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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 FEES TO ARA ASSET MANAGEMENT (PROSPERITY) LIMITED BY WAY OF UNITS IN PROSPERITY REAL ESTATE INVESTMENT TRUST AND CASH

The board of directors (the “**Board**”) of ARA Asset Management (Prosperity) Limited (the “**REIT Manager**”) announces that the REIT Manager, as manager of Prosperity Real Estate Investment Trust (“**Prosperity REIT**”), has on 31 October 2012 received 4,104,783 units in Prosperity REIT (the “**Units**”) at HK\$2.2384 (being the Market Price) per Unit and HK\$15,900, as payment of the Base Fee and Variable Fees for the period from 1 July 2012 to 30 September 2012.

Prior to the above mentioned issue of Units (collectively, the “**Issue**”), the REIT Manager held 96 Units, representing approximately 0.000007% of the 1,375,762,318 Units in issue immediately prior to the Issue. With the Issue, the REIT Manager will hold 4,104,879 Units, representing approximately 0.30% of the 1,379,867,101 Units in issue immediately after the Issue.

Reference is made to the announcement of Prosperity REIT dated 1 December 2011 in which the Board announced that pursuant to the terms of the deed of trust constituting Prosperity REIT dated 29 November 2005, as amended by a first supplemental deed dated 12 December 2005, a second supplemental deed dated 15 May 2007, a third supplemental deed dated 14 May 2008, a fourth supplemental deed dated 23 July 2010 and a fifth supplemental deed dated 29 December 2011 (collectively, the “**Trust Deed**”), the REIT Manager had made the election to receive the Base Fee and Variable Fees in respect of the real estate acquired by Prosperity REIT in respect of the initial public offering of Prosperity REIT (the “**IPO**”) wholly in the form of Units, and the Base Fee and Variable Fees in respect of any real estate acquired by Prosperity REIT after the IPO by way of 20% in cash and 80% in Units for the year ending 31 December 2012.

The Board announces that the REIT Manager has on 31 October 2012 received 3,287,972 Units, issued at a price of HK\$2.2384 (being the Market Price) per Unit, and HK\$12,300 (payable in cash), as payment of the Base Fee in the amount of HK\$7,372,098, and 816,811 Units, issued at a price of HK\$2.2384 (being the Market Price) per Unit and HK\$3,600 (payable in cash), as payment of the Variable Fees in the amount of HK\$1,831,951, together, as payment in full of the Base Fee and the Variable Fees components of the REIT Manager's management fee for the period from 1 July 2012 to 30 September 2012. The basis of determination of the 3,287,972 Units and HK\$12,300 as payment of the Base Fee and 816,811 Units and HK\$3,600 as payment of the Variable Fees is consistent with the relevant provisions in the Trust Deed.

The Base Fee is defined in the Trust Deed as 0.4% per annum of the Property Values (as defined in the Trust Deed) at the relevant time and the REIT 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 Fees are defined in the Trust Deed as 3.0% per annum of the net property income of each real estate owned by Prosperity REIT (before deduction therefrom of the Variable Fees) and the REIT Manager is entitled to receive such number of Units as may be purchased for the relevant amount of the Variable Fees at the prevailing Market Price (as defined in the Trust Deed).

Pursuant to the Trust Deed, the Market Price is 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 Trading Days (as defined in the Trust Deed) immediately preceding the date of issue of Units to the REIT Manager.

The payment of the Base Fee and the Variable Fees in Units is provided for in the Trust Deed and the Issue does not require specific prior approval of unitholders of Prosperity REIT pursuant to a waiver granted by the Securities and Futures Commission (the "**Waiver**").

Under the Waiver, the issue of Units to the REIT Manager as payment of all or part of the Base Fee and Variable Fees for each financial year will be counted as part of the 20% of outstanding Units that the REIT 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, in respect of each financial year, the maximum number of Units that may be issued to the REIT Manager as payment of all or part of the Base Fee and Variable Fees for that financial year shall be limited to such number of Units as represents 3% of the total number of Units outstanding as at the last day of the immediately preceding financial year plus the number of Units (if any) issued in the relevant financial year for the purposes of financing any acquisition of real estate by Prosperity REIT. After the Issue, the number of Units issued to the REIT Manager as payment in part of the Base Fee and Variable Fees components of the REIT Manager's management fee for the period from 1 January 2012 to 30 September 2012 represents approximately 1.02% of the total number of Units outstanding as at 31 December 2011.

Prior to the Issue, the REIT Manager held 96 Units, representing approximately 0.000007% of the 1,375,762,318 Units in issue immediately prior to the Issue. With the Issue, the REIT Manager will hold 4,104,879 Units, representing approximately 0.30% of the 1,379,867,101 Units in issue immediately after the Issue.

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

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 Acting Chief Executive Officer

Hong Kong, 31 October 2012

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, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Wong Kwai Lam as Independent Non-executive Directors.