

Press Release (13/8/2020)

Prosperity REIT 2020 Interim Results

- **Distribution per unit decreased by 3.6% Y-o-Y, a slight growth of 0.4% H-o-H.**
- **Occupancy rate stood resilient at 96.8% and average unit rent slightly increased to HK\$25.10.**
- **Portfolio situated in strategic decentralized locations under infrastructure development, maturing to be CBD2.**
- **Gearing Ratio remained at a healthy level of 21.4%.**

Hong Kong, 13 August 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 interim results of Prosperity REIT for the six months ended 30 June 2020 (the "Reporting Period").

Distribution per unit decreased by 3.6% Y-o-Y, a slight growth of 0.4% H-o-H.

During the Reporting Period, Prosperity REIT's results have been adversely impacted by the COVID-19 epidemic and geopolitical tension between US and China. The interim DPU recorded a drop of 3.6% Y-o-Y, a slight growth of 0.4% H-o-H to HK\$0.0899. This represented an annualized distribution yield of 7.8%¹ as at 30 June 2020. Prosperity REIT is proven to be a defensive investment in different economic cycles

Occupancy rate stood resilient at 96.8% and average unit rent slightly increased to HK\$25.10.

Prosperity REIT's portfolio occupancy rate stood resilient at 98.6%, due to its well balanced and diversified tenant mix with a majority of medium to larger sized office tenants in different trades. This enabled us to withstand market volatilities across different economic cycles and maintain a stable income stream.

Notes:

¹ Based on Prosperity REIT's closing unit price of HK\$2.31 as at 30 June 2020.

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Portfolio situated in strategic decentralized locations under infrastructure development, maturing to be CBD2.

69.3% of our portfolio GRA are located in the city decentralized districts that will further benefit from the Shatin to Central Link, which provides better connection of our properties along Kowloon East to Hung Hom with the Hong Kong Island side, unlocking more rental values upon its full opening targeting in Year 2022. The formation of a CBD2 is underway.

Gearing ratio remained at a healthy level of 21.4%.

Under the backdrop of multiple difficult market conditions, our property valuation dropped by 5.0%. Yet, our gearing ratio remained at stable level of 21.4%. The healthy gearing ratio providing us with a strong balance sheet to meet with economic volatility and to take advantage of future growth opportunities.

Prospects

Hong Kong will continue to face challenges from the resurgence of the pandemic and the geopolitical tensions for the remainder of the year. Yet, with the different phase of the business and employment stimulus measures implemented by the government, results are anticipated to reflect in the second half of the year gradually. We will continue to implement effective asset management strategies and to capture growth opportunities prudently.

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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 buildings, 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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