

**Superior Court of the State of California
County of Sacramento**

John Finley Scott, et al., Plaintiffs

v.

Roger D. Snell., et al., Defendants

Class Action

Case No. 01AS07849

Hon. Loren E. McMaster

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT
AND FINAL APPROVAL HEARING**

TO: ANY PERSON WHO OWNED SHARES OF COMMON STOCK OF THE PEREGRINE REAL ESTATE TRUST ON MARCH 19, 2001

THIS NOTICE MAY AFFECT YOUR RIGHTS. PLEASE READ IT CAREFULLY.

The purpose of this Notice is to inform you of: (1) a proposed settlement which has been reached in the class action which was filed on behalf of the minority shareholders of The Peregrine Real Estate Trust (“Peregrine”) arising out of the merger transaction between Peregrine and WinShip Properties (“WinShip”) which was concluded on March 19, 2001; and (2) a final approval hearing which has been set for March 17, 2006 at 2:00 p.m. in order to determine whether the proposed settlement is fair, reasonable and adequate to the members of the Settlement Class.

This Notice is being sent to you in a form and in a manner approved by the Sacramento Superior Court. However, this Notice is not an expression of any opinion by the Sacramento Superior Court as to the merits of the claims or defenses by any of the parties to this class action. Rather, this Notice is being sent to you because the records of Peregrine indicate that you may be a member of the Settlement Class.

As set forth below in the section entitled “The Proposed Settlement”, a proposed settlement has been reached in the class action which is subject to court approval. If the settlement is approved by the Sacramento Superior Court, then eligible members of the Settlement Class will be entitled to receive a cash payment in an amount to be determined according to a plan of allocation approved by the Court.

PARTIES TO THE CLASS ACTION

The plaintiffs who are pursuing this class action on behalf of the members of the Settlement Class are Brian Engstrom and Scott Haskins (together, “Plaintiffs”). Plaintiffs are former minority shareholders of Peregrine who were certified by the Sacramento Superior Court to represent the interests of the other members of the Settlement Class in this action.

The defendants in this class action are Roger D. Snell, D. Richard Masson, Carson R. McKissick, Matthew L. Witte and Michael C. Joseph (collectively, “the Individual Defendants”), as well Peregrine and WinShip. The Individual Defendants are each former members of the Board of Trustees of Peregrine. WinShip is a real estate trust and the entity which resulted from the merger transaction with Peregrine.

DESCRIPTION OF THE CLASS ACTION

This lawsuit arose out of the “going private” merger transaction between Peregrine and WinShip in March of 2001. Prior to the merger, Peregrine was a publicly-traded real estate trust that owned a portfolio of diversified real estate assets, including hotels and various commercial properties. Approximately 90% of Peregrine’s common stock was owned by the Majority Shareholders. The balance of Peregrine’s common stock was owned by a group of shareholders, including Plaintiffs, who collectively constituted a minority interest in Peregrine (“the Minority Shareholders”). Pursuant to the Agreement and Plan of Merger (“the Merger Agreement”) for the transaction, each share of Peregrine common stock owned by the Minority Shareholders was converted into the right to receive \$0.59 in cash.

Plaintiffs allege that, in entering into the Merger Agreement and proceeding with the merger, the Defendants failed to engage in a fair process and failed to adequately protect the interests of the Minority Shareholders. Plaintiffs contend that, as a result of Defendants’ alleged wrongdoing, the Minority Shareholders received less than a fair price, on a dollars-per-share basis, for their shares of common stock of Peregrine.

Defendants deny any wrongdoing in connection with the going-private transaction, and Defendants maintain that they are entering into the proposed settlement to avoid the expense of continued litigation. The Court has made no ruling on the validity of Plaintiffs’ claims, and the proposed settlement does not constitute an admission of any wrongdoing whatsoever by the Defendants.

CLAIMS ALLEGED IN THE CLASS ACTION

The original complaint in this class action was filed by class members John Finley Scott and Peter W. Brunn on December 24, 2001. Plaintiffs filed their Complaint in Intervention on December 18, 2003. In their complaint, Plaintiffs alleged claims for breach of fiduciary duty, abuse of control, constructive fraud, unjust enrichment and declaratory relief arising out of the actions and conduct of the Individual Defendants, Peregrine and Winship (collectively, "Defendants") in connection with the merger transaction. Defendants filed their answer to the Complaint in Intervention on February 20, 2004, denying the allegations in Plaintiffs' complaint and asserting various affirmative defenses. On August 19, 2005, the Sacramento Superior Court granted summary judgment in favor of all Defendants on the cause of action for unjust enrichment and granted summary judgment in favor of the Individual Defendants on the cause of action for constructive fraud.

