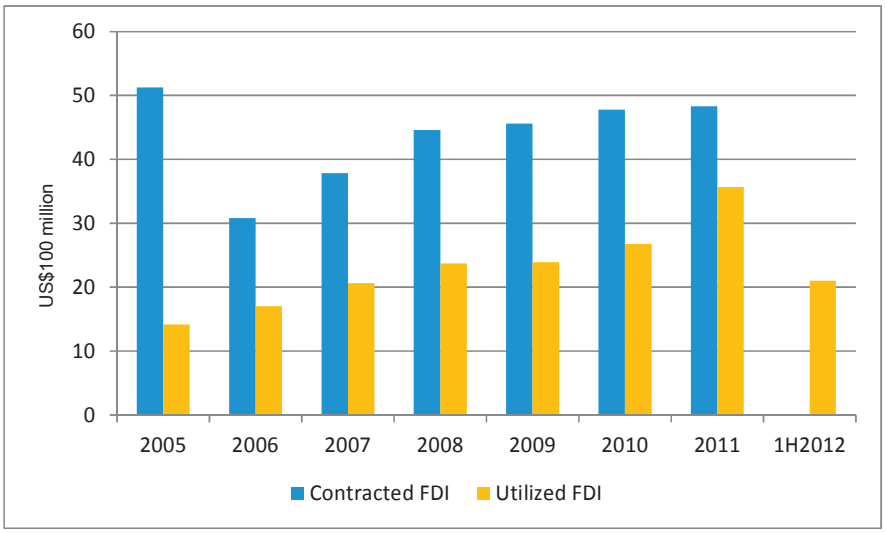


Source: Nanjing Statistics Bureau

4.2.4 Nanjing Foreign Direct Investment

Utilized foreign direct investment (FDI) in Nanjing grew 33.3 percent in 2011 to USD 3.57 billion. The utilized FDI for the first half of 2012 was USD 2.1 billion, a 28 percent increase year on year.

Figure 47: Nanjing Contracted FDI & Utilized FDI (2005-H1 2012)



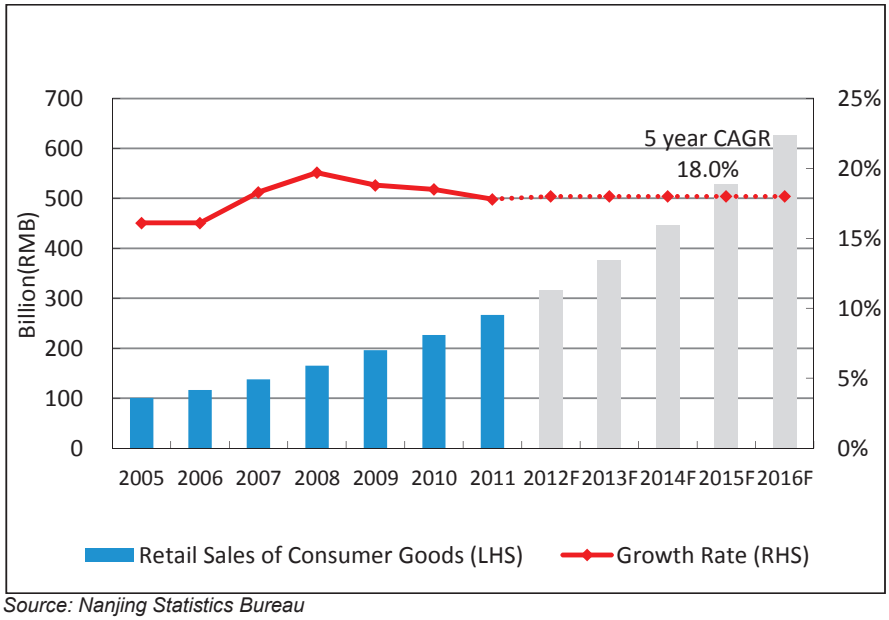
Source: Nanjing Statistics Bureau

4.2.5 Retail Sales and Inflation

Retail sales in Nanjing have maintained a double-digit growth rate since 2000. In the first half of 2012 retail sales of consumer goods increased 15.1 percent

to RMB 149.07 billion. Over the last five years, the compound annual growth rate of retail sales was approximately 18 percent.

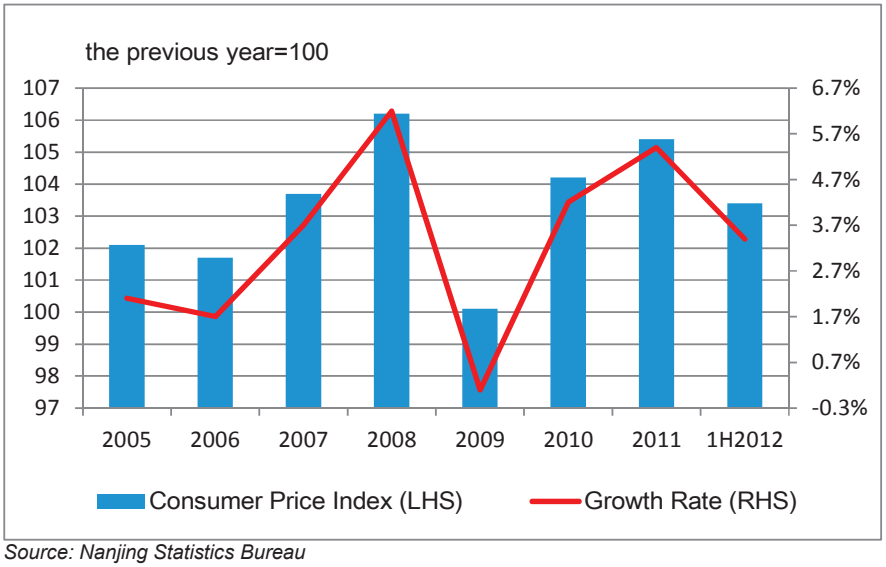
Figure 48: Nanjing Retail Sales of Consumer Goods & Growth (2005 - 2016F)



Source: Nanjing Statistics Bureau

Nanjing's consumer price index (CPI) increased by 3.4 percent in the first half of 2012.

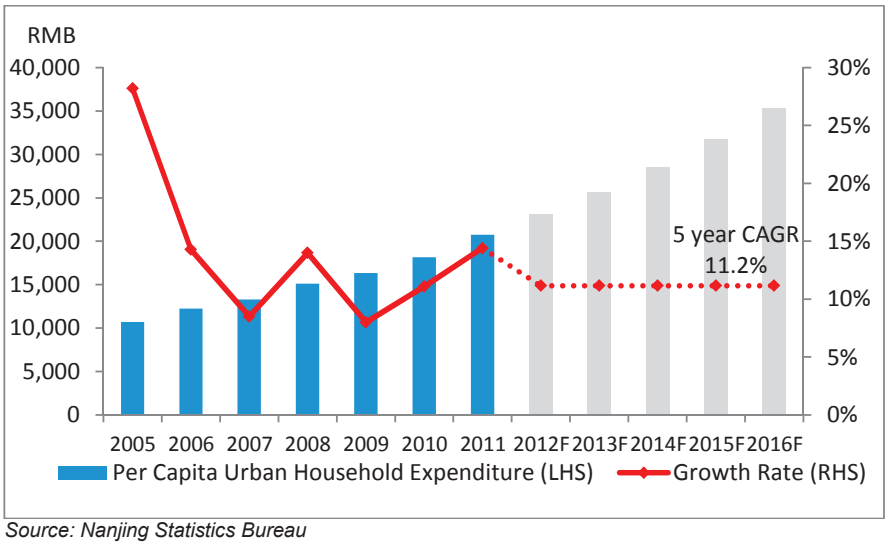
Figure 49: Nanjing Inflation (2005- H1 2012)



Source: Nanjing Statistics Bureau

Per capita urban expenditure for Nanjing households reached RMB 20,763 in 2011, growth of 14.4 percent year on year. Compound annual growth of 11.2 percent has been seen over the period 2006 to 2011, and should this be projected forward per capita urban expenditure could reach over RMB 35,000 in 2016.

Figure 50: Nanjing Per Capita Urban Household Expenditure & Growth (2005-2016F)



Source: Nanjing Statistics Bureau

4.3 NANJING GRADE A OFFICE MARKET

4.3.1 Nanjing Grade A Office Overview

Foreign companies paid little attention to Nanjing's lacklustre office market before 2001. Until recently, the city's office market shared characteristics with other second-tier cities, notably the mediocre building quality and an immature business environment. These characteristics still exist in certain areas in Nanjing. Buildings with space for both commercial and residential use are not uncommon, and the market is dominated by local developers who prefer strata-title sales, leading to fragmented ownership and difficulties in maintaining good property management. Where reference is made to Grade A offices, this is relative to the whole Nanjing market specifically, and may not be directly comparable to Grade A standard seen in first tier markets.

Map 6: Map of Nanjing Prime CBDs

Source: Colliers International Shanghai (CIS) Research

Nanjing's high-quality office market started to develop around 2007, and is now centred on the four districts of Xuanwu, Gulou, Baixia and Jianye. The municipal city government buildings are located in Xuanwu and Gulou which are considered older office market areas. Xinjiekou, Nanjing's core central business district (CBD), is located in Baixia district and is known for its clustering of financial services related occupiers. Xinjiekou now contains approximately 44 percent of the high quality office supply within Nanjing.

Jianye District is home to Hexi New Town, a new CBD that began to emerge in 2001. Long term Government plans call for approximately RMB 10 billion of investment in a commercial centre in Hexi of approximately one million square metres of commercial space with a residential area of five million square metres.

The total population of Hexi New District is expected to reach 450,000 people by 2015 with 100,000 of these residents relocating from traditional downtown areas. A large number of new office developments in Jianye have boosted the district's new supply to 96,000 square metres, making it the second largest district in Nanjing in terms of new supply, behind Gulou. A high concentration of information technology, "IT", related companies are located in Xuanwu district's Zhujiang Road which is home to, and is considered, a centre for the IT industry in eastern China.

4.3.2 Nanjing Grade A Office Supply

Nanjing's office buildings are predominantly concentrated in the four districts of Xuanwu, Gulou, Baixia and Jianye districts.

Baixia District

Baixia district has three areas of particular interest: Xinjiekou, Hongwu Road, and Taiping South Road. Xinjiekou is Nanjing's CBD and office developments in the area have sold very well in recent years on a strata titled basis. It is the heart of Nanjing, consisting of high quality office premises, high-end shopping malls and department stores and is well connected to the subway system.

Currently, the Xinjiekou area accounts for approximately 44 percent of the total number of office buildings in Nanjing, including prominent buildings such as Nanjing IFC, City Centre, Golden Eagle International and Shangmao International. Xinjiekou is well established as a CBD and has a critical mass of occupiers with abundant supporting services, transportation and retail amenities. Hongwu Road is home to a number of financial services companies and Taiping South Road is an emerging retail area.

Recent focus on the area's development has increased the number of high quality office properties and driven upgrading and repositioning of some existing retail developments. The Xinjiekou area has been regenerated into a

prime CBD in Nanjing with an advanced subway interchange, the newly launched City Centre office building, as well as the expansion of Deji Plaza and World Trade Centre, establishing the whole area as the core CBD in Nanjing.

Xuanwu and Gulou District

Nanjing's provincial and municipal government offices are located in Gulou and Xuanwu districts, and as such these areas are considered to be the city's traditional office market. These two districts are home to more than ten headquarter buildings for medium-sized companies, including China Unicom, China Telecom, China Post, China Coal & Carbon and CITIC. Most of these buildings are concentrated on Beijing West Road, Yunnan Road and Zhongshan North Road. As mentioned previously Zhujiang Road in Xuanwu District has a high concentration of IT companies.

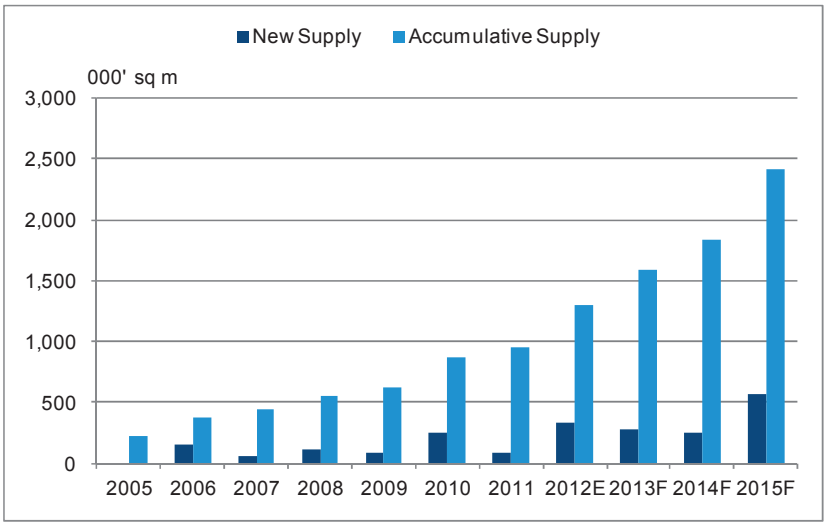
Jianye District

The primary business district in Jianye district is Hexi New Town, a 54-square kilometer development area southwest of Nanjing's city center with an estimated population of 400,000 people.

Hexi New Town is expected to become one of Nanjing's new city center. Present landmarks in the area include: Wanda Plaza, considered to be one of the city's premier shopping complexes; Sunny World, the first high quality office building in Hexi; Nanjing's Olympic Stadium, a multi-use complex originally built for the 2008 Beijing Olympics; and The Nanjing Massacre Memorial Hall, commemorating a World War Two event.

The Nanjing World Trade Center, a 318 meter skyscraper currently under construction in the area, is a multi-use development including hotel, retail, office and entertainment facilities, and the Youth Olympic Village. Construction is expected to be completed by 2014, when the city will host the Youth Olympic Games.

Figure 51: Nanjing Grade A Office Supply (2005-2015F)



Source: Colliers International Shanghai (CIS) Research

According to developers' schedules, the majority of future new supply in Nanjing will be in Jianye district's Hexi New Town.

4.3.3 Future Supply

Table 2: Future Office Supply Pipeline in Nanjing (H2 2012- 2015)

Year	Building	District	Approx Office GFA (sq m)
H2 2012	Siya Fortune Centre	Baixia	47,000
	Deji Plaza Phase II	Baixia	60,000
	Jingao Building	Jianye	120,000
	European City	Jianye	32,000
	Yurun International Plaza	Jianye	20,000
	World Trade Centre Phase II	Baixia	62,000
	Sub-total		***341,000***
2013	Nanjing SHK ICC	Jianye	100,000
	Bank of Communication Project	Jianye	54,000
	Nanjing Mobile Project	Jianye	130,000
	Sub-total		***284,000***
2014	F&T World Trade Centre Project	Jianye	100,000

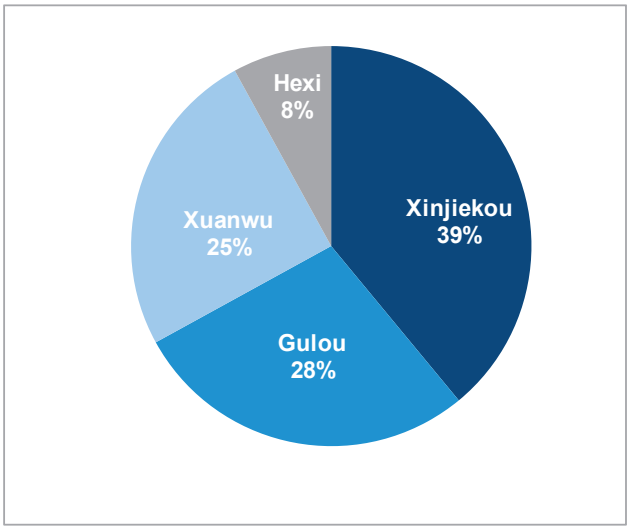
Year	Building	District	Approx Office GFA (sq m)
	China Unicom - Jiangsu	Jianye	54,000
	Xinhua Newspaper Project	Jianye	104,000
	Sub-total		***258,000***
2015	Walsin Plaza	Jianye	230,000
	Suning Boai Project	Jianye	340,000
	Sub-total		***570,000***
	Total		**1,453,000**

Source: Colliers International Shanghai (CIS) Research

4.3.4 Nanjing High Quality Office Demand

A recent survey conducted by Colliers International found 39 percent of respondents preferred office locations in the Xinjiekou CBD area and 28 percent of respondents preferred offices located in Gulou district. Although the Hexi area still lags in popularity, the high level of infrastructure investment and the city government's efforts to transform Hexi into a new CBD lends it significant potential in the long term, although Xinjiekou will likely remain the mainstay as the prime office location for the foreseeable future.

Figure 52: Nanjing Preference Survey for Each Office Segment, 2011

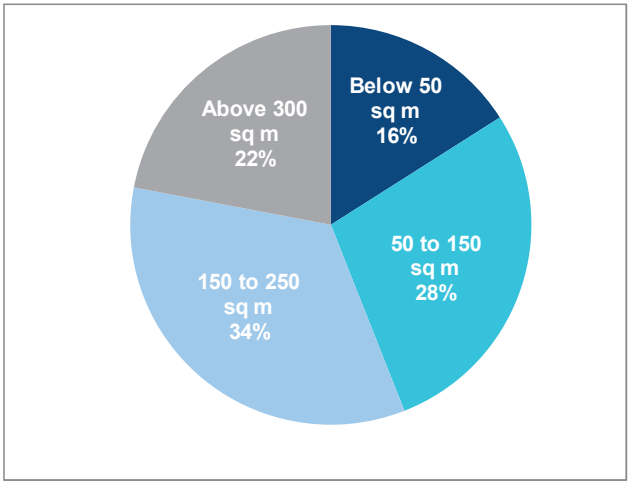


Source: Colliers International Shanghai (CIS) Research

According to our research 34 percent of office occupiers in Nanjing tend to be medium sized companies requiring areas from 150 to 250 square meters, 28

percent require offices from 50 to 150 square meters, 16 percent of them require offices below 50 square meters, and 22 percent of office occupiers require 300 square meters or more. By contrast in Shanghai, office space of 300 to 500 square meters is most commonly preferred by medium sized companies.

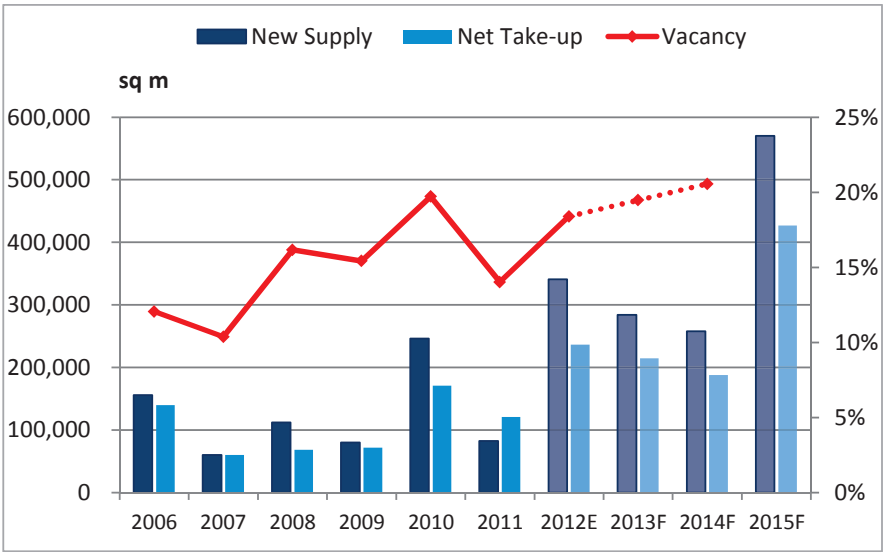
Figure 53: Nanjing Office Space Requirements by Size, 2011



Source: Colliers International Shanghai (CIS) Research

In contrast to Shanghai's Grade A office market, the majority of office buildings in Nanjing are for sale on a strata titled basis and most purchases are made for self-use. Between 2000 and 2005, official figures indicate that the total area of leased office space in Nanjing was significantly lower than the total area of sold office space. As more multinational companies establish offices in Nanjing and seek office space for leasing, the proportion of leased office space is expected to gradually increase. Multi-national companies in Nanjing also tend to prefer well managed single owner buildings.

Figure 54: Nanjing Grade A Office Supply, Demand and Vacancy Rate (2011 2015F)



Source: Colliers International Shanghai (CIS) Research

Demand for quality office space has grown as both domestic and foreign companies continue to enter the market. Strong demand from new establishment, expansion and relocation of businesses surpassed limited supply in 2011. Nanjing is positioned as the domestic commerce hub, and an increasing number of firms will either establish or expand their presence here; therefore demand for quality office space is estimated to remain healthy in the coming years.

4.3.4 Nanjing Office Rental and Price

Asking rentals at Grade A office buildings in Nanjing range from approximately RMB 3.3 to RMB 6 per square metre per day. The highest rentals achieved were at Nanjing IFC, Zifeng Plaza and Nanjing Summit Building, which all have achieved around RMB 5 per square metre per day (although Zifeng is strata titled causing higher variations in rental pricing). The occupancy rate of Zifeng Plaza was approximately 85 percent, while Nanjing Summit Building achieved approximately 90 percent by the end of the fourth quarter 2011. Both buildings have a high-profile, and Fortune 500 tenants located within them include Johnson Medical, KPMG, Sharp, Fujitsu and Samsung. It is expected that office rentals may continue to grow at a long term average of seven percent annually.

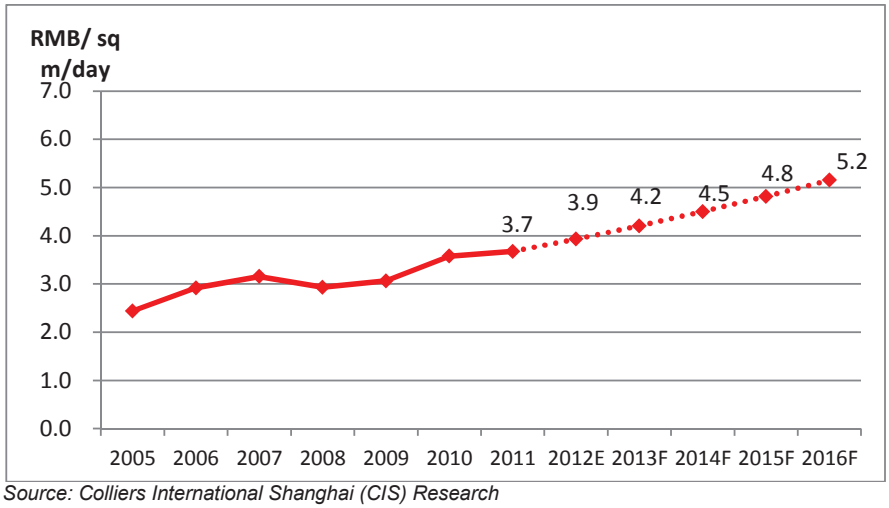
Colliers INTERNATIONAL

Table 3: Summary of Key Nanjing Grade A Office Buildings

Building Name	Nanjing IFC	Nanjing Shangmao Century Plaza	Golden Eagle International Plaza	World Trade Center	Nanjing Zhidi Plaza Building	Nanjing Summit Building	Greenland Square Zifeng Tower	Nanjing City Center	Nanjing International Center	Sunny World Plaza
Property Address	1 Hanzhong Road	49 South Zhongshan Road	89 Hanzhong Road	2 Hanzhong Road	55 North Hongwu Road	1 Zhujiang Road	8 North Zhongshan Road	1 South Zhongshan Road	201 Zhongyan Road	Hexi district
Commercial Area	Xinjiekou	Xinjiekou	Xinjiekou	Xinjiekou	Gulou	Gulou	Gulou	Xinjiekou	Gulou	Hexi
Owner	ADF	Nanjing Shengmao	Nanjing Golden Eagle	Jinling Hotel	Nanjing Siya	Nanjing Zhujiang No.1	Shanghai Greenland	Nanjing Xinbai	Nanjing International	Sunny World
Property Mgt Company	Local	Local	Local	Local	Local	Local	Local	Local	Local	Local
Total Floors	51	56	60	17	30	58	108	69	36	65
Approx Total GFA (sq m)	109,196	108,000	148,000	15,000	58,700	121,000	62,000	70,000	23,228	100,000
Floor Plate (sq m)	1,900	1,600	1,600	1,000	1,838	1,700	2,500	1,550-1,770	1,937	1,800-2,000
Estimated Efficiency	65%	65%	75%	60%	68%	68%	65%	66%	73%	70%
Headline Rental (RMB/sq m/day)	4.8	4	4	4.5	4.5	5	5.5	5	4.8	4.5
Property Management Fee	15	8	14.2	16.6	7	16	23	22	15	19
Completion Year	2008	2002	1997	1998	2006	2008	2010	2009	2010	2010
Lease / Sale	Lease	Lease & Sale	Lease & Sale	Lease	Lease & Sale	Lease	Lease & Sale	Lease & Sale	Lease	Lease & Sale
Ownership	Single	Strata	Strata	Single	Strata	Single	Strata	Strata	Single	Strata
Occupancy Rate	91%	98%	100%	100%	100%	93%	80%	65%	99%	95%
Primary Tenants	Yum, KIA, Alibaba	Samsung	Deloitte	Microsoft, HP, Dell, IBM, Nokia	3M, Jiangsu Bank	Golden Eagle, KPMG	Standard Chartered Bank, Agricultural Bank	Private Enterprises	N/A	Samsung R&D

Source: Colliers International Shanghai (CIS) Research

Figure 55: Nanjing Grade A Office Effective Rental Trends (2005 - 2016F)

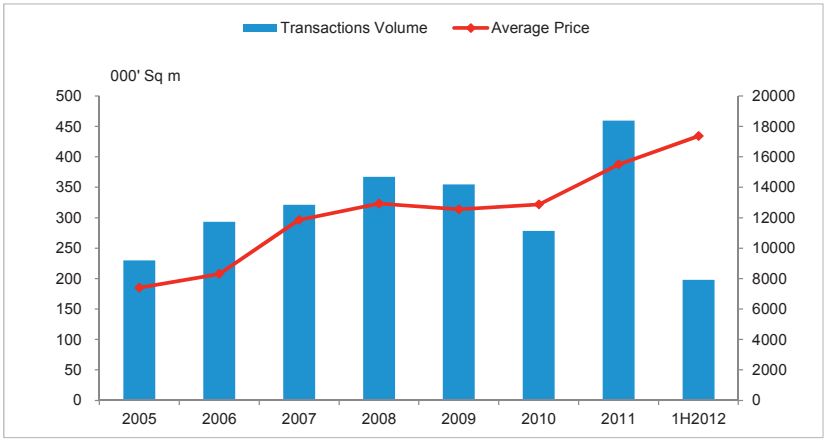


Source: Colliers International Shanghai (CIS) Research

It is projected that in light of the continuing demand for office accomodation in Nanjing, despite increasing supply and vacancy rates, overall average rentals could continue to increase over time.

According to the Nanjing Real Estate Bureau, overall sales prices in the Nanjing office market have demonstrated an upward trend since 2009. The prices for all strata-title office space averaged approximately RMB 15,500 per square metre by the end of 2011, an average increase of 4.8 percent year on year. The average sales price at the end of the first half of 2012 stood at RMB 17,361 per square meter, with a reported sales volume of 198,000 square meters. It has also been reported that Zifeng Plaza achieved average sales prices of approximately RMB 35,000 per square metre in 2011.

Figure 56: Nanjing Grade A Office Sales Trends (2005–H1 2012)

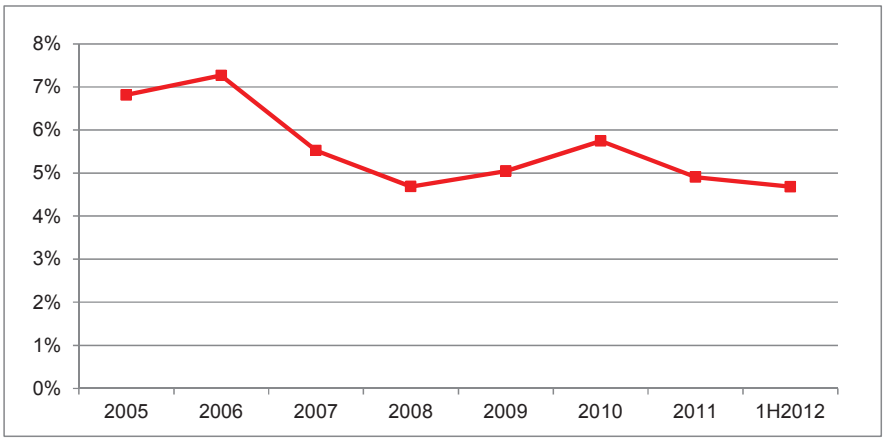


Source: Colliers International Shanghai (CIS) Research

4.3.5 Nanjing Investment Sales and Gross Yield

In the last five years, the average gross yield in Nanjing's Grade A office market has followed a general downward trend. In 2006, the gross yield for Nanjing offices reached approximately 7.7 percent before starting to decline. Nanjing's average gross yield declined to approximately 4.9 percent in 2011 and 4.6 percent in the first half of 2012 for premium space.

Figure 57: Nanjing Grade A Office Gross Yield (2005-H1 2012)



Source: Colliers International Shanghai (CIS) Research

4.3.6 Market Outlook

Nanjing seems set to continue to benefit from the prosperous economy of the Yangtze River Delta region, as well as its strategic location as a business hub for the region. The development of Nanjing's tertiary industry which serves the region should generate continuous demand for office space. In addition, Nanjing's future development plan will leverage its status as a provincial capital to attract regional headquarters of medium and large enterprises. While most foreign investors entering China will continue to choose Shanghai to establish their first foothold, Nanjing's location, infrastructure, and business environment may well prove to be attractive to these companies as a secondary base from which to undertake further expansion in the Yangtze River Delta.

Nanjing's government has introduced measures to encourage large domestic and foreign enterprises to establish headquarters in the city, including tax and home purchase incentives. As doing business in first-tier cities is becoming more costly and competitive, cities or districts with preferential government policies will provide incentives for foreign enterprises to secure a presence,

providing a further catalyst for the growth of Nanjing's high quality office market.

In 2011, 336 new foreign enterprises were set up in Nanjing. Currently, around 100 of the world's top 500 companies have a presence in Nanjing, mostly in the IT or electronics industries. Companies include Siemens, Bayer, Shell, Philips, Ericsson, Ford and Motorola. As the city's service sector continues to develop towards financial and professional services, the next wave of office demand is expected to come from foreign companies in these sectors, which will require high quality offices in line with their corporate images. Meanwhile, domestic enterprises who have previously been active only in second or third tier cities within the region, or larger cities beyond the Yangtze River Delta region, may establish headquarters in Nanjing as they seek to grow and expand.

Based on historic growth rate extrapolation, annual increases of approximately four to seven percent in office rental levels may be possible over the next three years. Office rentals should continue to increase as more multi-national companies set up offices in Nanjing.

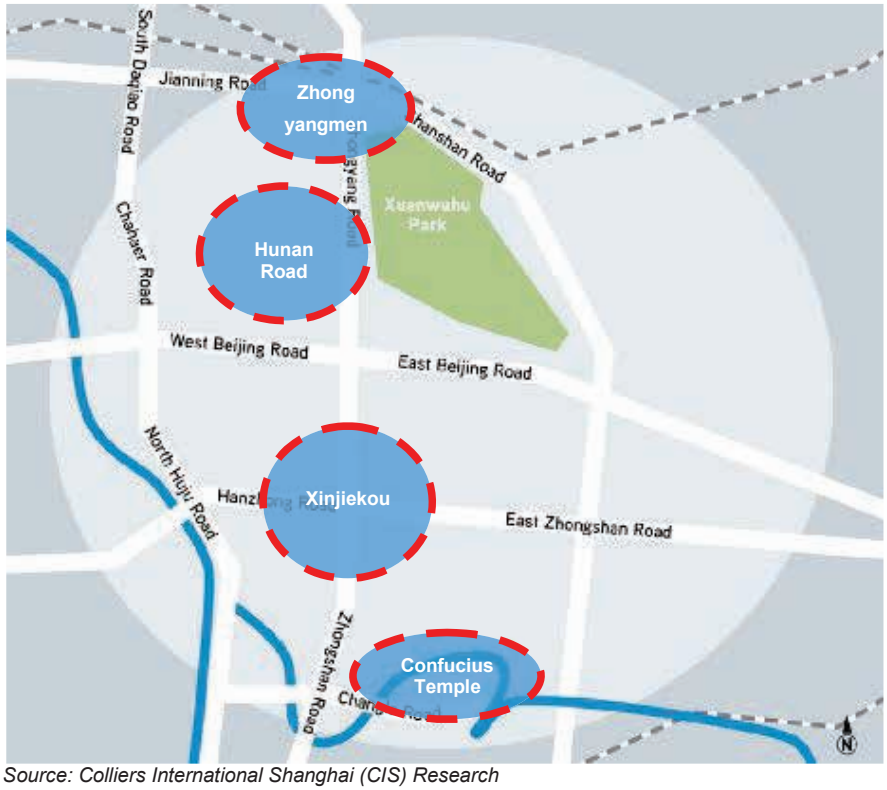
4.4 NANJING RETAIL MARKET

4.4.1 Nanjing Retail Market Overview

As a provincial capital and an urban hub for neighbouring Zhejiang and Anhui provinces, Nanjing is the largest trading centre in the Yangtze River Delta region after Shanghai. In the first half of 2012, Nanjing's total retail sales of consumer goods reached RMB 149.07 billion, a 15.1 percent increase over the same period in 2011, growing faster than the national average.

Currently, Nanjing has more than eight million square metres of retail gross floor area, and more than 60 retail malls/markets with annual sales volume over RMB 100 million. Retail areas are mainly distributed in Baixia and Gulou districts. Nanjing's retail areas are generally grouped into four major areas: Xinjiekou, Hunan Road, the Confucius Temple area and Zhongyangmen. Xinjiekou is the city's primary retail area, accounting for 16 to 20 percent of Nanjing's total retail sales.

Map 7: Major Retail Areas in Nanjing 2012



Source: Colliers International Shanghai (CIS) Research

4.4.2 Nanjing Retail Supply

Xinjiekou

Xinjiekou is the most popular shopping destination in Nanjing and home to most of the city's luxury brands. Xinjiekou is in downtown Nanjing, and bordered to the north by Huaqiao Road and Changjiang Road, to the east by Hongwu Road and Hongwu North Road, to the south by Jianye Road, and to the west by Shanghai Road and Mochou Road.

Retail supply in this area is mainly in the form of large-scale department stores, including Dayang Department Store, Central Department Store, Golden Eagle International Shopping Center, Orient Department Store and Nanjing Xinbai. These department stores are mainly distributed in the area surrounding the Xinjiekou Metro Station, particularly along Zhongshan South Road and Hanzhong Road.

Table 4: Major Department Stores in Xinjiekou, Nanjing 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Central Emporium	79 Zhongshan South Road	1939	B1-L7	63,000
Nanjing Xinbai	3 Zhongshan South Road	1952	B1-L8	50,000
Golden Eagle Int'l Shopping Center	89 Hanzhong Road	1996	L1-L6	45,000
Orient Department Store	2 Zhongshan South Road	2000	L1-L6	27,000
Grand Ocean Department Store	122 Zhongshan South Road	2002	B1-L8	76,000
Golden Wheel In Citi	8 Hanzhong Road	2007	B1-L5	30,000

Source: Colliers International Shanghai (CIS) Research

Deji Plaza is currently the only high-end shopping mall in Xinjiekou. Phase One of Deji Plaza opened in June 2006 and is a large-scale shopping mall with a total gross floor area of approximately 65,000 square metres. Phase Two of Deji Plaza launched in May 2012, adding 85,000 square metres of retail space to the market. Notably, Deji Plaza is directly connected to the Xinjiekou Metro Station, which is one of the transfer stations for Metro Lines 1 and 2.

Nanjing IFC in Xinjiekou was launched in 2010. The main operational format of the retail area is food and beverage, "F&B", offering approximately 28,000 square meters for dining. Traditional retail developments in Xinjiekou including Nanjing Xinbai and Central Emporium have embarked on renovation and repositioning in mid 2011, following the launch of Deji Plaza and Nanjing IFC.

Table 5: Major Shopping Malls in Xinjiekou, Nanjing 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Deji Plaza Phase I	18 Zhongshan Road	2006	B1-L7	65,000
Deji Plaza Phase II	18 Zhongshan Road	2012	B1-L8	85,000
Nanjing IFC	1 Hanzhong Road	2010	B1-L6	28,000

Source: Colliers International Shanghai (CIS) Research

Hunan Road

Hunan Road, northwest of the city centre is Nanjing's second largest shopping area. With a total retail supply of over 300,000 square metres, Hunan Road stretches from Zhongyang Road in the east and Shanxi Road to the west, and has a total length of approximately 1,100 metres.

