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Unless defined herein, terms in this announcement shall have the same meaning as those defined in the offering circular of Prosperity Real Estate Investment Trust ("Prosperity REIT") dated 5 December 2005 (the "Offering Circular").



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

On 2 December 2005, the SFC required the Manager to undertake to the SFC that: (a) the Trust Deed will be amended prior to the Listing Date to lower the threshold for the notification by Unitholders of interests in Units from 10% to 5%; and (b) the Manager will post (and maintain) on its website all notifications of interests in Units received by it.

The purpose of this announcement is to inform investors and potential investors of the above matters.

The Trust Deed currently contains provisions deeming the applicability of Part XV of the SFO, *mutatis mutandis*, to Prosperity REIT, with the exception that Clause 30.1(e) of the Trust Deed currently provides that the "notifiable percentage level" for the purposes of the application of Part XV of the SFO shall be 10%. These provisions are summarised in pages 200, 201 and 211 of the Offering Circular. In order to meet the SFC's requirement, the Manager will, before the Listing Date (currently expected to be Friday, 16 December 2005), enter into a supplemental deed with the Trustee to amend the Trust Deed to remove Clause 30.1(e) of the Trust Deed. Such amendment to the Trust Deed will result in the "notifiable percentage level" for the purposes of the applicability of Part XV of the SFO to Prosperity REIT to be 5% (or such other level as may be provided in the SFO from time to time) of the issued and outstanding number of Units from time to time.

Furthermore, as required by the SFC and in order to enhance transparency of information relating to interests in the Units, the Manager will, as from the Listing Date, post (and maintain) on its website all notifications of interests in Units received by it pursuant to the provisions of the Trust Deed in a prompt and timely manner. Investors should note that the Manager will publish all notifications of interests in Units received by it on its website in the form actually received by the Manager pursuant to such notifications. The Manager takes no responsibility for the contents of any such notifications, makes no representation as to their accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon such notifications published or to be published on its website. Notifications of interests must be made on the forms prescribed by the Manager.

Implications for Investors

In view of the above, potential investors should read the Offering Circular in conjunction with this announcement.

Investors are hereby cautioned that if they acquire interests (as interpreted under Part XV of the SFO) in Units (whether pursuant to the Offering or through acquisition of Units on the Hong Kong Stock Exchange or otherwise) amounting to 5% or more of the issued and outstanding number of Units from time to time, they will be subject to disclosure obligations under the Trust Deed with respect to their interests in the Units as if Part XV of the SFO were applicable to Prosperity REIT. Other notification obligations in respect of the interests and/or short positions, and/or any changes thereto, will also be deemed to apply in respect of the Units as if Part XV of the SFO were applicable to Prosperity REIT, *mutatis mutandis*. Potential investors should refer to page 211 of the Offering Circular for the consequences of non-compliance with the notification obligations under the Trust Deed. Investors in the Units are advised to consult their professional advisers as to their obligations, if any, under the Trust Deed.

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, 5 December 2005

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.

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