CLASS ACTION DETERMINATION

In an order entered by the Honorable Loren E. McMaster on February 27, 2003, the Sacramento Superior Court certified this action as a class action. Thereafter, in an order entered on December 22, 2003, the Court certified Plaintiffs to act as the representatives of the Class. The Court certified Plaintiffs' counsel, Arias, Ozzello & Gignac, LLP and Taylor & McNew LLP, to serve as Class Counsel.

THE PROPOSED SETTLEMENT

In full and complete settlement of all claims alleged in the class action, Defendants are paying the sum of \$1.25 million which has been deposited into an interest bearing account pending the Court's final approval of the proposed Settlement (the "Settlement Fund"). At such time as the Settlement is finally approved by the Court and becomes final as a matter of law, then the Settlement Fund shall be distributed as follows:

- (1) Plaintiffs' counsel shall make an application to the Court for an award of attorneys' fees, incentive awards for the class representatives and reimbursement of litigation costs. Such amounts, to the extent approved by the Court, shall be paid from the Settlement Fund.
- (2) Any fees and costs of the court-approved Settlement Administrator (including, without limitation, the costs of providing this notice to the members of the Settlement Class, the cost of processing claim forms submitted by members of the Settlement Class, and the cost of issuing distributions to eligible members of the Settlement Class), to the extent approved by the Court, shall be paid from the Settlement Fund.
- (3) The balance of the funds remaining after the payment of the amounts described in paragraphs (1) and (2) above (the "Net Settlement Fund") shall be distributed to the members of the Settlement Class as follows: (a) each member of the Settlement Class who previously exchanged his/her/its shares of common stock of Peregrine for a payment of \$0.59 per share in connection with the Merger shall be automatically eligible to receive a distribution from the Net Settlement Fund; (b) each member of the Settlement Class who did not previously exchange his/her/its shares of common stock of Peregrine for a payment of \$0.59 per share in connection with the Merger shall be eligible to receive a distribution from the Net Settlement Fund if, and only if, such member submits to the court-approved Settlement Administrator a sworn proof of claim attesting to his/her/its ownership of a specific number of shares of Peregrine common stock and supporting documents (such as copies of stock certificates, investment reports, or trading confirmation slips) establishing that such member owns the claimed amount of shares of Peregrine common stock; and (c) the Net Settlement Fund shall be allocated among the members of the Settlement Class in accordance with the plan of allocation approved by the Court as follows: Each member of the Settlement Class who becomes eligible for a payment under the Settlement Agreement shall be paid an amount which is calculated by dividing the individual eligible class member's number of shares by the total number of eligible shares (defined as the sum of all shares owned by only those Settlement Class members who become eligible for a payment under the Settlement Agreement) and then multiplying that result by the monetary value of the Net Settlement Fund.

Any member of the Settlement Class who did not previously exchange his/her/its shares of common stock of Peregrine for a payment of \$0.59 per share in connection with the Merger and who fails to submit a timely proof of claim and supporting documents within 90 days of entry of Final Judgment which is approved by the court-appointed Settlement Administrator shall be deemed to have waived any right to any payment, distribution or benefits under the Settlement Agreement. A proof of claim form is attached to this Notice.

PRELIMINARY APPROVAL BY THE COURT

The Sacramento Superior Court has preliminarily approved the proposed Settlement as fair, reasonable and adequate to the members of the Settlement Class. If the Court grants final approval to the proposed Settlement, then the Court will enter a final judgment, approving the Settlement and dismissing the class action with prejudice, which will be binding upon all members of the Settlement Class.

RECOMMENDATION OF CLASS COUNSEL

The settlement was agreed upon by the parties only after the parties had completed extensive discovery, participated in arm's-length negotiations, and engaged in a mandatory settlement conference. After taking into account the disputed factual and legal issues involved in the class action, the substantial information learned through discovery in the class action, and the substantial benefits to be received by the members of the Settlement Class, Plaintiffs and Class Counsel have concluded that the settlement is in the best interests of the members of the Settlement Class.

RELEASE OF CLAIMS BY CLASS MEMBERS

If the settlement is granted final approval by the Court, all members of the Settlement Class will absolutely and irrevocably release and forever discharge each and every one of Defendants, the Majority Shareholders and each of their successors, assigns, affiliates, officers, directors, partners, members, investors, fiduciaries, shareholders, agents, attorneys, and employees (collectively, the "Released Parties") from any and all claims, rights, demands, suits, actions or causes of action, losses, costs, obligations, liabilities, expenses, debts and duties of every kind or nature, known or unknown, suspected or unsuspected, asserted or unasserted, fixed or contingent, at law or in equity, arising out of the Merger and/or any actions taken by the Released Parties in connection with the Merger, whether before or after the Merger, including, without limitation, any claims alleged in or related to the class action. This release will bind all members of the Settlement Class regardless of whether they file a proof of claim and/or receive a payment from the Settlement Fund.