The retail format of Hunan Road mainly features small street front shops and department stores. There are approximately 330 retailers situated on Hunan Road, including shops selling apparel, shoes and sporting goods. Major department stores include Yaohan Department Store, Suning Universal Department Store, Pacific Department Store, Shanxi Road Department Store and Hunan Road Department Store. Shiziqiao Food Street, situated to the east of Hunan Road, is a popular dining destination.

The most recent large-scale projects in this area are Zifeng Plaza and Nanjing International Centre, both launched in the last two years. Zifeng Plaza, located on Zhongshan North Road, added approximately 48,000 square meters to Nanjing's retail market when it launched in 2010. The opening of Nanjing International Centre in 2011 marked the official expansion of the Hunan Road commercial circle to Zhongyang Road. Both of these projects help to strengthen the positioning of the CBD area.

After acquiring Japanese consumer electronics retailer LAOX in mid 2011, Suning re-launched its Hunan Road Suning Galaxy International Shopping Plaza as LAOX Life, a five-storey, 20,000 square metre consumer goods store.

Table 6: Major Department Stores in Hunan Road Area, Nanjing 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Shanxi Road Department Store	107 Zhongshan North Road	1957	L1-L4	10,000
Hunan Road Department Store	100 Hunan Road	1986	L1-L5	5,800
Pacific Department Store	86 Zhongshan North Road	2001	L1-L5	18,000
Suning Universal Shopping Centre	18 Hunan Road	2004	B1-L11	35,000
Yaohan Department Store	1 Hunan Road	2008	B1-L4	25,000

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
LAOX Life	1 Shanxi Road	2011	L1-L5	20,000

Source: Colliers International Shanghai (CIS) Research

Table 7: Major Shopping Malls in Hunan Road, Nanjing 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Zifeng Plaza	6 Zhongshan North Road	2010	B1-L6	50,000
Nanjing International Centre	201 Zhongyang Road	2011	B1-L8	88,000

Source: Colliers International Shanghai (CIS) Research

The Confucius Temple Area

Located in Qinhuai District, the Confucius Temple Area is regarded as one of the city's most famous tourist attractions. The area has a total retail supply of approximately 88,000 square metres and is primarily composed of street front shops. The only major shopping mall in this area is Aqua City, a multi-functional shopping, leisure, dining and residential development with international fashion brands, launched in 2008. Tenants include Zara, H&M, Mango and Uniqlo.

Table 8: Major Shopping Malls in the Confucius Temple Area, Nanjing 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Aqua City	1 Jiankang Road	2008	B2-L5	88,067

Source: Colliers International Shanghai (CIS) Research

Zhongyangmen Area

Located adjacent to the Nanjing Railway Station, the Zhongyangmen Shopping Area is the third largest shopping area in Nanjing. It is primarily a wholesale centre for inexpensive clothing and accessories, composed of four main markets: Yuqiao, Jinqiao, Xinqiao and Jinsheng. The area is bordered to the south by Jianning Road, to the north by the Beijing-Shanghai Railway line, to the east by North Zhongyang Road, and to the west by a Lotus Supermarket.

4.4.3 Nanjing Retail Demand

Population size is an important determinant of retail demand as it affects the magnitude of consumer expenditure in the catchment. According to the 2011 census, Nanjing's permanent population exceeds 8.1 million people, of which over 55 percent live in the downtown districts.

Steadily increasing disposable income and retail sales growth have been the drivers of Nanjing's retail market development. At the end of 2011, the per capita disposable income for Nanjing's urban residents increased 13.7 percent from the same period of 2010 to RMB 32,200. The rising disposable income of urban household and the local residents' desire to pursue a better standard of living have been the main drivers of increasing retail demand. Total retail sales of consumer goods in the first half of 2012 reached RMB 149.07 billion, a 15.1 percent increase over the same period of 2011. Nanjing's Golden Eagle International Shopping Center performed exceptionally well with annual sales in 2010 exceeding RMB 3.5 billion, the third highest for Golden Eagle nationwide.

Demand for retail space in downtown areas remains robust due to a good commercial atmosphere and convenient accessibility, reflected in an average vacancy rate of just 5 percent. As a transfer station for Nanjing's two Metro lines, Xinjiekou is still the most popular location among downtown retail areas. Within Xinjiekou, Deji Plaza and Golden Eagle International Shopping Center in Xinjiekou are the top location preferences for retailers. An increasing number of international luxury brands are planning to enter or have already entered Deji Plaza such as Louis Vuitton, Versace and Tiffany. The developers of both projects have responded to the strong demand, and Golden Eagle Phase III is now under construction. Central Emporium commenced renovation in the second half of 2011 to compete in the upgraded

Xinjiekou area and took on a new look in the second quarter of 2012.

4.4.4 Nanjing Retail Rental and Price

There are generally two types of rental payments for retail leases in Nanjing. The traditional payment method is pure rental, where a fixed amount is paid on a monthly basis. Currently "pure rent" is adopted by most street front shops. In most department stores, the rental is payable as "turnover rental". Turnover rentals in Nanjing department stores are generally charged at different ratios according to the product being sold.

Table 9: Typical Turnover Rentals for Major Department Stores in Nanjing 2012

Trade Categories	Typical Percentage %
Jewellery and Accessories	16 - 22
Cosmetics	10 - 15
Clothing	20 - 25
International Brand Clothing	10 - 16
Kids' Wear	18 - 25
Shoes	18 - 25

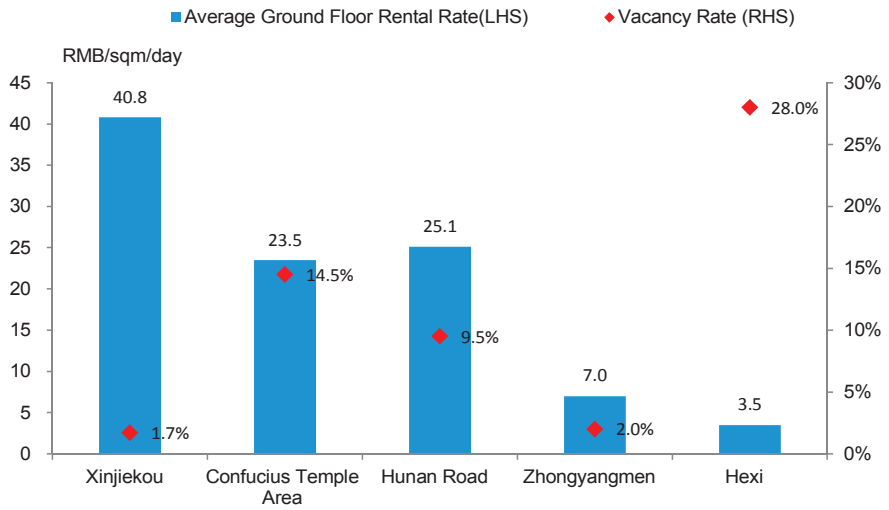
Source: Colliers International Shanghai (CIS) Research

In Xinjiekou, shops with pedestrian friendly street frontage primarily operate on a pure rental basis, and asking rentals in this area range from approximately RMB 18 to RMB 50 per square metre per day for ground floor space, the highest in Nanjing's prime retail areas. Department stores in Xinjiekou generally follow the turnover rental model, with percentages of ten to 25 percent depending on the category of merchandise sold.

Hunan Road's retail supply format is mainly composed of large-scale retail malls and single-storey shops with street frontage. Asking rentals for shops on Hunan Road range from RMB 20 to RMB 30 per square metre per day for ground floor space. Shiziqiao Food Street is an important part of the Hunan Road shopping area, and has approximately 50 restaurants of various sizes. Currently, asking rental ranges on the street range from RMB 7 to RMB 18 per square metre per day.

In the Confucius Temple Area, the average rental rate is approximately RMB 20 per square metre per day. At Aqua City, the average rental rate ranges from RMB 15 to RMB 25 per square per day for ground level space.

Figure 58: Average Ground Floor Headline Rental Levels & Vacancy of Major Retail Areas Nanjing H1 2012



Source: Colliers International Shanghai (CIS) Research

4.4.5 Market Outlook

A few large-scale retail developments will add significant new retail supply in the next two years, Golden Eagle Phase III is positioned as a mid to high-end shopping mall, which will expand Golden Eagle International Shopping Centre from 40,000 square meters to approximately 100,000 square meters. Golden Eagle Phase III is currently under the construction and is expected to be completed in 2014.

Due in part to a shortage of land supply in downtown areas, Nanjing's retail market has started to develop in decentralized areas such as Hexi. Moreover, government plans also call for approximately RMB 10 billion of investment to develop a new CBD in Hexi. Several large-scale projects around Yuantong Station, which is the only other Metro transfer station besides Xinjiekou currently, will launch in the next three years including World Trade Center and Nanjing ICC.

Table 10: Future Supply of Prime Retail Developments, Nanjing (H2 2012-2015)

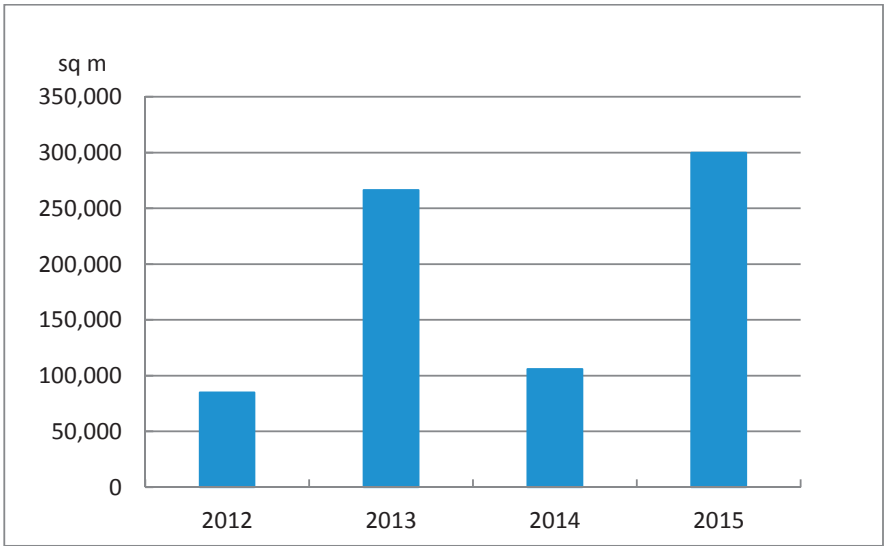
Project Name	District	Opened	Approx. Retail GFA (sq m)
Kairun Jincheng II	Xinjiekou	Q3 2012	42,000 (incl. Phase I)
Sunny World	Hexi	2012/2013	150,000
Jin'ao Building	Hexi	2013	36,159
Xin Fu Li	Hexi	Mid 2013	80,347
Golden Eagle Phase III	Xinjiekou	Q1 2014	50,000
World Trade Center	Hexi	2014	56,000
Nanjing ICC	Hexi	2014	N.A.
Walsin Centro	Hexi	2015	300,000

Source: Colliers International Shanghai (CIS) Research

In Nanjing, the increasing disposable income of urban residents has been the driver of retail sales since 1999. As disposable incomes continue to grow, an increasing number of domestic and foreign high-end retailers and retail investors are likely to show interest in the market. In line with Nanjing's maturing retail market, demand should increase for high-end retail facilities; as

a result shopping malls should become increasingly popular over department stores for retailers.

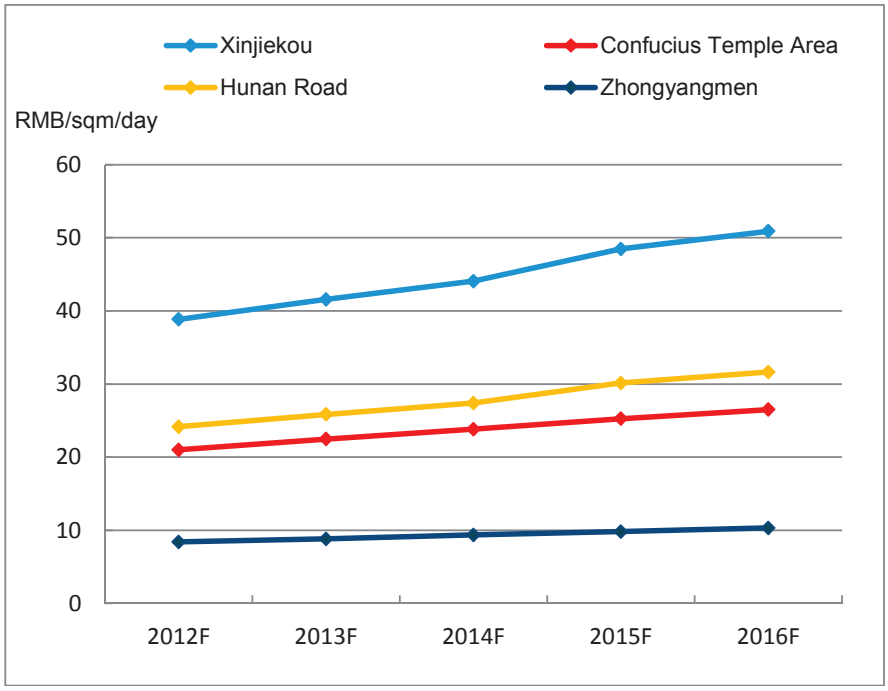
Figure 59: Nanjing Future Retail New Supply (2012-2015)



Source: Colliers International Shanghai (CIS) Research

Xinjiekou seems set to continue to lead Nanjing's retail market. In the coming five years, Hexi may develop into a new city center, equivalent to Xinjiekou. Over 600,000 square meters of new retail projects are expected to launch in Nanjing in the next three years, increasing the vacancy rate in the short term. Nevertheless, demand for retail facilities in the downtown area is projected to remain robust and could drive up rental levels for high quality developments by approximately eight to ten percent per annum over the next three years. It is expected that with its central location and upgrading of a number of shopping centers, Xinjiekou should remain the prime shopping and CBD district in the future.

Figure 60: Estimated Future Average Ground Floor Rental Trend of Major Retail Areas, Nanjing (2012F-2016F)



Source: Colliers International Shanghai (CIS) Research

4.5 NANJING PROPERTY OVERVIEW

Nanjing International Finance Center

Address	No 1 Hanzhong Road, Baxia District, Nanjing City
GFA	Total: 109,197 sq m
	Office: 72,686 sq m
	Retail: 27,504 sq m
Car Parking	292 spaces

4.5.1 Location

Nanjing IFC is located in the Xinjiekou Commercial Circle, commanding a prime position directly on the central intersection at the commercial hub of Zhongshan Road and Hanzhong Road, one of the most popular historical and commercial hubs in Nanjing. Key office occupiers of Nanjing IFC include AstraZeneca, Toshiba and Alibaba, and the retail portion is focussed on Food & Beverage with tenants such as Pizza Hut, Subway and Haagen-Daaz.

Map 8: Location of Nanjing IFC

Source: Colliers International Shanghai (CIS) Research

Xinjiekou is well-established as the primary CBD of Nanjing and has a critical mass of occupiers with abundant supporting services, transportation and retail amenities. Office developments in the Xinjiekou area account for approximately 44 percent of the total number of office buildings in Nanjing; these include prominent buildings such as Nanjing IFC, Changjiang Trading, Golden Eagle International, Huatai Security, Longsheng and Shangmao International.

From a retailing perspective, Xinjiekou is home to most of the city's luxury brands, particularly in Deji Plaza diagonally opposite Nanjing IFC. Retail supply in this area is otherwise mainly in the form of large-scale department stores, including Dayang Department Store, Central Department Store, Golden Eagle International Shopping Center, Orient Department Store and

Nanjing Xinbai. These department stores are mainly distributed in the area surrounding the Xinjiekou Metro Station, particularly along Zhongshan South Road and Hanzhong Road.

Underneath the intersection of Zhongshan Road and Hanzhong Road is the metro station with an interchange between Lines 1 and 2. Direct access to Nanjing IFC is available from here. Nanjing Railway Station is five stops to the north-west from Xinjiekou, and Nanjing South Railway station is seven stops to the south, both reached on Line 1. Nanjing Lukou International Airport serves more than 75 domestic and international destinations and handled over 13.0 million passengers in 2011. It is conveniently accessed by airport bus connecting to the Nanjing South Railway Station along metro line 1. Construction of the metro airport line is underway and will interchange with metro line 1 at the Nanjing South Railway Station.

4.5.2 Property Performance

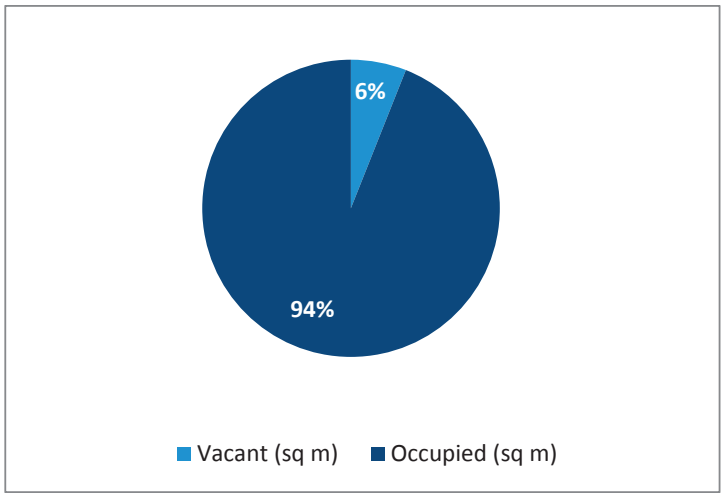
We have been provided with summary information including overall occupancy of each of the components, average rentals and a timetable of lease expiries. For the retail component, the average rental specifically excludes information on the turnover rentals which will have an impact on the resulting returns.

Office

According to the information provided to us, the average contracted office rental within Nanjing IFC (as at May 31 2012) was approximately RMB 3.4 per square meter per day. We are advised that recently executed leases have been at a higher level in the region of RMB 5 per square meter per day.

As at May 31 2012 occupancy reportedly stood at approximately 92 percent, over the total lettable office floor area of approximately 72,025 square meters. We are informed that as at May 2012 executed lease commitments bring the total occupancy to approximately 94 percent, near the highest levels seen in this market.

Figure 61: Nanjing IFC Office Committed Occupancy as at May 31 2012



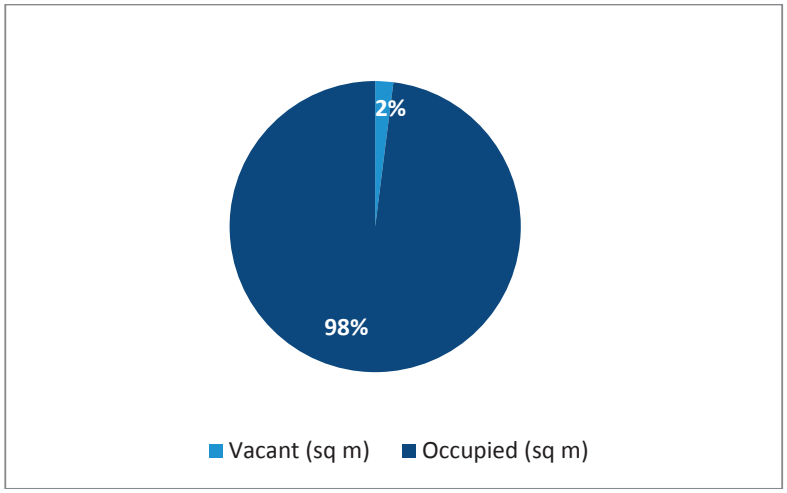
Source: Dynasty Real Estate Investment Trust

Retail

We are advised the average contracted retail rental over six floors within Nanjing IFC (as at May 31 2012) was approximately RMB 4.3 per square meter per day, excluding turnover rentals. We are advised that the average ground floor contracted rental is approximately RMB 11.5 per square meter per day (including both fixed and turnover rentals).

According to the information provided to us, occupancy of the retail component as at May 31 2012 stands at approximately 98 percent, over the total lettable retailing floor area of approximately 24,297 square meters.

Figure 62: Nanjing IFC Retail Occupancy as at May 31 2012



Source: Dynasty Real Estate Investment Trust

Table 11: Lease Expiries – Office and Retail, Nanjing IFC, May 31 2012

Expiry	GFA (sq m)	% Building	Annual Rent (RMB '000)	% of Total Rent	Rent (per sq m/month)	Rent (per sq m/day)
2012	4,563	4.7%	5,338	4.4%	97.5	3.2
2013	26,994	28.0%	37,869	31.3%	116.9	3.8
2014	19,828	20.7%	26,057	21.6%	109.5	3.6
2015 & Beyond	39,017	40.5%	51,624	42.7%	110.3	3.6
Vacant	5,593	5.8%	-	-	-	-
Total	**96,322**		**120,888**		**104.9**	**3.4**

Source: Dynasty Real Estate Investment Trust

2013 sees a point where leases on 28 percent of the total building area will expire, accounting for almost 31 percent of the total rental income. The forthcoming lease expiries could be an opportunity to increase the rental income for the building.

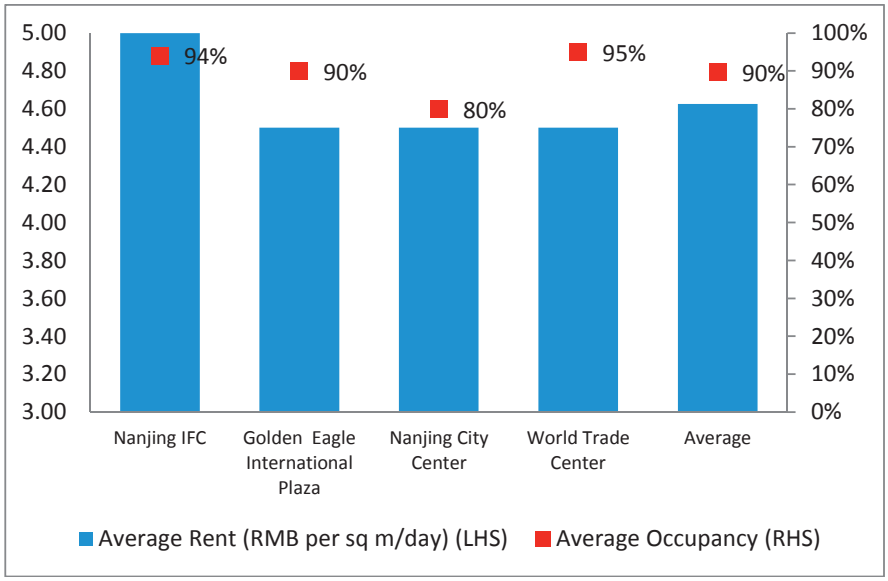
In terms of the office component, the average passing rental is somewhat below the current average rental achievable on new lettings (approximately RMB 3.4 per square meter compared to RMB 4.2 per square meter average in across Xinjiekou), and also lower than asking rentals in competing developments of a similar quality (RMB 4.6 per square meter per day). We are advised the lower rentals were committed in 2009 during weaker market conditions and more recently agreed rentals have been at the level of approximately RMB 5 per square meter.

4.5.3 Market Benchmark

Office

Within the Xinjiekou area the average headline asking prime office rental of comparable developments is approximately RMB 4.6 per square meter per day. The graph below demonstrates the rental and occupancy rates of Nanjing IFC compared to buildings of similar quality in Nanjing. Although current asking rentals at Nanjing IFC are approximately RMB 5 per square meter per day, the current average contracted rental is approximately RMB 3.4 per square meter per day.

Figure 63: Office Current Headline Asking Rental Levels & Overall Occupancy in Xinjiekou compared to Nanjing IFC, H1 2012



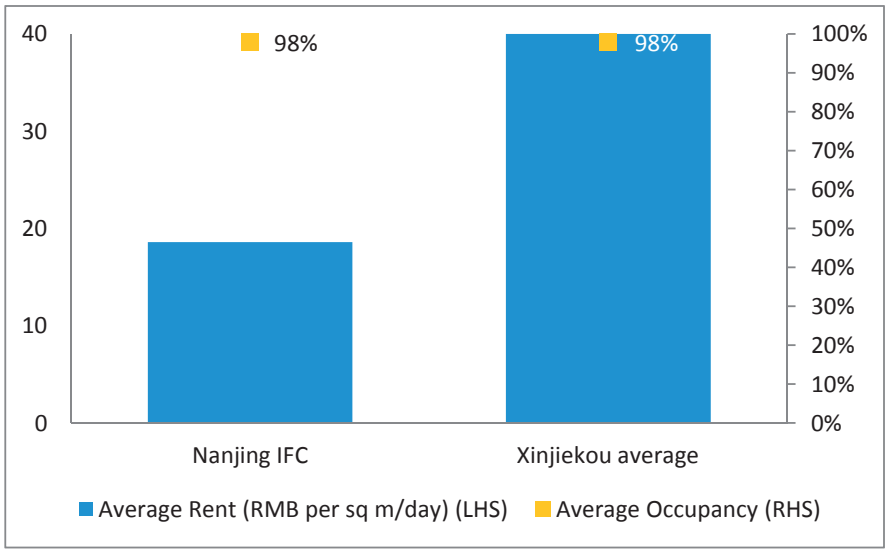
Source: Colliers International Shanghai (CIS) Research

Retail

Within the Xinjiekou area the current headline ground floor retail rental is approximately RMB 28 to RMB 30 per square meter per day on a net basis. The average passing rental across all floors at Nanjing IFC is approximately RMB 4.3 per square meter excluding turnover rental for the retail component over 6 floors, and on a ground floor only basis is approximately RMB 11.5 per square meter per day (including turnover and fixed rentals) based on the gross floor area (RMB 11.1 per square meter per day excluding turnover rental). Based on the net floor area the rental is approximately RMB 19.2 per square meter per day across the ground floor including turnover rental (and RMB 18.6 per square meter per day excluding turnover rental).

Given Nanjing IFC specifically targets F&B occupiers, it would be expected that rentals are lower than average prime ground floor retail space in the area. However, though typically not generating very high end rental levels this type of F&B retail activity is typically quite stable with high levels of occupancy. Such positioning should be sustainable for some time to come.

Figure 64: Average Net Ground Floor Retail Asking Rental Levels & Overall Occupancy compared to Nanjing IFC contracted Ground Floor Rental, H1 2012



Source: Colliers International Shanghai (CIS) Research

4.5.4 Competing Supply

Office

Primary and immediate competing supply in terms of offices comprises the Nanjing City Center (南京中心) building, Golden Eagle International Shopping Center (金鹰国际商城) and World Trade Center (世界贸易中心). City Center and Golden Eagle are located in Xinjiekou, close to Nanjing IFC.

The table below indicates the level of various elements of comparable buildings in relation to Nanjing IFC.

Table 12: Level of Various Elements of Comparable Buildings in Relation to Nanjing IFC (Office)

	Nanjing IFC	Nanjing City Center	Golden Eagle International Shopping Center	World Trade Center
Location	●	●	●	●
Quality of Building	●	◕	◕	◑
Quality of Environment	●	◕	◕	◕

Source: Colliers International Shanghai (CIS) Research

Key: ○ Low → ● High

In terms of future supply, the Siya Fortune Center in Xinjiekou is expected to be completed in late 2012. This will add 47,000 square meters of competing office supply to the area, along with Deji Plaza Phase II with a approximately 60,000 square meters, also scheduled for launch in the latter half of 2012.

Retail

Nearby retail properties include the Oriental Department store (东方商城) adjacent to Nanjing IFC, Golden Eagle International Shopping Center (金鹰国际购物中心) and Deji Plaza (德基广场) which is located on the opposite corner of the Zhongshan Road Hanzhong Road intersection. These are not directly comparable to Nanjing IFC as the latter's retail offering is focussed on F&B complementing the office component, rather than pure traditional retail mall environment.

The table below indicates the level of various elements of these projects in relation to Nanjing IFC.

Table 13: Level of Various Elements of Comparable Buildings in Relation to Nanjing IFC (Retail)

	Nanjing IFC	Oriental Department Store	Golden Eagle International Shopping Center	Deji Plaza
Location	●	●	◕	●
Quality of Building	●	◕	◕	●
Quality of Retail Offer	◕	◕	◑	●

Source: Colliers International Shanghai (CIS) Research

Key: ○ Low → ● High

4.5.5 Future Prospects

Office

Current plans indicate that office supply in Nanjing will be increased by approximately 341,000 square meters in the latter half of 2012 and by a total of 1,400,000 square meters by 2015. However, despite this, market sentiment is good and prospects for rental growth appear strong although vacancy rates may see slight increases. The prime location of Nanjing IFC means that it should continue to perform well given the high level of demand for Nanjing office space. If some improvements to the management of the building are made then it is possible that there is room for rental levels to increase, particularly given the forthcoming lease expiries.

Table 14: Nanjing Office Market Outlook H2 2012

Nanjing Office	Nanjing Market 2012	Nanjing IFC 2012
Supply	↑	→
Vacancy Rate	↑	→
Rental	↑	↑

Source: Colliers International Shanghai (CIS) Research

Retail

Xinjiekou's retail market has faced a total new supply of 85,000 square meters at Deji Plaza, and a total planned supply of 670,000 over the next three years. Vacancy rates and rental levels across the Nanjing Retail market are anticipated to remain constant over the year as pent-up demand absorbs the space. The retail offering at Deji Plaza on the whole does not pose a direct threat to Nanjing IFC, the latter being as it is focussed on F&B and should benefit from the increased office supply in Xinjiekou. The outlook for the retail component is one of stability and it is expected to see steady occupancy and increased rental levels in light of this.

Table 15: Nanjing Retail Market Outlook H2 2012

Nanjing Retail	Nanjing Market 2012	Nanjing IFC 2012
Supply	↑	→
Vacancy Rate	→	→
Rental	→	↑

Source: Colliers International Shanghai (CIS) Research

4.5.6 Nanjing IFC SWOT Analysis

Strengths	Weaknesses
• Prime location in the center of the CBD • Landmark building in Nanjing • Many good quality office tenants; we are advised approximately half of the lettings are to MNCs • Direct access to metro interchange • Dedicated and covered drop off / pick up point • Diverse office tenant mix across a selection of core industries • High quality ground floor lobby • Flexible Office floor plate allows easy subdivision or whole floor occupation • F&B tenant strategy for retail area means less direct competition with neighbouring projects and complements the office component • Oriental Department Store directly adjacent has no F&B offering • Enthusiasm for Nanjing from international and local investors • High level of occupancy • Limited land available in this locality for future office developments • Under single ownership structure in a market where stratification of office buildings is rife. (Properties under single ownership tend to have the ability to command premium rental pricing) • Captive office occupiers driven to retail component	• External office approach is temporarily not well landscaped for Grade A office accommodation and gives a less desirable impression on arrival. It is possible that this will improve on completion of the neighbouring site construction and with landscaping of the area • High vehicular traffic flow outside the building with the pedestrian crossing being driven through the underpass which is somewhat inconvenient • F&B focused retail with lower turnover rental and a less diverse customer mix possibly limits the upside for future rental growth of the retail component • Common areas of the subdivided office floors are in need of renovation

Opportunities	Threats
• Expansion of luxury shops in Deji Plaza and upgrading of the Xinjiekou district reinforces Xinjiekou as a prime CBD destination • Upgraded common areas on multi-tenanted floors could improve the quality of environment leading to increased rentals • Upgraded vehicular entrance to office approach and external landscaping could improve perception and in turn rental income and occupancy • Maximise footfall into the retail mall through the metro interchange entrance • Continued growth of the office market in Nanjing in the future should drive improved performance • Attract higher quality tenants • Tenants who have signed contracts in recent years may be reluctant to relocate due to capital investment on their office fit out • Negotiate improved rental terms on lease expiry and identify expansion requirements from existing tenants	• Economic outlook for 2013 is generally cautious which could limit the number of new businesses opening, expanding or relocating to Nanjing • High quality F&B court in Deji Plaza could compete for retail customer base • New Grade A supply from Siya Fortune Center and Deji Plaza to be completed in 2012 will compete for tenants and coincides with a number of lease expiries in the building

5 DALIAN RETAIL REAL ESTATE MARKET

5.1 DALIAN CITY OVERVIEW

5.1.1 City Overview

Map 9: Dalian City Location within PRC

Source: Colliers International Shanghai (CIS) Research

Dalian is the second largest city in Liaoning province and in 2011 recorded a GDP level higher than the provincial capital Shenyang. Considered the "Gateway to the Northeast", the coastal city of Dalian has moved beyond its traditional heavy industries with ambitions to become a center of China's information industry and a regional trade hub. In recent years, Dalian has hosted the World Economic Forum, received a USD 2.5 billion investment from Intel, and become a financial center for northeast China[7].

Dalian is a port city, located on a peninsula that juts out into the Bohai Sea. It faces Shandong to the south, the Bohai Bay to the west, and the Yellow Sea to the east. Dalian is closer to Seoul than it is to Shanghai. Shenyang, the provincial capital, is 385 kilometers northeast. Beijing and Tianjin are 400 to 450 kilometers west, across the Bohai Bay. The Dalian Port is the sixth largest in China, and the 19th largest in the world in terms of throughput volume[8].

[7] http://www.hktdc.com/info/mi/a/mpcn/en/1X074BRC/1/Profiles-Of-China-Provinces-Cities-And-Industrial-Parks/Dalian-Liaoning-City-Information.htm

[8] http://en.dl.gov.cn/pub/dl_gov/english/News/City_News/201203/t20120301_22350.htm

In the last century, Dalian has developed from a military outpost under the control of Japan and Russia to a leading second-tier city. Formerly known as Luda, the city was officially renamed Dalian in 1981. In 1994, Dalian was upgraded from a prefecture-level city to a sub-provincial city, giving it a greater measure of autonomy in terms of economics and law. As of 2011, the city was home to 5.89 million residents, spread over a total area of more than 12,500 square kilometers.

Dalian administers the six districts of Xigang, Zhongshan, Shahekou, Ganjingzi, Lushunkou, and Jinzhou; the three county-level cities of Wafangdian, Pulandian, and Zhuanghe; and the rural county of Changhai, primarily composed of more than 100 offshore islands. Xigang, Zhongshan, Shahekou, and Ganjingzi districts make up Dalian's urban area.

The city is connected to other regional centers by express highway, rail, and Dalian's Zhoushuizi International Airport, with flights to Japan, Russia, South Korea, and North Korea. In September 2011, the airport completed the third phase of an RMB 2.2 billion expansion. The first two lines of the city's underground metro system are expected to be completed by 2014. A high-speed railway connecting Dalian to Shenyang, Changchun and Harbin is currently under construction and will open by 2013. Dalian's port was the busiest in northeast China in 2011, handling container throughput of 6.4 million TEUs.

After regaining control of Dalian in 1950 from Russia, the Chinese government developed it into a center of heavy industry, led by shipbuilding, steel, and chemicals. In 1984, Dalian was one of the first cities designated a Special Economic Zone by China's State Council. The city boomed in the 1990s, and has posted double-digit annual GDP growth rates every year since 1992. In 2011, its GDP grew 19.2 percent to RMB 615.01 billion.

Dalian has become a magnet for foreign direct investment (FDI) in northeast China, attracting USD 11.01 billion in utilized FDI in 2011, or 45 percent of Liaoning province's total FDI. The majority of the investment comes from Japan and South Korea, which both have historical trading links with the city. In 2011, Japan's Orix Corporation announced a USD 3.2 billion investment in Dalian, in line with its status as the financial hub of northeast China.

Today, Dalian's four major industries are petrochemicals, modern equipment manufacturing, shipbuilding, and electronic information products. Government authorities are encouraging the development of the region's information technology industry, with the opening of Intel's USD 2.5 billion factory in October 2010 being a key step forward. Other major multinationals with investments in Dalian include Toshiba, Panasonic and Volkswagen. Given Dalian's strategic location, logistics and shipping are also important industries. It has a national-level economic development zone, a hi-tech industrial zone, a national-level tourist resort, and the only bonded harbor and export processing zone in the region.

5.1.2 Infrastructure and Transportation Network

Existing Light Rail Transit Line

The Dalian metro system is an elevated rapid transit system, opened on the 1st May 2003, consisting of one full and one branch line. Line 3 (Cyan line) connects the Dalian Development Zone and Jinshitan with Dalian city center.

