

Prosperity REIT 2016 Annual Results

- **Stable occupancy rate and positive rental reversion attributed to Net Property Income growth at 3.6% year-on-year (“YoY”) and Distributable Income growth at 1.7% YoY.**
- **Excellent operation performance in Prosperity Place, since more retail and services business tenants engaged.**
- **Hedging ratio increased to 74% to mitigate the interest rate risk.**
- **Disposal amount of Harbourfront Landmark Property represented a premium of 49.1%¹ over valuation.**

Hong Kong, 10 March 2017 – 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 final results of Prosperity REIT for the year ended 31 December 2016 (the "Reporting Year").

Steady growth in Net Property Income and Distributable Income, attributable to stable occupancy rate and positive rental reversion rate.

During the Reporting Year, our distributable income achieved stable growth, increased by 1.7% year-on-year (“YoY”) to HK\$258.4 million. Steady growth in our net property income, which recorded a rise of 3.6% YoY, to HK\$357.8 million. These were attained through the portfolio rental reversion rate of 10.9% and stable portfolio occupancy rate of 96.1% as at 31 December 2016.

Engaged with more retail and services business tenants in Prosperity Place

Prosperity Place converted from industrial/office use to commercial use at no land premium under revitalization scheme in 2012. Since after the wholesale conversion, more retail and services business tenants moved in, Prosperity Place’s revenue growth by 54.1% and NPI growth by 62.8%. Today, 40% of the building gross rentable area is in retail business.

¹ Compared to property valuation as at 31 Dec 2016

Press Release

Disposal of Harbourfront Landmark Property completed on 3 March 2017.

Disposal of Harbourfront Landmark Property was completed on 3 March 2017. The disposal amount of HK\$885.7 million (subject to the adjusted NAV of its holding company) represented a premium of 49.1%¹. The proceeds allow us a better position to capture future growth opportunities.

Prospects

Looking ahead in year 2017, Prosperity REIT will continue to face multiple challenges. Hong Kong will elect a new Chief Executive. However, the support from the Mainland remains intact. We remain cautiously optimistic about the outlook for Prosperity REIT. We have put hedging arrangements in place to mitigate the impact of the expected cycle of interest rate hikes. The acceleration of development in the Kowloon East district, where we have a strong portfolio over the years, is opening up new opportunities for us.

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¹ Compared to property valuation as at 31 Dec 2016

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 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

About ARA Asset Management (Prosperity) Limited

Prosperity REIT is managed by ARA Asset Management (Prosperity) Limited, a wholly-owned subsidiary of ARA Asset Management Limited (“ARA”), Asia’s premier integrated real estate fund manager which is listed on the Main Board of the Singapore Exchange Securities Trading Limited since November 2007.

ARA currently manages real estate investment trusts (“REITs”) and private real estate funds that are invested in the office, retail, logistics/industrial, hospitality and residential sectors in the Asia Pacific region, complemented by its in-house real estate management services and advisory services.

Established in 2002, to date it has over 1,200 professionals in 18 cities managing total assets in excess of S\$36 billion.

www.ara-asia.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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