

Prosperity REIT 2019 Annual Results

- Revenue and net property income increased driven by stable occupancy rate, positive rental reversion and effective cost control measures.
- DPU achieved positive 1.0% growth year-on-year amid economic uncertainties, with a distribution yield of 6.0%.
- Prudent capital management to mitigate finance cost volatilities.
- Unit price performed well and Prosperity REIT proved to be a defensive investment tool since listing.

Hong Kong, 5 March 2020 – 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 2019 (the "Reporting Year").

Revenue and net property income increased driven by stable occupancy rate, positive rental reversion and effective cost control measures.

During the reporting year, the portfolio occupancy rate is recorded at a stable 97.3% and a positive rental reversion at 7.4%. Effective cost control measures are implemented in spite of the impact from a rise in the minimum wage and the utilities costs. These drive our revenue and net property income increased by 3.5% and 4.1% respectively. The average effective unit rent of Prosperity REIT's portfolio also recorded a year-on-year growth of 2.0% to HK\$25.18 per sq. ft..

DPU achieved positive 1.0% growth year-on-year amid economic uncertainties, with a distribution yield of 6.0%¹.

DPU increased by 1.0% year-on-year to HK\$ 0.1828, representing a distribution yield of 6.0%¹ as at 31 December 2019. This is mainly attributable to our effective capital management measure and solid top line revenue, despite of the Sino-US trade war and local social incident.

¹ Based on Prosperity REIT's closing unit price of HK\$3.05 as at 31 December 2019.

Press Release

Prudent capital management to mitigate finance cost volatilities.

70% of our term loan interest rate is hedged under interest rate swap agreements to mitigate the impact of interest rate fluctuations. Our continuous prudent capital management strategy keeps our finance cost within a reasonable range and mitigate our finance cost volatilities under economic uncertainties .

Unit price performed well and Prosperity REIT proved to be a defensive investment tool since listing .

Prosperity REIT unit price performed resiliently with 1.7% growth in FY2019 under the volatile economic conditions. Prosperity REIT proved to be a defensive investment tool with stable distribution throughout different economic cycles.

Prospects

Hong Kong economy is at a pivotal moment affected by both external and domestic factors. While the US-China trade tensions will de-escalate with phase one deal signed in January 2020, local retail and hospitality business sectors are under great pressure from the prolonged local social incident. The economic sentiment is further dampened by the outbreak of the coronavirus infection in early 2020.

The outlook for the Hong Kong economy is therefore subject to high uncertainties. Leasing momentum and rental level will inextricably be affected. To mitigate the impact, we will continue to leverage on the ongoing office decentralization trend and seize the opportunities brought by the newly opened Shatin to Central Link (phase 1). Our portfolio's strong presence in the Kowloon East district and Hunghom district will benefit from the broader coverage by the new railway network.

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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

Disclaimer

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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