

Prosperity REIT 2018 Annual Results

- **Stable DPU growth of 1.7% year-on-year, with a distribution yield of 6.0%.**
- **Decentralization trend continues to flourish. Positive rental reversion and stable occupancy rate across the portfolio were recorded.**
- **Robust leasing activities to mitigate the impact of tenant replacement and diversify our tenant mix at The Metropolis Tower.**
- **A defensive investment tool proven in different economic cycles since listing.**

Hong Kong, 22 March 2019 – ARA Asset Management (Prosperity) Limited (the "REIT Manager"), as manager of Prosperity Real Estate Investment Trust ("Prosperity REIT") [SEHK: 808], is pleased to announce the annual results of Prosperity REIT for the year ended 31 December 2018 (the "Reporting Year").

Stable DPU growth of 1.7% year-on-year, with a distribution yield of 6.0%.

DPU increased by 1.7% year-on-year to HK\$ 0.1810, representing distribution yield of 6.0% as at 31 December 2018. This is mainly attributable to our effective capital management measure in restructuring and refinancing the term loan in November 2017 in lowering finance cost. The reduced loan size and lower interest margin led to a substantial saving in finance cost for 2018.

Decentralization trend continues to flourish. Positive rental reversion and stable occupancy rate across the portfolio were recorded.

During the reporting year, we achieved positive rental reversion at 7.2% and occupancy rate maintained at a stable level at 97.6%, reflecting the effectiveness of the leasing strategies deployed. Prosperity REIT property portfolio focuses on office and industrial/ office buildings located in the decentralized areas. Kowloon East new office supply serves as a best alternative for cost conscious corporates looking for high specification and value for money space. With the upcoming Shatin-Central Link launch, the Yue Man Square redevelopment and the Kai Tak development, the district will become a matured commercial hub, full of business opportunities.

Press Release

Robust leasing activities to mitigate the impact of tenant replacement and diversify our tenant mix at The Metropolis Tower.

The majority of the spaces left by an anchor tenant in The Metropolis Tower have been committed with a more diversified tenant mix. The occupancy rate in The Metropolis Tower was uplifted to 99.2% as at year end. The robust leasing activities support the revenue and net property income which excluding the Harbourfront Landmark Property portion, grew by 1.4% and 0.6% year-on-year respectively.

A defensive investment tool proven in economic cycles since listing.

Prosperity REIT has demonstrated the ability to capture market opportunities and to effectively manage the operation throughout different economic cycles. It proved to be a defensive investment tool with stable distribution.

Prospects

Looking ahead in 2019, China has strengthened its correlation with the economic growth in Hong Kong through the development of Guangdong-Hong Kong-Macao Greater Bay Area, which pushes forward the economic and infrastructure development in the area. On the micro perspective, the Kowloon East district is continuing to grow as a mature commercial hub, serving as a priority destination for corporates looking for quality office space. Decentralization trend continues, while our portfolio's strong presence in Kowloon East remains intact.

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Press Release

About Prosperity REIT

Prosperity REIT [SEHK: 808] is a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Prosperity REIT owns a diverse portfolio of seven high-quality properties in the decentralized business districts of Hong Kong, comprising all, or a portion of, three Grade A office buildings, one commercial building, two industrial/office buildings and one industrial building, with a total gross rentable area of about 1.28 million sq. ft..

www.prosperityreit.com

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The information contained in this press release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for units in Prosperity REIT in Hong Kong or any other jurisdiction.

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