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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

ARA Asset Management (Prosperity) Limited (the “**Manager**”), the manager of Prosperity Real Estate Investment Trust (“**Prosperity REIT**”), would like to advise that it is currently engaged in discussions with certain parties (including parties who are connected persons of Prosperity REIT) regarding possible acquisitions by Prosperity REIT of certain commercial properties in Hong Kong (the “**Acquisitions**”).

As stated in the offering circular of Prosperity REIT dated 5 December 2005, one of the Manager’s strategies is, among other things, for Prosperity REIT to selectively acquire additional properties that meet its investment criteria, and the Manager intends to pursue acquisition opportunities that may arise in the future in order to enhance the portfolio and boost Prosperity REIT’s cash flow and yield. The Manager targets to proceed with the Acquisitions as soon as practically possible to take advantage of the favourable market environment. But the Manager would like to emphasise that the specific terms of the Acquisitions have yet to be determined, and there is no assurance that Prosperity REIT will proceed with the Acquisitions. The Manager is currently in the process of clarifying certain regulatory and technical issues with regard to the proposed Acquisitions with the relevant regulatory authorities.

The Acquisitions, if proceeded with, are likely to constitute transactions for Prosperity REIT discloseable under Paragraph 10.4 of the Code on Real Estate Investment Trusts (the “**REIT Code**”), and may require unitholders’ approval. Further announcements will be made as and when appropriate.

Unitholders of Prosperity REIT and other investors should note that Prosperity REIT may or may not proceed with the Acquisitions. Accordingly, unitholders of Prosperity REIT and other investors should exercise caution when dealing in the units in Prosperity REIT.

This announcement is made in accordance with Paragraph 10.3 of the REIT Code.

For and on behalf 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, 23 February 2006

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.