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

As contemplated in the announcements of Prosperity REIT dated 16 October 2006 and 28 November 2006, the Board of ARA Asset Management (Prosperity) Limited (the "**Manager**") announces that the acquisitions of the entire 10th floor and office/workshop 1, 2, 3 and 5 on 26th floor of Prosperity Center (collectively, the "**Properties**"), a 26-storey industrial/office building in Kwun Tong, Kowloon, by Prosperity REIT were completed on 10 January 2007.

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 (collectively, the "**Trust Deed**"), the Manager is entitled to receive a Base Fee (as defined in the Trust Deed) and Variable Fee (as defined in the Trust Deed) in respect of any real estate of Prosperity REIT. In respect of any real estate acquired by Prosperity REIT after the initial public offering of Prosperity REIT (the "**Initial Public Offering**"), the Manager is also entitled to make an election for the payment of the Base Fee and Variable Fee to be made in the form of cash and/or units of Prosperity REIT ("**Units**") and the respective percentages of the Base Fee and Variable Fee to be paid in cash and/or in Units, on or before 15 January of each year, by way of notice in writing to the trustee of Prosperity REIT (the "**Trustee**") and an announcement to unitholders of Prosperity REIT.

The Board of the Manager announces that pursuant to the terms of the Trust Deed, the Manager, as the manager of Prosperity REIT, has on 12 January 2007 made the election (the "**Election**") for the Base Fee and Variable Fee in respect of the Properties to be paid to the Manager by way of 50% in cash and 50% in Units.

Pursuant to the terms of the Trust Deed, the Election is irrevocable during the year. In the event that the Manager fails to make an election in the following year for the payment of the Base Fee and Variable Fee in respect of any real estate acquired by Prosperity REIT after the Initial Public Offering, the Election (being the most recent valid election made by the Manager in a prior year) shall apply.

The Manager is entitled to receive within 30 days of the last day of every calendar quarter in arrear the amount of the Base Fee accrued to it and remaining unpaid. The Base Fee in respect of the Properties shall accrue from 10 January 2007. The Manager is entitled to receive the Variable Fee on the last Business Day (as defined in the Trust Deed) of the month in which the invoice with the computation of the Variable Fee for each quarter is submitted to the Trustee within 30 days of the end of that quarter. The Variable Fee in respect of the Properties shall accrue from 10 January 2007.

The rate, the calculation basis of the number of Units to be issued to the Manager for the payment of the Base Fee and Variable Fee in respect of the Properties, and the limitations applicable to such payments in Units, will be the same as those with regard to any real estate of Prosperity REIT acquired in respect of the Initial Public Offering.

This announcement is made pursuant to Clause 14.1 of the Trust Deed and paragraph 10.3 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)  
**Lin Chung Sing, Charlie**  
*Chief Executive Officer*

Hong Kong, 12 January 2007

*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.