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(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

UPDATE ON MAJOR ACQUISITION RELATING TO THE PURCHASE OF A COMMERCIAL PROPERTY IN KWUN TONG

Reference is made to the circular published by the REIT Manager and dated 13 September 2016 in relation to, amongst others, the major acquisition relating to the purchase of a commercial property in Kwun Tong (the "**Circular**"). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board wishes to announce that it received a letter on 27 September 2016 from certain Significant Holders of Prosperity REIT that are indirect wholly-owned subsidiaries of Cheung Kong Property Holdings Limited holding 18.98% of the outstanding Units, stating that they do not intend to vote in favour of the Acquisition at the EGM. The letter indicated that the voting intention of the Significant Holders is based on their view of the commercial merits of the Acquisition having regard to various information disclosed in the Circular including the terms of the Share Purchase Agreement, the gearing ratio of Prosperity REIT immediately following the Acquisition and certain performance data in respect of the Target Property.

The REIT Manager has studied the letter and notes that the risks and commercial factors described by the Significant Holders as leading to their view are valid and were disclosed in the Circular and considered by the Board. Notwithstanding this, the Board considers the abovementioned development to be important since it involves the largest Significant Holders of Prosperity REIT. The REIT Manager does not consider any further matters to require disclosure at this time.

Although the REIT Manager's view is as stated in the Circular, the REIT Manager takes the views of all Unitholders seriously, and respects their opinion and right to vote as they so choose at the EGM. Based on the information disclosed in the Circular, the Board will proceed with the EGM on 12 October 2016 so that all Unitholders will have the opportunity to express their views and can vote in accordance with their wishes. Unitholders should therefore review the information contained in the Circular prior to the EGM, and if in doubt as to any aspect of the Circular or as to the action to be taken, consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.

Completion of the Acquisition is subject to and conditional upon the satisfaction of certain conditions set out in the Circular, which includes Unitholders' approval being obtained at the EGM, and accordingly, may or may not complete. How any Unitholder will vote, or whether it chooses to vote at all, will only be known after the EGM has been held. Accordingly, Unitholders as well as any prospective investors of Prosperity REIT are advised to exercise caution when dealing in the Units.

This announcement is made pursuant to 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)
Wong Lai Hung
Executive Director and Chief Executive Officer

Hong Kong, 3 October 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.