In connection with the release and discharge of the Released Parties, each member of the Settlement Class shall be deemed to have expressly waived all rights under *California Civil Code* section 1542 (or any comparable statute), and to have done so understanding the significance of that waiver. Section 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

ATTORNEYS' FEES, EXPENSES AND OTHER PAYMENTS

Class Counsel will apply to the Court for an award of attorneys' fees in the amount of one-third (33.33%) of the \$1.25 million Settlement Fund. Class Counsel also will apply to the Court for an order reimbursing Class Counsel for the reasonable expenses incurred by Class Counsel in connection with the class action. Finally, Class Counsel will apply to the Court for an order awarding incentive payments to the Class Representatives in the amount of \$12,500 each and to plaintiffs John Finley Scott and Peter W. Brunn in the amounts of \$5,000 each for their services in bringing the class action and/or carrying out their responsibilities as class representatives. Any attorneys' fees, expenses and incentive awards granted by the Court will be deducted from the \$1.25 million Settlement Fund prior to any payments being made to the members of the Settlement Class.

THE SETTLEMENT APPROVAL HEARING

A hearing will be held on **March 17, 2006 at 2:00 p.m. in Department 53 of the Sacramento Superior Court, located at 800 9th Street, Sacramento, California 95814** to determine whether the proposed settlement should be finally approved by the Court as fair, adequate and reasonable and to determine whether and to what extent the Court should award attorneys' fees and expenses to Class Counsel and approve the payment of incentive awards. The settlement approval hearing may be rescheduled or continued to a later date without further notice. You are not required to attend the hearing, but you may do so on your own or through an attorney retained by you at your own expense.

RIGHT TO OBJECT TO THE PROPOSED SETTLEMENT

Any member of the Settlement Class may object to the proposed settlement, the application for attorney's fees and expenses and/or the application for incentive awards. All objections must be in writing and **must**: (1) include your name, address and telephone number; (2) provide a detailed explanation of your objection and include any documents upon which you rely to support your objection; (3) include the caption and case number appearing at the head of this Notice; (4) include a statement of whether you intend to appear, either in person or through your own counsel, at the settlement approval hearing; (5) be filed with the Clerk of the Sacramento Superior Court at the address identified below, **NO LATER THAN FEBRUARY 24, 2006**; and (6) be served via first class mail on Class Counsel and Defense Counsel at the addresses set forth below **NO LATER THAN FEBRUARY 24, 2006**. Any member of the Settlement Class who fails to comply with these requirements will not be heard, either in person or through counsel, at the time of the settlement approval hearing unless specifically permitted by the Court.

ADDITIONAL COPIES OF THIS NOTICE

Additional copies of this Notice may be obtained by sending a written request to the Settlement Administrator at the address set forth below. Alternatively, any member of the Settlement Class may obtain a copy of this Notice over the Internet at the following web site: <http://www.dmaaction.com>.

MAILING ADDRESSES FOR ALL COMMUNICATIONS

For the purpose of submitting a Proof of Claim or requesting additional copies of this Notice, the mailing address for the Settlement Administrator is:

Peregrine Settlement Administrator
c/o Desmond, Marcello & Amster
P.O. Box 451999
Los Angeles, California 90045

For any questions regarding the settlement or the class action, or for the purpose of serving an objection, the mailing address for Class Counsel is:

J. Paul Gignac, Esq.
Arias, Ozzello & Gignac, LLP
4050 Calle Real, Suite 130
Santa Barbara, California 93110

For the purpose of serving an objection, the mailing address for Defense Counsel is:

Betty M. Shumener, Esq.
DLA Piper Rudnick Gray Cary US LLP
550 South Hope Street, Suite 2300
Los Angeles, California 90071-2627

For the purpose of filing an objection, the address for the Clerk of the Court is:

Sacramento Superior Court
800 9th Street
Sacramento, California 95814

Please direct all questions to Class Counsel in writing at the address listed above or via e-mail to PeregrineClassAction@aogllp.com. Please do not contact the Court, the Settlement Administrator, or Defense Counsel with your questions.

ADDITIONAL INFORMATION

The matters identified and described in this Notice do not purport to be comprehensive and should not be considered as such. Class members who desire further information may wish to review the pleadings and other records on file with the Sacramento Superior Court. The documents publicly filed in this class action are available for inspection and copying during regular business hours at the Office of the Clerk, Sacramento Superior Court, 800 9th Street, Sacramento, California 95814.

Dated: January 27, 2006

Honorable Loren E. McMaster