Map 10: Existing LRT Lines in Dalian 2012

Source: Dalian Metro

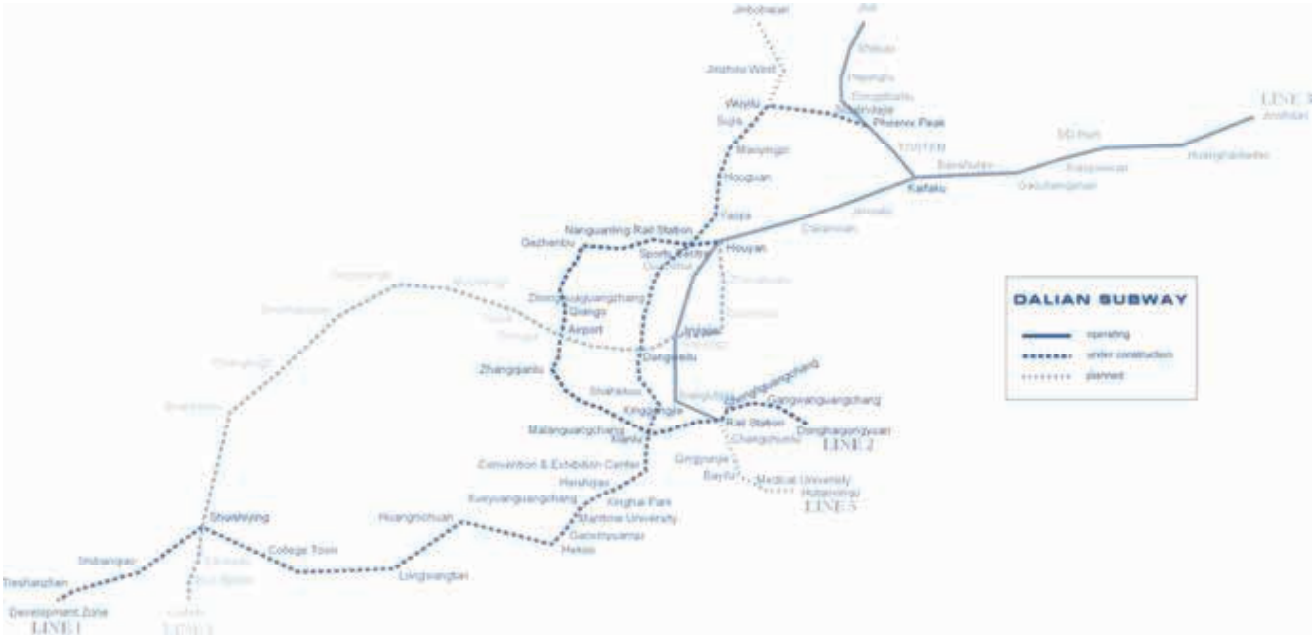
Future Planning of the Dalian Metro System

On July 25, 2009, the Dalian Metro groundbreaking ceremony was held at Harbor Square for metro lines one and two. Altogether there are plans for nine

metro lines spanning a total of 262.9 kilometres which would include the existing Line 3 (the only line to be completed, as of 2012). The completion date for the other two lines, one and two, has been scheduled for 2014.

The new metro system will significantly transform Dalian's current connectivity. Although the city is currently served by buses and the efficient over-ground tram system, the improved connectivity from the metro development will make the city center more accessible for outlying residents and will help ease of movement between core city center areas. Line One will be a predominantly north to south route, with Phase 1 between Yaojia in the north and the Convention and Exhibition Centre in the south. Line Two will traverse the city east to west in its initial phase between the airport and Donggang Square to the east.

Map 11: Dalian Planned Metro System



Source: Dalian Metro Masterplan Ashis Mitra 2010

Map 12: China's High-Speed Railway Network 2012

Source: Colliers International Shanghai (CIS) Research

Dalian's high speed train line to Changchun, Shenyang and Harbin is scheduled to open in 2013. The journey time to Shenyang will be approximately 80 minutes, and onward connections to Beijing from Shenyang will be possible.

5.2 DALIAN MACROECONOMIC OVERVIEW

Dalian's history as an important shipping hub in north-east Asia has cemented its recent economic development. Approximately 45 percent of Liaoning province's total FDI is concentrated in Dalian and the majority of the investment comes from Japan and South Korea, both of which have historical trading links with the city.

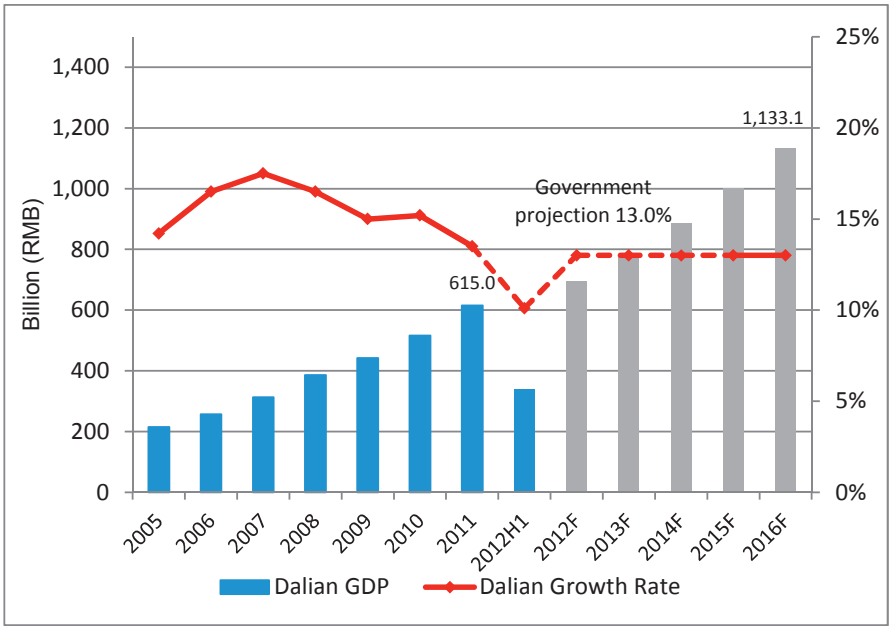
Logistics and shipping continue to be important industries. Dalian has a national-level economic development zone, a hi-tech industrial zone, a national-level tourist resort, and the only bonded harbour and export processing zone in the region.

Currently Dalian's four major industries are petrochemicals, modern equipment manufacturing, shipbuilding, and electronic information products. Government authorities are encouraging the development of the region's information technology industry, alongside establishing Dalian as the financial hub of north east China with the establishment of China's largest commodities futures exchange in 1993.

5.2.1 Gross Domestic Product

Gross domestic product (GDP) in Dalian has seen significant double-digit growth for the last five years. In 2011 GDP rose to RMB 615.01 billion from 2010's RMB 515.81 billion. This is compared to the national GDP of RMB 47,156 billion reached in 2011. In the first half of 2012, GDP was recorded at RMB 340 billion, a year on year growth of 10 percent. The Dalian government's projection for GDP growth in 2012 is 13 percent, Should this growth rate continue GDP could surpass RMB 1,000 billion by 2016.

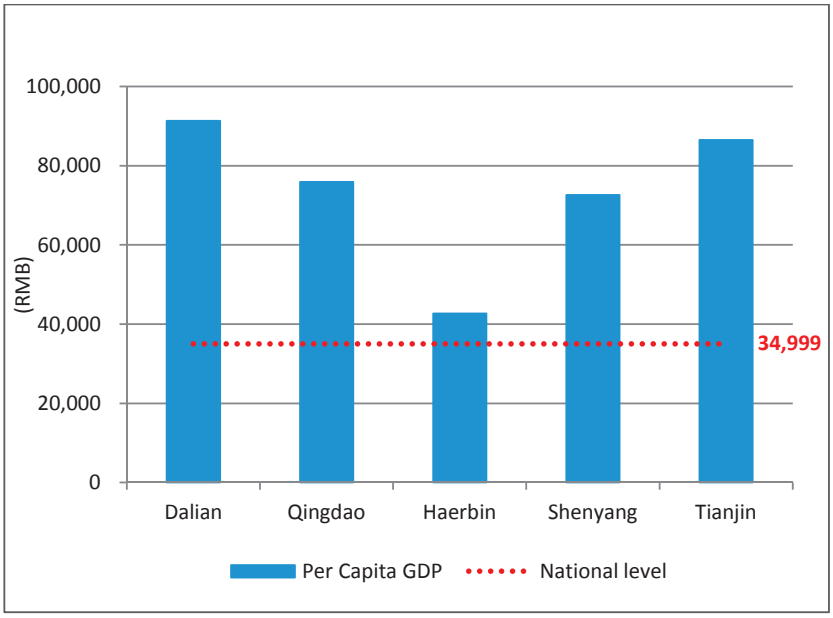
Figure 65: Dalian GDP & GDP Growth (2005 - 2016F)



Source: Dalian Annual Statistics Report 2005-2011

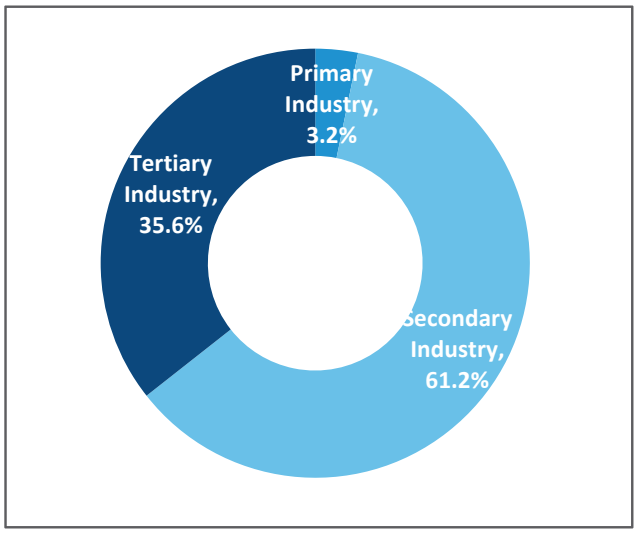
Per capita GDP in 2011 was RMB 91,287, higher than the national average of RMB 34,999 per capita, and Liaoning Province's capital Shenyang at RMB 72,637. The graph below demonstrates Dalian's position in relation to comparable north-eastern cities in 2011.

Figure 66: Per Capita GDP Comparison by North Eastern Cities, 2011



Source: Dalian Annual Report 2010 and Population Census 2011

Figure 67: Dalian 2011 GDP Value by Industry

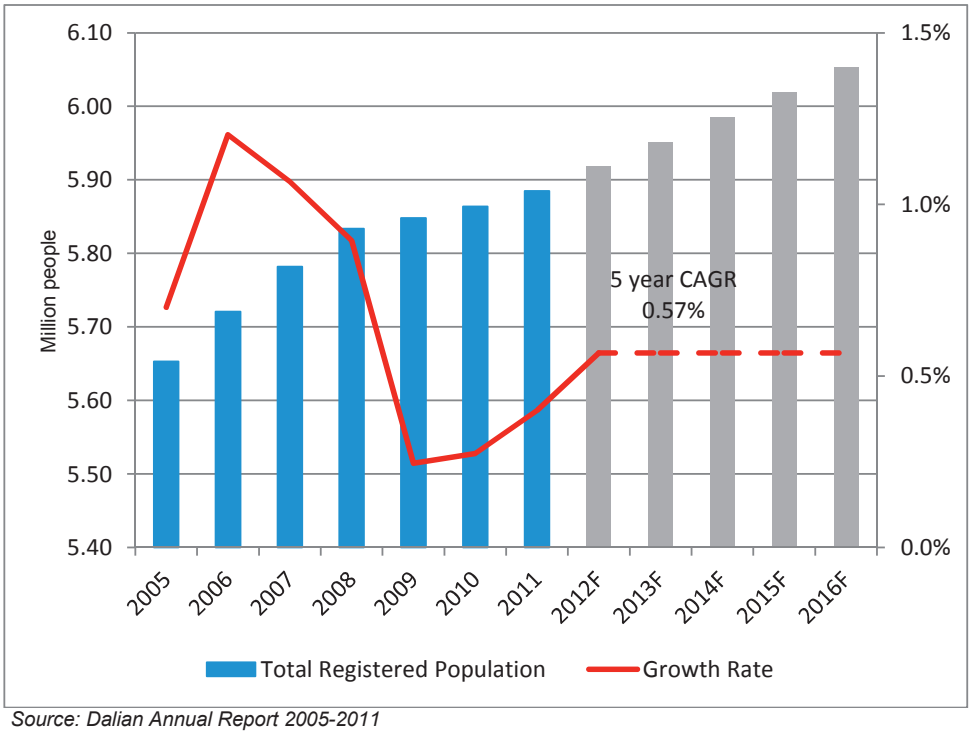


Source: Dalian Annual Report 2011

5.2.1 Population

According to the latest census, the city's resident population reached 5.89 million people in 2011, an increase of 0.4 percent from 2010. The compound annual growth over the past 5 years has been 0.57 percent.

Figure 68: Dalian Resident Population & Growth (2005- 2016F)



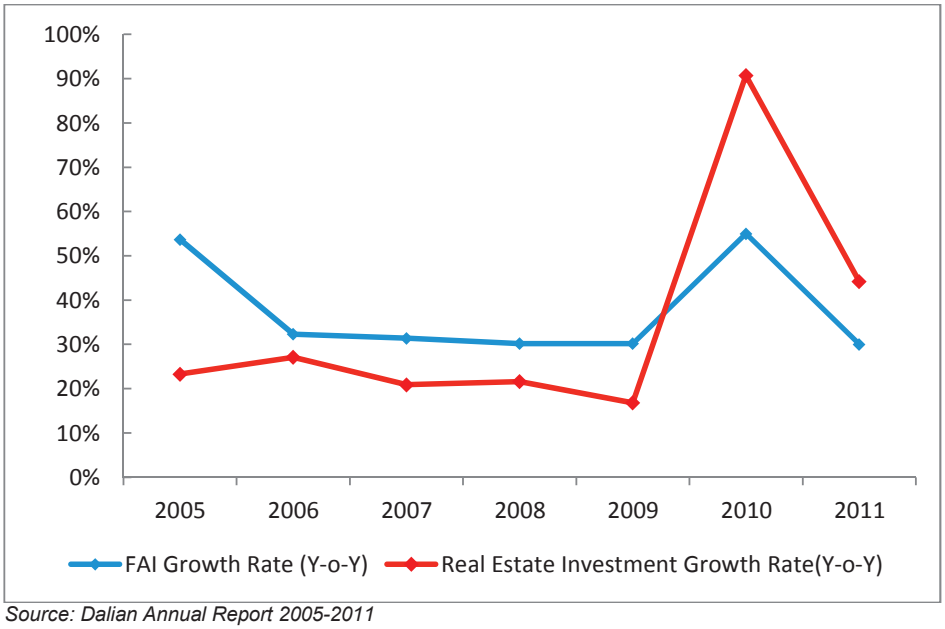
Source: Dalian Annual Report 2005-2011

5.2.2 Fixed Asset Investment and Real Estate Investment

Fixed Asset Investment experienced a 30 percent year on year growth in 2011, reaching RMB 458.01 billion. According to the 2011 statistic annual report of Dalian, the FAI data base was changed. Fixed assets now refer to a minimum value of RMB 5 million, instead of the previous RMB 500,000. However, the growth rate is still calculated from the same base.

In 2011, investment in real estate achieved levels of RMB 110.75 billion, an increase of 44 percent from 2010. Real estate investment in 2011 stood at almost 24 percent of total fixed asset investment. In the first half of 2012, fixed asset investment increased by RMB 233.65 billion, with a year on year growth rate of 28 percent.

Figure 69: Dalian Fixed Asset Investment & Real Estate Investment Growth (2005-2011)

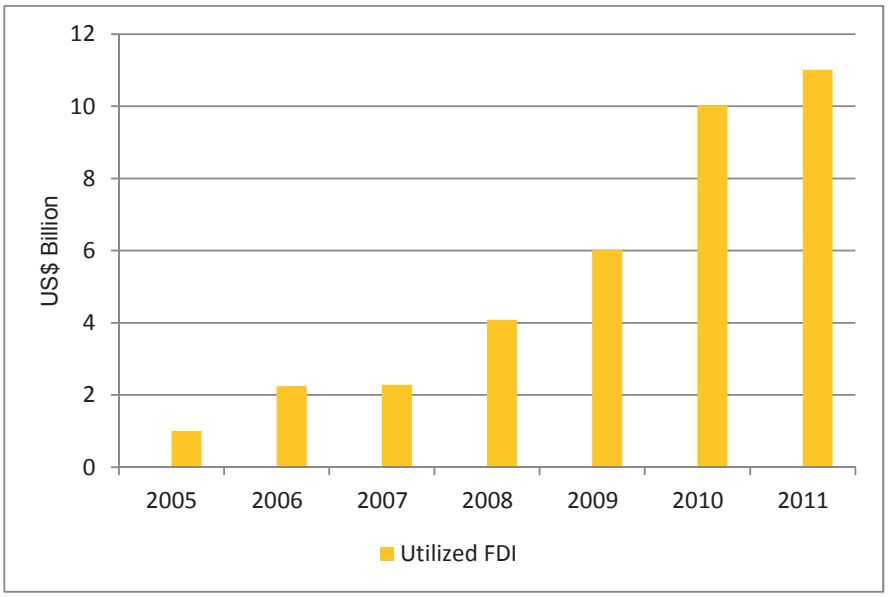


Source: Dalian Annual Report 2005-2011

5.2.3 Dalian Foreign Direct Investment

Utilized foreign direct investment (FDI) in Dalian grew 10 percent in 2011 to USD 11.01 billion. In the first half of 2012, utilized FDI reached USD 5.25 billion, an increase of 12 percent.

Figure 70: Dalian Utilized FDI (2005- 2011)

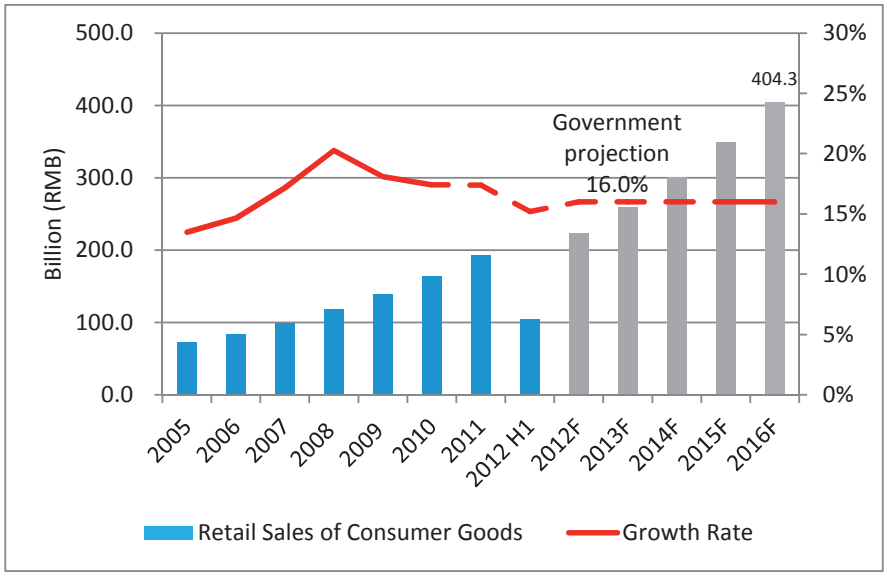


Source: Dalian Annual Report 2005-2011

5.2.4 Retail Sales and Inflation

Dalian's retail sales have been historically strong, recording a compound annual growth rate of 18.06 percent between 2006 and 2011. In the first half of 2012, retail sales reached RMB 104.64 billion, a 15.4 percent increase over the same time last year. Dalian government targets are for a retail sales growth of 16 percent in 2012. Based on the assumption that the government's target for 2012 is met, the projected total retail sales by 2016 could grow to RMB 400 billion.

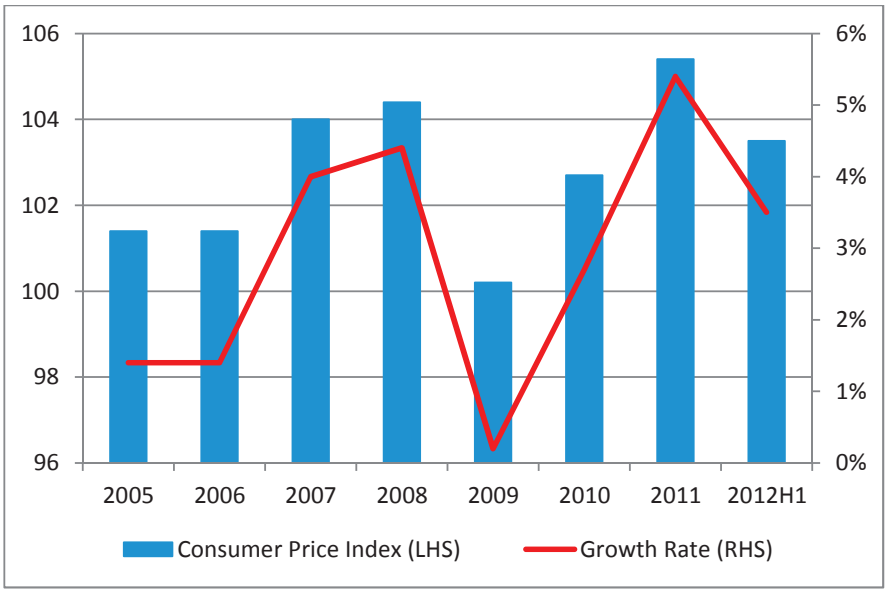
Figure 71: Dalian Retail Sales of Consumer Goods (2005 - 2016F)



Source: Dalian Annual Report 2005-2011

Dalian Statistics Bureau's consumer price index (CPI) reached 5.4 percent in 2011; in the first half of 2012, CPI was recorded to be 3.5 percent.

Figure 72: Dalian Inflation and Growth (2005 - Mid 2012)

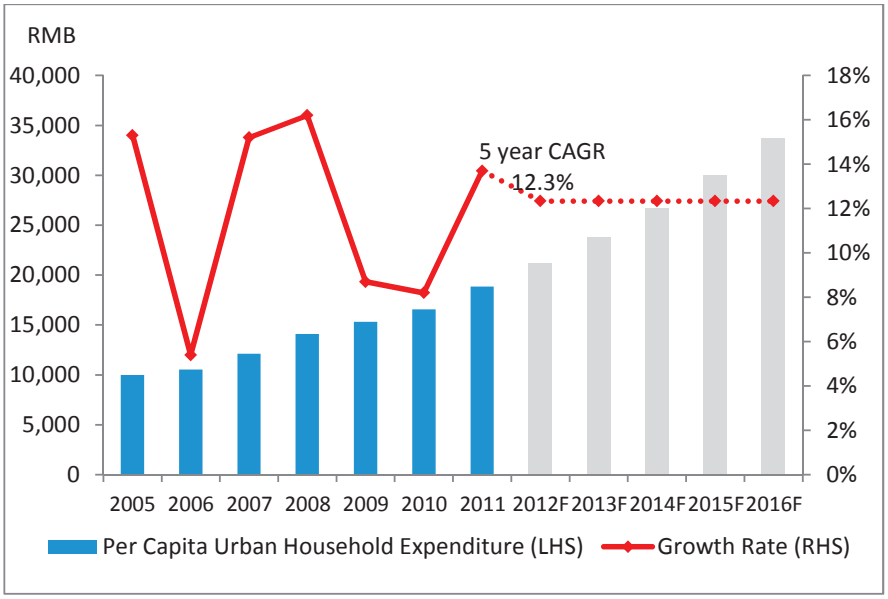


Source: Dalian Annual Report 2005-2011

5.2.5 Per Capita Urban Household Expenditure

Per capita urban household expenditure in Dalian reached RMB 18,846 in 2011, with a compound annual growth rate of 12.3 percent over 5 years.

Figure 73: Dalian Per Capita Household Expenditure and Growth (2005- 2016F)



Source: Dalian Annual Report 2005-2011

5.3 DALIAN RETAIL MARKET

5.3.1 Dalian Retail Market Overview

As one of 15 sub-provincial cities in China, Dalian is the financial centre of Liaoning Coastal Economic Zone. In 2011, Dalian's total retail sales of consumer goods reached RMB 192.48 billion, a 17.4 percent increase over the same period in 2010. In the first half of 2012, total retail sales of consumer goods were recorded at RMB 104.6 billion, a year on year growth of 15.2 percent.

Currently, Dalian has more than 1.6 million square metres of retail gross floor area, in more than 25 retail malls and department stores. Dalian's main retail hubs are grouped in five major areas, Zhongshan Square, Qingniwa, Olympic Square, Xi'an Road and Peace Square. These can be further grouped into two primary zones, to the east of the city (Qingniwa and Zhongshan Square) and to the west of the city (Xi'an Road, Olympic Square and Peace Square). Qingniwa is the city's primary retail area, located close to the train station and the terminal for the city's light railway line and encompasses pedestrianized plazas and historic shops, although recent development has also focused on the Xi'an Road area to the west.

Map 13: Major Retail Areas in Dalian 2012

Source: Colliers International Shanghai (CIS) Research

5.3.2 Dalian Retail Supply

Eastern Zone

Qingniwa

Qingniwa is the primary shopping area in Dalian with approximately 42 percent of prime retail property supply in Dalian located here. Qingniwa is situated close to the train station and therefore attracts strong pedestrian flow. There is a large concentration of department stores here, one dating back to the 1930s. The large pedestrianized plaza sits above the underground Victory Shopping Plaza, a maze of low end retailers in a space totalling approximately 156,000 square meters.

Retail supply in this area is mainly in the form of large-scale department stores, including Dalian Market, New World Department Store, Quilin Women's Store and Mykal Department Store. More modern forms of shopping mall have emerged over recent years, with Parkland Shopping Centre being the primary high to mid end mall, also encompassing a Pacific Department Store.

Table 16: Major Shopping Malls in Qingniwa, Dalian 2012

Project Name	Address	Opened	Retail Floors	Approx Total GFA (sq m)
Victory Plaza	Changjiang Road	1998	B3-L5	156,000
New Mart	1 Qingsan Street	2001	B1-L7	100,000
Parkland	19 Jiefang Road	2002	L1-L6	80,000
City Plaza	73 Wuhan Street	2003	B1-L4	75,000
Metropolitan Shopping Square	80 Jiefang Road	2011	B1-L4	60,000
Champs Elysees Mall	313 Changjiang Road	2010	B1-L3	54,000

Source: Colliers International Shanghai (CIS) Research

Metropolitan Shopping Square, opened in early 2011, and comprises approximately 60,000 square meters of retail space predominantly offering young fast fashion. The mall is operated in cooperation with the well known Korean shopping mall brand Doota and subsequently upon initial launch the mall had a particular focus on independent Korean brands. However, the performance of these independent brands was not as strong as expected and

now the shopping mall is undergoing repositioning, with plans to introduce brands such as Hotwind, Pizza Hut, Starbucks into the mall. The current quoting rental is approximately RMB 7 to RMB 8 per square meter per day. As at the end of the first half of 2012 the occupancy rate of the mall was approximately about 70 percent.

Table 17: Major Department Stores in Qingniwa, Dalian 2012

Project Name	Address	Opened	Retail Floors	Approx Total GFA (sq m)
Mykal Department Store	57 Qingni Street	1998	B1-L7	50,000
Jiuguang Department Store	11 Youhao Street	2009	B1-L9	35,000
Dalian Market	1 Qingsan Street	1936	L1-L4	32,000
Dashang Men's Store	18 Jiefang Road	2002	B1-L9	12,000
Qiulin Women's Store	108 Zhongshan Road	1998	B1-L6	8,000

Source: Colliers International Shanghai (CIS) Research

Many of the department stores in Qingniwa offer similar products from similar brands, the retail offering is dated and often confusing. Mykal recently upgraded and extended the Qingniwa department store in 2011 to focus on higher end women's fashion brands in a more modern department store environment. A significant recent leasing transaction at Qiulin Women's Store was a ground floor lease of approximately 2,600 square meters to Zara in early 2011.

Zhongshan Square

Zhongshan Square is the historic heart of the city, with radial roads spanning from the Zhongshan Square roundabout, and lined with historic buildings, many of Russian design. This area is home to most of the luxury brands that have a presence in Dalian, particularly along Renmin Road, where modern developments such as Times Square and The Galleria have added to the concentration of high end brands which had occupied the ground floors of various five star hotels along Renmin Road.

Table 18: Major Shopping Malls in Zhongshan Square, Dalian 2012

Project Name	Address	Opened	Retail Floors	Approx Total GFA (sq m)
Kaisa Plaza	Tianjin Street	2012	L1-L3	80,000
The Galleria	43 Renmin Road	2009	L1-L4	26,000
Dalian Times Square	50 Renmin Road	2008	L1-L2	20,000

Source: Colliers International Shanghai (CIS) Research

The newest mall to open in Dalian is Kaisa Plaza, a redevelopment of the former City Square mall with a gross floor area of approximately 80,000 square meters focussed on mid to high end fashion. Current ground floor asking rental is approximately RMB 7.5 per square meter per day, with an additional management fee of RMB 1.5 per square meter per day. We are advised the average footfall of the shopping mall is approximately 25,000 on weekdays and 35,000 on weekends.

The two other malls in the Zhongshan Square area are Times Square and The Galleria, both positioned as high-end luxury malls. Times Square opened in 2008 and reported 85 percent occupancy on launch, currently occupancy is almost 100 percent with tenants such as Louis Vuitton, Prada and Gucci. Chanel is scheduled to open at the end of 2012, and recent lettings include De Beers Diamonds. The Galleria occupancy rate is approximately 50 percent with a large vacant space in the third and fourth floor, although almost fully let on the ground floor.

Table 19: Major Department Stores in Zhongshan Square 2012

Project Name	Address	Opened	Retail Floors	Approx Total GFA (sq m)
Tianzhi Commercial Town	135 Tianjin Street	2003	B1-L3	70,000
New World Department Store	200 Tianjin Street	2002	B1-L5	32,000
Xintianbai	199 Tianjin Street	2007	B1-L5	15,000

Source: Colliers International Shanghai (CIS) Research

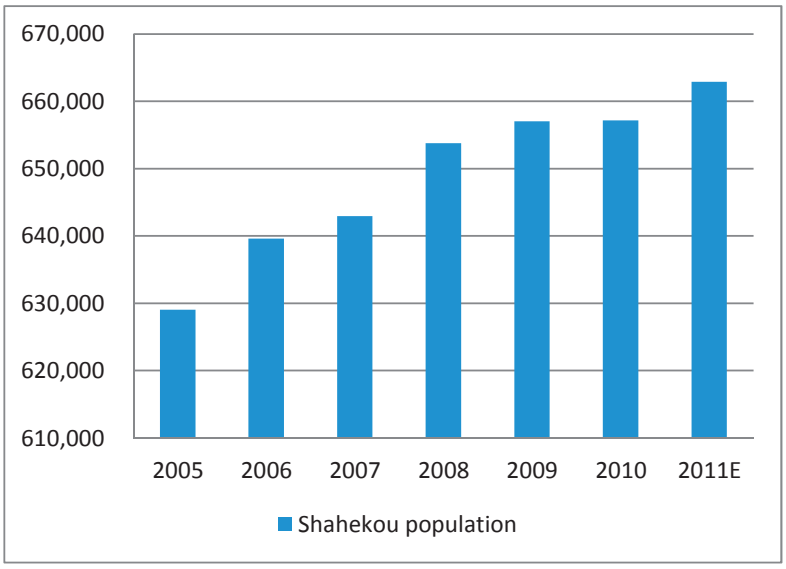
The department stores in Zhongshan Square cater to traditional women's wear, including the Tianzhi store specialising in fur products.

Western Zone

Xi'an Road

Xi'an Road is the prime retail hub of western Dalian, accounting for approximately 30 percent of retail supply in Dalian. There are a number of department stores and malls in this locality alongside a high proportion of supermarkets and electrical appliance stores which line the road. Xi'an Road predominantly attracts shoppers that reside in the western part of the city. Shahekou district, where the Xi'an Road area is located, has seen strong population growth in recent years and has the highest population density of Dalian's urban districts.

Figure 74: Shahekou District Population Growth 2005 - 2011(E)



Source: Dalian Statistical Yearbook 2006-2010 and Colliers International's estimation

Table 20: Major Shopping Centres in Xi'an Road Area, Dalian 2012

Project Name	Address	Opened	Retail Floors	Approx Total GFA (sq m)
Dalian TRC	139 Xi'an Road	2006	B1-L5	138,628
Fujia Xintiandi	99 Xi'an Road	2005	B1-L5	160,000
Parkson	23-38 Xi'an Road	1997	B1-L6	25,000

Source: Colliers International Shanghai (CIS) Research

The prime shopping mall in this location is Dalian TRC. The Mykal department store is located within this and contributes to high footfall through the mall. The new Changxing development on Xi'an Road is scheduled for initial launch at the end of 2013, with a gross floor area of 300,000 square meters, including residential, office and retail, approximately 40,000 square meters of which

appears to be designated for retail uses, although the exact floor areas are unconfirmed. The project will also comprise the redevelopment of the adjacent electronics market, and construction of a hotel tower fronting Xi'an Road.

Fujia Xintiandi completed a renovation and repositioning of the ground floor in mid-2012. The rental for ground floor space is approximately RMB 18 to RMB 30 per square meter per day. The first and second floors are designated as department store format and have a quoted turnover rental rate of approximately 20 percent.

Table 21: Major Department Stores in Xi'an Road Area, Dalian 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Jinhui Sunrise	677 Huanghe Road	2001	L1-L6	73,000
Mykal Department Store(part of TRC)	123 Xi'an Road	1998	L1-L5	50,000
Parkson	23-38 Xi'an Road	1997	B1-L5	25,000
Dashang No.2 Department Store	Xi'an Road	1954	L1-L5	6,000

Source: Colliers International Shanghai (CIS) Research

Olympic Square

Olympic Square is located equidistant between Qingniwa and Xi'an Road shopping hubs and whilst contributing less supply than these other two areas, Dalian's largest Parkson Department Store and the former Wanda Plaza (focused on entertainment and F&B), are located here. Wanda Plaza recently changed its name to Yuehui Plaza following changes in operation, although it is understood there were no changes in ownership.

There is substantial future development planned in the Olympic Square area by experienced retail developer Hang Lung Properties and it is anticipated that this will help to establish this location further as a retail destination drawing customers from further afield.

Table 22: Major Department Stores in Olympic Square, Dalian 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Dalian Shishang Parkson	261 Zhongshan Road	2004	B1-L6	32,000

Source: Colliers International Shanghai (CIS) Research

Table 23: Major Shopping Centres in Olympic Square, Dalian 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Yuehui Plaza (formerly Wanda Plaza)	Changchun Road	2005	L1-L4	72,000

Source: Colliers International Shanghai (CIS) Research

Peace Square

There is currently just one shopping centre in the Peace Square area, the Peace Plaza Mall owned by CapitaMalls. This mall underwent an upgrade in 2010.

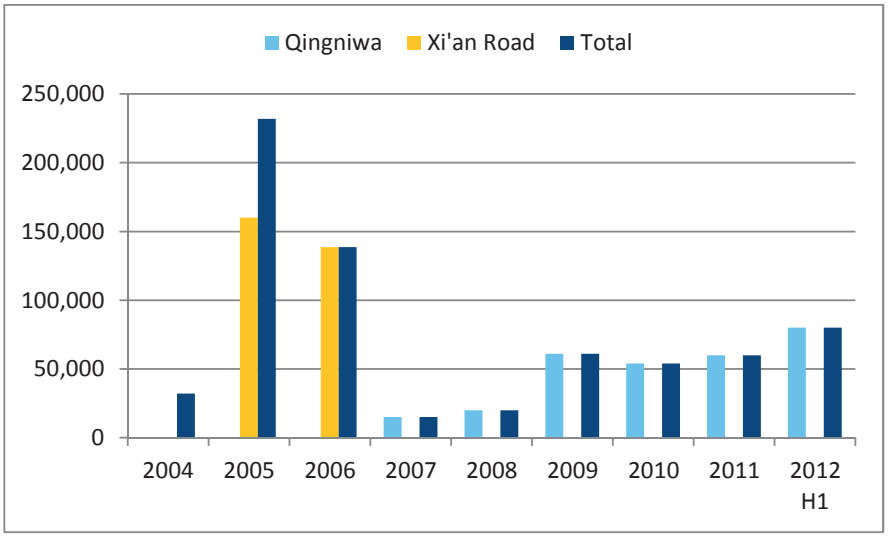
Table 24: Major Shopping Centres in Peace Square 2012

Project Name	Address	Opened	Retail Floors	Approx. Total GFA (sq m)
Peace Plaza Mall (inc Qiansheng Department Store)	Shahekou	2003	B1-L4	77,000

Source: Colliers International Shanghai (CIS) Research

The Peace Square area is close to the tourist destination of Xinghai Square and the cities beaches to the south. Future development in this area includes street front retail, office and residential development which is expected to strengthen the catchment area for the existing shopping center. We are advised footfall is approximately 50,000- 60,000 during weekdays and 80,000-10,000 during weekends. The mall is predominantly fast-fashion focused although current plans are to introduce more high-end brands into the mall.

Figure 75: Dalian Prime Retail New Supply (2004 - H1 2012)



Source: Colliers International Shanghai (CIS) Research

Prime retail supply has been concentrated in the Qingniwa district over recent years, reinforcing the area as a prime retail destination with upper end developments such as Times Square, Parkland Mall and Kaisa Plaza. There has been limited new supply in the Xi'an Road area since 2005 which saw the establishment of Dalian TRC and the Fujia Xintiandi mall beginning the shift in focus towards the Xi'an Road retailing area.

