

PARTIES TO THE CLASS ACTION

The plaintiffs who have been certified to pursue this class action on behalf of the members of the Class are Brian Engstrom and Scott Haskins (together, "Plaintiffs"). Plaintiffs are former minority shareholders of The Peregrine Real Estate Trust ("Peregrine") who are members of the Class and have been certified by the Sacramento Superior Court to represent the interests of the other members of the 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 Properties ("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 described herein.

DESCRIPTION OF THE CLASS ACTION

This lawsuit arises 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 act in the best interests of the Minority Shareholders by seeking to maximize the value of the Minority Shareholders' holdings of common stock in Peregrine. More specifically, Plaintiffs allege that Defendants, *inter alia*: (1) did not invite, solicit or consider possible alternative transactions with third parties which might have resulted in a greater value to the Minority Shareholders, such as an auction of Peregrine or its assets; (2) did not seek the input or approval of any of the Minority Shareholders but, rather, deliberately excluded the Minority Shareholders from the process; (3) did not perform any independent financial analysis of the assets of Peregrine; (4) did not negotiate with the Majority Shareholders in an "arms length" manner; and (5) did not ask the financial advisor retained in connection with the transaction to analyze the consideration which the Minority Shareholders reasonably might expect to receive from a third-party purchaser if third parties were invited to submit bids to acquire Peregrine.

Plaintiffs contend that, as a result of Defendants' alleged wrongdoing, the Minority Shareholders received less on a dollars-per-share basis than the Minority Shareholders would have received if the Defendants had acted in a manner that was designed to maximize the value of the Minority Shareholders' holdings of common stock in Peregrine.

Defendants deny any wrongdoing in connection with the going-private transaction. Defendants contend that Peregrine had a compelling business purpose for the transaction. Defendants contend that Peregrine's trustees determined that the substantial costs of remaining a publicly-traded entity were not justified – particularly considering the minimal benefits to the Minority Shareholders of Peregrine's public status – because Peregrine's stock was extremely illiquid.

Defendants further deny that they breached any duties in connection with the merger. To the contrary, Defendants contend that Peregrine established and followed procedures designed to protect the Minority Shareholders' interests. Among other things, Defendants contend that: (1) Peregrine appointed an independent committee of Peregrine trustees in connection with the transaction; (2) the committee retained an independent financial advisor to render a fairness opinion; and (3) the committee retained independent counsel to advise the committee regarding its duties.

In sum, Defendants deny that the Minority Shareholders have been harmed in any manner. Defendants contend the \$0.59 per share merger price was fair, Defendants dispute that they breached any duties to the Minority Shareholders, and Defendants deny that the Minority Shareholders have suffered any damages.

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 allege 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.

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 has certified Plaintiffs' counsel, Arias, Ozzello & Gignac, LLP and Taylor & McNew LLP, to serve as Class Counsel.

EFFECT OF CLASS ACTION DETERMINATION

If you are a member of the Class described above and wish to remain a member of that class, you need not respond to this Notice or take any action with respect to it at this time. Your interests will be represented by Plaintiffs, as representatives of the Class, and by their attorneys, as Class Counsel. Class members will be entitled to participate in the proceeds of any judgment or settlement in favor of the Class. **Under the legal doctrine of *res judicata*, the judgment entered in this class action, whether favorable or not, will include and bind all members of the Class who do not request exclusion.**

Since the Sacramento Superior Court has certified this action to proceed as a class action, this action may not be dismissed, settled or compromised without the approval of the Sacramento Superior Court. In the event of any proposed compromise or settlement, all members of the Class shall receive a further notice informing them of the basis for and terms of any proposed compromise or settlement and affording them an opportunity to comment upon and/or object to the proposed settlement.

RIGHT TO BE EXCLUDED FROM THE CLASS ACTION

Any class member who wishes to exclude himself, herself or itself from the Class may do so by exercising his, her or its right to be excluded from the Class as instructed below. If you request exclusion, then you will not be entitled to share in any recovery obtained for the benefit of the Class; you will not be bound by any judgment, whether favorable or not, entered for or against the Class; and you will be free to pursue or not pursue any legal rights you may have against Defendants. **If you do not request exclusion, then you will be bound by the judgment entered in this class action, whether favorable or not, under the legal doctrine of *res judicata*.**

All requests for exclusion must be made in writing, must affirmatively state that you wish to be excluded from the Class, and must be mailed to the court-appointed Class Action Administrator at the following address:

Peregrine Shareholder Class Action
c/o Desmond, Marcello & Amster
P.O. Box 451999
Los Angeles, California 90045

All written requests for exclusion must be postmarked no later than July 16, 2004, and must include your name, address, telephone number, control number and signature. Any request for exclusion made on behalf of a class member by a representative of that class member must state the capacity in which the representative is acting. **You may use the form which is attached to this Notice in order to request exclusion.**

RIGHT TO APPEAR IN THE CLASS ACTION

Any class member who does not request exclusion, and who so wishes, may apply to the Sacramento Superior Court for permission to appear in this class action as a named class representative. Prior to doing so, you must enter a formal appearance through your own counsel.

