

Press Release

Prosperity REIT 2017 Interim Results

- **Unlock the asset value by asset disposal and use of the proceeds to enhance value for unitholders.**
- **Positive rental reversion with stable occupancy rate attributable to an uplift in DPU.**
- **A defensive investment tool proven in different economic cycles since listing.**

Hong Kong, 11 August 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 interim results of Prosperity REIT for the six months ended 30 June 2017 (the "Reporting Period").

Unlock the asset value by asset disposal and use of the proceeds to enhance value for unitholders.

The REIT Manager reviews its portfolio from time to time and may consider different opportunities including asset disposal. The disposal of the Harbourfront Landmark Property was completed on 3 March 2017. The net proceeds from disposal is about HK\$871.4 million while the disposal gain is about HK\$299.7 million. The disposal gain enables us to recycle the capital and enhance value for the unitholders.

Positive rental reversion with stable occupancy rate attributable to an uplift in DPU

During the Reporting Period, Prosperity REIT achieved a rental reversion rate of 8.1%, complemented with a stable occupancy rate of 96.7%. The average effective unit rent of Prosperity REIT's portfolio recorded a growth of 2.7% to HK\$24.11 per sq. ft.. This solid performance was attributable to our proactive leasing strategies, the premium quality of our properties, as well as our attentive property management services.

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A defensive investment tool proven in different economic cycles since listing.

Prosperity REIT has demonstrated the ability to capture market opportunities and to effectively manage the operation throughout different economic cycles. Being a strong presence participant in Kowloon East district, Prosperity REIT is well-positioned to gain further benefits from Kowloon East maturing to CBD2. Total return for the 1st half 2017 is 11.5%, including unit price appreciation of 8.5% and distribution of 1H2017.

Prospects

For the remainder of 2017, the global economy is expected to perform well on the back of the stable performance in the first half year. Hong Kong retail market regained momentum in terms of total spending. On the other hand, Chinese enterprises continue to boost up the office leasing market with strong demand for office space in Hong Kong. The new Grade A office buildings attracted high quality tenants to move into decentralized districts; Kowloon East is progressively transforming into a business district leveraging on the government policy. Moreover, the commencement of the bond connect scheme and the one belt one road initiative will be supportive to Hong Kong economic growth. Prosperity REIT's gearing ratio remained at a healthy level of 25.4%, providing us with a strong balance sheet to take advantage of future growth opportunities.

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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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