5.3.3 Dalian Retail Demand

Per capita disposable income of Dalian's urban residents has been growing steadily with an average growth rate of 12 percent over the last five years. The level of disposable income reached RMB 24,276 at the end of 2011, a growth of 14 percent from the previous year. Dalian residents' increasing wealth has been reflected in consumption levels. As at the end of 2011 Dalian's urban per capita retail consumption grew by eight percent year on year.

The Dalian population has also been growing at a steady pace, a key driver for retail demand. Given the previous high levels of development in the Qingniwa area, the focus is now shifting to other areas with opportunity for expansion. The Xi'an Road area is one of these, with government plans to extend the commercial area here and commitments from developers keen to capitalise on the growing customer demand for high quality retailing offerings.

The planned metro line will also serve to improve connectivity around the city,

and the first phases of the two new lines are scheduled to open in 2014.

5.3.4 Dalian Retail Rental and Price

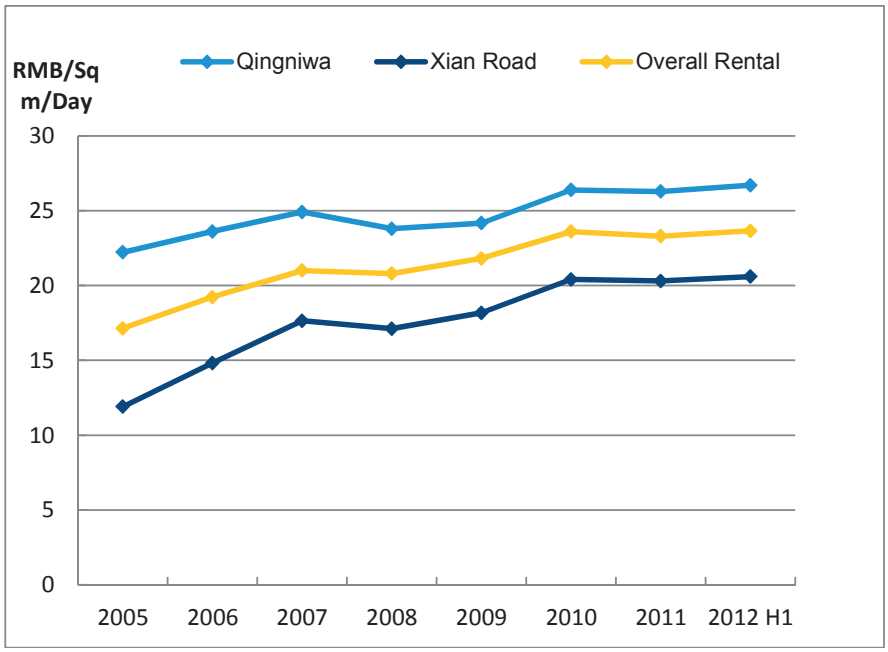
Retail leases in Dalian are split between those that are based on a traditional pure rental, quoted on a per square meter per day basis, and those that are based on a turnover rental.

Ground floor asking rentals for shops with the benefit of street frontage in Qingniwa shopping malls range from RMB 20 to RMB 30 per square metre per day gross. However, the quoted rentals for new malls such as Kaisa Plaza and Metropolitan Shopping Square, attempting to establish themselves in the fairly saturated market, are asking around RMB 7 to RMB 8 per square meter per day for ground floor space.

In the Xi'an Road area, asking rentals for ground floor space within the Xintiandi Shopping Mall range between RMB 18 to RMB 35 per square meter per day. Average ground floor rents in Dalian TRC are approximately RMB 13 per square meter per day although we are informed recent achieved ground floor rentals are greater than RMB 30 per square meter per day, and asking ground floor rentals are approximately RMB 35 to RMB 40 per square meter per day.

Within Peace Plaza, the ground floor asking rental is approximately RMB 16 per square meter per day.

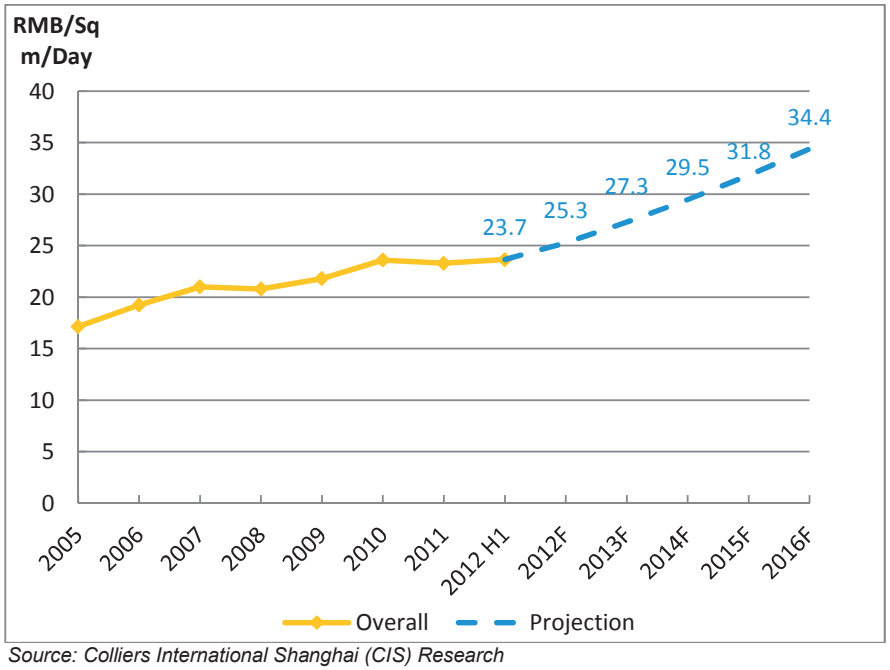
Figure 76: Average Ground Floor Gross Rental Levels of Prime Retail Areas, Dalian 2012



Source: Colliers International Shanghai (CIS) Research

If historical rental growth is projected forward at an average of 8 percent rentals would reach an average level of RMB 35 per square meter per day on a gross ground floor basis by 2016.

Figure 77: Dalian Average Ground Floor Rental Level Projection (2005-2016F)



Source: Colliers International Shanghai (CIS) Research

5.3.5 Dalian Retail Investment Transactions

Parkson Retail Group acquired 100 percent equity interest in Victor Crest, from controlling shareholder Parkson Holdings Berhad in the middle of 2012. Victor Crest indirectly owns e 100 percent equity interest in Dalian Parkson and Shenyang Parkson and a 96 percent equity interest in Qingdao Parkson. The total consideration was reported at approximately RMB 420 million.

An auction in early 2011 saw two transactions of retail properties on Tianjin Street. Tianlong City Mall was acquired by Yuetai Group in February 2011 for approximately RMB 68 million. The property has a GFA of approximately 6,999 square meters and the total purchase price is believed to reflect a unit price of approximately RMB 9,716 per square meter.

Also in February 2011, Xintianbai Plaza (South Wing) on Tianjin Street was acquired by a group of five private investors for a reported price of RMB 63.1 million. The purchase price equates to approximately RMB 11,140 per square meter for the 5,530 square meter (GFA) property. The purchasers had already acquired the North Wing of the property in a previous transaction.

Significant historic retail transactions also include the acquisition of Peace Plaza Mall in 2008 for a reported price of RMB 1.7 billion. Based on a gross floor area of 180,000 square meters this equates to approximately RMB 9,444 per square meter. Also in 2008 the Taoyuan Shopping Mall transacted at an estimated unit price of approximately RMB 5,907 per square meter for the 42,424 square meter property.

Table 25: Key Dalian Retail Investment Transactions (2008-2011)

Property Name	Owner	Price (RMB)	GFA (sq m)	RMB per sq m	Date of transaction
Tianlong City Mall	Yuetai Group	68,000,000	6,999	9,716	1Q 2011
Xintianbai Plaza (South Wing)	Private Investor	63,100,000	5,530	11,410	1Q 2011
Peace Plaza Mall	CapitaMalls	1,700,000,000	180,000	9,444	2Q 2008
Taoyuan Shopping Mall	Dalian Youyi	250,000,000	42,324	5,907	1Q 2008

Source: Colliers International Shanghai (CIS) Research

5.3.6 Market Outlook

There are a few large-scale mixed use developments that are currently under construction or planning in Dalian.

The first scheduled to complete is the Eton Place development on Dagong Street, in Qingniwa, by Philippines based Eton Properties Group. The development will comprise high end apartment, office, hotel, conference, entertainment and retail components. The retail mall will be approximately 140,000 square meters, and will target high end brands. The development is targeted for completion in 2015.

Hang Lung Properties are also planning to develop a project in the Olympic Square area of the city. This is expected to complete in 2015 and will provide approximately 221,900 square meters of retail, entertainment and F&B in a seven storey mall.

There are also significant plans for expansion of the Xi'an Road commercial area. Yitian Group is intending to build a complex which will include a shopping mall (135,000 square meters), hotel (40,000 square meters), office (120,000 square meters), high-end residences (900,000 square meters), serviced apartments (60,000 square meters), and a pedestrian street with a combined gross floor area of 2 million square meters. This is not expected to complete until after 2016, development has not yet begun as existing residents are yet to be relocated.

In addition, the Taiyuan Road mixed use development to the south of Xi'an Road will encompass office, retail, hotel, theatre and a cinema. Both of the above developments are expected to be completed after 2015 and should serve to strengthen Xi'an Road's position as a prime retail destination and capitalise on the already increasing footfall from tourists and residents in the west part of the city.

The Changxing Shopping Center is a development with a total GFA of approximately 300,000 square meters, situated on Xi'an Road adjacent to Fuji Xintiandi. It is understood that the initial phase will comprise 40,000 square meters of retail space launching in late 2013 although specific details are uncertain and more supply may be forthcoming. The project also comprises

the redevelopment of the adjacent electronics market and a new hotel development.

Table 26: Dalian Future Supply of Prime Retail Developments, 2012-2015

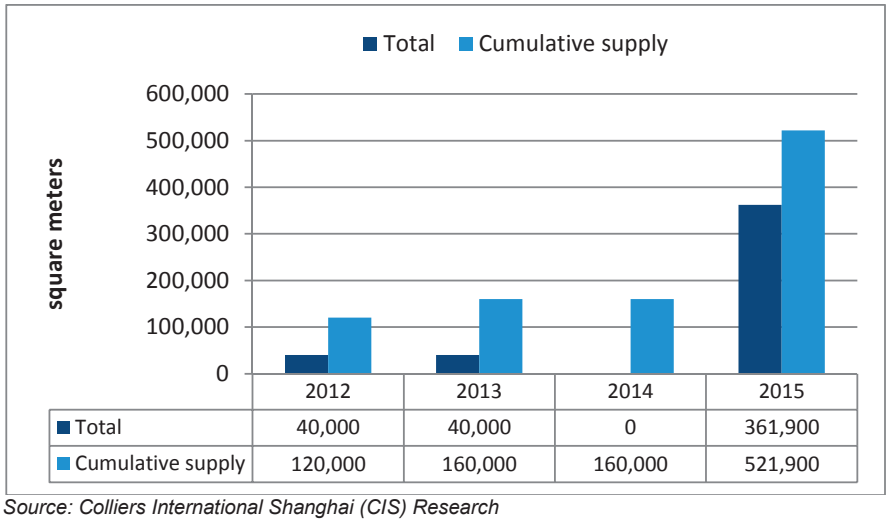
Project Name	Developer	Location	Estimated Date of Completion	Retail GFA
Guotaishengda Mall	Guotaishengda Group	Tianjin Street	2013	40,000
Changxing Shopping Center	Yongjia Group	Xi'an Road	2013	40,000
Eton Place	Eton Properties Group	Qingniwa	2015	140,000
Olympia 66	Hang Lung	Olympic Square	2015	221,900

Source: Colliers International Shanghai (CIS) Research

In addition to these new developments, Dalian's retail market will continue to mature, changing from the traditional department store format that has been established in the city over the years to a more modern retail offering of shopping malls and large scale entertainment facilities. Over 440,000 square meters of prime retail supply is expected to launch in the next three years, which is expected to have an impact on short term vacancy rates.

However, it is expected that after a period of consolidation whilst the market adjusts to the new supply, overall rentals will continue to increase, by approximately eight percent each year for the next three years. For the Xi'an Road area, future growth is expected to be stronger than in Qingniwa, given the less saturated nature of the retail market there and improvements in connectivity following the metro line development. It is possible that rental growth in the Xi'an Road area may exceed ten percent over coming years.

Figure 78: Dalian Future Retail Supply (2012-2015)



	2012	2013	2014	2015
Total	40,000	40,000	0	361,900
Cumulative supply	120,000	160,000	160,000	521,900

Source: Colliers International Shanghai (CIS) Research

5.4 DALIAN PROPERTY OVERVIEW

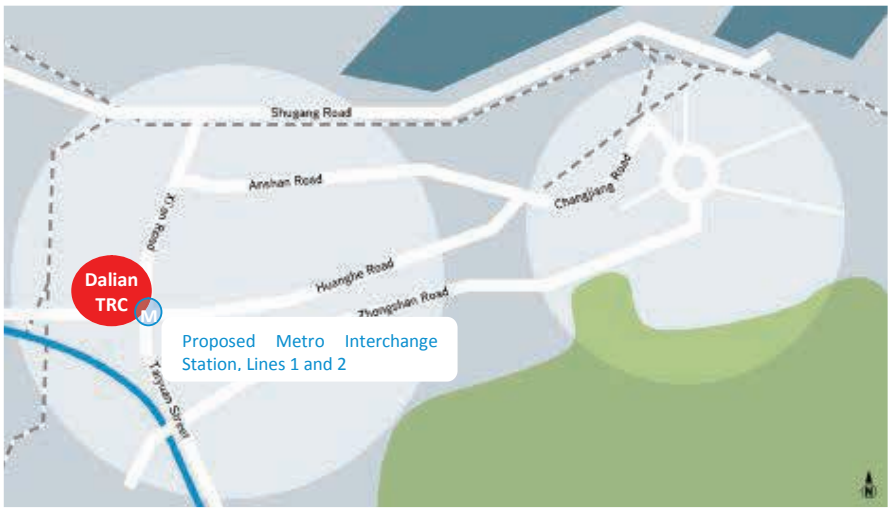
Dalian Tianxing Roosevelt Center	
	
Address	No.139 Xi'an Road, Shahekou District, Dalian
GFA	Total: 184,980 sq m Retail GLA: 96,692 sq m

5.4.1 Location

Dalian TRC is located in the Xi'an Road commercial area, an important shopping hub in Dalian. There are a number of department stores in this location, and in total the retail area accounts for approximately 30 percent of total prime retail supply in Dalian. Dalian TRC is one of only a few modern retail malls positioned to capture the fast-growing young urban Dalian population.

Shahekou district, where the Xi'an Road area is located, has seen strong population growth in recent years and the district has the highest population density of all Dalian's urban districts. The Xi'an Road area will see a new metro station in 2014. This will be an interchange station between planned lines one and two, with direct access to Dalian TRC on Xi'an Road.

Map 14: Dalian TRC Location



Source: Colliers International Shanghai (CIS) Research

5.4.2 Property Performance

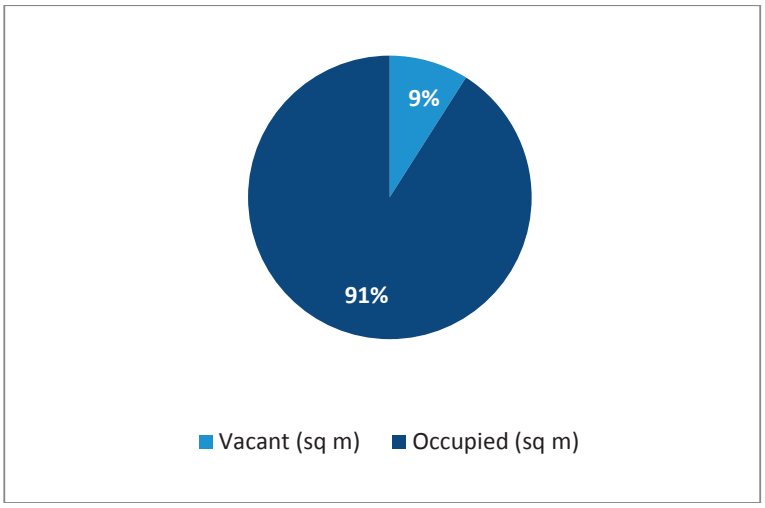
Currently Dalian TRC is the only large-scale shopping mall in Xi'an Road and had a footfall of over 50 million in 2011. Average daily footfall over 2011 was 148,000 per day for the months recorded.

The mall is primarily focused on fast fashion youth brands and has occupiers including H&M, Zara and Uniqlo. Anchor tenants include Cashbox KTV, Dalian Cinema and Bally Fitness, complementing the mall positioning and occupying a total of approximately 12,000 square meters. 26,487 square meters is occupied by the Mykal Department Store.

Retail

According to the information provided to us the average contracted retail rental within Dalian TRC (as at May 31 2012, and excluding turnover rentals) was approximately RMB 4.5 per square meter per day. Recent ground floor rentals are approximately RMB 30 per square meter per day and we are advised the average passing rental including fixed and turnover rentals is currently RMB 12.7 per square meter per day. We are also advised that the current occupancy stands at approximately 91 percent, over the total gross retail leasing area of 96,692 square meters. Total occupancy on the ground floor is approximately 95 percent, and on the second floor approximately 94 percent.

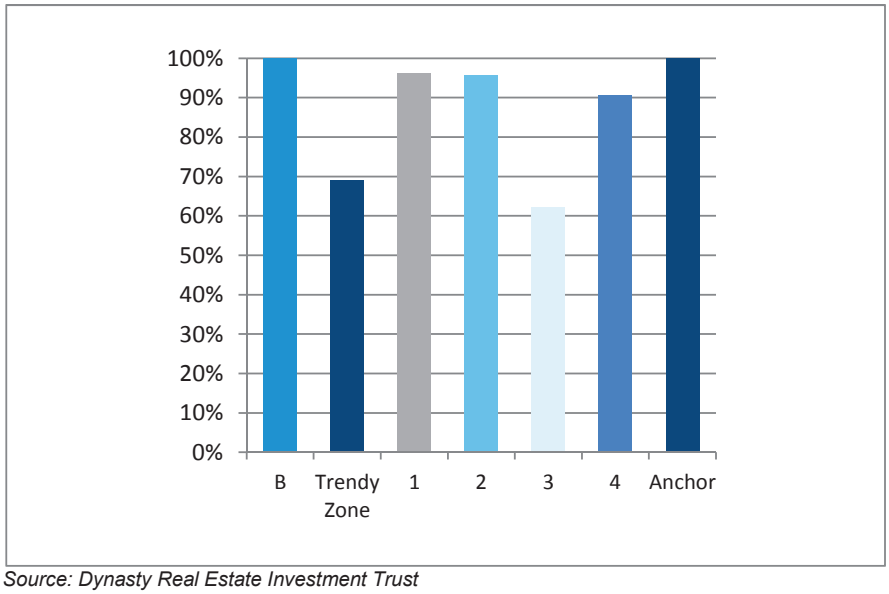
Figure 79: Dalian TRC Occupancy as at May 31 2012



Source: Dynasty Real Estate Investment Trust

We are advised that the current committed occupancy stands at approximately 93 percent, over the total gross retail leasing area of 96,692 square meters. Total committed occupancy on the ground floor is approximately 96 percent, and on the second floor approximately 95 percent.

Figure 80: Dalian TRC Committed Occupancy by Floor at May 31 2012



Source: Dynasty Real Estate Investment Trust

Table 27: Lease Expiries – Retail Anchor + Shops/Kiosks, Dalian TRC (2012-2015 & Beyond)

Expiry	NLA (sq m)	% Building	Annual Rent (RMB '000)	% of Total Rent	Rent (per sq m/month)	Rent (per sq m/day)
2012	3,742	3.9%	19,372	11.8%	431.4	14.2
2013	7,636	7.9%	27,213	16.5%	297.0	9.8
2014	7,836	8.1%	25,738	15.6%	273.7	9.0
2015 & Beyond	68,499	70.8%	92,469	56.1%	112.5	3.7
Vacant	8,980	9.3%	-	-	-	-
Total	**96,692**	**100%**	**164,792**	**100%**	**142.0**	**4.7**

Source: Dynasty Real Estate Investment Trust

Although only accounting for four percent of the total net leasing area, the lease expiries in 2012 account for over 12 percent of the total rental income, and replacing or retaining these tenants in an environment where competing supply will come online will be an important consideration. However, some

positive reversion compared to the earlier contracted rentals might be expected.

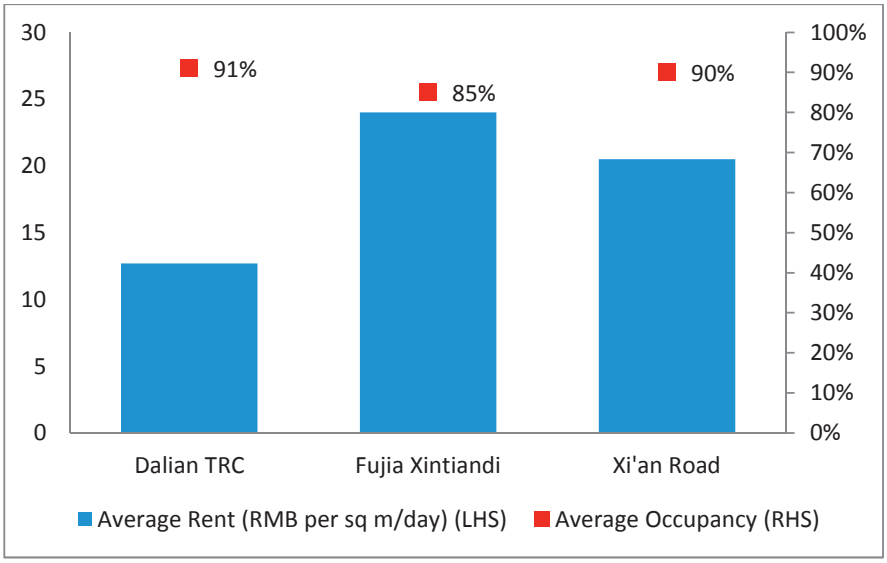
5.4.3 Market Benchmark

Retail

Within the Xi'an Road area the average ground floor retail rental is approximately RMB 20 per square meter per day (gross). The graph below demonstrates the rental and occupancy levels of Dalian TRC against comparable properties in the Xi'an Road area.

We are informed the average passing rental at Dalian TRC is approximately RMB 4.5 per square meter per day for the retail component (excluding turnover), and on a ground floor basis is RMB 12.7 per square meter per day as an average of both fixed and turnover rentals (excluding management fees). Recent achieved lettings on the ground floor are at levels above RMB 30 per square meter per day, and asking rentals are RMB 35 to RMB 40 per square meter per day for ground floor units.

Figure 81: Ground Floor Average Asking Retail Rental Levels & Overall Occupancy compared to Dalian TRC Average Ground Floor Rent, 2012



Source: Colliers International Shanghai (CIS) Research

5.4.4 Competing Supply

Retail

The only other shopping mall (rather than department store) retailing format located in the Xi'an Road area at present is the Fujia Xintiandi (福佳新天地) development, over five floors around a central atrium. Fujia Xintiandi also comprises the Friendship Department Store and Wal-Mart within the building. There is a degree of vacancy on the ground floor units, as customers are propelled upwards by escalators at the entrance on Xi'an Road. The mall is mid-end grade, although we are aware there are plans to upgrade the mall in the next couple of years and recent renovations of the ground floor have slightly improved rental levels.

Parkland Mall (百年城) and Peace Plaza (和平广场) are the two other most comparable properties to Dalian TRC, being of modern shopping mall design targeting similar fashion brands and customers. Parkland is smaller in total gross floor area terms at approximately 80,000 square meters and although anchored by high-end retailers such as Armani, does not have a fast fashion anchor to drive customer flow.

Peace Plaza is located in a separate retail area, being the only retailing property in the location at the current time. As such it is a destination mall and customer through flow is high. There are some fast fashion anchors such as Uniqlo and H&M, and good occupancy on the first three levels, although vacancies become more apparent on higher floors and, being designed on a hub and spoke layout, vacancies also increase towards the corridor ends.

Table 28: Competing Retail Malls to Dalian TRC 2012

Building Name	Dalian TRC (天兴罗斯福)	Fujia Xintiandi (福佳新天地)	Parkland Mall (百年城)	Peace Plaza (和平广场)
Property Address	139 Xi'an Road	99 Xi'an Road	19 Jiefang Road	695 Gao'erji Road
Owner	Dynasty Real Estate Investment Trust	Fujia Group	Parkland Group	CapitaMalls
Approx. Total Retail GFA (sq m)	184,980	160,000	80,000	77,000
Estimated Headline Ground	35	30	40	20

Floor Rental (RMB/sq m/day)				
Completion Year	2006	2005	2003	2002
Occupancy Rate	92%	85%	85%	85%
Primary Tenants	H&M, C&A, Zara, Uniqlo, Sephora, Adidas	Wal-Mart, ANTA, Only, HLA	Armani, Swaroski, Marc Jacobs, Max&Co.,	H&M, Muji, Uniqlo, Lee, Pull&Bear

Source: Colliers International Shanghai (CIS) Research

The table below indicates the level of various elements of comparable projects in relation to Dalian TRC.

Table 29: Level of Various Elements of Comparable Projects in Relation to Dalian TRC

	Dalian TRC	Fujia Xintiandi	Parkland Mall	Peace Plaza
Location	●	◕	●	◕
Quality of Building	●	◑	●	◕
Quality of Retail Offer	●	◑	◕	◕

Source: Colliers International Shanghai (CIS) Research

Key:
○ Low → ● High

5.4.5 Future Prospects

In summary, as retail supply in Dalian increases over 2012, vacancy rates are expected to increase. The new supply in future years targets a more sophisticated retail offering for Dalian and it is expected that the existing, traditional department store formats will suffer somewhat in light of this. Given the strength of Dalian's growing economy, increases in population and consumer spending, it is anticipated that rental levels will not be significantly affected in the face of increased supply and should continue with modest growth.

Dalian TRC is expected to continue to perform well in the market. Currently it is one of the only shopping malls in Xi'an Road and had a footfall over 40 million over nine months in 2011 (excluding July, August and September).

Dalian TRC will also be directly connected with the new subway interchange between proposed lines 1 and 2, as well as benefitting from the Government's planned extension of the Xi'an Road commercial area and substantial nearby development which will significantly add to the catchment of the property.

Although new future development at Changxing Shopping Center and Fujia Xintiandi (if a comprehensive redevelopment is implemented as suggested by the management, although no specific plans are available) will compete with Dalian TRC for some retailers and customers, if efforts are made to maintain the tenant mix, it is expected that the vacancy rate will slightly decrease and rentals should increase as Xi'an Road becomes more established as a primary retail zone.

Table 30: Dalian Retail Market Outlook H2 2012

Dalian Retail	Dalian Market H2 2012	Dalian TRC H2 2012
Supply	↑	→
Vacancy Rate	↑	↓
Rental	↑	↑

Source: Colliers International Shanghai (CIS) Research

5.4.6 Dalian TRC SWOT Analysis

Strengths	Weaknesses
• Prime location on Xi'an Road which is one of the most renowned and popular retail destinations in downtown Dalian • This site is close to bus stations and tram lines with both north-south and east-west links giving good connectivity to other parts of the city • Currently the only modern shopping mall on Xi'an Road that clearly positions itself towards young fashion, creating real attraction for such shoppers • Popular international retail brands such as Zara, H&M, UNIQLO are located within the building, such retailers tend to cluster so should be unlikely to relocate en-mass • Good F&B element and kiosks, along with a cinema to attract a variety of customers • High quality landmark building with good natural light and good pedestrian flow • The property benefits from a spacious atrium and good vertical transport provision and appears to be well managed and maintained • Office tower with separate entrance, not within mall structure, leading to better retail layout as a result of fewer structural columns • Ample underground car parking essential for a standalone retail project, direct access to mall	• Traffic on Xi'an Road creates a noisy and chaotic environment • Noise and dust generated from nearby construction • Limited pedestrian crossing of Xi'an Road, limiting ease of movement across the street

Opportunities	Threats
• Basement connection to planned subway station “Xi’an Station” which will be the interchange station of subway lines 1 and 2. Both line 1 and line 2 are expected to be complete in 2014 • Future development of nearby high-end residences and SOHO which will bring a large amount of consumers to the area. 900,000 square meters of residences are planned at the Yitian City Plaza development • Government plan to enhance the whole area, including new development and infrastructure • Potential for rental growth in under-rented areas in light of a growing market and focus on Xi’an Road development area	• According to Xi’an Road Phase II development plan, two other comparable shopping malls will be built. One of them is Yitian City Plaza coming forward in 2016; the other is Changxing Shopping Center, initial phases to be completed in late 2013 • In addition several existing malls plan to update and renovate in order to remain competitive in the maturing market

6 SHANGHAI COMMERCIAL REAL ESTATE MARKET

6.1 SHANGHAI CITY OVERVIEW

6.1.1 City Overview

Shanghai is China's financial capital and is one of the world's most dynamic cities. In the first half of 2012, Shanghai remained as the world's sixth most competitive city worldwide, according to a Dow Jones-Xinhua index. The city is a global leader in commerce, culture, finance, technology and transport, and its rapid rise has been a powerful driver for the formidable recent development of the entire Yangtze River Delta region.

Shanghai is located approximately halfway between Beijing and Hong Kong on the eastern seaboard, and is the largest and most influential city in eastern China, and the country's leading commercial and financial hub. The city is located at the mouth of the Yangtze River, and its boundaries extend east to the East China Sea and west to Jiangsu and Zhejiang provinces. Shanghai's port is the world's busiest container port, handling a reported 31.74 million TEUs in 2011.

The Huangpu River, a tributary of the Yangtze, divides Shanghai into eastern and western districts. Puxi, the city's historic centre, lies west of the river. Pudong, an area primarily developed in the last two decades that is now home to the city's financial district, is east of the river.

Administratively, Shanghai is equivalent to a province. The city is one of four of China's municipalities under the direct jurisdiction of the central government, along with Beijing, Tianjin and Chongqing.

Map 15: Map of Shanghai City Center

Source: Colliers International Shanghai (CIS) Research

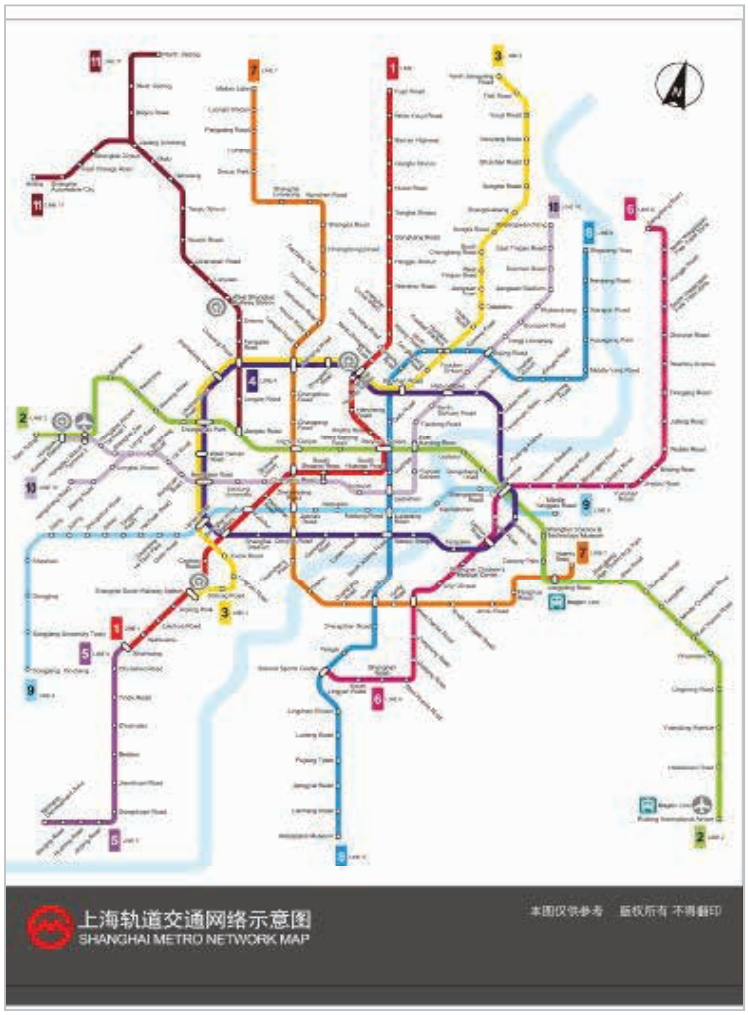
6.1.2 Infrastructure and Transportation Network

Metro Network

Existing Metro Lines

Shanghai's metro transit system and elevated light rail network currently has 12 lines, with plans to expand to 18 lines by 2020. The system extends to all urban districts, as well as several suburban districts, and is the world's longest system by rail length, despite being less than 20 years old.

Map 16: Existing Metro Line in Shanghai 2012



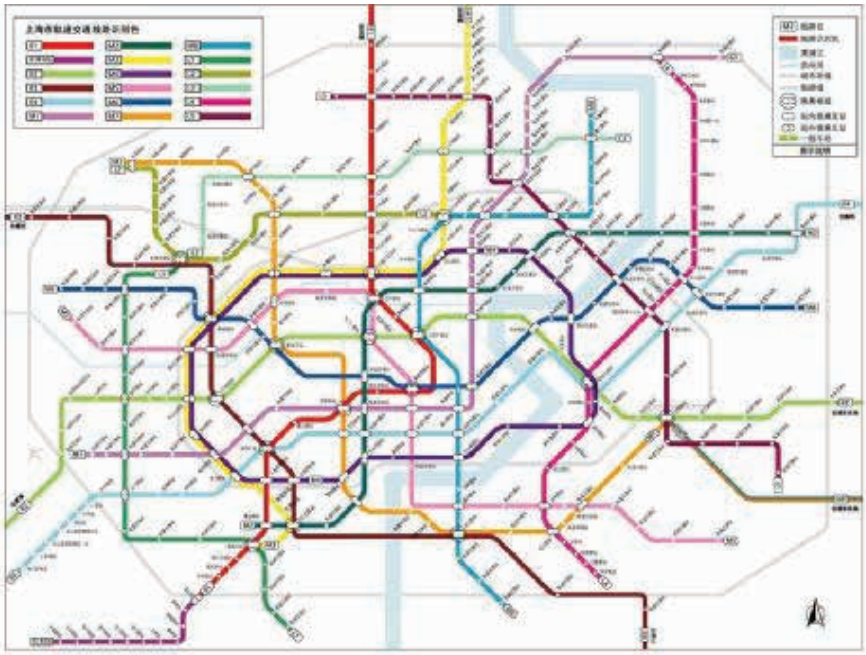
Source: Shanghai Metro Company

Future Planning Metro Line System

Five metro lines are currently under construction in Shanghai, including new Lines 12, 13, and 16, and extensions to Lines 9 and 11, a total of 145 kilometers. Construction of Lines 9, 11, 13, and 16 is expected to be completed in 2012. When Line 12 is added in 2014, the system's total length will reach 560 kilometers. Future plans call for an additional seven projects and 220 kilometers of railway by 2015, and 13 projects and 310 kilometers of railway from 2010 to 2020, bringing the total length to 877 kilometers by 2020.

By contrast, London's metro system, currently the world's second longest, is 425 kilometers long.

Map 17: Planning Map of Future Metro Lines by 2020



Source: Shanghai Metro Company

Hongqiao Transportation Hub

After more than ten years of planning, the Hongqiao Transportation Hub opened in March 2010. Located west of the downtown area, the one million-square meter facility integrates the newly expanded Hongqiao International Airport with the new Hongqiao Railway Station, among other facilities. The new hub was designed to improve transportation connections not just within the city, but the entire Yangtze River Delta region.

The Hongqiao Transportation Hub covers more than 26.2 square kilometers and incorporates various transportation modes including rail (high-speed railway, suburban railway, metro, magnetic), road (buses, taxis and private cars), and air. There are 56 types of transfer modes in total.

Currently, 150 of the 160 high-speed trains operating on the Shanghai to Hangzhou High Speed Railway line depart from the Hongqiao Railway station, located at the Hongqiao Transportation Hub. (The remaining trains depart from the Shanghai Railway Station). The fastest high-speed train makes the 170 kilometer journey from Shanghai to Hangzhou in just 45 minutes.

The Hongqiao Railway Station is also a terminus for the Shanghai to Nanjing High Speed Railway. Seventy high-speed G-class trains depart from the Hongqiao Railway Station and Shanghai Railway Station daily, with the fastest making the 255 kilometer journey in 73 minutes. Six G-trains depart daily from Shanghai to Changzhou, seven travel to Wuxi, 12 to Suzhou and three to Kunshan.