The original of all documents relating to an appearance should be filed with the Clerk of the Sacramento Superior Court, 720 9th Street, Sacramento, California 95814. Such documents shall be identified as filed in connection with this class action by including thereon the caption and case number appearing at the head of this Notice. Copies of all documents filed with the Sacramento Superior Court must be served by mail upon the following counsel:

J. Paul Gignac, Esq.
ARIAS, OZZELLO & GIGNAC, LLP
1231 State Street, Suite 206
Santa Barbara, California 93101

Bradley A. Benbrook, Esq.
STEVENS & O'CONNELL LLP
400 Capitol Mall, Suite 1400
Sacramento, California 95814

If you do not enter an appearance through counsel of your choice at your own expense, you will be represented in this class action by Class Counsel appointed by the Sacramento Superior Court. Class counsel are Arias, Ozzello & Gignac, LLP and Taylor & McNew LLP.

RECOVERY BY CLASS MEMBERS

The amount, if any, which any individual member of the Class may recover by means of a judgment in this class action is not known at this time and may depend on a variety of factors including, but not limited to, certain defenses raised by Defendants which, if

established, may affect the nature or the amount of the recovery, if any, by individual members of the Class.

In the event of a settlement in favor of the Class, you will receive a further notice explaining the terms of the proposed settlement and providing you with the opportunity to comment upon and/or object to the proposed settlement. Any proposed settlement must be approved by the Court.

RESPONSIBILITY FOR ATTORNEYS' FEES AND EXPENSES

In a class action, Class Counsel's entitlement, if any, to the payment of their attorneys' fees and the reimbursement of their expenses is determined by the Court at the conclusion of the case.

If this class action is successful and a monetary recovery or other relief is obtained for the benefit of the members of the Class, either through settlement or judgment, Class Counsel will apply to the Sacramento Superior Court for approval of the payment of their attorneys' fees and reimbursement of their expenses.

COMMUNICATIONS WITH CLASS COUNSEL

Communications with Class Counsel should be in writing and mailed to:

J. Paul Gignac, Esq.
ARIAS, OZZELLO & GIGNAC, LLP
1231 State Street, Suite 206
Santa Barbara, California 93101
or via e-mail to: PeregrineClassAction@aogllp.com

SPECIAL NOTICE TO BROKERS AND OTHER NOMINEES

If you held shares of the common stock of Peregrine on March 19, 2001 for the account of a person or entity other than yourself, then the Sacramento Superior Court has directed that, within ten (10) days from the date of your receipt of this Notice, you must either: (a) forward copies of the Notice to the beneficial owners of the Peregrine common stock which you held on March 19, 2001 and submit a statement to the court-appointed Class Action Administrator at the address below representing that you have done so; or (b) submit to the Class Action Administrator at the address below a list of the names and the last known addresses of the beneficial owners of the Peregrine common stock which you held on March 19, 2001.

Submissions to the Class Action Administrator, requests for additional copies of the Notice, and requests for reimbursement of reasonable expenses incurred in forwarding copies of the Notice to the beneficial owners of the Peregrine common stock which you held on March 19, 2001, should be mailed to:

Peregrine Shareholder Class Action
c/o Desmond, Marcello & Amster
P.O. Box 451999
Los Angeles, California 90045

ADDITIONAL COPIES OF THIS NOTICE

This Notice is being mailed to all individuals and entities who, on the basis of the records maintained by Peregrine's stock transfer agent, have been identified as potential members of the Class. Additional copies of this Notice may be obtained by sending a written request for a copy of the Notice to the court-appointed Class Action Administrator at the address listed above.

Alternatively, any class member may access a copy of this Notice over the Internet at the following web site: <http://www.dmaaclassaction.com>.

ADDITIONAL INFORMATION

The matters identified and described in this Notice do not purport to be comprehensive and should not be considered as such. Accordingly, 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, 720 9th Street, Sacramento, California 95814.

Please do not telephone the Sacramento Superior Court or the Office of the Clerk for information regarding this action.

Dated: May 28, 2004

The Honorable Loren E. McMaster

REQUEST FOR EXCLUSION

Please read the Notice carefully before filling out this form.

I have read the Notice and wish to exclude myself or another person or entity for whom I am the legal representative (e.g. administrator, trustee or corporate officer) from the Class certified in the case of *Scott, et al. v. Snell, et al.*, Sacramento Superior Court Case No. 01AS07849.

My name, address, telephone number and control number are as follows:

Name: _____

Address: _____

Telephone: (_____) _____

Control Number: _____ (Please copy from mailing label)

PLEASE NOTE: A separate form must be completed for each person or entity requesting to be excluded from the Class.

I am completing this form on behalf of:

Myself _____

(Please check one only)

Another Person

Or Entity _____

Answer the following **only** if completing this form on behalf of another person or entity:

I am completing this form on behalf of _____ in my capacity as _____ of such person or entity. (name)

(legal relationship – for example: officer, trustee, administrator, etc.)

You must date and sign this form below in order for it to be effective.

Dated: _____

(Date)

By: _____

(Signature)