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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

ARA Asset Management (Prosperity) Limited (the “**Manager**”), the manager of Prosperity Real Estate Investment Trust (“**Prosperity REIT**”), would like to advise that as at the date of this Announcement, it holds 6,532,508 units in Prosperity REIT (the “**Units**”), representing approximately 0.52% of the outstanding Units. These Units were previously issued to the Manager as payment of the base fee and variable fee components of its management fee for the period from 16 December 2005 (the date of listing of Prosperity REIT) to 30 June 2006. The Manager would like to advise that for the purpose of maintaining cashflow to meet its operating expenses, the Manager intends to dispose of in the open market its existing holdings of Units, subject to market conditions. In the future, the Manager similarly intends to dispose of, as soon as practicable in the open market, Units which it receives as payment of its management fee, subject to market conditions. Any such disposal of Units by the Manager will be made in compliance with the code governing dealings in Units by the Manager which is set out in the Manager’s compliance manual, and the disclosure requirements under the deed of trust constituting Prosperity REIT.

The Manager confirms that, prior to the date of this Announcement, it has not previously disposed of any Units which it received as payment of its management fee.

This announcement is made pursuant to paragraph 10.3 of the Code on Real Estate Investment Trusts (the “**REIT Code**”). Save as hereby disclosed, the Manager confirms that there are no negotiations or agreements relating to intended acquisitions, realisations or other matters which are discloseable under paragraph 10.4 of the REIT Code, nor is the board of directors of the Manager aware of any matter discloseable under the general obligation imposed by paragraph 10.3 of the REIT Code which is or may be of a price-sensitive nature.

For and on behalf 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, 1 September 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 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.

Please also refer to the published version of this announcement in The Standard.