In June 2011, the high-speed Beijing-Shanghai Railway line opened, cutting the 1,300 kilometer journey to five hours. D-class trains also run from the Hongqiao Railway Station to Beijing's South Railway Station.

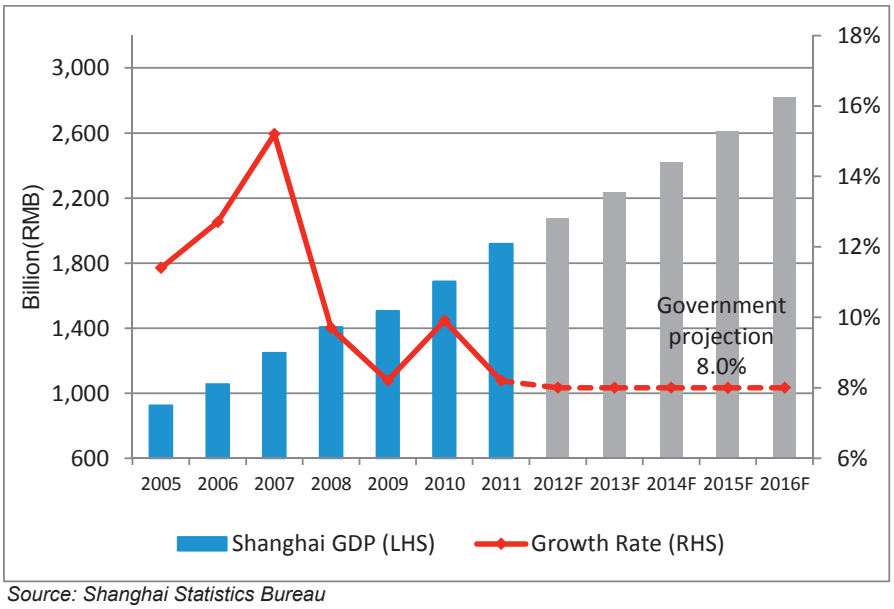
6.2 SHANGHAI MACROECONOMIC OVERVIEW

Shanghai's economy maintained steady development in 2011. According to the Shanghai Statistics Bureau, fixed asset investment grew at an average of 8.3 percent between 2005 and 2011 to RMB 506.71 billion. Shanghai's 12th Five-Year Plan (2011) outlined the city's ambitions to develop not just quickly, but placed emphasis on the quality of growth. In January 2012, Mayor Han Zhen estimated that the city will achieve its target gross domestic product (GDP) growth rate of eight percent for 2012.

6.2.1 Shanghai GDP

Shanghai's GDP grew 8.2 percent in 2011 to RMB 1,919.57 billion. In 2011, tertiary industry grew ten percent to RMB 1,111.1 billion, or 57.8 percent of total GDP. The government projection for growth in 2012 is around eight percent, which if continuing at this rate, will bring GDP value to approximately RMB 2,820 billion by 2016.

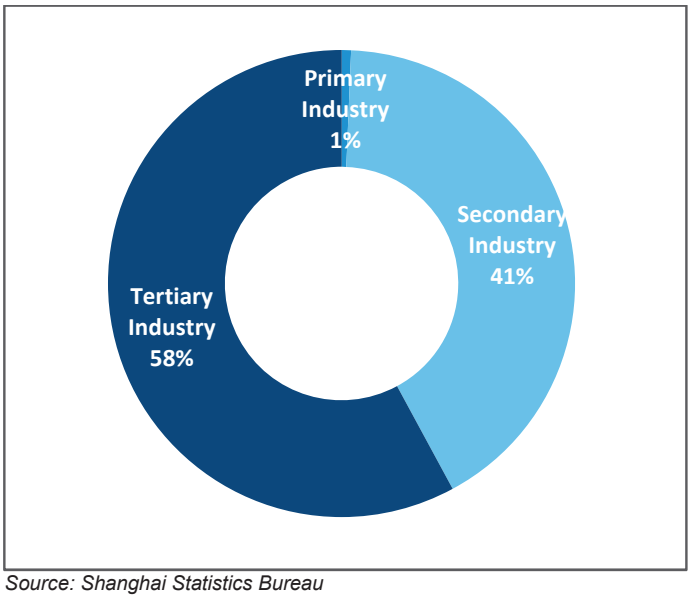
Figure 82: Shanghai GDP & GDP Growth (2005-2016F)



Source: Shanghai Statistics Bureau

Shanghai's proportion of tertiary industry grew from 58 percent of total GDP in 2011, to 60 percent in the first half of 2012. Primary industry share remained at 1 percent in the first half of 2012, and secondary industry fell from 41 percent to 39 percent in the first half of 2012, reflecting Shanghai's growth as a mature city with a dominant service industry.

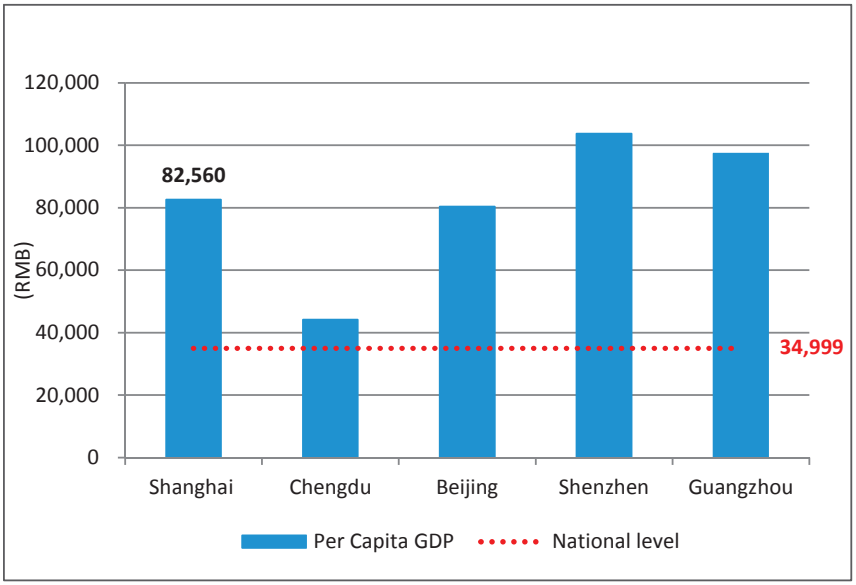
Figure 83: Shanghai GDP Value by Industry, 2011



Source: Shanghai Statistics Bureau

The per capita GDP of Shanghai residents hit RMB 82,560 in 2011, significantly higher than the national average of RMB 34,999. 2011 GDP per capita grew by 8.5 percent from RMB 76,074 in 2010.

Figure 84: Shanghai per Capita GDP Comparison by Tier 1 Cities, 2011

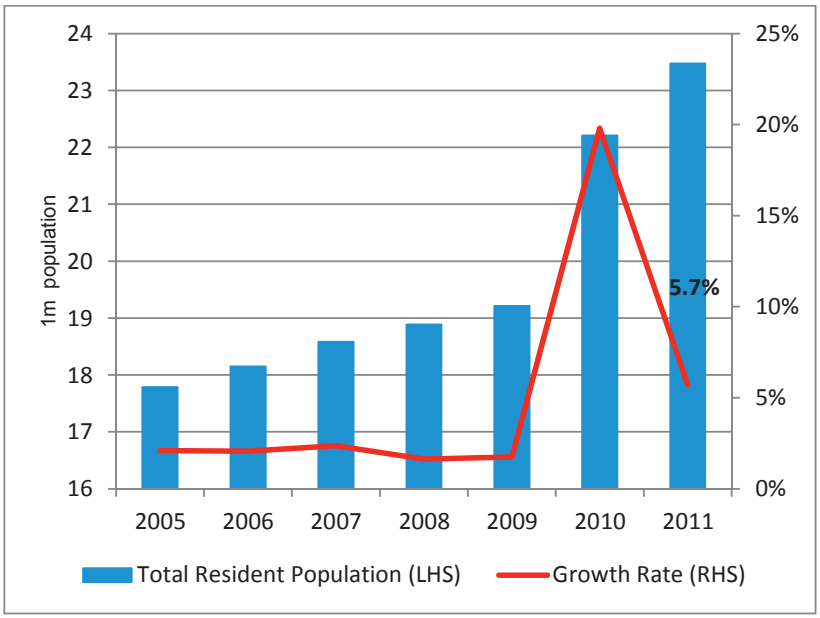


Source: Shanghai Statistics Bureau

6.2.2 Population

Shanghai's sustained prosperity has continued to attract a broad range of workers including high quality domestic and foreign talent. Shanghai's population stood at around 23.47 million at the end of 2011, a growth rate of 5.7 percent on the previous year.

Figure 85: Shanghai Resident Population & Growth (2005-2011)

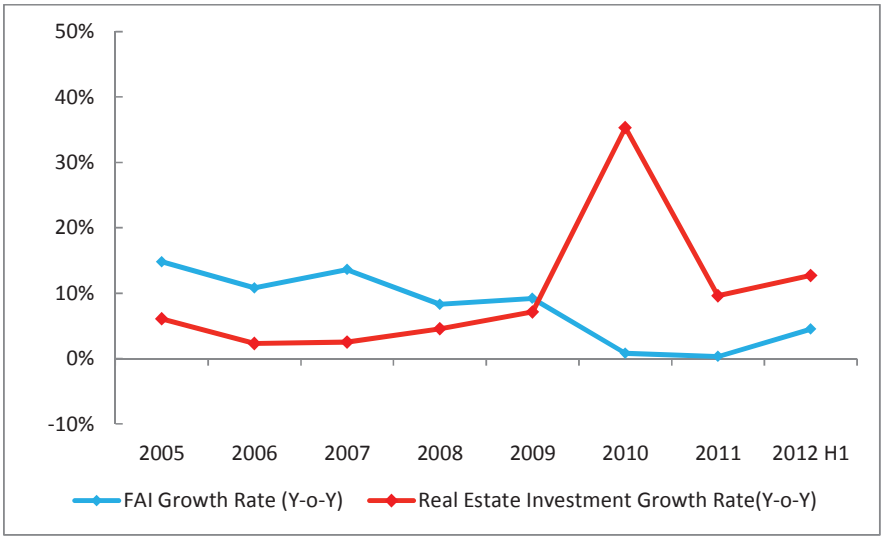


Source: Shanghai Statistics Bureau

6.2.3 Fixed Asset Investment and Real Estate Investment

In the first half of 2012 fixed asset investment grew by 4.5 percent to RMB 206.52 billion. Meanwhile, the total investment in real estate totalled RMB 104.24 billion, an increase of 12.7 percent year on year.

Figure 86: Shanghai Fixed Asset Investment & Real Estate Investment Growth (2005-H1 2012)

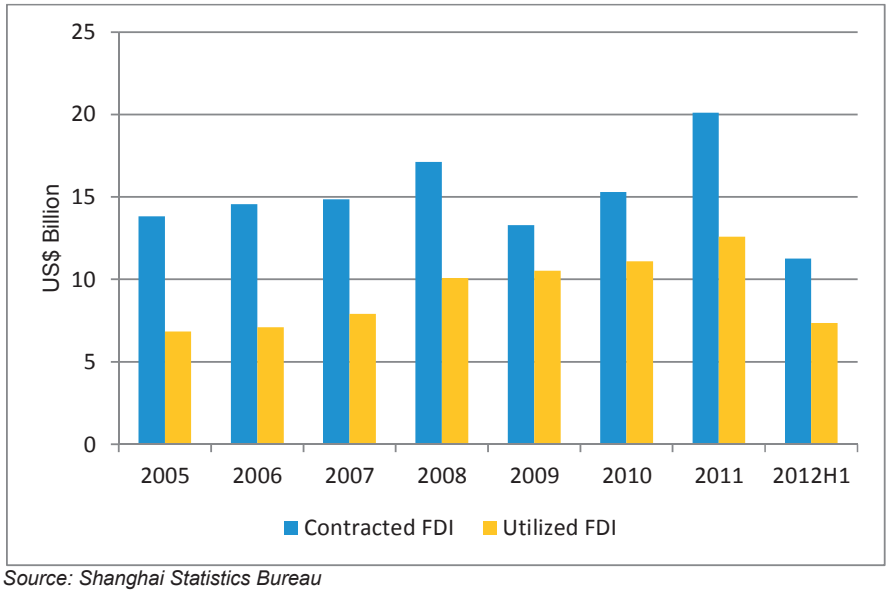


Source: Shanghai Statistics Bureau

6.2.4 Shanghai Foreign Direct Investment

In the first six months of 2012, Shanghai attracted contracted and utilized foreign direct investment (FDI) of USD 11.26 billion and USD 7.37 billion respectively, increases of 15.8 and 22.6 percent.

Figure 87: Shanghai Contracted FDI & Utilized FDI (2005-H1 2012)

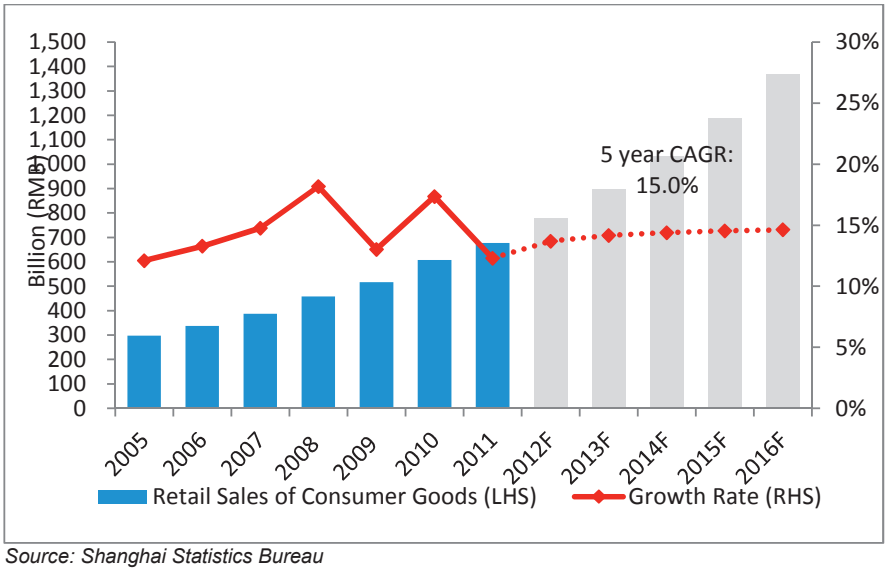


Source: Shanghai Statistics Bureau

6.2.5 Retail Sales and Inflation

Retail sales of consumer goods in Shanghai grew 12.3 percent in 2011 to RMB 677.7 billion, maintaining the steady growth of recent years. The average growth of retail sales reached 15 percent from 2006 to 2011. For the next five years, the compound annual growth rate of retail sales would need to hover around 15 percent in order to reach the government's five year target.

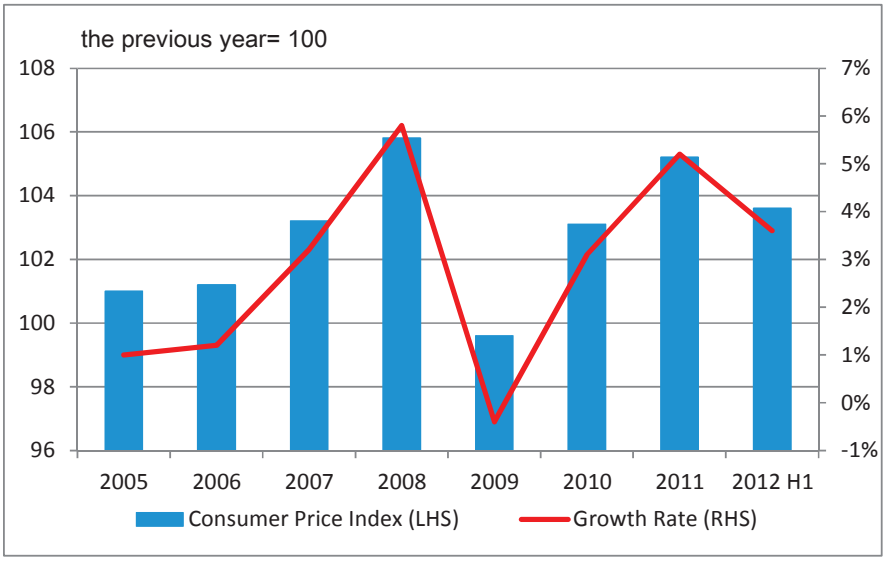
Figure 88 Shanghai Retail Sales of Consumer Goods (2005-2016F)



Source: Shanghai Statistics Bureau

Since 2011, the Shanghai government has adopted a series of measures to boost supply of goods and cool speculative activity. Shanghai's inflation climbed to 3.6 percent in the first half of 2012, 0.3 percent lower than the national average.

Figure 89: Shanghai Consumer Price Index (2005-H1 2012)

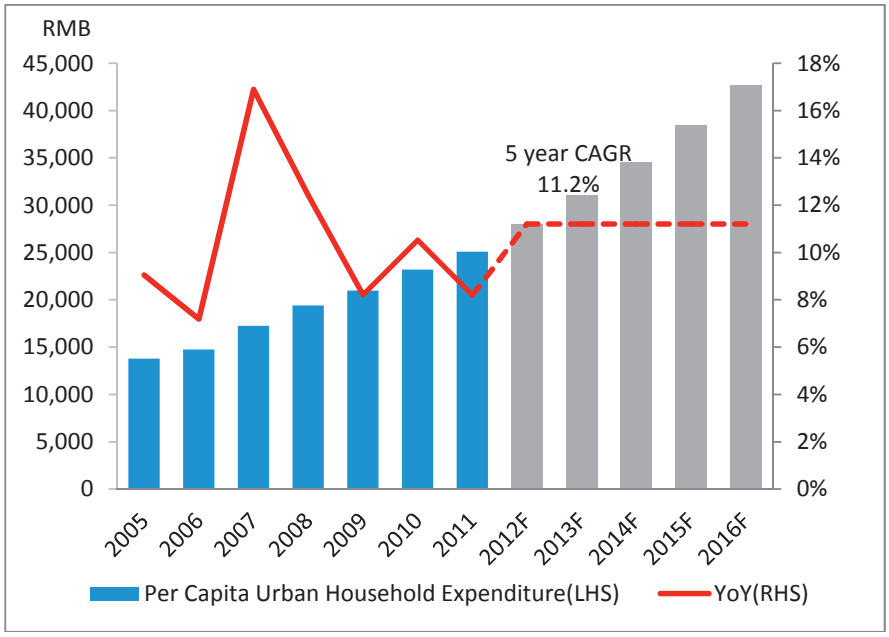


Source: Shanghai Statistics Bureau

6.2.6 Per Capita Urban Household Expenditure

Per capita urban household expenditure in Shanghai's households reached RMB 25,102 in 2011, growth of 8.2 percent year on year, but below the previous year's growth of 10.5 percent. The compound annual growth rate between 2006 and 2011 was 11.2 percent. If this growth is projected forward, 2016 may see per capita urban household expenditure levels rise above RMB 40,000.

Figure 90: Shanghai Per Capita Urban Household Expenditure (2005-2016F)

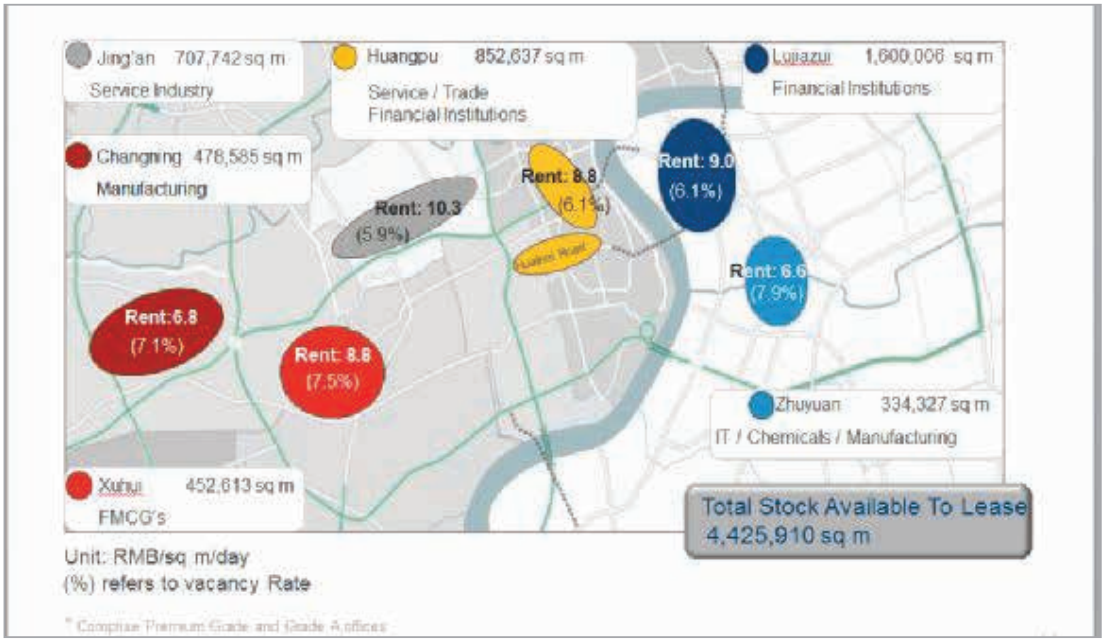


Source: Shanghai Statistics Bureau

6.3 SHANGHAI GRADE A OFFICE MARKET

6.3.1 Shanghai Grade A Office Overview

Map 18: Shanghai Central Business Districts H1 2012



Source: Colliers International Shanghai (CIS) Research

Currently Shanghai has six core downtown business hubs, comprising approximately 4,426,000 square meters of high-quality office stock as of the end of the second quarter of 2012. These six hubs are as follows:

Huangpu

Huangpu district is one of the oldest business districts in downtown Shanghai, and is home to numerous historic buildings, including the colonial-era buildings along the Bund. In recent years, Huangpu has seen the development of numerous modern office buildings such as Bund Centre, Raffles City and Henderson Metropolitan. Office properties in the district are concentrated along Huaihai Road, including Hong Kong New World Tower, Times Square, Corporate Avenue, Central Plaza and Shui On Plaza.

In the second quarter of 2012, the total stock of high-quality office in Huangpu district was approximately 853,000 square meters. The average rental rate was approximately RMB 8.8 per square meter per day. The main tenants in

this area tend to be from service industries, trade industries and financial institutions.

Jing'an

Much of Shanghai's early modern office accommodation was developed in Jing'an district. The district's central business area lies between the Yan'an Elevated Highway and Beijing Road, which run parallel. Premium Grade A offices in Jing'an include Plaza 66 Phase I & II, Park Place, Wheelock Square and Jing An Kerry Centre. By the second quarter of 2012, the total stock of high-quality office space in Jing'an was approximately 700,000 square meters and the average rental rate was approximately RMB 10.3 per square meter per day. Tenants in this locality are predominantly from service industries.

Xuhui

The well-established retail area of Xujiahui is located in Shanghai's south-western Xuhui district. The area has recently developed into a mid-level office district. By the second quarter of 2012, the total stock of high-quality office space was approximately 450,000 square meters and the average rental rate was approximately RMB 8.8 per square meter per day. Tenants in this locality are predominantly from the fast-moving consumer goods (FCMG) sector.

Changning

Changning can be considered modern Shanghai's original office hub. Development here began in 1989 with the construction of Shartex Plaza. Today, office premises in this district are concentrated in the Gubei and Hongqiao areas, directly accessible and adjacent to the Yan'an Elevated Highway, and within 30 minutes of the Hongqiao Transportation Hub. Future projects in this area include L'Avenue and Gubei International Fortune Center Phase II. By the second quarter of 2012, total stock of high-quality office space in Changning was approximately 480,000 square meters. The average rental rate was approximately RMB 6.8 per square meter per day. Tenants are primarily from manufacturing industries.

Lujiazui

Pudong district's Lujiazui area is Shanghai's financial center. Its dense cluster of office buildings, including two super-tall towers and a third under construction, form the city's modern skyline. In 2005, China's State Council reaffirmed the positioning of the 31.78 square kilometer area as the only

finance and trade zone among the 185 state-level development zones in mainland China.

By the second quarter of 2012, the total stock of high-quality office space in Lujiazui was approximately 1,600,000 square meters. The average rental rate was approximately RMB 9.0 per square meter per day. Landmark office buildings in this area include International Financial Center Phase I & II, Shanghai World Financial Center and Azia Tower. Tenants here are primarily financial institutions and professional service industry companies.

Zhuyuan

Zhuyuan is a secondary office cluster in Pudong district that has recently developed into a mid-level office district. By the second quarter of 2012, the total stock of quality office space in Zhuyuan was approximately 330,000 square meters. The average rental rate was approximately RMB 6.6 per square meter per day. Tenants are primarily from the financial and service industries.

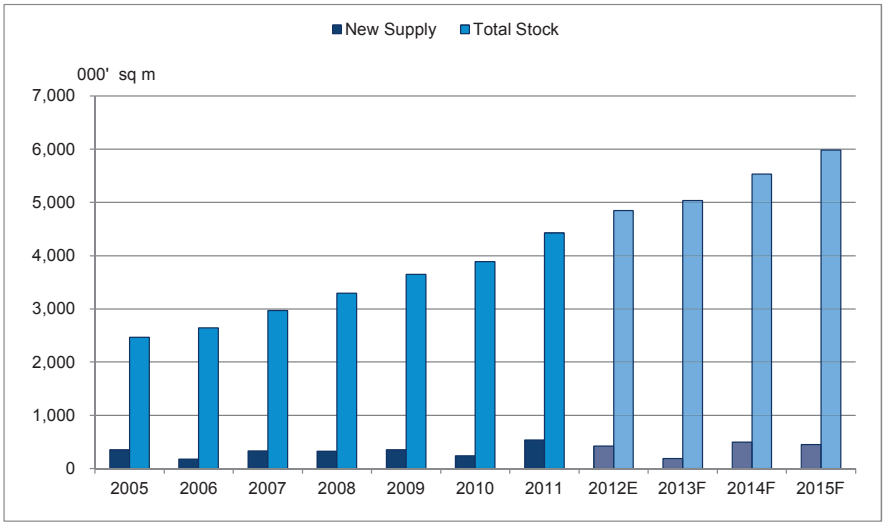
Note: In order to ensure continued quality reporting, Colliers International undertook a comprehensive review and updated of its office database in the first quarter of 2012. This has resulted in slight abnormal fluctuation to certain figures at the start of 2012, this includes total stock, take-up and the vacancy rate.

6.3.2 Shanghai Grade A Office Supply

New supply in Shanghai's office market reached a three-year high in 2011. A total gross floor area of approximately 460,000 square meters was launched onto the market during the year, a 12.2 percent increase over 2010. By location, 40 percent of this new supply was in Puxi and the remaining 60 percent was in Pudong, mainly in the Lujiazui area.

There was no new supply launched in the first half of 2012, however, the new supply in the remainder of 2012 will bring the total stock of Shanghai's Grade A office market to approximately 4,850,000 square meters. The most anticipated projects include Jing'an Kerry Center and Huamin Imperial Tower in Jing'an district, L'Avenue and Gubei International Fortune Centre II in Changning district and SOHO Century Avenue and Oriental Financial Plaza in Pudong.

Figure 91: Shanghai Grade A Office Supply (2005-2015F)



Source: Colliers International Shanghai (CIS) Research

Table 31: List of Shanghai Office Future Supply (H2 2012-2015)

Year	Building	District	Approx. Office GFA (sq m)	Remark
H2 2012	Oriental Financial Plaza	Pudong	93,600	Lease Only
	SOHO Century Avenue	Zhuyuan	44,515	Lease Only
	Huamin Imperial Tower	Jing'an	46,560	Lease Only
	L'Avenue	Changning	46,324	Lease Only
	Gubei International Fortune Centre II	Changning	30,000	Lease Only
	Jing An Kerry Centre	Jing'an	113,000	Lease Only
	China Merchants Bank Tower	Pudong	86,000*	Owner Occupied
	CITIC Shipyard I (Twin Tower)	Pudong	200,000*	Owner Occupied
	Sub-Total (Effective)		***423,337***	
2013	Shanghai ARCH	Changning	110,000	Lease Only
	Oriental Finance Centre (X3-2 Project)	Pudong	76,500	Lease Only
	Sub-Total		***187,750***	
2014	Foxconn's Project	Pudong	70,000*	Owner Occupied
	City Centre Phase III	Changning	20,000	Lease Only
	Two ICC	Xuhui	57,000	Lease Only

Year	Building	District	Approx. Office GFA (sq m)	Remark
	Cheung Kong City Link	Jing'an	48,933	Lease Only
	Coproate Avenue Phase II, Bldg No.1	Huangpu	50,000	Lease Only
	Hutchison Lujiazui Century Grand Metropolis I	Pudong	117,771	Lease Only
	Lujiazui Century Grand Metropolis II	Pudong	117,771	Lease Only
	SOHO 204 Plot	Huangpu	86,962	Lease Only
	Sub-Total (Effective)		***495,848***	
2015	Shanghai Tower	Pudong	220,000	Lease Only
	Raffles City Changning	Changning	79,330	Lease Only
	CapitaLand Yongye Project	Huangpu	105,000	Lease Only
	Henderson 688 Project	Jing'an	45,000	Lease Only
	JP Morgan & COLI	Huangpu	95,000	Lease Only
	Sub-Total		***470,000***	
	Total (Effective)		***1,576,935***	

*Notes: We are advised buildings marked with * are intended for owner occupation, therefore have not been calculated in the total supply*

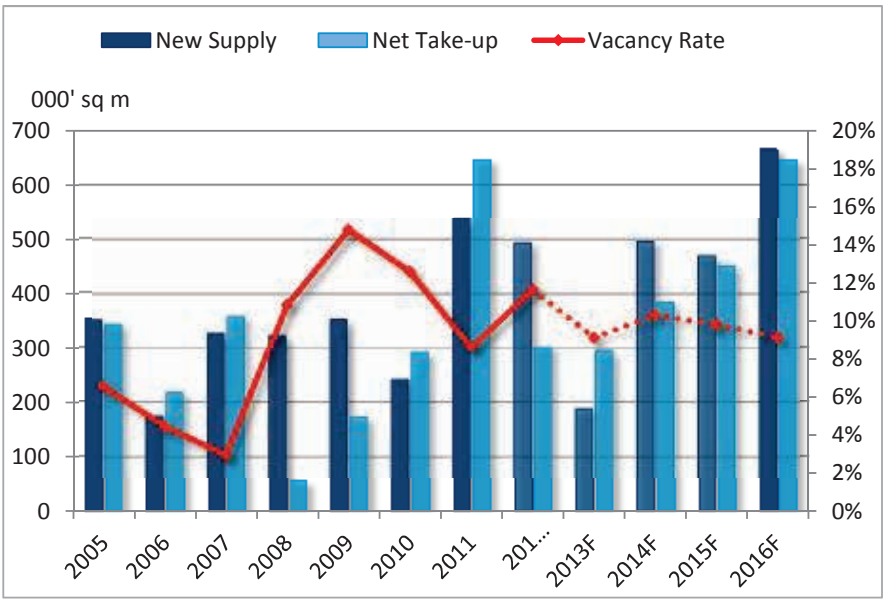
Source: Colliers International Shanghai (CIS) Research

6.3.3 Shanghai Grade A Office Demand

Demand for quality office space has remained stable as both domestic and foreign companies continue to enter the market. Robust demand surpassed less abundant supply with the exception of 2008 and 2009, as the global financial crisis negatively affected Shanghai's Grade A office market. In the first half of 2012, 27 new regional headquarters, 13 investment-type companies and 14 research and development centres for multinational corporations were set up. During the same period, the number of financial institutions in Shanghai increased from 787 to 910. This demand pushed up the net take-up of Shanghai office to approximately 71,345 square meters in the first half of 2012.

Shanghai's position as the commercial hub of mainland China will continue to attract firms seeking to either establish or expand their footprint in China, sustaining healthy demand for quality office space for the coming years.

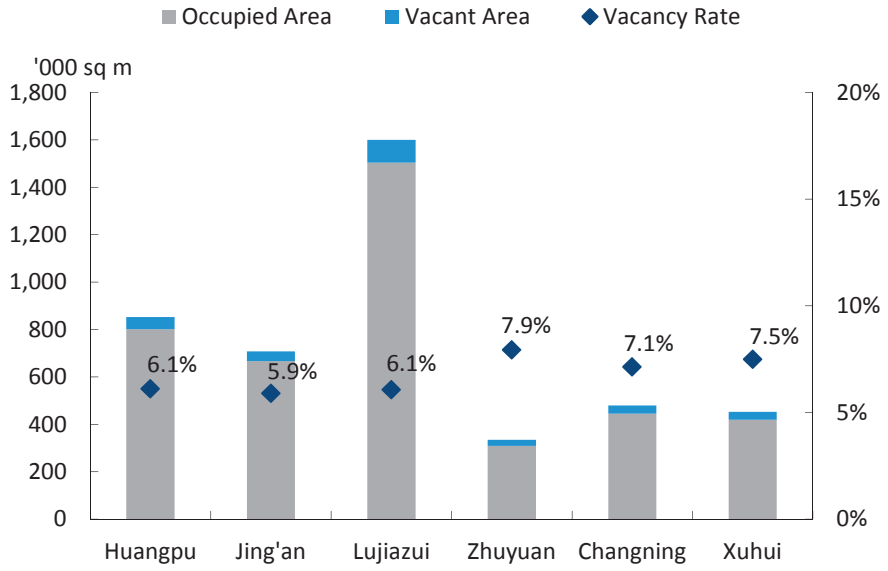
Figure 92: Shanghai Grade A Office Supply, Demand and Vacancy (2005-2016F)



Source: Colliers International Shanghai (CIS) Research

The vacancy rate for Grade A office space in Shanghai continued to drop during the second quarter of 2012, declining to 6.7 percent, the lowest vacancy rate since the third quarter of 2008. Expansion demands continued to drive net take-up in Puxi, with net absorption totalling approximately 51,570 square meters. In Pudong, net absorption totalled approximately 19,770 square meters as recently launched office buildings with high levels of pre-leasing commitment were handed over. Despite global economic concerns, multinational banks remained active in Shanghai and premium office space in Lujiazui and Grade A office buildings continued to see solid demand from this sector.

Figure 93: Shanghai Grade A Office Vacancy Rate by District H1 2012



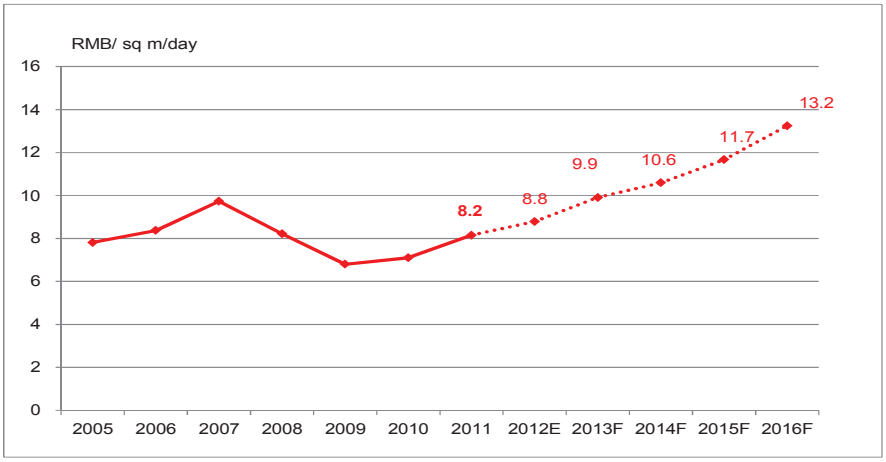
Source: Colliers International Shanghai (CIS) Research

6.3.4 Office Rental and Price

Shanghai's downtown rentals hit a historical high of approximately RMB 9.2 per square meter per day in 2007, as strong demand outstripped supply. Rental rates declined for the next two years, falling to a low point in 2009, at approximately RMB 6.8 per square meter per day.

