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PROSPERITY REAL ESTATE INVESTMENT TRUST

(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance Chapter 571 of the Laws of Hong Kong)

(Stock code: 808)

Managed by



ARA Asset Management (Prosperity)Limited

ANNOUNCEMENT

RENTAL SUPPORT PAYMENT UNDER THE DEED OF RENTAL SUPPORT

Reference is made to the circular of Prosperity REIT dated 16 December 2013. The Board wishes to notify the Unitholders that a payment equivalent of HK\$1,645,076.26 has been paid on 30 July 2014 by the Vendor to the Target Company (wholly-owned and controlled by Prosperity REIT) as rental support payment for the six months ended 30 June 2014 (calculated on a pro-rata basis by reference to the actual number of days from the Completion Date up to and including 30 June 2014 divided by the total number of days from 1 January 2014 to 30 June 2014 (both days inclusive)) under the Deed of Rental Support, which was within 15 Business Days after receipt of the invoice issued by or on behalf of Prosperity REIT to the Vendor.

Reference is made to the circular of Prosperity Real Estate Investment Trust ("**Prosperity REIT**") dated 16 December 2013 in relation to, among others, Prosperity REIT's acquisition of the Chong Yip Property (the "**Circular**"). Unless the context requires otherwise, terms used in this announcement shall have the same meaning as those defined in the Circular.

The Board wishes to notify the Unitholders that the Rental Income (as reflected in the Semi-Annual Accounts and as notified by the Target Company to the Vendor in writing) for the six months ended 30 June 2014 equivalent to HK\$14,287,303.12 is less than the agreed Rental Income support for the relevant six-month period of HK\$16.16 million by HK\$1,872,696.88. Pursuant to the Deed of Rental Support, the rental support payments in respect of the six months ended 30 June 2014 shall be calculated on a pro-rata basis by reference to the actual number of days from Completion Date up to and including 30 June 2014 divided by the total number of days from 1 January 2014 to 30 June 2014 (both days inclusive), provided that the Maximum Annual Rental Support Payment in respect of the six months ended 30 June 2014 and the financial year ended 31 December 2014 shall also be calculated on a pro-rata basis by reference to the actual number of days from the Completion Date up to and including 31 December 2014 divided by the total number of days from 1 January 2014 to 31 December 2014 (both days inclusive).

Accordingly, the rental support payment payable by the Vendor to Prosperity REIT for the six months ended 30 June 2014 calculated on such basis is HK\$1,645,076.26 (the "**Interim 2014 Rental Support Payment**"), which is approximately 0.83% of the revenue of Prosperity REIT for the six months ended 30 June 2014. Pursuant to the Deed of Rental Support, a cash amount equivalent to the Interim 2014 Rental Support Payment has been paid by the Vendor to the Target Company (wholly-owned and controlled by Prosperity REIT) on 30 July 2014, which was within 15 Business Days after receipt of the invoice issued by or on behalf of Prosperity REIT to the Vendor. The Board (including the independent non-executive Directors) has reviewed the Interim 2014 Rental Support Payment and confirmed that it is in order. Details of the Interim 2014 Rental Support Payment, including its quantum, are also disclosed in Prosperity REIT's interim report for the six months ended 30 June 2014.

Rental support payments are payable under the Deed of Rental Support for the period from Completion Date to two years after such date (the "**Payment Period**"). Each rental support payment made by the Vendor to Prosperity REIT for each relevant payment period under the Deed of Rental Support, as well as the aggregate of such payments in respect of any one financial year during the Payment Period, shall not exceed the Maximum Annual Rental Support Payment of HK\$5 million per annum. As at the date of this announcement, the aggregate amount of rental support payments paid/payable under the Deed of Rental Support HK\$1,645,076.26, being the Interim 2014 Rental Support Payment, and the unutilised balance of the Maximum Annual Rental Support Payment for the financial year ending 31 December 2014 (calculated on a pro-rata basis by reference to the actual number of days from the Completion Date up to and including 31 December 2014 divided by the total number of days from 1 January 2014 to 31 December 2014 (both days inclusive)) is HK\$3,053,553.87.

By order of the board of directors of
ARA Asset Management (Prosperity) Limited
(as manager of Prosperity Real Estate Investment Trust)
Wong Lai Hung
Executive Director and Chief Executive Officer

Hong Kong, 22 August 2014

The Directors of the REIT Manager as at the date of this announcement are Dr. Chiu Kwok Hung, Justin (Chairman), Mr. Lim Hwee Chiang and Mr. Ma Lai Chee, Gerald as Non-executive Directors; Ms. Wong Lai Hung as Executive Director; Dr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Wong Kwai Lam as Independent Non-executive Directors.