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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

ELECTION OF PAYMENT METHOD OF MANAGER'S FEE BY WAY OF UNITS IN PROSPERITY REAL ESTATE INVESTMENT TRUST AND CASH

The REIT Manager has made an election to continue receiving the Base Fee and the Variable Fees in respect of the Initial Properties wholly in the form of Units, and also continue receiving the Base Fee and the Variable Fees in respect of the Additional Properties by way of 20% in cash and 80% in Units for the year ending 31 December 2018.

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, a second supplemental deed dated 15 May 2007, a third supplemental deed dated 14 May 2008, a fourth supplemental deed dated 23 July 2010 and a fifth supplemental deed dated 29 December 2011 (collectively, the "**Trust Deed**"), ARA Asset Management (Prosperity) Limited (the "**REIT Manager**") is entitled to receive the Base Fee (as defined in the Trust Deed) and the Variable Fees (as defined in the Trust Deed) in respect of any real estate of Prosperity REIT.

For the initial period of five years from 16 December 2005, being the date on which Prosperity REIT was listed on The Stock Exchange of Hong Kong Limited (the "**Listing Date**"), the Base Fee and Variable Fees referable only to the real estate acquired by Prosperity REIT in respect of the initial public offering of Prosperity REIT (the "**Initial Properties**") shall be paid to the REIT Manager in the form of units of Prosperity REIT ("**Units**"). After the fifth anniversary of the Listing Date, the Base Fee and Variable Fees referable to the Initial Properties shall be paid to the REIT Manager in the form of cash and/or Units (as the REIT Manager may elect). The Base Fee and Variable Fees in respect of any real estate (other than the Initial Properties) (the "**Additional Properties**"), shall be paid in the form of cash and/or Units (as the REIT Manager may elect).

The REIT Manager shall make the aforesaid election for the payment of the Base Fee and the Variable Fees in cash and/or Units, and the respective percentages of the Base Fee and the Variable Fees to be paid in cash and/or in Units, annually 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 directors of the REIT Manager announces that pursuant to the terms of the Trust Deed, the REIT Manager has on 10 November 2017 made an election (the “**Election**”) to continue receiving the Base Fee and the Variable Fees in respect of the Initial Properties wholly in the form of Units, and also continue receiving the Base Fee and the Variable Fees in respect of the Additional Properties by way of 20% in cash and 80% in Units for the year ending 31 December 2018. Written notice was given to the Trustee on 10 November 2017.

Pursuant to the terms of the Trust Deed, the Election is irrevocable during the calendar year in respect of which it was made. In the event that the REIT Manager fails to make such an election in the following year, the Election (being the most recent valid election made by the REIT Manager in a prior year) shall apply.

The REIT Manager is entitled to receive the Base Fee and the Variable Fees on the last Business Day (as defined in the Trust Deed) of the month in which the invoice with the computation of the Base Fee and the Variable Fees for each quarter is submitted to the Trustee within 30 days of the end of that quarter.

The rate, the calculation basis of the number of Units to be issued to the REIT Manager for the payment of the Base Fee and the Variable Fees, and the limitations applicable to such payments in Units, will be the same for both Initial Properties and Additional Properties.

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)
Wong Lai Hung
Executive Director and Chief Executive Officer

Hong Kong, 14 November 2017

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.