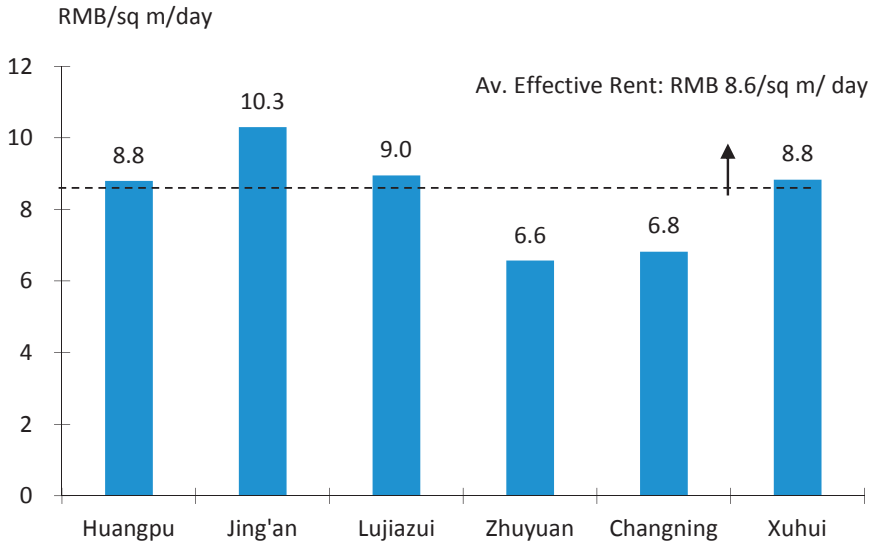
Currently, limited new supply is supporting an increased average rental rate for office space in Shanghai, which reached approximately RMB 8.6 per square meter per day by the end of the second quarter of 2012. Judging from the optimistic business outlook, robust demand and higher specification of future projects, we anticipate the average rental rate should continue to grow in the next few years.

Figure 94: Shanghai Grade A Office Effective Rental Trends and Growth Projection (2005-2016F)



Source: Colliers International Shanghai (CIS) Research

Figure 95: Shanghai Grade A Office Effective Rental Rate by District, H1 2012



Source: Colliers International Shanghai (CIS) Research

6.3.5 Investment Sales and Gross Yield

In addition to the leasing market, several notable transactions occurred in the investment market during the first half of 2012. In April, SOHO China acquired the entire equity interest in Greentown Plaza Development for a total consideration of RMB 2.14 billion. This Tianshan Road office and commercial use project, located in Changning district, occupies a site area of 25,594 square meters, and has a gross floor area of approximately 172,208 square meters.

In May, Baotou Commercial Bank acquired 55,916 square meters of office space at Longyu International Business Square for a total consideration of RMB 1.98 billion, indicating an average price of approximately RMB 35,410 per square meter. Located in the heart of Zhabei Modern Transportation CBD, Longyu International Business Square is a mixed use development with total gross floor area of approximately 123,555 square meters.

Zhejiang Alibaba E-commerce and Alipay China Network Technology jointly acquired an office building at Pudong Financial Plaza in June for a total consideration of approximately RMB 3.0 billion, indicating an average price of RMB 63,730 per square meter. The office building is part of the complex known as Pudong Financial Plaza which is being developed by Lujiazui Finance & Trade Zone Development, including a shopping mall and three office buildings.

Table 32: Key Shanghai Investment Deals in H1 2012

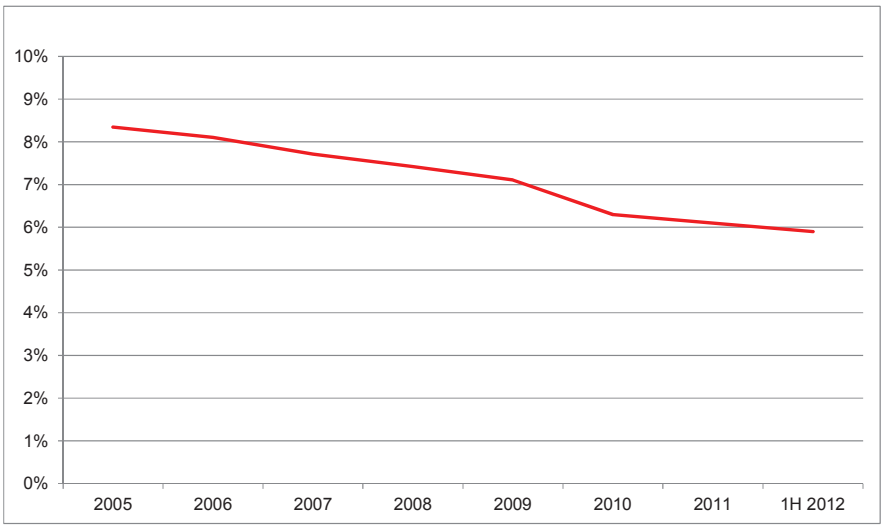
Development	Buyer	Deal Type	Approximate Total Price (m RMB)	Estimated Unit price (RMB/Sq m)	Estimated Gross Yield	Transaction Date
Pudong Financial Plaza (Building No.2)	Alibaba and Alipay	Asset Transfer	3,000	63,730	N.A	May 2012
Bund 588 (Shanghai International Cruise Port 2#)	Huafu Investment	Undisclosed	1,080	65,602	4.0%	May 2012
Greentown Plaza	SOHO China	Equity Deal	2,138	N.A	N.A	Apr 2012
Longyu International Building	Baotou Commercial Bank	Asset Transfer	1,980	35,829	3.5%	Mar 2012

Development	Buyer	Deal Type	Approximate Total Price (m RMB)	Estimated Unit price (RMB/Sq m)	Estimated Gross Yield	Transaction Date
SOHO Fuxin Road Project	SOHO China	Equity Deal (31.5% share)	788	N.A	N.A	Mar 2012
Chengfeng Building	Undisclosed	Asset Transfer	687	32,651	N.A	Jan 2012

Source: Colliers International Shanghai (CIS) Research

In 2005 the average gross yield of Shanghai office properties peaked at approximately 8.3 percent. Since then, average gross yields have steadily declined. In 2010, average gross yields were approximately 6.3 percent. In the second quarter of 2012, they were approximately 5.9 percent. Capital values increased approximately 5.4 percent quarter on quarter to approximately RMB 53,203 per square meter.

Figure 96: Shanghai Grade A Office Gross Yield (2005- H1 2012)



Source: Colliers International Shanghai (CIS) Research

6.3.6 Grade A Office Market Outlook

Looking forward, growth in Shanghai's Grade A office market is likely to continue to be underpinned by the establishment, expansion and relocation demands of multinational and local companies alike, particularly from financial

institutions and other firms from professional service industries. Colliers International expects demand for Grade A office space in Shanghai to remain strong in the second half of 2012, supported by positive pre-leasing momentum.

As tenants encounter difficulties in finding large whole floors or contiguous multi-floor premises in the prime area of Puxi for new or expanded offices, there has been an increase in the relocation of these companies to Pudong's central business districts and decentralized areas, a trend we expect to continue.

6.3.7 Shanghai Decentralized Grade A Office Market Overview

Shanghai's CBD reached a key stage of development in 2007 with the apparent consolidation of its office clusters into a unified core. In 2008, the CBD again reached a key milestone as premium Grade A office buildings outperformed the rest of the market.

In recent years, Shanghai has evolved to see the emergence of decentralized Grade A offices as an important sub-sector of the market and a sign of Shanghai's maturing into a leading international financial center.

Key decentralized office areas in Shanghai include Changfeng Ecological Business District in Putuo district and Hongkou, Zhabei and Huamu districts.

Hongkou is located northeast of People's Square, and is one of Shanghai's largest downtown districts. The area's position along one of the deepest parts of the Huangpu River has historically made it a shipping hub, and shipping services and companies are still attracted to the district. Hongkou also has a rich cultural heritage, several important commercial centers, and a well-developed transportation network.

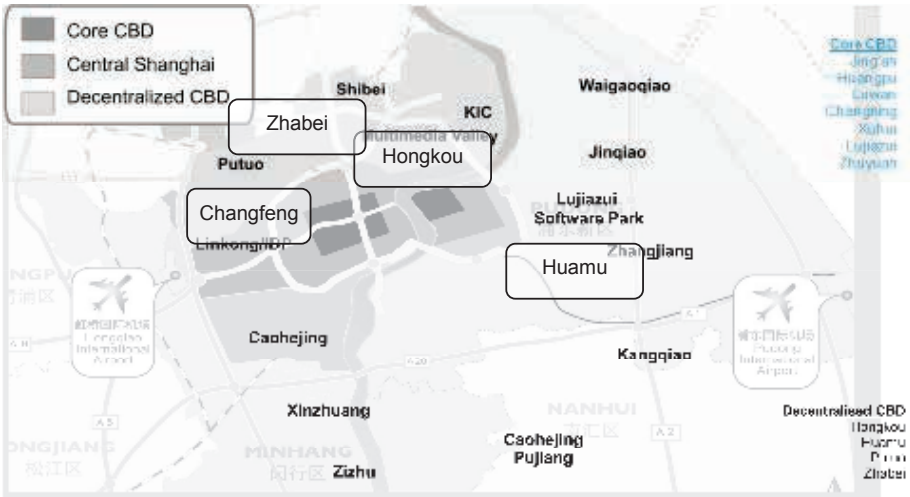
Putuo is located northwest of People's Square, has historically been an industrial manufacturing base. The planned redevelopment of this former industrial corridor into a cultural center is just part of the district's transition to an economy based on the service industry and advanced manufacturing.

Zhabei is located north of People's Square, and in the last decade, the district

has transformed its Shibei Industrial Park from a metal-processing zone into the only hi-tech service park in the downtown area, now home to the data centers of Shanghai's four largest telecom companies.

Huamu is located in Pudong New Area, near Century Park. Huamu is evolving as a location catering for overspill from Lujiazui, with key projects including the Kerry Parkside Center.

Map 19: Shanghai Decentralized Office Areas H1 2012



Source: Colliers International Shanghai (CIS) Research

Owing to the rapidly growing metro line system, better integration with the city centre means tenants in decentralized areas can benefit from lower occupancy costs while still maintaining reasonable employee retention. An increasing number of new buildings, which are located just outside the CBD, are being built to high-quality specifications and are quickly becoming conveniently accessible. Improved construction quality, specification, availability of whole or contiguous floors, good supporting facilities for such locations is driving demand and in turn rental appreciation.

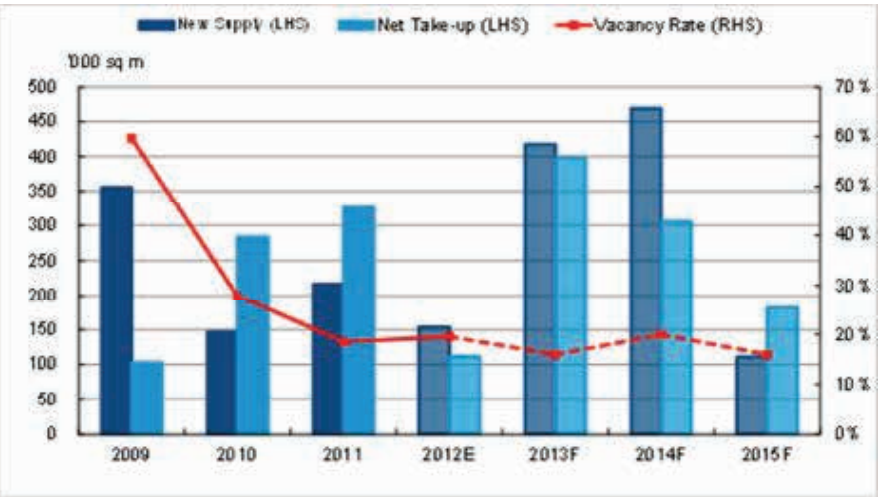
The long term plans for Metro development call for 18 lines by 2020, extending across a total of 960 kilometers and securing the future of decentralized Grade A space as part of urban fabric. Metro Line numbers 12 and 13 will stand out as the largest connectors of decentralized office in the city when completed by 2013. Line 12 connects Pudong, the North Bund and Zhabei Railway Station, while Line 13 will connect the Changfeng Park area

with the railway station in Zhabei. In both cases, these two lines will pass by several hundred thousand square meters of decentralized Grade A office space by 2013.

Currently, decentralized Grade A space is the most common choice for tenants in the manufacturing, technology, e-commerce and other industries that do not require a high-profile office address.

Decentralized areas are preferred by some tenants wishing to be located in close proximity to residential areas and enabling staff attraction and retention. In addition the cluster of certain types of industries in some locations, such as logistics and shipping in Hongkou, enables network growth and development of industries, particularly where incentives are provided to encourage investment.

Figure 97: Decentralized Grade A Office Quarterly Supply, Demand and Vacancy Rate (2009-2015F)



Source: Colliers International Shanghai (CIS) Research

During the first half of 2012, two decentralized office buildings, Green Tech Tower and Longyu International Building were completed, adding a total of approximately 87,370 square meters of new office space to the market.

Green Tech Tower, developed by Henderson Land, is a 29 storey office building located at the intersection of Hengfeng Road and Tianmu West Road in Zhabei district. The building comprises a total of 44,522 square meters, of which 31,679 square meters are designated for leasable office space. Asking

rents at the building in this quarter ranged from RMB 4.5 to 6 per square meter per day.

Longyu International Business Square is a 29 storey office building located at the intersection of Hengfeng road and Hanzhong road in Zhabei district. The building comprises a total of 123,555 square meters, of which 55,916 square meters are designated for office uses. Asking rentals at the building ranged from RMB 5.5 to 6.5 per square meter per day depending on the specific unit. Zhabei has become increasingly popular of late due to its close proximity to the central area of Puxi and the availability of high quality office premises at more modest pricing.

New take-up was approximately 11,987 square meters, reducing the vacancy rate of Shanghai's decentralized Grade A office to 25.7 percent. Average rental rates grew slightly to approximately RMB 4.9 per square meter from the first quarter's RMB 4.7, an upwards adjustment of 2.1 percent.

Note: In order to ensure continued quality reporting, Colliers International undertook a comprehensive review and updated of its office database in the first quarter of 2012. This has resulted in slight abnormal fluctuation to certain figures at the start of 2012, this includes total stock, take-up and the vacancy rate.

Table 33: Shanghai Decentralized Office Future Supply (H2 2012-2015)

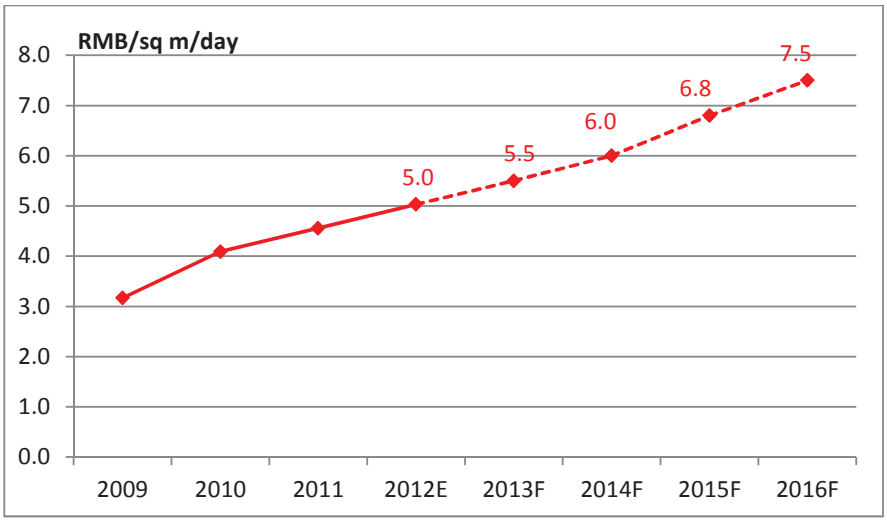
Year	Building	District	Office GFA (sq m)
H2 2012	CITIC Pacific Place	Hongkou	40,000
	Union Tower	Putuo	26,567
	Sub-Total		***66,567***
2013	North Bund·Pujiang International Finance Plaza	Hongkou	69,111
	Capitaland Zhabei 313 Project	Zhabei	71,086
	The Hub	Minhang	105,000
	Green Valley	Minhang	*172,000*
	Sub-Total		***417,197***
2014	Lih Pao Plaza	Minhang	100,484
	Hopson International Plaza	Yangpu	60,000
	R&F and KWG Project	Yangpu	50,000
	The Springs-F3	Yangpu	107,657

Year	Building	District	Office GFA (sq m)
	SOHO Hainan Road Project	Hongkou	60,155
	SOHO Lailun Road Project	Hongkou	90,000
	Sub-Total		***468,296***
2015	Shanghai 108 Plaza	Hongkou	60,000
	BM ICC Phase II	Zhabei	51,122
	Sub-Total		***111,122***
	Total		***1,063,182***

Source: Colliers International Shanghai (CIS) Research

The graph below illustrates the trends in rental levels seen over recent years for decentralized Grade A office accommodation. We have based the future rental projections on an extrapolation of historic trends. Current rental levels are approximately RMB 5 per square meter per day on average in decentralized areas, compared to approximately RMB 8.6 per square meter seen in the CBD, a discount of approximately 42 percent.

Figure 98: Decentralized Grade A Office Effective Rental (2009-2016F)



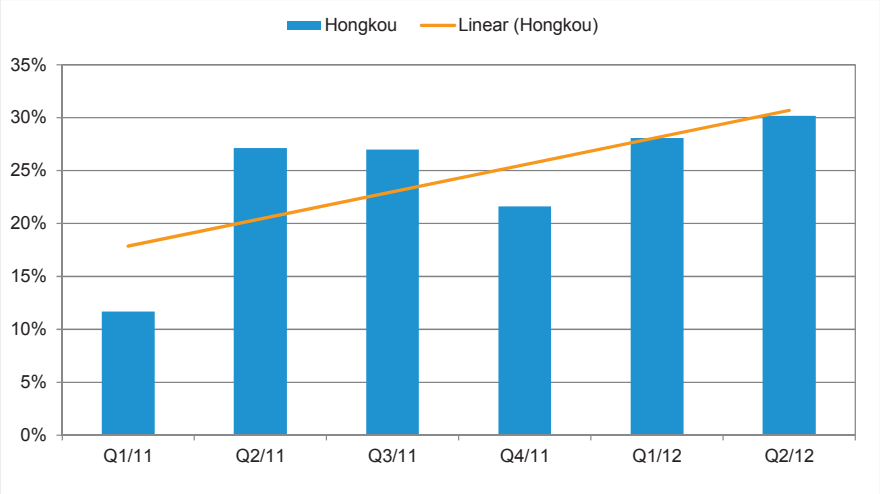
Source: Colliers International Shanghai (CIS) Research

4.3.7 Hongkou District Vacancy

Major office developments within Hongkou District include International Capital Plaza, One Prime, CITIC Plaza, HiTime International along Si Chuan North Road and Harbour One, Rui Feng International Tower and SIPG Tower

along Dong Da Min Road. Overall vacancy rates slightly increased to 30 percent in the second quarter of 2012, mainly due to higher vacancy rates on the launch of new buildings such as CapitaLand Hongkou Plaza.

Figure 99: Vacancy Rate and Trend in Hongkou District, H1 2012



Source: Colliers International Shanghai (CIS) Research

4.3.8 MARKET OUTLOOK

Given the strong performance of Shanghai's economy in 2011 amidst a weak global business climate, the city's outlook is positive. The inflow of foreign direct investment, particularly in financial services, is expected to grow as the government eases restrictions on foreign exchange for overseas financial institutions. Shanghai's office market should see robust demand for the remainder of 2012 and into 2013. As Western economies continue to register sluggish growth, multinational corporations are expected to place increasing importance on the long-term prospects of China's economy to generate revenue. Additionally, significant demand from domestic banks and insurance companies is likely to continue.

The traditional CBD areas will see strong competition in the next few years as the booming decentralized Grade A office market will offer highly competitive rental rates in the coming years. Landlords of decentralized properties are increasingly prepared to offer more generous rent-free periods and fit-out allowances in the initial term to attract the right tenants. Cost-sensitive occupiers will also recognize that today's relatively low CBD rents will not persist forever as available development sites dwindle, such occupiers view

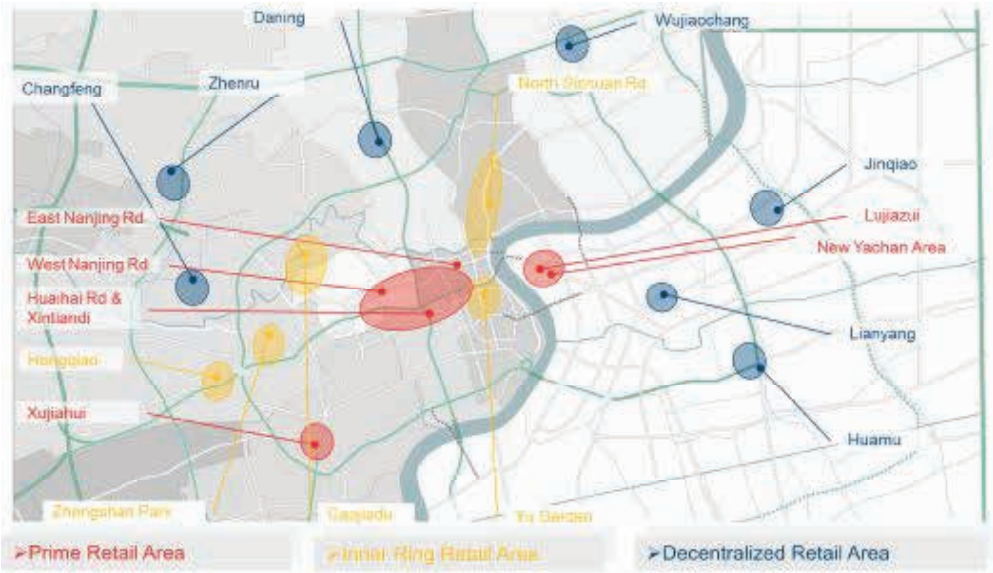
decentralized office accommodation as a solid long-term strategy to manage current and future costs responsibly.

6.4 SHANGHAI RETAIL MARKET

6.4.1 Shanghai Retail Overview

Shanghai's retail hubs can be divided into prime, inner-ring and decentralized areas. 'Prime retail areas' refer to East and West Nanjing Road, Huaihai Road, Xujiahui and Lujiazui (including the New Yaohan area). These areas are traditional city-level retail areas with a high concentration of well-known retailers. 'Inner-ring retail areas' refer to retailing catchments within and along the inner-ring road as well as Hongqiao. 'Decentralized retail areas' includes the emerging satellite commercial hubs such as Daning and Wujiaochang which are developing within the middle-ring road area but outside the inner-ring road.

Map 20: Shanghai Major Retail Areas 2012



Source: Colliers International Shanghai (CIS) Research

The ongoing expansion of the city's metro system has started to make the decentralized retail area attractive to shoppers and retailers alike, as the city's development expands outwards. The subsequent growth in population in these outer areas, such as Lianyang, Huamu, Jinqiao, and Daning, has attracted retail development, and new retail hubs have begun to emerge in these decentralized areas.

Average ground floor rental rates for prime retail areas in the first half of 2012

grew 5.4 percent year on year to approximately RMB 48.3 per square meter per day.

6.4.2 Prime Retail Areas

West Nanjing Road

West Nanjing Road area is bound to the north by West Beijing Road, to the east by North Chengdu Road to the east, to the south by Weihai Road, and to the west by Zhenning Road. West Nanjing Road has a total length of 2.93 kilometers and covers an area of 1.8 square kilometers. There is a total of approximately 310,000 square meters of prime retail gross floor area in the West Nanjing Road area.

West Nanjing Road was once known only as a commercial area for offices and hotels, with a few stores including Wings Department Store, Mosta and fashion boutiques and restaurants at the Shanghai Centre. With the completion of three shopping malls (Plaza 66, CITIC Square and Westgate Mall), it has attracted many exclusive brands and is now recognized as the one of the city's high-end shopping areas. These shopping malls provide comfortable, elegant shopping environments with abundant parking, mainly targeting young professionals working in the area, as well as high-income consumers from the surrounding area and regionally.

Jing'an Temple is west of this mall cluster, and is an area that has undergone considerable renovation in recent years. The Jing'an Temple area is expected to become one of Shanghai's major tourism and commercial centres. Hong Kong's SOGO is an investor in the 91,000 square meter City Plaza, which opened in 2004.

West Nanjing Road has undergone a number of large scale retail renovations since 2008. Ongoing renovations include the well-known snack street on Wujiang Road which will be repositioned as a mixed-used development named Dazhongli including approximately 99,000 square meters of retail space; and approximately 63,000 square meters of retail, part of Kerry Center Phase II, which will be completed at the end of 2012. As a part of the Reel Department Store in the retail podium of Parkside Plaza, Reel Kitchen on basement level two was opened to the public in 2011. The remainder of the basement opened in the first half of 2012, and 60 percent of the ground floor

was launched in mid 2012, with the remainder expected to be opened by the end of 2012.

East Nanjing Road

East Nanjing Road is one of China's best-known shopping streets and is the busiest pedestrian thoroughfare in Shanghai. In October 1999, the government converted a 1,052 meter section of the street, between Henan South Road and Xizang Road into a pedestrian precinct. Currently East Nanjing Road has a total prime retail space of approximately 510,000 square meters.

The street accommodates many traditional stores which have been refurbished, including No.1 Department Store, Hualian Department Store, New World Department Store, Landmark and other well-established food and jewellery stores. New retail malls opened in recent years include Henderson Metropolitan, Hongyi International Plaza and Plaza 353.

In particular, East Nanjing Road attracts visitors from other Chinese provinces who generally have low to mid-range spending power. With the fierce competition between stores in similar retail formats, it is not surprising to see frequent turnover of retailers but vacancy is very low.

Henderson Metropolitan opened in November, adding around 35,450 square meters to this area. Its anchor tenants include Apple's third store in Shanghai and cosmetic brand Sasa's largest store in Asia excluding Hong Kong. The mall's launch closely followed a degree of upgrading of tenants on this section of East Nanjing Road. Fast fashion brands Hollister and Forever 21 are all expected to launch at nearby shopping centers in late 2012 or 2013.

The positioning of this section of East Nanjing Road will gradually elevate to meet that of the Bund area, which is hoped to become a new hub for luxury retail based around the Peninsula Hotel, Rock Bund and Bund 33. In addition, the newly opened Yifeng Galleria at the intersection of East Beijing Road and Yuan Ming Yuan Road in May 2012 merges historic architecture with high-end luxury goods.

Huaihai Road

For the purposes of this report, Huaihai Road refers to Middle Huaihai Road,

which is divided by the Chengdu Elevated Road into two sections.

The western section is a traditional commercial street with well-established retail malls including Printemps and department stores such as Parkson, Novel, Oriental and OPA, all clustered around the South Shaanxi Road Station where Metro Lines 1 and 10 intersect. The most recent addition is the OPA Department Store, which focuses on fashion, in line with the area's overall positioning. Launched in December 2011, OPA's tenants are mainly Japanese brands targeting the 18 to 35 year-old female market.

Other major tenants in this area include fast fashion brands H&M, Zara and C&A, several luxury watch brands, including Dunhill, Vacheron Constantin, Rolex and IWC, Luxury retailer Richemont Group has a strong presence here with many of their brands located here.

The eastern section of Middle Huaihai Road is a high-end commercial circle with flagship stores for luxury brands Louis Vuitton, Cartier, Tiffany, Coach and Zegna. Consumer electronics brand Apple chose this area for their first flagship store in Puxi, opening an 800 square meter store at Hong Kong Plaza in September 2010.

The area continues to develop with plans for a flagship store of luxury brand Hermes by 2014, and the retail podium of Hong Kong New World Plaza currently under renovation and repositioning as the K11 Art Mall, a high-end retail plaza expected to open at the end of 2012. Department stores and shopping malls in the area include Yalong International Plaza, Pacific Department Store, Infiniti, Shanghai Times Square, Central Plaza and Hong Kong Plaza.

Huaihai Road's renovation and upgrading has been ongoing since 2011 with the visible changes including Shanghai Times Square's closing for renovation as Lane Crawford plans a return to the mall; Shanghai No.1 Department Store closed for renovation in April 2012, which will be reopened as a BMW high-end showroom; and Golden Bell Plaza's renovation project was completed in May 2012, with the new appearance of Marks & Spencer's second flagship store in Shanghai.

Xujiahui

Xujiahui is a 1.2 square kilometer commercial hub in the heart of Xuhui district. It is bordered to the east by Wanping Road, to the west by Yishan Road, to the north by Guangyuan Road, and to south by Lingling Road. After several years of development, Xujiahui has successfully transformed from a low-mid to mid-high shopping area. The area's convenient transportation facilities include several metro lines, the inner-ring road, and many public bus routes, attracting residents and tourists for shopping, dining and entertainment.

By the end of the first half of 2012, the total stock of retail space in Xujiahui was approximately 353,359 square meters, including department stores such as Pacific and Huijin, and shopping centers such as Oriental Shopping Center and Grand Gateway 66. As certain developments in the area, such as Grand Gateway 66, continue to reposition to attract high-end and luxury brand tenants, Xujiahui is quickly becoming recognised as another of Shanghai's luxury commercial hubs, after West Nanjing Road and Huaihai Road areas.

Xujiahui is home to Metro City, with a large proportion of F&B and entertainment facilities. Japanese-style fashion destination, Wufan Street launched on basement level one of Metro City in August, 2010. Around 70 percent of tenants are first time entrants to the Shanghai market. The most recent development to launch was SDC Fashion Mall which was opened on Yishan Road in May 2012, adding 120,000 square meters to the local retail stock. The development has positioned itself as a fashion landmark for the Yishan Road area.

Lujiazui

Lujiazui is Pudong's primary commercial area, and one of Shanghai's most competitive. The district can be roughly divided into Little Lujiazui and the New Yaohan Area.

In Little Lujiazui, large-scale commercial projects include Super Brand Mall, the retail podiums of the International Financial Center and Shanghai World Financial Center. Total prime supply in Little Lujiazui totalled approximately 350,000 square meters by the end of the second half of 2012. Future supply includes Metropolis and the CITIC Shipyard project.

The New Yaohan Area mainly targets Pudong residents. The area is bound by

Zhangyang Road, South Pudong Road, Shangcheng Road and East Laoshan Road, and has a total of approximately 270,000 square meters of retail accommodation. The main developments in this locality include Times Square, Shanghai Bay and 96 Square.

Nextage Yaohan, one of Shanghai's most well-known department stores, is located in this area. In 2010, the 144,000 square meter (gross) department store recorded RMB 3.92 billion in revenue, the highest amongst department stores in Shanghai.

Inner Ring Retail Areas

North Sichuan Road

North Sichuan Road is the primary shopping hub of Hongkou District. The main commercial section is a two-square-kilometer area bound to the north by Hongkou Park and to the south by Suzhou Creek. The area began to develop in 1995 and now includes major department stores Printemps and Dongbao. Major shopping centers include Kaihong Plaza, Jiajie Plaza and International Capital Plaza. Most businesses in the North Sichuan Road area target mid-end Chinese shoppers and tourists from other Chinese provinces.

Located at the intersection of North Sichuan Road and Wujin Road, Shanghai ICP was opened in May 2009, adding 15,866 square meters of supply to the retail market. Except its anchor tenant, C&A, the other tenants are mainly F&B such as Xinwang and Harvest Festival Restaurants. The mall spans basement level one to the fifth floor with the average retail area being approximately 2,644 square meters per floor.

CapitaMalls Hongkou Plaza is the latest project to launch in this locality. It was officially opened in December of 2011, adding a total of 170,226 square meters of retail accommodation. Carrefour and Gome are the key anchor tenants of the mall. New projects scheduled for launch in the next three years include One Prime, CITIC Plaza and 108 Plaza.

6.4.3 Shanghai Retail Supply

The supply of retail property in Shanghai has increased steadily in recent years. New supply of retail malls has averaged approximately 300,000 square meters annually, spiking in 2010, when approximately 500,000 square meters

entered the market. Though the new supply of 2011 was less than that of 2010, some projects have been postponed to 2012. A record supply of approximately 300,000 square meters of new malls launched the market in the first half of 2012 and another 600,000 square meters of new supply is expected to launch in the second half of the year.

Table 34: Shanghai Retail Future Supply (2012 H2 2015)

Year	Building	District	Approx. Retail GFA (sq m)	Developer
H2 2012	Himalayas Center	Pudong	48,109	Zendai
	IFC Mall Phase II	Pudong	14,000	SHK
	Park Place	Jing'an	40,000	Cross Ocean
	Kerry Center Phase II	Jing'an	63,000	Kerry
	ECO City	Jing'an	22,573	Sunpower
	Rock Bund Phase I	Huangpu	6,000	BIG
	International APM	Huangpu	120,000	SHK
	K11	Huangpu	35,000	Hong Kong New World
	Agile International Plaza	Huangpu	32,514	Agile
	Green Plot 104	Huangpu	41,400	Greenland
	Rhein Square	Huangpu	31,000	Deluxe Family
	New World Garden	Huangpu	38,400	New World China
	CITIC Pacific Place	Hongkou	17,797	CITIC Pacific
	One Prime	Hongkou	27,920	AM alpha
	CITIC Plaza	Hongkou	22,000	HiTime
	May Flower Plaza	Zhabei	25,762	Lai Sun
	Shengyuan Life Plaza	Zhabei	24,000	Shengyuan
	Sub-Total		***609,475***	
2013	Ginza Shopping Avenue	Jing'an	74,000	Hengry Group
	L'Avenue	Changning	48,000	LVMH
	Emperor Star City	Huangpu	55,152	Emperor
	Star Plaza	Xuhui	30,000	Zhongxing
	North Bund Jin Gang Square	Hongkou	100,000	Sinar Mas
	Hopson International Plaza	Yangpu	143,210	Hopson

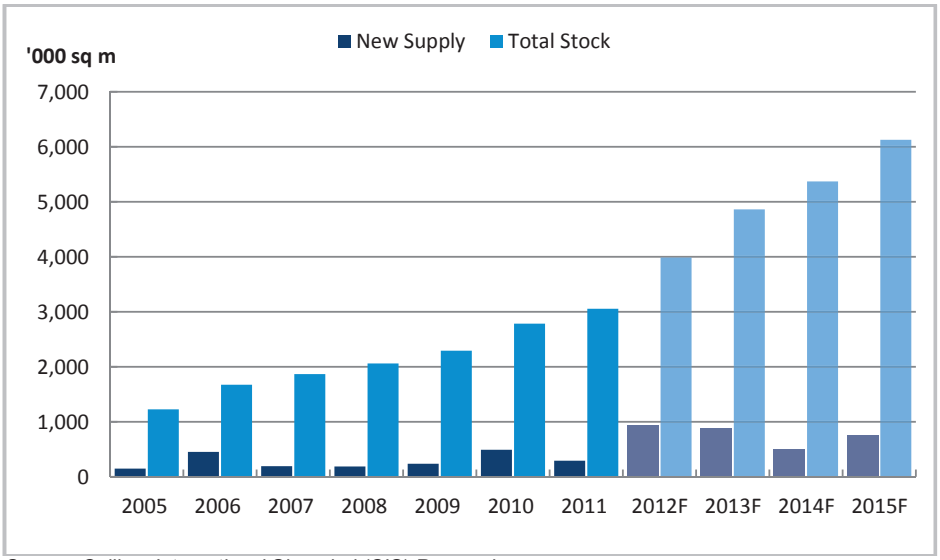
Year	Building	District	Approx. Retail GFA (sq m)	Developer
	Guoson Center Phase II	Putuo	100,000	GLC
	Shanghai Moon Star	Putuo	320,000	Yuexing
	Sub-Total		***870,362***	
2014	The HQ	Changning	31,000	Treasury China Trust
	Shanghai Arch Walk	Changning	85,000	Jin Hongqiao
	Cheung Kong's project in Putuo	Putuo	100,000	I & F Group
	West Nanjing Road 688 project	Jing'an	64,581	Henderson Land
	Shanghai Tower	Pudong	44,000	Lujiazui Group
	Chamtime International Plaza	Pudong	64,400	Changjia Land
	Plot 163	Huangpu	118,206	BIG
	Sub-Total		***507,187***	
2015	Metropolis (Lujiazui Group's pat)	Pudong	79,000	Lujiazui Group
	Metropolis (Hutchison Whampoa Group's part)	Pudong	130,000	Hutchison Whampoa
	CITIC Shipyard Project II	Pudong	200,000	CITIC Pacific
	Jinqiao Mansion	Pudong	25,933	Jingqiao Export Processing Zone
	Dazhongli	Jing'an	99,000	Swire
	Raffle City Changning	Changning	79,500	CapitaLand
	Center Xujiahui	Xuhui	124,000	Urban Development
	Shanghai 108 Plaza	Hongkou	22,000	HKC Holdings
	Sub-Total		***759,433***	
	Total		***2,746,457***	

Source: Colliers International Shanghai (CIS) Research

In recent years, international brands have continued to expand their presence in Shanghai. Traditional high streets such as Nanjing West Road and Huaihai Road have remained attractive for international retailers planning to open their first Chinese flagship stores. According to official figures, 95 percent of international brands with a presence in Shanghai have opened either specialty

stores or flagships on West Nanjing Road. More than 55 percent of the 600 brands with stores on West Nanjing Road are international brands including Louis Vuitton, Hermes, Cartier, Tod's, Giorgio Armani, Celine, Ermenegildo Zegna, Versace, Chanel, Escada and Prada.

Figure 100: Shanghai Retail Mall Supply (2005-2015F)



Source: Colliers International Shanghai (CIS) Research

6.4.4 Shanghai Retail Demand

Population growth and rising disposable income per capita are directly driving demand in Shanghai's retail market. Consumer expenditure and retail sales growth in recent years shows the increasing buying trends of Shanghai citizens and their strong purchasing power.

