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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

RENTAL SUPPORT PAYMENT UNDER THE DEED OF RENTAL SUPPORT

The Board wishes to notify the Unitholders that the Rental Income for the six months ended 30 June 2016 (as reflected in the Semi-Annual Accounts and as notified by the Target Company to the Vendor in writing) in respect of the Chong Yip Property is HK\$17,157,057, which is greater than the agreed Rental Income support for the relevant six-month period of HK\$16,160,000 by HK\$997,057. Pursuant to the Deed of Rental Support, if the Rental Income (as reflected in the Semi-Annual Accounts and as notified by the Target Company to the Vendor in writing) is equal to or greater than the agreed Rental Income support for the relevant six-month period, the Vendor is not required to make any payments to Prosperity REIT. The amount of the rental support payment payable by the Vendor to Prosperity REIT in respect of the six months ended 30 June 2016 (if required) shall be calculated on a pro-rata basis by reference to the actual number of days from 1 January 2016 to the end of the two-years Payment Period, divided by the total number of days from 1 January 2016 to 30 June 2016 (both days inclusive).

No rental support payment is payable by the Vendor to Prosperity REIT for the six months ended 30 June 2016. The two-years Payment Period has expired on 22 January 2016.

Reference is made to the circular of Prosperity Real Estate Investment Trust ("**Prosperity REIT**") dated 16 December 2013 in relation to, among others, Prosperity REIT's acquisition of the Chong Yip Property (the "**Circular**") and the announcement of Prosperity REIT dated 3 June 2015 in relation to, among others, the novation of the Share Purchase Agreement, Deed of Tax Covenant and Deed of Rental Support. Unless the context requires otherwise, terms used in this announcement shall have the same meaning as those defined in the Circular.

The Board wishes to notify the Unitholders that the Rental Income for the six months ended 30 June 2016 (as reflected in the Semi-Annual Accounts and as notified by the Target Company to the Vendor in writing) in respect of the Chong Yip Property is HK\$17,157,057, which is greater than the agreed Rental Income support for the relevant six-month period of HK\$16,160,000 by HK\$997,057.

Rental support payments are payable under the Deed of Rental Support for the period from the Completion Date on 22 January 2014 to two years after such date (the "**two-years Payment Period**"). Pursuant to the Deed of Rental Support, if the Rental Income (as reflected in the Semi-Annual Accounts and as notified by the Target Company to the Vendor in writing) is equal to or greater than the agreed Rental Income support for the relevant six-month period, the Vendor is not required to make any payments to Prosperity REIT. The amount of rental support payments payable by the Vendor to Prosperity REIT (if required) in respect of the six months ended 30 June 2016 shall be calculated on a pro-rata basis by reference to the actual number of days from 1 January 2016 to the end of the two-years Payment Period, divided by the total number of days from 1 January 2016 to 30 June 2016 (both days inclusive).

The Board (including the Independent Non-executive Directors) has reviewed and confirmed that no rental support payment is required to be paid by the Vendor to Prosperity REIT for the six months ended 30 June 2016, and such fact will be disclosed in Prosperity REIT's interim report for the six months ended 30 June 2016.

Each rental support payment made by the Vendor to Prosperity REIT for each relevant payment period under the Deed of Rental Support, as well as the aggregate of such payments in respect of any one financial year during the two-years Payment Period, shall not exceed the Maximum Annual Rental Support Payment of HK\$5 million per annum. The two-years Payment Period has expired on 22 January 2016 and the amount of rental support payment received during the two-years Payment Period is HK\$2,272,391.56.

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 Chief Executive Officer

Hong Kong, 11 August 2016

The Directors of the REIT Manager as at the date of this announcement are Dr. 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; Dr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Wong Kwai Lam as Independent Non-executive Directors.