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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

EXTENSION OF EXISTING CONNECTED PARTY TRANSACTION WAIVER AND PROPOSED NEW ANNUAL MONETARY LIMITS FOR CERTAIN CONNECTED PARTY TRANSACTIONS AND NOTICE OF EGM AND UNITHOLDER REGISTER CLOSURE

The Board of the REIT Manager of Prosperity REIT announces that the REIT Manager wishes to (i) extend the 2008 Extended Waiver granted by the SFC in respect of Connected Party Transactions between Prosperity REIT (and other companies or entities held or controlled by Prosperity REIT) and (a) 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 a connected person of Prosperity REIT as a result of its connection with the REIT Manager, and (ii) propose New Annual Caps in respect of the Connected Party Transactions for the years ending 31 December 2012, 31 December 2013 and 31 December 2014.

Details of the above are more particularly set out in the Circular to the Unitholders which is expected to be despatched on or around 21 April 2011 together with the EGM Notice of the EGM and the form of proxy for the EGM. The EGM will be held on Friday, 27 May 2011 at 3:00 p.m. (or immediately after the conclusion of the AGM which is scheduled to be held on the same day at 2:30 p.m.), at Exhibition Venue A on Level 7, The Metropolis Mall, 6 Metropolis Drive, Hung Hom, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the ordinary resolution set out in the EGM Notice and reproduced in the body of this announcement. In connection with the EGM, the register of Unitholders will be closed from Monday, 23 May 2011 to Friday, 27 May 2011, both days inclusive, to determine which Unitholders will qualify to attend and vote at the EGM, during which period no transfer of Units will be effected.

As disclosed in the offering circular (the “**Offering Circular**”) dated 5 December 2005 issued by Prosperity Real Estate Investment Trust (“**Prosperity REIT**”) in connection with the initial public offering of units of Prosperity REIT (the “**Unit(s)**”) by ARA Asset Management (Prosperity) Limited, as the manager of Prosperity REIT (the “**REIT Manager**”), the REIT Manager had obtained a waiver (the “**CPT Waiver**”) granted by the Securities and Futures Commission (the “**SFC**”) from strict compliance with the disclosure requirements and the requirements for approval of unitholders of Prosperity REIT (the “**Unitholders**”) under Chapter 8 of The Code on Real Estate Investment Trusts (the “**REIT Code**”) 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 (i) 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 (ii) the REIT Manager or any person who is connected person of Prosperity REIT as a result of its connection with the REIT Manager.

As disclosed in the circular dated 28 October 2008 issued by Prosperity REIT (the “**2008 Circular**”), the CPT Waiver would expire on 31 December 2008. The REIT Manager had obtained an extension of the CPT Waiver (the “**2008 Extended Waiver**”) granted by the SFC on 19 November 2008 from strict compliance with the disclosure requirements and the requirements for approval of the Unitholders under Chapter 8 of the REIT Code in respect of the Connected Party Transactions.

The 2008 Extended Waiver will expire on 31 December 2011. In accordance with the terms of the 2008 Extended Waiver, the 2008 Extended Waiver may be extended beyond 31 December 2011, and/or the conditions of the 2008 Extended 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 2008 Extended 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 of directors (the “**Board**”) of the REIT Manager therefore proposes (i) to seek an extension of the 2008 Extended Waiver for three financial years ending 31 December 2014 (the “**Further Extension**”), and (ii) the new annual monetary limits (the “**New Annual Caps**”) in respect of the Connected Party Transactions for the years ending 31 December 2012, 31 December 2013 and 31 December 2014. The Connected Party Transactions with respect to which the Further Extension is sought are the same as those described in the section headed “Waiver for Certain Transactions” of the Offering Circular and those described in the 2008 Circular.

The REIT Manager has made a submission to the SFC for the Further Extension. Details of the Further 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 Thursday, 21 April 2011, 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 resolution to be proposed at the EGM.

An independent committee has been established by the Board (the “**Independent Board Committee**”) to advise the independent Unitholders on the Further Extension and the New Annual Caps. United Simsen Securities Limited has been appointed as an independent financial adviser (the “**Independent Financial Adviser**”) to provide its opinion on these matters to the Independent Board Committee, the independent Unitholders and HSBC Institutional Trust Services (Asia) Limited, as 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 Further 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 Further Extension and the New Annual Caps.

In connection with the EGM, the Register of Unitholders of Prosperity REIT will be closed from Monday, 23 May 2011 to Friday, 27 May 2011, both days inclusive, to determine which Unitholders will qualify to attend and vote at the EGM, during which period no transfer of Units will be effected. In order to qualify for attending and voting at the EGM, all Unit certificates with completed transfer forms must be lodged with Prosperity REIT’s Unit Registrar Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong at not later than 4:30 p.m. on Friday, 20 May 2011.

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 on Friday, 27 May 2011 at 3:00 p.m. (or immediately after the conclusion of an annual general meeting of Unitholders which is scheduled to be held on the same day at 2:30 p.m.) at Exhibition

Venue A on Level 7, The Metropolis Mall, 6 Metropolis Drive, Hung Hom, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

ORDINARY RESOLUTION

“That

- (a) the further extension of the waiver in respect of certain connected party transactions (the **“Transactions”**), as more particularly described in the section headed **“Further Extension”** in the circular to Unitholders dated 21 April 2011 for three financial years ending 31 December 2014, together with the proposed new annual monetary limits for the years ending 31 December 2012, 31 December 2013 and 31 December 2014 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 21 April 2011, 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 interests of Prosperity REIT to give effect to the above approval.”

Notes:

- (a) Any Unitholder entitled to attend at the Extraordinary General Meeting is entitled to appoint a proxy to attend, act and vote on poll in his/her stead.
- (b) In order to be valid, an instrument 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 Prosperity REIT’s Unit Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof. Completion and return of the instrument 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 an instrument of proxy, the instrument 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, 23 May 2011 to Friday, 27 May 2011, both days inclusive, to determine which Unitholders will qualify to attend and vote at the EGM, during which period no transfer of Units will be effected. In order to qualify for attending and voting at the Extraordinary General Meeting, all Unit certificates with completed transfer forms must be lodged with Prosperity REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2011.

By Order of the Board
ARA ASSET MANAGEMENT (PROSPERITY) LIMITED
(as manager of Prosperity Real Estate Investment Trust)
Wong Lai Hung
Executive Director and Acting Chief Executive Officer

Hong Kong, 21 April 2011

The directors of the REIT 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; Ms. Wong Lai Hung as Executive Director; Mr. Lan Hong Tsung, David and Mrs. Sng Sow-Mei (alias Poon Sow Mei) as Independent Non-executive Directors.