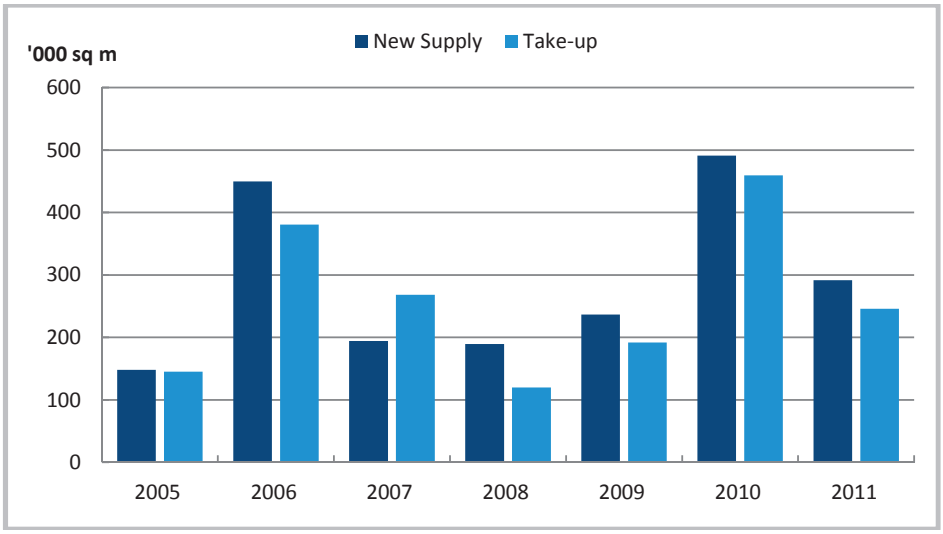
The continued expansion of fast fashion brands, including H&M, Zara, Gap, Uniqlo and C&A, and the recent entry of retailers such as Hollister and Forever 21, are also important factors in driving demand.

Following the launches of stores at Lujiazui's International Financial Center and Middle Huaihai Road's Hong Kong Plaza, Apple launched its third Shanghai store in September 2011 at East Nanjing Road's Henderson Metropolitan.

On the back of strong purchasing power and increasing demand for high-quality retail property, the average annual take-up over the last seven years in

the retail market neared approximately 250,000 square meters.

Figure 101: Shanghai Retail Mall Market New Supply and Take-up (2005–2011)

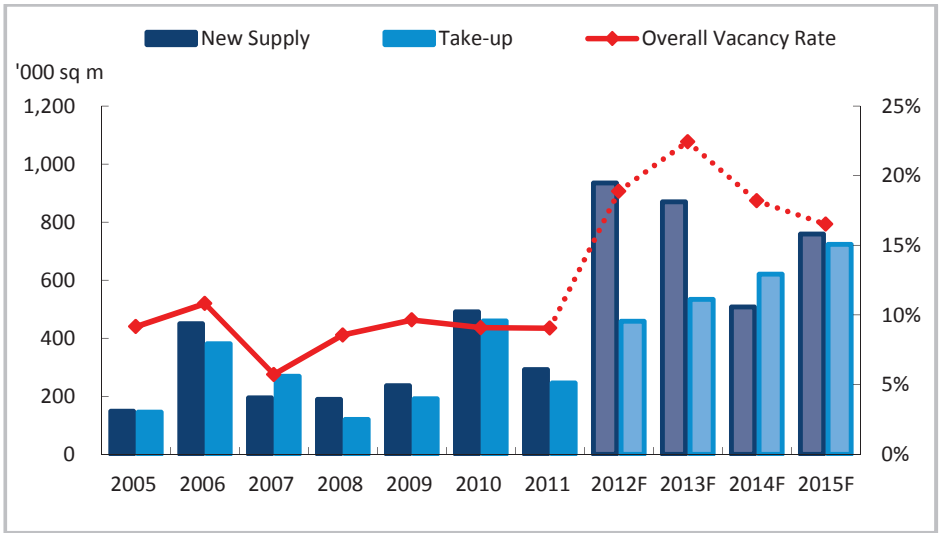


Source: Colliers International Shanghai (CIS) Research

6.4.5 Vacancy Rate

The overall vacancy rate of Shanghai's retail market has averaged approximately nine percent in the past five years. As a result of new completions in the second quarter of 2012, the vacancy rate of the overall market in the first half year of 2012 reached approximately 10.2 percent, a 0.9 percent increase compared with the same period of 2011.

Figure 102: Shanghai Retail Mall Market New Supply, Demand and Vacancy (2005–2015F)



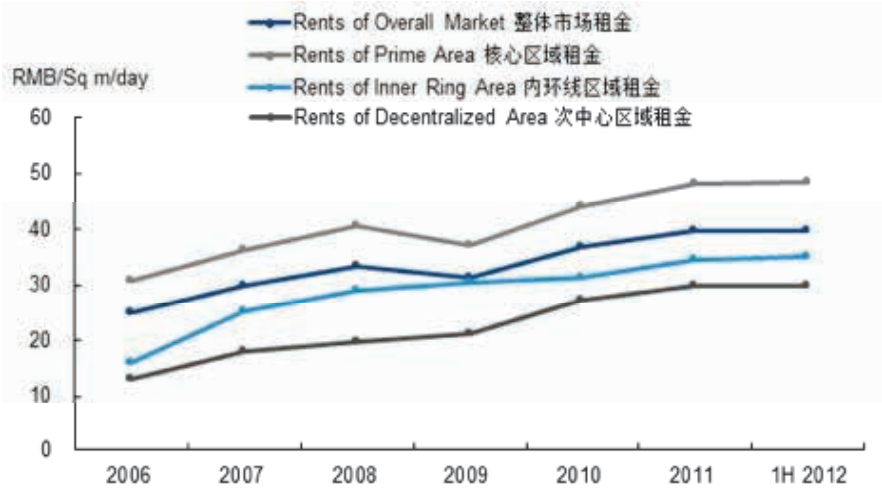
Source: Colliers International Shanghai (CIS) Research

6.4.6 Retail Rental and Price

Despite a large amount of new supply entering the market, rental prices in Shanghai's retail market have continued to grow in recent years. Average retail rentals for prime ground floor premises have increased from approximately RMB 25.0 per square meter per day in 2006 to approximately RMB 39.7 square meter per day in 2011. Average rental rates for ground floor space in prime areas were approximately RMB 48.3 per square meter per day at the second half of 2012, with an average annual growth of approximately 12 percent since 2006, and reflecting 5.4 percent growth year on year. Quarterly this reflected a decrease of 2.2 percent, primarily due to the launch of SDC Fashion Mall. Growth in Shanghai's gross domestic product and consumer price index, as well as improvements in the building quality of the new retail developments have all been factors contributing to the rise.

In terms of price per square meter, the ground floor of Plaza 66 ranked top among prime developments, its rental rate was approximately RMB 78 per square meter per day in the first half year of 2012. For decentralized retail areas (including Wujiaochang, Daning, Changfeng, Zhenru, Lianyang, Jinqiao and Huamu areas), Wanda Wujiaochang Plaza and Bailian Youyi Cheng ranked top, followed by Kerry Parkside on a ground floor rental basis.

Figure 103: Rental of Shanghai Retail Market (2005–2011)



Source: Colliers International Shanghai (CIS) Research

'Prime retail areas' refers to East and West Nanjing Road, Huaihai Road, Xujiahui and Lujiazui (including the New Yaohan area). These areas are traditional city-level retail areas with a high concentration of well-known retailers. 'Inner-ring retail areas' refer to retailing catchments within and along the inner-ring road as well as Hongqiao. 'Decentralized retail areas' includes the emerging satellite commercial hubs such as Daning and Wujiaochang which are developing within the middle-ring road area but outside the inner-ring road.

6.4.7 Investment Market

In recent years, the gross yield of retail buildings ranged from approximately five to seven percent. The retail investment market was active in late 2011 and early 2012, with several transactions. In the fourth quarter of 2011, Shui On Land sold a building in Yangpu district's Knowledge and Innovation Community to the Yangpu branch of Industrial and Commercial Bank of China. The retail component of the project covers 2,428 square meters, and transacted for approximately RMB 45,000 per square meter.

Federal Albert Real Estate Group acquired Hudong Finance Plaza's retail podium in the Wujiaochang area for approximately RMB 283 million in May 2012. In the same month, Carlyle Group purchased Xintiandi area's Shanghai Rich Gate from the SRE Group for approximately RMB 1.076 billion.

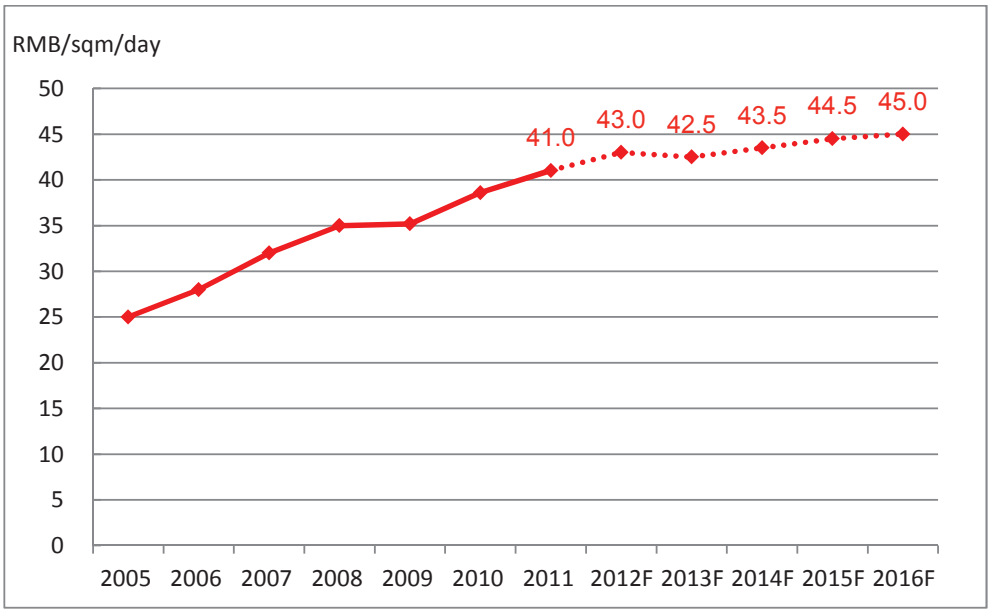
6.4.8 Market Outlook

Developers' confidence in the long-term prospects of Shanghai's retail property market is reflected in the expected launch of an estimated 660,000 square meters on average each year for the next three years, including International APM on Middle Huaihai Road and L'Avenue in Hongqiao's central business district.

The significant increase in total stock of retail property in the coming three years will raise vacancy rates in the short term. Well-known and established retailers with an existing presence in Shanghai are likely to continue developing their brand in the city by pursuing a multiple location strategy creating further demand for good quality retail premises citywide. New mall supply forecasts suggest that this retailer demand will be met with new construction across the city, further stimulating leasing transaction activity.

However, average rental rates are expected to maintain stable growth as demand remains strong from both domestic and international retailers, we anticipate annual increases of approximately six to eight percent in prime retail areas may be possible over the next three years.

Figure 104: Shanghai Retail Rental Projection (2012-2016F)



Source: Colliers International Shanghai (CIS) Research

As the residential market continues to face strict guidelines, other developers are also becoming increasingly active in the commercial property sector, including Vanke, Poly and Gemdale, all of whom recently announced their intentions to increase investment in commercial property.

6.5 SHANGHAI PROPERTY OVERVIEW

Shanghai International Capital Plaza (Shanghai ICP)

Address	1,318 Sichuan Road North, Hongkou District, Shanghai
GFA	Total: 56,299 sq m Office: 41,493 sq m (NLA: 40,994 sq m) Retail: 14,402 sq m (NLA: 9,650 sq m)

Location

Shanghai ICP is located in the emerging decentralized business district of Hongkou, close to the intersection of Sichuan North Road and Haining Road. Key occupiers of the office component include BT (British Telecom), China International Holdings Ltd and Monster. C&A is the primary retail tenant.

Map 21: Location of Shanghai ICP

Source: http://www.icpsh.com

Metro Line 10 is situated opposite Shanghai ICP and connects to Nanjing Dong Lu and Xintiandi stations, as well as the Hongqiao Transportation Hub. The interchange at Line 10 providing access to Line 2, linking Pudong airport and the Nanjing West Road business district.

Hongkou Overview

Hongkou is one of Shanghai's largest downtown districts. The area's position along one of the deepest parts of the Huangpu River has historically made it a shipping, logistics and trading hub, a title it is once again seeking to reclaim by

attracting shipping services to the district. Hongkou also has a rich cultural heritage, several important commercial centers, and a well-developed transportation network.

Hongkou is located northeast of People's Square, Shanghai's city center. The district covers 23.48 square kilometers and, as of 2011, has a registered population of 790,000 people. Hongkou borders Baoshan district to the north, Yangpu district to the east, the Huangpu River and Suzhou creek to the south and Zhabei district to the west. One of Hongkou's advantages is being located in Puxi, close to Pudong district, approximately two kilometers from both People's Square and Lujiazui, the latter accessed via the Xinjian Road tunnel.

The first docks in Hongkou were established in the 1860s and since then its waterfront has played a major role in defining Hongkou's character. Before setting out to sea, fishermen and shipworkers once prayed in the district's Xiahai Temple, which still stands today. The district's other cultural heritage includes the former home of numerous pre-World War two literary figures, including Lu Xun, the site of Shanghai's former Jewish quarter, known as Little Vienna (now Tilanqiao), and several municipal parks.

Following the founding of the People's Republic of China in 1949, factories were added to the docks and warehouses, and the southern part of Hongkou became a hub of light industry.

In the last decade, the district has once again looked to its riverbank for development. Now known as the "North Bund", more than 3.6 square kilometers of Hongkou's southern area have been earmarked for residential and commercial development.

The district plays a major role in Shanghai's stated ambition to become an international shipping center by 2020, and Hongkou has been successful at attracting the highest concentration of shipping services and companies in Shanghai. By the end of 2011, the North Bund area was home to more than 3,000 shipping and logistics companies, including seven of the ten largest global logistics companies.

Hongkou's 12th Five Year Plan (2011 to 2015) focuses on the further development of the shipping and cruise industries, following the 2008 launch

of the Shanghai Port International Cruise Center.

Aside from the riverfront, development in Hongkou also concentrates on the area around Hongkou Football Stadium and North Sichuan Road, one of Shanghai's three most important commercial centers. Developers active in Hongkou include SOHO China and CapitaMalls. Commercial sub-centers in the district include the Dabaishu and Tilanqiao areas.

Hongkou has also begun to encourage the repositioning of former industrial space into offices for creative industries.

In 2010, Hongkou's gross domestic product reached RMB 62 billion and in 2011, the district attracted utilized foreign investment worth USD 652 million, increasing from USD 562 million the previous year.

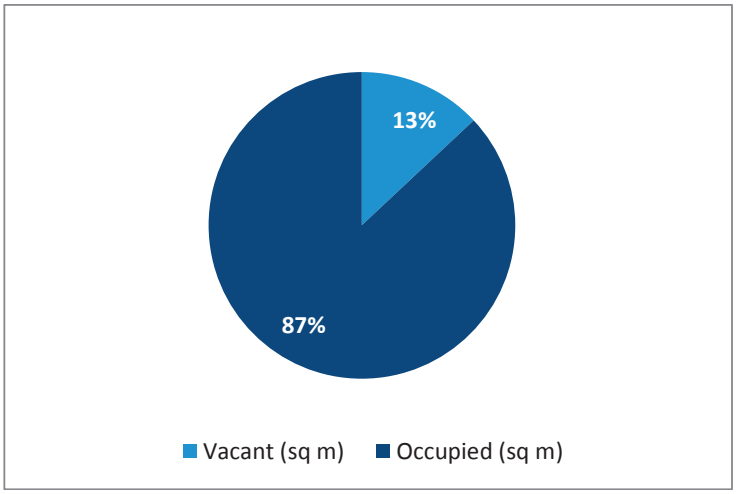
Property Performance

We have been provided with overall occupancy of each of the components of the property, average rentals and a timetable of forthcoming lease expiries. For the retail component the average rental specifically excludes turnover rental which will have an impact on the resulting analysis.

Office

The average contracted office rental within Shanghai ICP (as at May 31 2012) is reported to be approximately RMB 4.1 per square meter per day. We are also advised that current committed occupancy stands at approximately 87 percent, over the total office leasing floor area of 40,994 square meters.

Figure 105: Shanghai ICP Office Committed Occupancy as at May 31 2012

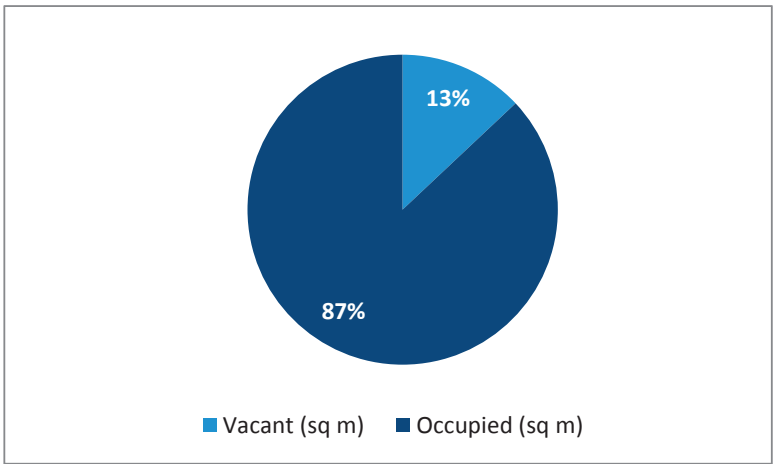


Source: Dynasty Real Estate Investment Trust

Retail

The average contracted retail rental within Shanghai ICP (as at May 31 2012) is reported to be approximately RMB 4.8 per square meter per day including turnover rental (RMB 3.7 per square meter per day excluding turnover rental). We are also advised that current occupancy stands at approximately 87 percent, over the total retail gross floor area of approximately 14,402 square meters.

Figure 106: Shanghai ICP Retail Current Occupancy as at May 31 2012



Source: Dynasty Real Estate Investment Trust

Table 35: Lease Expiries – Office and Retail, Shanghai ICP, May 31 2012

Expiry	GFA (sq m)	% Building	Annual Rent (RMB '000)	% of Total Rent	Rent (per sq m/month)	Rent (per sq m/day)
2012	7,452	14.7%	10,842	15.8%	121.2	4.0
2013	15,899	31.4%	23,172	33.8%	121.5	4.0
2014	8,249	16.3%	16,156	23.6%	163.2	5.4
2015 & Beyond	11,728	23.2%	18,397	26.8%	130.7	4.3
Vacant	7,316	14.4%	-	-	-	-
Total	**50,643**		**68,567**	**100%**	**112.8**	**3.7**

Source: Dynasty Real Estate Investment Trust

In 2013 leases on approximately 31 percent of the property will have expired (15,899 square meters), accounting for 34 percent of rental income. This will also coincide with the release of the new office and retail supply at CITIC Pacific Place, which will launch onto the office leasing market mid 2012, with the retail element to follow at the end of the year.

The current average passing rental for the office component is slightly lower than the average headline market rentals for this locality, and given the increased demand seen in off-prime locations it is likely that positive rental reversion will be possible, particularly given the convenient access to the metro and rapidly improving retail environment and facilities nearby.

The retail component of Shanghai ICP is not directly comparable with the other retail supply seen in this area, being predominantly focused on F&B except for one large fast fashion retailer, C&A. The five retail levels above ground are not laid out around a central atrium and vertical connectivity between floors is basic. However, the F&B offering complements the office accommodation in the vicinity and currently does not face significant competition from other projects.

As such, access to floors 2, 3, 4, and 5 is provided through two elevators via a small lift lobby facing Sichuan North Road. As a result, logically, there should be no major discrepancy in terms of rental level by floor for restaurant space between floors 2 to 5 as they are all accessible through the same elevator bank, and none is significantly more accessible than the other. Despite this, at

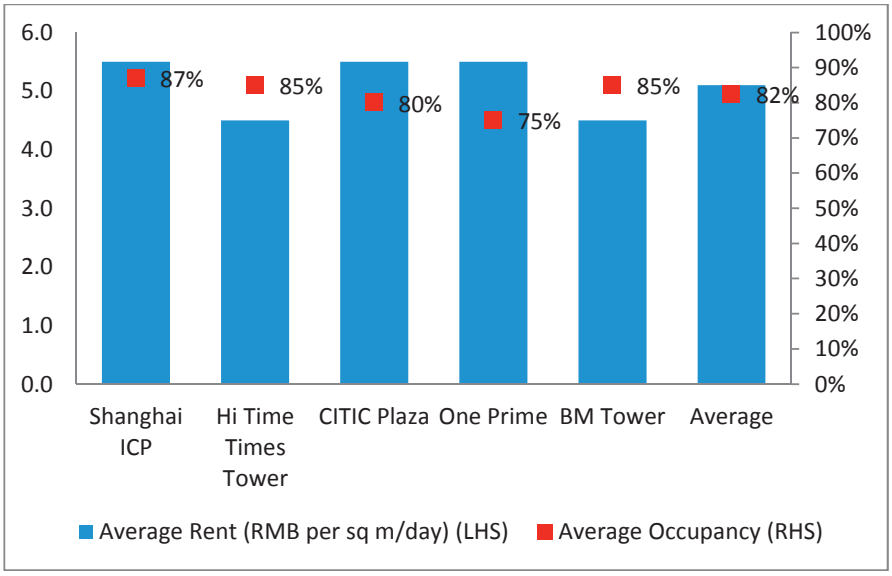
present there is not a significant amount of reasonable quality F&B offered in the immediate vicinity and the F&B provided serves the office tower well.

Market Benchmark

Office

Within the Hongkou district as a whole the average prime office asking rental is approximately RMB 4.9 per square meter per day, with average vacancy at approximately 30 percent. The graph below demonstrates the rental and occupancy levels of Shanghai ICP in comparison to properties of similar quality in the local area.

Figure 107: Office Average Current Headline Asking Rental Levels & Overall Occupancy compared to Shanghai ICP, H1 2012



Source: Colliers International Shanghai (CIS) Research

Hi Time Times Tower (海泰时代大) is situated adjacent to Shanghai ICP. The building comprises SOHO units, with a 5 meter ceiling height, and the property is wholly strata sold. Occupancy is estimated at approximately 85 percent. Current headline asking rents here are RMB 4.5 per square meter per day, lower than other properties in the vicinity, reflecting the reduced quality resulting from strata sales.

CITIC Plaza (中信广场) is also a strata titled building located on Sichuan Road North, and although it is possible to lease office space, the owner's strategy has predominantly been to pursue sales. Current asking sales prices at CITIC

Plaza are approximately RMB 56,000 to RMB 80,000 per square meter. One recent transaction of the 17th Floor completed at a level of RMB 60,000 per square meter for the 1,100 square meter space. Currently around 50 percent of the property has been sold since launch to the market in 2011; total occupancy is estimated at 80 percent.

One Prime (壹丰广场) on Sichuan Road North is held under single ownership, with an estimated occupancy of 75 percent. Rental levels vary within the building, from approximately RMB 4 per square meter per day to RMB 5.5 per square meter per day. Leasing commenced in October 2010.

BM Tower（宝矿国际大厦） was one of the first office buildings to be developed in the locality. Occupancy here is estimated at 85 percent, and the building is available for occupation on both a sale and lease basis, with average headline rentals of approximately RMB 4.5 per square meter.

Table 36: Summary of Hongkou Office Comparables for Shanghai ICP

Building Name	Shanghai ICP (上海盛邦国际大厦)	CITIC Plaza (中信广场)	One Prime (壹丰广场)	BM Tower (宝矿国际大厦)	Hi Time Times Tower (海泰时代大厦)
Property Address	1318 Si Chuan Road North	859 Si Chuan Road North	1369 Si Chuan Rd North	218 Wusong Road	289 Wu Jin Road
Developer	Shanghai Leifu Real Estate Co. Ltd	HiTime Real Estate Corp	AM Alpha	Shanghai Hongbang Real Estate Corp	HiTime Real Estate Corp
Property Mgt Company	Local	Local	Colliers International	CBRE	Local
Approx. Total Office GFA (sq m)	40,895	87,000	36,718	56,633	38,000
Floor Plate (sq m)	1,700	2,600	1,402	1,710	1,300
Efficiency	70%	67%	70%	68%	70%
Estimated Headline Asking Rental (RMB/sq m/day)	5.5	5.5	5.5	4.5	4.5
Property Management Fee	25	26	27	26	26
Completion Year	2009	2011	2011	2005	2006
Lease / Sale	Lease	Lease&Sale	Lease	Lease&Sale	Lease & Sale
Occupancy Rate	87%	80%	75%	85%	85%
Primary Tenants	BT, Cinda, Springs Global	n.a	n.a	n.a	n.a

Source: Colliers International Shanghai (CIS) Research

Retail

Within Hongkou district the average prime ground floor retail rental as at the second quarter of 2012 was approximately RMB 36 per square meter per day. Previous rental levels in Hongkou have averaged around RMB 25 per square meter per day and the recent increase was due in part to the launch of new developments, namely CapitaMalls' Hongkou Plaza and Bailian Hongkou Shopping Center.

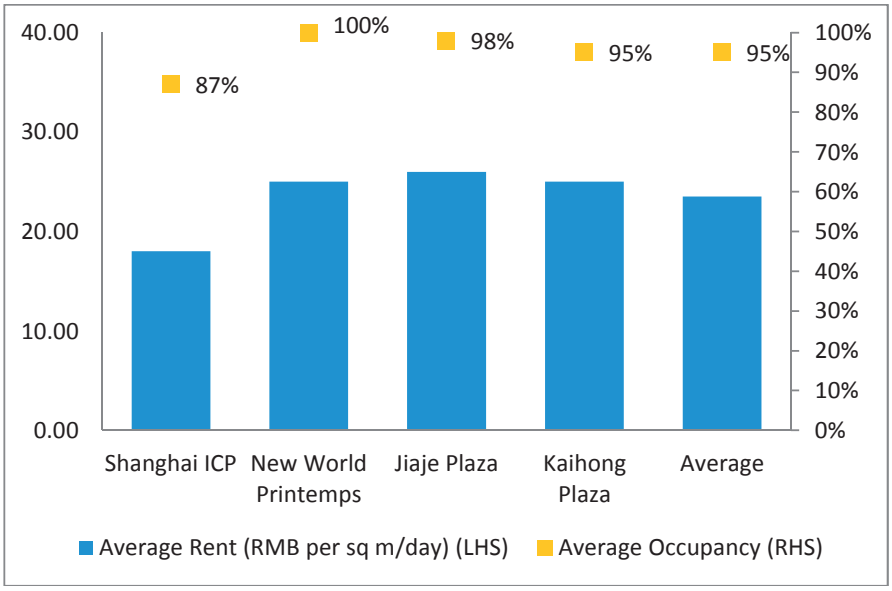
Given that the retail component within Shanghai ICP is not a traditional mall, it

is difficult to comment on the performance of the property in relation to available comparables. However, though typically not generating very high end rental levels this type of F&B retail activity is typically quite stable with high levels of occupancy. Such positioning should be sustainable for some time to come.

We are advised that the average ground floor passing rental at Shanghai ICP is RMB 4.8 per square meter per day for the retail component including fixed and turnover rentals (RMB 3.7 per square meter excluding turnover rental). However we are informed the fixed rent is at a level of RMB 18 per square meter, the average being affected by a significant anchor at a low turnover rental which is expected to increase once trading stabilizes.

Given the design, layout and the fact the property is predominantly targeted to F&B, it would be expected that rentals are lower than average prime second and third floor retail space in the area. Additionally the turnover rental component could significantly affect analysis where retailers experience strong performance.

Figure 108: Average Current Ground Floor Retail Rental Levels & Overall Occupancy Compared to Shanghai ICP Ground Floor Fixed Rental, H1 2012



Source: Colliers International Shanghai (CIS) Research

Occupancy across the selected developments above averages approximately 95 percent, compared to Shanghai ICP's occupancy of 87 percent. Given the

F&B format of the retail component and despite forthcoming new supply, we would expect Shanghai ICP to maintain a trend of high retail occupancy in the future though rental growth may be slight due to the F&B focus.

Competing Supply

Office

The office properties most competitive to the subject Property are Hi Time Times Tower, CITIC Plaza, One Prime and BM Tower. CITIC Plaza and One Prime were both completed in 2011 and occupancy is already approximately 80 percent and 75 percent respectively. Rentals are approximately RMB 4.5 per square meter per day. In time it is anticipated that CITIC Plaza might fall behind in terms of rental levels as a result of being a strata titled property with high sensitivity to management fees, inconsistent management of individual units and no coordinated marketing strategy. CITIC Pacific Place (申虹广场) is to launch in mid 2012, and is situated adjacent to Shanghai ICP, with approximately 40,000 square meters of office accommodation available. The building will be available on a lease only basis, with an estimated rental level in the range of RMB 4.5 to RMB 7 per square meter per day. Typical office floor plates are approximately 2,000 square meters.

The table below indicates the level of various elements of comparable buildings in relation to Shanghai ICP.

Table 37: Level of Various Elements of Comparable Buildings in Relation to Shanghai ICP (Office)

	Shanghai ICP	Hi Time Tower	CITIC Plaza	One Prime	BM Tower
Location	●	●	●	●	◕
Quality of Building	◕	◑	●	●	◕
Quality of Environment	●	◕	◕	●	◑

Source: Colliers International Shanghai (CIS) Research

Key: ○ Low → ● High

Retail

Within the retail sector, the retail properties situated in the close proximity to Shanghai ICP are New World Printemps (巴黎春天虹口店), Jiajie Plaza (嘉杰国际广场), Kaihong Plaza (凯鸿广场) and CITIC Plaza (中信广场). Future supply will stem primarily from the new malls at CITIC Pacific Place (申虹广场), due to launch approximately 18,000 square meters of retail space later this year, and One Prime (壹丰广场) which is to commence soft opening of its 28,000 square meter retail mall at the end of 2012. Both have initial asking rentals of approximately RMB 30 per square meter per day on the ground floor. A pre-let of approximately 4,000 square meters in the basement of CITIC Pacific Place has been agreed with Super Brand (正大, 卜蜂莲花).

Shanghai ICP has a different offering to these malls, being focused on F&B complementing the office accommodation above, rather than being traditionally fashion and goods-oriented. As a result direct competition is not experienced and instead the enhanced retail offering in the surrounding area should benefit Shanghai ICP as customer footfall increases with retail massing.

The table below indicates a grading of various elements of comparable buildings in relation to Shanghai ICP.

Table 38: Level of Various Elements of Comparable Buildings in Relation to Shanghai ICP (Retail)

	Shanghai ICP	New World Printemps	Jiajie Plaza	Kaihong Plaza
Location	●	●	●	●
Quality of Building	◕	◕	◕	◕
Quality of Retail Offer	◕	◕	●	◕

Source: Colliers International Shanghai (CIS) Research

Key: ○ Low → ● High

Future Prospects

Office

New lease only Grade A office supply in the second half of 2012 in the downtown area of Shanghai is expected to total more than 400,000 square meters, with 35 percent of this in Puxi and 65 percent in Pudong. It is expected that demand for Grade A office space in Shanghai will remain strong in the second half of 2012, supported by positive pre-leasing momentum. Despite significant scheduled completions in the second half of 2012, the average vacancy rate of Grade A office space is not expected to exceed 12 percent in the next six months. Rental rates and capital values should stabilize or rise slightly.

Supply in Hongkou district will also increase, with the launch of CITIC Pacific Place and North Bund Pujiang International Finance Plaza, and two SOHO projects in 2014. Nevertheless, Shanghai ICP is expected to improve its occupancy levels slightly, underpinned by a growing demand for office space in off-prime areas at competitive rental levels. Current average rental at Shanghai ICP is slightly below the headline rentals at neighbouring competing projects and it is anticipated that there is room to further improve performance here if some cosmetic upgrades are made to parts of the property to bring the property more in line with newly launched competing developments.

Our view of anticipated performance is indicated below:

Table 39: Shanghai Office Market Outlook H2 2012

Shanghai Office	Shanghai Market H2 2012	Shanghai ICP 2012
Supply	↑	→
Vacancy Rate	↑	↓
Rental	↑	↑

Source: Colliers International Shanghai (CIS) Research

Shanghai's retail supply will be bolstered with the expected launch of approximately 600,000 square meters of new retail property supply in the second half of 2012. The significant increase in total stock of retail property in the coming two years will raise vacancy rates in the short term, leading to

increased activity and driving more competition in the leasing market. However, average rental rates are expected to maintain stable growth as demand remains strong from both domestic and international retailers and the quality and specifications of properties improve.

It is expected that the increased office supply in the vicinity will help to establish the Sichuan North Road area as a small commercial hub. Currently there is limited competition to Shanghai ICP's predominantly F&B focused retail offering and future activity in the area should be complementary to the retail performance, bringing slightly decreased vacancy and increased rentals. There is however future retail supply coming forward at neighbouring projects (for example CITIC Pacific Place and One Prime) and efforts should be made to improve the quality of the retail environment in the property in order to maintain competitiveness. The table below summarizes our outlook for the second half of 2012.

Table 40: Shanghai Retail Market Outlook H2 2012

Shanghai Retail	Shanghai Market H2 2012	Shanghai ICP H2 2012
Supply	↑	→
Vacancy Rate	↑	→
Rental	↑	↑

Source: Colliers International Shanghai (CIS) Research

6.5.1 Shanghai ICP SWOT Analysis

Strengths	Weaknesses
• Location on a bustling high street on a prominent intersection, the property is highly visible, particularly the large C&A retail unit • Situated directly adjacent to Metro Line 10 station with access to downtown Shanghai in 15 minutes, this line links directly with the renowned Xintiandi development and Nanjing Road CBD • Covered dedicated office pick up/drop off point • Offset office core with regular floorplate, this design enables subdivision of floor for smaller units • Clear positioning with a high concentration of shipping and logistics tenants in line with government plans for Hongkou. This trend is likely to attract similar tenants to this locality and create a degree of stability within the building • Prominent retail unit with return street frontage occupied by an international fashion brand with escalator access to second floor • Street level frontage to Sichuan North Road is occupied by good brands of F&B tenants that complement the office component • Modern attractive design • Retail component is likely to be stable under current positioning • Few large space users, limiting risk of a major tenancy void at any	• Communal office floors would benefit from refurbishment • Office component has a small entrance lobby consistent with Grade B office design • No central core with relatively low ceiling heights in office accommodation, columns are not flush with exterior wall • Access to upper floors of the F&B component is small and difficult to find • Some F&B tenants would appear to be underperforming • Retail component has small floor plate and as a result has no central atrium • Retail floors are difficult to subdivide into smaller units • Majority of retail suitable for only very large whole floor F&B operators

given time	
Opportunities	**Threats**
• New retail and office supply in the locality should help to establish the Sichuan North Road area further as a business hub and commercial destination • Off-prime office districts have been losing stigma of late and are proving more attractive to tenants looking for cost-effective rentals in accessible downtown locations • Upgraded common areas on multi-tenanted floors could improve the quality of environment leading to increased rentals and occupancy • Continued growth of the office market in this locality in the future should drive improved performance • Attract higher quality tenants • Tenants who have signed contracts in recent years may be reluctant to relocate due to capital investment on their office fit out • Negotiate improved rental terms on lease expiry and identify expansion requirements from existing tenants	• Global economic outlook for 2012 is generally cautious which could limit the number of new businesses opening, expanding or relocating to this locality • Competing office supply in 2012 from the new 40,000 square meter development at CITIC Pacific Place

APPENDIX 1 - CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

(a) Is by its nature confidential.
(b) Is designed by Us as confidential.
(c) You know or ought to know is confidential.
(d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'**Fee**' means the amount agreed to be paid for the Services as set out in the Quotation.

'**Parties**' means You or Us as the context dictates.

'**Quotation**' means the written quote provided by Us in relation to the Services.

'**Services**' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'**The Property**' means the assets which are subject of our appointment as your advisor.

'**We**', '**Us**', '**Our**', '**Colliers**' means Colliers International Limited.

'**You**', '**Your**', '**Client**' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'**Professional Property Practice Standards**' refers to RICS Valuation and Appraisal Handbook, or appropriate standards.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

(a) The Terms and Conditions contained herein; or
(b) As specifically instructed by You for the purpose of the Services; and
(c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed,

occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made; no detailed on site measurements have been taken.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We have not undertaken a detailed inspection of any plant and equipment or obtained advice on its condition or suitability.

3.10 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.11 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.

4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

5. BUILDING AREAS AND LETTABLE AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional

Property Practice Standards.

5.2 If you do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

6.1 Unless otherwise notified by You, We will assume:

(a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.

