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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

PAYMENT OF BASE FEE AND VARIABLE FEE TO ARA ASSET MANAGEMENT (PROSPERITY) LIMITED BY WAY OF UNITS IN PROSPERITY REAL ESTATE INVESTMENT TRUST

The board of directors (the "**Board**") of ARA Asset Management (Prosperity) Limited (the "**Manager**") announces that the Manager, as manager of Prosperity Real Estate Investment Trust ("**Prosperity REIT**"), has on 27 January 2006 received 360,501 units in Prosperity REIT (the "**Units**") at HK\$2.4154 (being the Market Price) per Unit, as payment of the Base Fee and Variable Fee for the period from 16 December 2005 to 31 December 2005.

With the above-mentioned issue of Units (the "**Issue**"), the Manager holds 360,501 Units, being 330,155 Units as payment of the Base Fee and 30,346 Units as payment of the Variable Fee, and representing approximately 0.03% of the 1,251,322,723 Units in issue immediately after the Issue. The Manager holds no Units prior to the Issue.

The Board of the Manager announces that the Manager, as the manager of Prosperity REIT, has on 27 January 2006 received 360,501 Units, being 330,155 Units as payment of the Base Fee (HK\$797,458) and 30,346 Units as payment of the Variable Fee (HK\$73,299), issued at a price of HK\$2.4154 (being the Market Price) per Unit, as payment in full of the Base Fee and the Variable Fee components of the Manager's management fee for the period from 16 December 2005 to 31 December 2005.

The Base Fee is defined in the trust deed constituting Prosperity REIT dated 29 November 2005 (the "**Trust Deed**") and the offering circular dated 5 December 2005 issued by the Manager in connection with the initial public offering of the Units (the "**Offering Circular**") as 0.4% per annum of the Property Values (as defined in the Trust Deed) at the relevant time and the Manager is entitled to receive such number of Units as may be purchased for the relevant amount of the Base Fee at the prevailing Market Price (as defined in the Trust Deed).

The Variable Fee is defined in the Trust Deed and the Offering Circular as 3.0% per annum of the net property income of each real estate owned by Prosperity REIT (before deduction therefrom of the Variable Fee) and the Manager is entitled to receive such number of Units as may be purchased for the relevant amount of the Variable Fee at the prevailing Market Price.

Pursuant to the Trust Deed, the Market Price was determined based on the volume weighted average price for a Unit for all trades on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in the ordinary course of trading on the Stock Exchange for the period of 10 business days immediately preceding the date of issue of Units to the Manager.

The payment of the Base Fee and the Variable Fee in Units was disclosed in the Trust Deed and the Offering Circular and does not require specific prior approval of unitholders pursuant to a waiver granted by the SFC, as disclosed in the Offering Circular (the "**Waiver**"). Under the Waiver, the issue of Units to the Manager as payment of all or part of the Base Fee and Variable Fee for each financial year will be counted as part of the 20% of outstanding Units that the Manager may issue in each financial year without unitholders' approval pursuant to paragraph 12.2 of the Code on Real Estate Investment Trusts (the "**REIT Code**"). In addition, the Issue represents less than 3% of the total number of Units outstanding as at 31 December 2005, as required by the Waiver.

With the Issue, the Manager holds 360,501 Units, being 330,155 Units as payment of the Base Fee and 30,346 Units as payment of the Variable Fee, and representing approximately 0.03% of the 1,251,322,723 Units in issue immediately after the Issue. The Manager holds no Units prior to the Issue.

This announcement is made pursuant to paragraph 10.4(k) of the REIT Code.

By order of the Board
ARA Asset Management (Prosperity) Limited
as manager of Prosperity Real Estate Investment Trust
Lin Chung Sing, Charlie
Chief Executive Officer

Hong Kong, 27 January 2006

The directors of the Manager as at the date of this announcement are Mr. Chiu Kwok Hung, Justin (Chairman), Mr. Lim Hwee Chiang and Mr. Ma Lai Chee, Gerald as Non-executive Directors; Mr. Lin Chung Sing, Charlie and Ms. Soon Yan Seen as Executive Directors; Mr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (Phoon Sui Moy alias Poon Sow Mei) and Mr. Robert Douglas Pope as Independent Non-executive Directors.