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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

EXERCISE OF OVER-ALLOTMENT OPTION

The Board of ARA Asset Management (Prosperity) Limited announces that the Over-allotment Option granted by Cheung Kong and HWL referred to in the Offering Circular was exercised in full by the Joint Lead Underwriters on 17 December 2005, pursuant to the Over-allotment Agreements, in respect of an aggregate of 87,567,356 Units, representing approximately 9.86% of the Units initially available under the Offering. Pursuant to the notices of exercise of the Over-allotment Option issued by the Joint Lead Underwriters, the Over-allotment Units will be purchased on 21 December 2005 from Cheung Kong and HWL.

The Board of ARA Asset Management (Prosperity) Limited, being the manager of Prosperity REIT, announces that the Over-allotment Option granted by Cheung Kong and HWL referred to in the Offering Circular was exercised in full by the Joint Lead Underwriters on 17 December 2005, pursuant to the Over-allotment Agreements, in respect of 56,104,404 Units and 31,462,952 Units, respectively, which were the subject of the Over-allotment Option (the "Over-allotment Units"). The Over-allotment Units, representing approximately 6.32% and 3.54%, respectively, of the total number of Units initially available under the Offering, will be used solely to cover the over-allocation of Units in the International Offering.

Pursuant to the notices of exercise of the Over-allotment Option issued by the Joint Lead Underwriters, the Over-allotment Units will be purchased on 21 December 2005 from Cheung Kong and HWL at HK\$2.16 per Unit, which was the Offer Price per Unit under the International Offering and the Hong Kong Public Offering (excluding brokerage of 1%, Hong Kong Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and investor compensation levy of 0.002%). Listing of, and permission to deal in, the Over-allotment Units have already been granted by the Hong Kong Stock Exchange and dealings in such Units have already commenced on the Hong Kong Stock Exchange since 16 December 2005.

Immediately after completion of the purchase of the Over-allotment Units, approximately 78% of the Units will be held by Unitholders other than Cheung Kong and HWL, of which, as far as the Manager is aware, more than 25% will be held in public hands.

The table below details the number and percentage of Units to be held by each of Cheung Kong and HWL and other Unitholders upon the completion of the Offering and also after the exercise of the Over-allotment Option in full:

	Upon completion of the Offering		After completion of the purchase of the Over-allotment Units	
	No. of Units	% of total Units in issue (approximately)	No. of Units	% of total Units in issue (approximately)
Cheung Kong	232,432,533	18.6	176,328,129	14.1
HWL	130,346,511	10.4	98,883,559	7.9
Other Unitholders	888,183,178	71.0	975,750,534	78.0
	<u>1,250,962,222</u>	<u>100.0</u>	<u>1,250,962,222</u>	<u>100.0</u>

By order of the Board
ARA Asset Management (Prosperity) Limited
as manager of Prosperity Real Estate Investment Trust
Chiu Kwok Hung, Justin
Chairman of the Manager

Hong Kong, 19 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.