(b) All licences and permits can be renewed and We have not made any enquires in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report.

6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.

7. VALUATION FOR FIRST MORTGAGE SECURITY

7.1 Where the Services are provided for mortgage purposes, You agree that You will not use the valuation report where the property:

(a) Is used as security other than by first registered mortgage;

(b) Is used as part of a group of securities (except where the property forms part of a trust); or

(c) Is used as security for more than one loan.

7.2 We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:

(a) The proposed assignee is not a major recognised lending institution (such as a major bank);

(b) The assignment is sought in excess of 3 months after the date of valuation;

(c) We consider that there has been a change in conditions which may have a material impact on the value of the property.

(d) The proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at Clause 7.1); or

(e) Our fee has not been paid in full.

7.3 Where we decline to provide an assignment on either of the basis at 7.2(b) or (c), we may be prepared to provide an updated valuation on terms to be agreed at that time.

7.4 In the event that You request Us to assign Our valuation and We agree to do so, You authorize Us to provide to the assignee a copy of these Terms and Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.

8. ESTIMATED SELLING PRICE

8.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

(a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.

(b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.

(c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

8.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

9. CURRENCY OF VALUATION

9.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

9.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

9.3 Without limiting the generality of 9.2, You should not rely upon Our valuation:

(a) After the expiry of 3 months from the Currency Date;

(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

10. MARKET PROJECTIONS

10.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

10.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

10.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

11. YOUR OBLIGATIONS

11.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

11.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

11.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).

11.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided that You shall provide any such recipient with a copy of these Terms and Conditions.

11.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;

(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or

(b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

11.6 If You release any part of the valuation advice or its substance without written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation.

12. CONFIDENTIALITY

12.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written

approval of the form and context in which it may appear.

12.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

12.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

12.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

13. PRIVACY

13.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

14. SUBCONTRACTING

14.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

15. LIMITATION OF COLLIERS LIABILITY

15.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

15.2 All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

15.3 Colliers International, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

15.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

16. ENTIRE AGREEMENT

16.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

16.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

CONTACT DETAILS

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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 Maximum Offering Price of RMB4.70/S$0.915 per Unit 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).

Except where otherwise provided in the Application Forms, investors applying for the Units in the Offering by way of Application Forms or Electronic Applications are required to pay in Singapore dollars, the Maximum Offering Price of S$0.915 per Unit, 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 and without any right or claim against the Joint Bookrunners) where (i) an application is rejected or accepted in part only, (ii) if the Offering does not proceed for any reason or (iii) if the Offering Price is less than the Maximum Offering Price per Unit.

(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 19 October 2012 and expiring at 12.00 noon on 24 October 2012. The Offering period may be extended or shortened to such date and/or time as the Manager may agree with the Joint Bookrunners, subject to all applicable laws and regulations and the rules of the SGX-ST.

(3) 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 Form or by way of Automated Teller Machines ("**ATM**") belonging to the Participating Banks ("**ATM Electronic Applications**"), the Internet Banking ("**IB**") website of the Participating Banks, ("**Internet Electronic Applications**"), or through the DBS Bank mobile banking platform ("**mBanking Application**", which, together with ATM Electronic Applications and Internet Electronic Applications, shall be referred to as "**Electronic Applications**").

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 Form or in such other manner as the Joint Bookrunners may in their absolute discretion deem appropriate.

You must be in Singapore at the time of making the application for the Units.

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 Public Offer Units Application Form or

through an ATM Electronic Application, Internet Electronic Application or mBanking 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 SFA, 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 the discretion of the Manager.

(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, 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 documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the 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 accompanying documents (including the Application Forms)) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in parts 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 Manager reserves the right to reject any application for Units where the 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 Forms) 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 Manager reserves the right to reject any application which does not conform strictly to the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs, IB websites of the relevant Participating Banks and the mobile banking interface 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 Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs, IB websites of the relevant Participating Banks and the mobile banking interface 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 Manager, each of the Joint Bookrunners, as agents of the Manager, has been authorised to accept, for and on behalf of the Manager, such other forms of application as the Joint Bookrunners may, in consultation with the Manager, deem appropriate.

(16) The 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 Manager nor any of the Joint Bookrunners will entertain any enquiry and/or correspondence on the decision of the 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 Manager, deem appropriate. In deciding the basis of allocation, the 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 Manager lodges a supplementary or replacement prospectus ("**Relevant Document**") pursuant to the SFA 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 Manager will (as required by law) at the 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 the Manager whereupon the 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 and at his own risk).

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 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 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 the Manager of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the 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 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 Manager subject to any applicable laws.

(19) 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 Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee 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.

(20) 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 Manager, the Joint Bookrunners and any other parties so authorised by CDP, the Manager and/or the Joint Bookrunners.

(21) 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.

(22) 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 or mBanking 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 Maximum 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 Forms) and those set out in the IB websites or ATMs or mobile banking interface of the Participating Banks, the terms and conditions set out in this Prospectus and its accompanying documents (including the 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 Maximum Price for the Units applied for is due and payable to the Manager upon application;

(d) 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 Manager in determining whether to accept your application and/or whether to allocate any Units to you;

(e) 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 Manager nor any of the Joint Bookrunners will infringe any such laws as a result of the acceptance of your applications; and

(f) agree and confirm that you are outside the United States; and

(g) understand that the Units have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. There will be no public offer of the Units in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

(23) Acceptance of applications will be conditional upon, *inter alia*, the 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 Manager from time to time in full or part payment of the Manager's fees (including the Units which may be issued to the Manager from time to time in full or part payment of the 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 or issued or sold ("**Stop Order**"). The SFA provides that the Authority shall not serve a Stop Order if the units have issued or sold, and, listed for quotation on the SGX-ST and trading in them has commenced.

(24) In the event that a Stop Order in respect of the Units is served by the Authority or other competent authority, and:

(a) the contributions of the applicants for the Units have not yet been invested in accordance with the Prospectus and the Trust Deed:

(i) where Units have not been issued to the applicants, all applications shall (as required by law) be deemed to have been withdrawn and cancelled; or

(ii) where Units have been issued to the applicants, the issue of the Units shall (as required by law) be deemed to be void,

and the Manager shall, within 7 days from the date of the Stop Order pay to the applicants all monies which the applicants have paid for the Units, including contributions to Dynasty REIT and charges the applicants have paid to the Manager, its agent, or any person through whom the applicant has applied for the Units; or

(b) the contributions of the applicants for the Units have been invested in accordance with the Prospectus and the Trust Deed, the Authority may by notice in writing issue such directions to the Manager as it deems fit, including a direction that the Manager provide the applicants with an option, as such terms as the Authority may approve, to obtain from the Manager a refund of all moneys contributed by the applicants or to redeem their Units in accordance with the Trust Deed.

This shall not apply where only an interim Stop Order has been served.

(25) 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.

(26) An interim Stop Order may be served by the Authority where the Authority is of the opinion that any delay in serving a Stop Order pending the holding of a hearing required under Section 297(3) of the SFA (the "**Hearing**") is not in the interests of the public. In such event, the Authority may, without giving an opportunity to be heard, serve an interim Stop Order on the Manager directing that no or no further Units be allotted or issued. Such interim Stop Order shall, unless revoked by the Authority, be in force (a) until the Authority makes an order for a Stop Order where (i) the interim Stop Order was served during a Hearing or (ii) a Hearing was commenced while the Stop Order was in force, and (b) in any other case, for a period of 14 days from the day on which the interim Stop Order is served.

(27) 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 I-7 to I-11 of this Prospectus.

(28) 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 I-11 to I-16 of this Prospectus.

(29) Except where otherwise provided in the Application Forms, all payments in respect of any application for 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.

(30) No application will be held in reserve.

(31) This Prospectus is dated 18 October 2012. No Units shall be allotted or allocated on the basis of this Prospectus later than 12 months after the date of this Prospectus.

(32) In the event of any changes in the closing date of the Public Offer or the time period during which the Public Offer is opened, the Manager will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website: http://www.sgx.com or through a paid advertisement in one or more major Singapore newspapers.

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 I-1 to I-21 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 Form and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of this Prospectus.

Applications for the Placement Units may be made using the printed **BLUE** Placement Units Application Form accompanying and forming part of this Prospectus (or in such manner as the Joint Bookrunners may in their absolute discretion deem appropriate).

Without prejudice to the rights of the Manager and the Joint Bookrunners, the Joint Bookrunners as agents of the Manager, have been authorised to accept, for and on behalf of the Manager, such other forms of application for the Units, as the Joint Bookrunners may (in consultation with the 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 Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus 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 the Unit Registrar. The 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 using only cash.

Except where otherwise provided in the Application Forms, each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Maximum Offering Price of S$0.915, in respect of the number of Units applied for. Except where otherwise provided in the Application Forms, 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 "**DYNASTY SGD UNIT ISSUE A/C**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. All 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 (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price), 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 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;

(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 Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the 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 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 the Unit Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("**SCCS**"), SGX-ST, the 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 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 Maximum 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 12.00 noon on 24 October 2012 or such other date(s) and time(s) as the 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 Maximum Offering Price, as the case may be, for each Unit in respect of the number of Placement Units applied for, with your name, CDP 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 23 October 2012 or such other date(s) and time(s) as the 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.

(4) **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 I-1 to I-21 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), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mobile banking interface of the relevant Participating Banks (in the case of mBanking Applications). Currently, DBS Bank is the only Participating Bank through which mBanking Applications may be made.

(2) For illustration purposes, the procedures for Electronic Applications for Public Offer Units through ATMs, the IB website and the mobile banking interface of DBS Bank (together the "**Steps**") are set out in pages I-17 to I-21 of this Prospectus. The Steps set out the actions that you must take at ATMs, the IB website or the mobile banking interface of DBS Bank 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 Forms), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

Applicants applying for Public Offer Units by way of ATM Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time.

(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 or the mobile banking interface of DBS 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 the relevant 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 CDP 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 CDP Securities Account number, your application will be rejected. If you operate a CDP joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP 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 or a mBanking 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 or the mobile banking interface of DBS 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 and its accompanying documents (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 or mobile banking interface. 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.

By making an Electronic Application you confirm that you are not applying for the Public Offer Units as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Units and shall not make any other application for the Public Offer Units whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or the mobile banking interface of DBS Bank or on the Application Forms. Where you have made an application for Public Offer Units on an Application Form, you shall not make an Electronic Application for Public Offer Units and vice versa.

(7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application, Internet Electronic Application or mBanking Application, failing which such Electronic Application will not be completed. Any ATM Electronic Application, Internet Electronic Application or mBanking Application which does not conform strictly to the instructions set out in this Prospectus and its accompanying documents or on the screens of the ATMs or on the IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank, as the case may be, through which your ATM Electronic Application, Internet Electronic Application or mBanking 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 of your Participating Bank or the mobile banking interface of DBS (as the case may be) by authorizing 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 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 or the mobile banking interface of DBS) 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 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 security issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price), 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 security 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 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)	24 hours a day	Evening of the balloting day
United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("UOB Group")	1800-222 2121	ATM (Other Transactions — "IPO Enquiry")/Internet Banking www.uobgroup.com(3)	24 hours a day	Evening of the balloting day

Notes:

(1) Applicants who have made Internet Electronic Applications through the IB website of DBS Bank or mBanking Applications through the mobile banking interface of DBS Bank 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 Bank.

(2) Applicants who have made Electronic Applications through the ATMs or the IB website of OCBC Bank may check the results of their applications through OCBC Personal Internet Banking, OCBC's ATMs or OCBC Phone Banking services.

(3) Applicants who have made Electronic Applications through the ATMs or the IB website of UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB Group's ATMs or UOB Phone Banking services.

(13) ATM Electronic Applications shall close at 12.00 noon on 24 October 2012 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners. All Internet Electronic Applications and mBanking Applications must be received by 12.00 noon on 24 October 2012, or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners. Internet Electronic Applications and mBanking 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 Manager to:

(a) register the Public Offer Units allocated to you in the name of CDP for deposit into your CDP Securities Account;

(b) 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 security issue account; and

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Minimum Offering Price), 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 security 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 Manager, and the Joint Bookrunners, and if, in any such event the 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 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 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 Manager making available the Electronic Application facility, through the Participating Banks acting as agents of the Manager, at the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface of DBS:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by the 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 nonexclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not located in the United States (within the meaning of Regulation S);

(b) none of CDP, the 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 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 Manager and not otherwise, notwithstanding any payment received by or on behalf of the 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 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 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.

- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENTS BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

PRESS THE “ENTER” KEY TO CONFIRM THAT YOU HAVE READ AND UNDERSTOOD

8: Select “DYNASTY” 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.

- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY. YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

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 Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank 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 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 "DYNASTY" 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.

- FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

- FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

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.

Steps for mBanking Applications for Public Offer Units through the mBanking interface of DBS

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated from ("A/C", "&", "amt", "I/C", "SGX" and "No." refer to "Account", "and", "Amount", "NRIC", "SGX-ST" and "Number", respectively).

Step 1: Click on DBS Bank mBanking application using your User ID and PIN.

2: Select "Investment Services".

3: Select "Electronic Securities Application".

4: Select "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 as amended).

5: Select your country of residence.

6: Select "DYNASTY".

7: Select "Yes" 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.

- FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

- FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

8: Fill in details for securities application and click "Submit".

9: Check the details of your securities application, your CDP Securities A/C No. and click "Confirm" to confirm your application.

10: Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

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LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

(A) Directors of the Manager

(1) Chiu Kwok Hung Justin

Current Directorships

1881 Heritage Hotel Management Limited
8 Degrees Resources Limited
Able Sharp Group Limited
Ace Act International Limited
Achieve Point Holdings Limited
Advancing Stock Limited
Agrila Limited
Alcon Investments Limited
Alliance Talent Limited
Ample Jungle Investments Limited
Apex Profit Developments Limited
ARA Amfirst (Singapore) Pte. Ltd.
ARA Asia Dragon Ii Limited
ARA Asia Dragon Limited
ARA Asset Management (Fortune) Limited
ARA Asset Management (Hk) Limited
ARA Asset Management (Malaysia) Limited
ARA Asset Management (Prosperity) Limited
ARA Asset Management Limited (Listed On The Main Board Of The Exchange In Singapore)
ARA Capital Investors I Pte. Ltd.
ARA China Investment Partners Limited
ARA Financial Pte Ltd
ARA Fund Management (Asia Dragon) Limited
ARA Fund Management (Cip) Limited
ARA Harmony Limited
ARA Hui Xian (Holdings) Limited
ARA Hui Xian (Singapore) Pte. Ltd.
ARA Investment (Amfirst) Limited
ARA Investment I Pte. Ltd.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Al Islami Far Eastern Real Estate Fund Limited
Anson Investments Limited
ARA Asian Asset Income Fund
ARA Asian Asset Income Master Fund
ARA Asset Management (Fortune) Hong Kong Limited
ARA Boustead Limited
ARA Strategic Capital (Holdings) Pte Ltd
ARA Strategic Capital I Pte Ltd
Asiana Investments Limited
Aster Investments Limited
Beijing Net-Infinity Technology Development Co., Ltd
BFC Development Pte, Ltd.
BFC Development Pte. Ltd.
Champton Investments Limited
Cheer Luck Investment Limited
China Capital Partners Limited
Comina Investment Limited
Creston Investments Limited
Crown Way International Limited
Dragon Pearl Investment Limited
East Leader Investments Limited
Enrich Global Limited
E-Park Parking Management Limited
FarAsia Investments Limited
First Investments Limited
Fortune Port Group Limited
Innonet (Holdings) Limited
Jetlink Investments Limited

ARA Investors Ii Limited
ARA Management Pte. Ltd.
ARA Managers (Asia Dragon) Pte. Ltd.
ARA Managers (Cip) Pte. Ltd.
ARA Managers (Harmony) Pte. Ltd.
ARA Portfolio Management (Singapore) Pte. Ltd.
ARA Portfolio Management Limited
ARA Private Equities Limited
ARA Prosperity (Singapore) Pte. Ltd.
ARA Re Investment Group (Singapore) Pte. Ltd.
ARA Re Investment Group Limited
ARA Real Estate Investors I Limited
ARA Real Estate Investors Iii Limited
ARA Real Estate Investors V Limited
ARA Real Estate Investors Vii Limited
ARA Real Estate Investors Viii Limited
ARA Trust Management (Dynasty) Pte. Ltd.
ARA Trust Management (Horizon) Limited
ARA Trust Management (Suntec) Limited
Arenal Limited
Arra Development S.A.
Art Champion Investment Limited
Asia Pacific International Enterprises Limited
Asian Treasure Investments Limited
Asset Legend Limited
Aylmer Profits Limited
Ayrshire Investment Limited
Bavette Limited
Bayshore Property Management Limited
Beaumount Holdings Limited
Beautiland Company Limited
Beauty Gold Enterprises Limited
Becogate Limited
Benform Limited
Bennett Investment Holdings Ltd
Bermington Investment Limited
Best Desire Investments Limited
Better Ace Group Limited
Bfc Development Llp
Kings Castle International Ltd
Leveron Investments Limited
Linca Investment Limited
Loyal City Services Limited
Manlai Court Property Management Company Limited
Marvel Point Investments Limited
Mega Gain Resources Limited
Million Investments Limited
New Euro Limited
One-Stop Mortgage Company Limited
Shing Yee Investment Limited
Silver Sight Property Management Limited
The Cairnhill Property Management Limited
The Portofino (100) Limited
The Portofino (102) Limited
The Portofino (106) Limited
The Portofino (108) Limited
The Portofino (110) Limited
The Portofino (112) Limited
The Portofino (116) Limited
The Portofino (118) Limited
The Portofino (120) Limited
The Portofino (121) Limited
The Portofino (122) Limited
The Portofino (123) Limited
The Portofino (125) Limited
The Portofino (126) Limited
The Portofino (127) Limited
The Portofino (128) Limited
The Portofino (129) Limited
The Portofino (130) Limited
The Portofino (131) Limited
The Portofino (132) Limited
The Portofino (135) Limited
The Portofino (136) Limited
The Portofino (137) Limited
The Portofino (139) Limited
The Portofino (150) Limited
The Portofino (151) Limited
The Portofino (157) Limited

Billion Rise Limited
Biro Investment Limited
Blackmoor Investments Limited
Blissjoy International Limited
Bonder Way Investment Limited
Bouga Investments Limited
Bovision Limited
Bradford Investments Limited
Bravo Time Holdings Limited
Bright Sign Services Limited
Bristow Investments Limited
Carlford Investments Limited
Carton International Limited
Casson Investments Limited
Central Boulevard Development Pte Ltd
Champful Limited
Champion Runner Limited
Charm Aim International Limited
Charm City Investments Limited
Charmford International Limited
Cheer Good Limited
Cheung Kong (Bermuda) Limited
Cheung Kong (China Housing Development) Limited
Cheung Kong (China Investment Holdings) Limited
Cheung Kong (China Property Development) Limited
Cheung Kong (Developments) Limited
Cheung Kong (Holdings) Limited
Cheung Kong Center Property Management Limited
Cheung Kong Development Company Limited
Cheung Kong Enterprises Holdings Limited
Cheung Kong Finance Company Limited
Cheung Kong International Investment Inc.
Cheung Kong International S.A.
Cheung Kong Property Development Limited
Cheung Kong Property Management Limited
The Portofino (160) Limited
The Portofino (161) Limited
The Portofino (162) Limited
The Portofino (163) Limited
The Portofino (166) Limited
The Portofino (167) Limited
The Portofino (170) Limited
The Portofino (172) Limited
The Portofino (176) Limited
The Portofino (178) Limited
The Portofino (180) Limited
The Portofino (188) Limited
The Portofino (90) Limited
The Portofino (92) Limited
The Portofino (96) Limited
The Portofino (98) Limited
The Portofino (Al) Limited
The Portofino (A2) Limited
The Portofino (A3) Limited
The Portofino (A5) Limited
The Portofino (A6) Limited
The Portofino (B1) Limited
The Portofino (B2) Limited
The Portofino (B3) Limited
The Portofino (B5) Limited
The Portofino (B6) Limited
The Portofino (C2) Limited
The Portofino (C6) Limited
The Portofino (02) Limited
The Portofino (03) Limited
The Portofino (D5) Limited
The Portofino (D6) Limited
Trendy Warehouse Company Limited
Vigour Limited
Walton Investments Limited
Wellford Group Limited

Cheung Kong Real Estate Agency Limited
Cheung Kong Real Estate Limited
China Cheung Kong Property Investment Limited
China Golden Sea Petroleum Co., Ltd.
Chinex Limited
Chinowa Group Limited
Choicewide Group Limited
City Access Limited
City Champion Investments Limited
City Investments Limited
City Magic Holdings Limited
City Orient Investments Limited
City Sparkling Limited
City Vanguard Limited
Citybase Property Management Limited
Citypoint Investment Limited
Citytruth Property Management Limited
Clear Success International Limited
Comina Investment Limited
Complete Wiz Investments Limited
Concordia Property Management Limited
Cosmo Best Limited
Cosmos Wide International Limited
Crown Treasure Investments Limited
Crystal Glass Limited
Damen Limited
Deerhill Bay Management Limited
Desmark Investment Limited
Diamond Jubilee Investment Limited
Dor Palace Company Limited
East City Investments Limited
Easypro Group Limited
Elite Property Advisors Limited
Enterpark Limited
Esteem-Rite Limited
Even Spread Limited
Excellent Star Limited
Expert Pro Holdings Limited
Fantastic State Limited
Flying Snow Limited

Foo Chung Realty Limited
Foo Yik Estate Company Limited
Fordcity Group Limited
Galand Limited
Galaxy Power Investment Limited
Garbo Field Limited
Gartech Resources Limited
Germinish Company Limited
Giga Resources Limited
Glass Bead Limited
Glenfield Investments Pte Ltd
Global Coin Limited
Glorient Investments Limited
Go Best Investments Limited
Gold Braid Limited
Gold Creek Enterprises Limited
Golden Famous International Limited
Golden Famous International Limited
Goldwin Property Management Limited
Good Rich Investments Limited
Good Sun Profits Limited
Goodwell Property Management Limited
Gorich Idea Limited
Gorich Profits Limited
Grand Elegant Investment Limited
Grand Plan Investments Inc.
Grand Waterfront Development Pte. Ltd.
Grandeur Era Limited
Grandwood Investments Limited
Grayhill Estates Limited
Great Art Investment Limited
Great Fame International Limited
Great Hope International Limited
Greats Assets Limited
Harbour Grand (H.K.) Resources Limited
Harbour Grand Hong Kong Limited
Harbour Plaza 8 Degrees Limited
Harbourfront Landmark Management Limited
Haynes Estates Limited
Hilder Company Limited

Hincow Limited
Hincow Limited
Holistic Gain Limited
Hong Kong Shanghai Development Co
Limited
Hong Kong Shanghai Development Co Ltd
Honson Holdings Limited
Honson Holdings Limited
Hop Fook Hing Investment Company Limited
Horizon Hospitality (Holdings) Limited
Horizon Hotels & Suites Limited
Hosar Investment Limited
Houston Asset Management Limited
Hwp Investment Holdings (Singapore) Pte Ltd
Hyperforce Limited
Idola Holdings Limited
In Favour Assets Limited
Interwest Resources Limited
Ivision International Limited
J. A. Company Limited
Jabrin Limited
Japura Development Pte Ltd
Japura Pte Ltd
Jingcofield Limited
Jolly Concept Holdings Limited
Joynote Ltd
Jubilant Plant Nursery Limited
Jubilee Year Investments Limited
Jurado Limited
Kamos Limited
Kentex Enterprises Limited
Kido Profits Limited
Killam Group Limited
King Century Investments Limited
Kingsmark Investments Limited
Kingswood Property Services Limited
Konorus Investment Limited
Korn Reach Investment Limited
Laguna City Property Management Limited
Laguna Verde Property Management Limited
Landinvest Investment Limited

Lasco Resources Limited
Lead Ahead Group Limited
Lifestyle Plus Limited
Luxury Green Development Pte. Ltd.
Magic Champ Limited
Mansford Enterprises Limited
Mantex Services Limited
Maranta Estates Limited
Marina Bay Residences Pte. Ltd.
Marina Bay Suites Pte. Ltd.
Marino Capital Holdings Limited
Marketon Investment Limited
Match Power Investment Limited
Maxchief Limited
Mcbride International Limited
Menendez Investments Limited
Metrofond Limited
Mexton International Limited
Milo Top Development Limited
Mocore Investment Limited
Montaco Limited
Monte Vista Management Limited
More Fortune Investments Limited
Most Sunny Limited
Mutual Luck Investment Limited
New Accord Limited
New Castle Investments Limited
New City Investments Limited
New Harbour Investments Limited
New Solomon Investments Limited
New Vision Development Limited
Nimble Market Limited
Nob Hill Management Limited
Noble Sail Limited
Numarko Limited
Ocean Century Investments Limited
One Raffles Quay Pte Ltd
Oxford Investments Limited
Pacific Land International Limited
Pacific Top Development Limited
Pako Wise Limited

Partner Vision Holdings Limited
Pearl Wisdom Limited
Pecan Foundation Limited
Pecan Investment Holdings Limited
Pecan Properties Limited
Pedderstar Limited
Pentech Investment Limited
Perfect Figure Investments Limited
Perfect Idea Limited
Petman Limited
Pine Fragrance Limited
Plan Achieve Limited
Platinum Ring Limited
Plentiwise International Limited
Plus Profit Investments Limited
Pofield Investments Limited
Pomer International Limited
Portofino Management Limited
Potent Limited
Presion Limited
Prima Enterprise Corp.
Prime Prosperous Limited
Prime Riches Limited
Profit Land Global Enterprises Inc.
Prompton Property Management Limited
Property Enterprises Development
(Singapore) Pte Ltd
Prospect Acme Limited
Quebocity Limited
Queensway Investments Limited
Radiant Talent Investments Limited
Raffles Quay Asset Management Pte Ltd
Rainbow Elite Investments Limited
Randash Investment Limited
Ranon Limited
Regent Land Investments Limited
Renton International Limited
Resort Clubs Limited
Rich Asia Investments Limited
Rich Group Investments Limited

Rich View Investments Limited
Rich Will Investment Limited
Richly Reward Limited
Rivet Profits Limited
Roseberg Resources Limited
Rq Commercial Management Pte. Ltd.
Rq Hotel Management Pte. Ltd.
Rq Residence Pte. Ltd.
Ruby Star Enterprises Limited
Sai Ling Realty Limited
Sceneway Property Management Limited
Serwell Property Management Limited
Shanghai Forte Xinhe Real Estate
Development Co Ltd
Sherio Limited
Shinta Limited
Silver Keen Company Limited
Silver King Investments Limited
Silver Treasure Investment Limited
Silverhill Holdings Limited
Sino China Enterprises Limited
Sino Vantage Limited
Smart Wise Resources Limited
Soundmax Limited
Southern Mount Limited
Splendid Well Limited
Sprado Company Limited
Stanley Investments Limited
Sulham Limited
Sunfex Limited
Sunwise Enterprises Limited
Tajo Holdings Limited
Terrier International Limited
The Center (19) Limited
The Center (20) Limited
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The Center (72) Limited
The Center (75) Limited
The Center (76) Limited
The Center (77) Limited
The Center (Car Parks) Limited
The Center (Display Spaces) Limited

The Center (Holdings) Limited
The Center (Leasing Agent) Limited
The Center 42 (No.2) Limited
The Center 78 (No. 2) Limited
The Center Commercial (B.V.I.) Limited
The Center International Limited
The Lucky Dragon Development (H.K.) Limited
The Metropolis Management Company Limited
The Paramount Management Limited
Thorogood Estates Limited
Time Grow Holdings Limited
Tin Shui Wai Development Limited
Titanic Investments Limited
Tony Investments Limited
Top Fame Group Limited
Top Merit Enterprises Limited
Topview Development Limited
Total Wonder Holdings Limited
Towerich Limited
Trade Ally Holdings Limited
Treasure Well Investments Limited
Triumph King Limited
Tsing-Yi Realty, Limited
Union Art Investment Limited
Union Way Profits Limited
University Heights Management Company Limited
Verda Max Limited
Vista Paradiso Property Management Limited
Wah Tung Trading Company Limited
Wateredge Enterprises Limited
Wealth Finder Limited
Wealth Pine Investment Limited
Webbland Limited
Well Support Investments Limited
Wide Global Investment Limited
Wit Profits Limited
Wonder Pacific Investment Limited
Wooco Investment S.A.
Wychwood Development Limited

(2) Lim Hwee Chiang John

Current Directorships

ADF Phoenix VI Limited
Am ARA REIT Holdings Sdn Bhd
Am ARA REIT Managers Sdn Bhd
JL Investment Holding (2012) Ltd
Suntec International Convention & Exhibition Consultancy Pte. Ltd.
APM (Holdings) Pte Ltd
APM Property Management Pte Ltd *(formerly known as Suntec City Management Pte Ltd)*
APN Property Group Limited
ARA AmFirst (Singapore) Pte Ltd
ARA Asia Dragon Limited
ARA Asia Dragon II Limited
ARA Asset Management (Fortune) Limited *(formerly known as ARA Asset Management (Singapore) Limited)*
ARA Asset Management (HK) Limited
ARA Asset Management (Holdings) Limited
ARA Asset Management Limited
ARA Asset Management (Malaysia) Limited
ARA Asset Management (Prosperity) Limited
ARA Cache (Holdings) Pte Ltd
ARA Capital Investors I Pte Ltd
ARA China Investment Partners Limited
ARA-CWT Trust Management (Cache) Limited
ADF Dragon Limited
ADF Dragon II Limited
ARA Financial Pte Ltd
ARA Fund Management (Asia Dragon) Limited *(formerly known as ARA Asia Real Estate Fund Management Limited)*
ARA Fund Management (Asia Dragon II) Limited

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Accurate International Land Limited
Al Islami Far Eastern Real Estate Fund Limited
ARA Asian Asset Income Fund
ARA Asian Asset Income Master Fund
ARA Asia Silver Real Estate I Limited
ARA Asset Management (Fortune) Hong Kong Limited *(formerly known as ARA Asset Management (Fortune) Limited)*
ARA Boustead Limited
ARA Fund Management (Silver) Limited
ARA RECP Fund Management Limited
ARA RECP Managers Pte. Ltd.
ARA Strategic Capital (Holdings) Pte. Ltd.
ARA Strategic Capital I Pte. Ltd.
China Capital Partners Limited
Fortune Port Group Limited
Japura Development Pte. Ltd.
Pteris Global Limited (formerly known as Inter-Roller Engineering Limited)
Teckwah China Corporation Pte. Ltd.
Wellford Group Limited
Suntec Penang Holdings Limited
Suntec Malaysia Holdings Limited
Asia Pacific Real Estate Association
ARA Managers (Silver) Pte. Ltd.
APM (China) Consultancy Limited
APM (China) Holdings Limited

ARA Fund Management (CIP) Limited
ARA Harmony Limited *(formerly known as ARA Investments (SCD) Limited)*
ARA Hui Xian (Holdings) Limited
ARA Hui Xian (Singapore) Pte. Ltd.
ARA Investment I Pte Ltd
ARA Investment (AmFirst Limited)
ARA Investors II Limited
ARA Management Pte Ltd
ARA Managers (Asia Dragon) Pte Ltd *(formerly known as ARA Asia Real Estate Managers (Icon) Pte Ltd)*
ARA Managers (Asia Dragon II) Pte Ltd
ARA Managers (Beijing) Limited
ARA Managers (CIP) Pte. Ltd.
ARA Managers (Harmony) Pte Ltd *(formerly known as ARA Advisors I Pte Ltd)*
ARA Managers (Silver) Pte Ltd
ARA Portfolio Management Limited
ARA Portfolio Management (Singapore) Pte Ltd
ARA Private Equities Limited
ARA Prosperity (Singapore) Pte Ltd
ARA Property Management Pte Ltd
ARA Real Estate Investors I Limited
ARA Real Estate Investors III Limited
ARA Real Estate Investors V Limited
ARA Real Estate Investors VIII Limited
ARA Real Estate Investors VI Limited *(formerly known as ARA Holdings (Investors IV) Limited)*
ARA Real Estate Investors IV Limited
ARA Real Estate Investors VII Limited
ARA RE Investment Group Limited
ARA RE Investment Group (Singapore) Pte Ltd
ARA Trust Management (Horizon) Limited

ARA Trust Management (Suntec) Limited
Bennett Investment Holdings Ltd
Elite Investments II Limited
Harmony Convention Holding Pte Ltd
Harmony Investors Group Limited
Harmony Investors Holding Limited
Harmony Partners Investments Limited
Hui Xian Asset Management Limited
Hui Xian (B.V.I.) Limited
Jadeline Capital Sdn Bhd
JLIG (Dragon) Limited
JL Investment Group Limited
Lim Hoon Foundation Limited
MVF3 Ltd *(formerly known as Plus Gain Investment Limited)*
Plus Grow Investments Limited
Suntec Harmony Pte Ltd
Suntec Malaysia Holdings Limited
Suntec Singapore International Convention & Exhibition Services Pte Ltd (*formerly known as Suntec Singapore International Convention & Exhibition Centre Pte Ltd)*
Teckwah Industrial Corporation Limited *(formerly Teckwah Paper Products Ltd)*
The Land Managers (S) Pte Ltd
Whirlwind (Tianjin) Asset Management Limited
World Deluxe Enterprises Limited
天津翠金湖房地产开发有限公司
盈汇润景(天津)投资管理有限公司
Suntec International Consultancy Limited
ARA Managers (Shanghai) Limited

(3) Lim Lee Meng

Current Directorships	**Past Directorships (for a period of five years preceding the Latest Practicable Date)**
ARA Asset Management (Fortune) Limited	Datapulse Technology Limited
ARA Trust Management (Suntec) Limited	Driston Investments Limited
Casino Regulatory Authority	Educare Co-operative Limited
Luminart Pte. Ltd.	Europtronic Group Limited
SBA Stone Forest (China) Pte. Ltd.	Oomph Pte. Ltd.
SF Consulting Pte. Ltd.	Stone Forest Consulting Limited
Sunshine Capital Group Ltd. *(Formerly known as Stone Forest IT Limited)*	Techwah China Corporation Pte. Ltd.
Stone Forest IT Pte Ltd	
Stone Forest Management Consultants Sdn Bhd	
Stone Forest Pte. Ltd.	
Teckwah Industrial Corporation Ltd	
Tye Soon Limited	
RSM Tax Advisory Pte. Ltd.	
Sunshine Ventures Pte. Ltd.	
The Activation Group Pte. Ltd.	
VMSD Pte. Ltd.	
Stone Forest Global Business Pte. Ltd.	
Stone Forest Academy Pte. Ltd.	
RSM Chio Lim LLP	
RSM China (Singapore) LLP	
CLSF LLP	
SF Capital Investment Pte. Ltd.	
Sunshine Capital Group Pte. Ltd.	

(4) Lim Kong Puay

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Newearth Pte. Ltd.	NIL
Newearth Singapore Pte. Ltd.	
TP Asset Management Pte. Ltd.	
TPGS Green Energy Pte. Ltd.	
TP Utilities Pte. Ltd.	
Tuas Power Supply Pte. Ltd.	

(5) Yu-Foo Yee Shoon

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Dimenson International College	NIL
Ephone International Pte Ltd	
Hainan University	
SilkrouteAsia Pte Ltd	
Singapore Breast Cancer Foundation	
Singapura Finance Limited	
Nuri Holdings (S) Pte. Ltd.	

(B) Executive Officers of the Manager

(1) Mark Chu

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Monarchy Investment Limited	NIL

(2) Kong Tai Meng Thomas

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
ADF Tiger VI Limited	ADF Phoenix VII Limited
Dalian Boyuan Co. Ltd.	CBG Holdings Limited
Lei Fu Real Estate (Shanghai) Company Ltd	Favour Rise Group Limited
Nanjing Rich Field Real Estate Development Co. Ltd.	Dalian Defang Property Management Co. Ltd.
Elite Properties (HK) Limited	Lei Fu Property Management (Shanghai) Company Ltd.
Lanrich International Limited	Shanghai Green North Real Estate Co. Ltd
1MK Holdings Sdn Bhd	China Benefit Group Limited
1MK Office Sdn Bhd	Accurate (Nanjing) Land Limited
1MK Retail Sdn Bhd	
Attic Holdings Sdn Bhd	
Bright Way Realty Sdn Bhd	
Delta Awana Sdn Bhd	
Eight Saga Sdn Bhd	
Focal Quality Sdn Bhd	
FQ Holdings Sdn Bhd	
Lion Ipoh Sdn Bhd	
Lion Klang Parade Sdn Bhd	
Majestic Appeal Sdn Bhd	
Mont Hazel Sdn Bhd	
Pinkbury Sdn Bhd	

(3) Chai Hoon Teng

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Monarchy Investment Limited	NIL

(4) Chan See Sharon

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
NIL	NIL

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SPONSOR

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Singapore 018983

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盛世

DYNASTY

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