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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



Asset Management (Prosperity) Limited

ARA Asset Management (Prosperity) Limited

EXTENSION OF EXISTING CONNECTED PARTY TRANSACTION WAIVER AND PROPOSED NEW ANNUAL LIMITS FOR CERTAIN CONNECTED PARTY TRANSACTIONS

The board of directors (the “**Board**”) of ARA Asset Management (Prosperity) Limited, as the manager (the “**REIT Manager**”) of Prosperity Real Estate Investment Trust (“**Prosperity REIT**”), announces that the REIT Manager wishes to (i) extend the waiver granted by the Securities and Futures Commission (the “**SFC**”) in respect of certain connected party transactions (the “**Connected Party Transactions**”) between Prosperity REIT (and other companies or entities held or controlled by Prosperity REIT) and (a) Cheung Kong (Holdings) Limited (“**Cheung Kong**”) and any person who is a connected person of Prosperity REIT as a result of its connection with Cheung Kong and/or (b) the REIT Manager or any person who is connected person of Prosperity REIT as a result of its connection with the REIT Manager, and (ii) propose new annual monetary limits (“**New Annual Caps**”) in respect of the Connected Party Transactions for the years ending 31 December 2009, 31 December 2010 and 31 December 2011.

As disclosed in the offering circular (“**Offering Circular**”) dated 5 December 2005 issued by Prosperity REIT in connection with the initial public offering of units of Prosperity REIT (“**Units**”) by the REIT Manager, the REIT Manager had obtained a waiver (“**CPT Waiver**”) granted by the SFC from strict compliance with the disclosure requirements and the requirements for approval of unitholders of Prosperity REIT (“**Unitholders**”) under Chapter 8 of the Code on Real Estate Investment Trusts (“**REIT Code**”) in respect of the Connected Party Transactions between Prosperity REIT (and other companies or entities held or controlled by Prosperity REIT) and (i) Cheung Kong and any person who is a connected person of Prosperity REIT as a result of its connection with Cheung Kong and/or (ii) the REIT Manager or any person who is connected person of Prosperity REIT as a result of its connection with the REIT Manager.

The CPT Waiver will expire on 31 December 2008. In accordance with the terms of the CPT Waiver, the CPT Waiver may be extended beyond 31 December 2008, and/or the conditions of the CPT Waiver may be modified from time to time, provided that:

- (a) the approval of independent Unitholders is obtained by way of an ordinary resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Prosperity REIT after the date on which the approval in (a) above is obtained.

The Board therefore proposes (i) to seek an extension of the CPT Waiver for three financial years ending 31 December 2011 (“Waiver Extension”), and (ii) the New Annual Caps in respect of the Connected Party Transactions for the years ending 31 December 2009, 31 December 2010 and 31 December 2011. The Connected Party Transactions with respect to which the Waiver Extension is sought are the same as those described in the section headed “Waiver for Certain Transactions” of the Offering Circular.

The REIT Manager has made a submission to the SFC for an extension of the CPT Waiver for three financial years ending 31 December 2011. Details of the Waiver Extension and the New Annual Caps are more particularly set out in a circular (the “**Circular**”) to Unitholders, which is expected to be despatched on or around Tuesday, 28 October 2008, together with the notice (the “**EGM Notice**”) of an extraordinary general meeting of the Unitholders (the “**EGM**”) and the form of proxy for the EGM. The Circular contains the information necessary to enable Unitholders to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM.

An independent committee has been established by the Board (“**Independent Board Committee**”) to advise the independent Unitholders on the Waiver Extension and the New Annual Caps. GF Capital (Hong Kong) Limited has been appointed as Independent Financial Adviser to provide its opinion on these matters to the Independent Board Committee, the independent Unitholders and the trustee of Prosperity REIT (the “**Trustee**”).

Unitholders’ attention is drawn to the “Letter from the Independent Board Committee” set out in the Circular, which contains the Independent Board Committee’s recommendation to the independent Unitholders in respect of the Waiver Extension and the New Annual Caps, and the “Letter from the Independent Financial Adviser” set out in the Circular, which contains the Independent Financial Adviser’s advice to the Independent Board Committee, the independent Unitholders and the Trustee on the Waiver Extension and the New Annual Caps.

In connection with the EGM, the register of Unitholders will be closed from Monday, 10 November 2008 to Thursday, 13 November 2008, both days inclusive, during which period no transfers of Units will be effected. For those Unitholders who are not already on the register of Unitholders, in order to qualify to attend and vote at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the unit registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited of Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 November 2008.

The substantive text of the EGM Notice is reproduced below:

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of the unitholders (the “**Unitholders**”) of Prosperity Real Estate Investment Trust (“**Prosperity REIT**”) will be held at Exhibition Venue A on Level 7, The Metropolis Mall, 6 Metropolis Drive, Hung Hom, Hong Kong on Thursday, 13 November 2008 at 2:30 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. “**That:**

- (a) the extension of the waiver in respect of certain connected party transactions (the “**Transactions**”), as more particularly described in the section headed “Waiver Extension” in the circular to Unitholders dated 28 October 2008 for three financial years ending 31 December 2011, together with the proposed new annual monetary limits for the years ending 31 December 2009, 31 December 2010 and 31 December 2011 respectively in relation to the Transactions, as more particularly described in the section headed “Proposed New Annual Monetary Limits for the Connected Party Transactions” in the circular to Unitholders dated 28 October 2008, be and are hereby approved; and
- (b) ARA Asset Management (Prosperity) Limited, as the Manager of Prosperity REIT (the “**REIT Manager**”), and any director of the REIT Manager each be and is hereby severally authorised to complete and do or cause to be done all such acts and things as the REIT Manager or any director of the REIT Manager, as the case may be, may consider expedient or necessary or in the interest of Prosperity REIT to give effect to the above approval.”

Notes:

- (a) A Unitholder entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and vote on poll in his/her stead. The person appointed to act as proxy need not be a Unitholder.
- (b) In order to be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, if any, must be deposited at the Unit Registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited at Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish. In the event that you attend the meeting or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
- (c) Where there are joint registered Unitholders of a Unit, any one of such Unitholders may vote at the meeting either personally or by proxy in respect of such Unit as if he/she were solely entitled thereto, but if more than one of such Unitholders is present at the meeting personally or by proxy, that one of such Unitholders so present whose name stands first on the Register of Unitholders in respect of such Unit shall alone be entitled to vote in respect thereof.

- (d) The Register of Unitholders will be closed from Monday, 10 November 2008 to Thursday, 13 November 2008, both days inclusive, during which period no transfers of Units will be effected. For those Unitholders who are not already on the Register of Unitholders, in order to qualify to attend and vote at the Extraordinary General Meeting, all Unit certificates accompanied by the duly completed transfer forms must be lodged with Prosperity REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 7 November 2008.

By order of the Board of
ARA ASSET MANAGEMENT (PROSPERITY) LIMITED
(as manager of Prosperity Real Estate Investment Trust)
Yip Kam Thai
Executive Director and Acting Chief Executive Officer

Hong Kong, 27 October 2008

The Directors of ARA Asset Management (Prosperity) Limited 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. Yip Kam Thai as Executive Director; Mr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Robert Douglas Pope as Independent Non-executive Directors.