

Distribution Statement

For the year ended 31 December 2006

	Year ended 31 December 2006 HK\$'000	Period from 16 December 2005 to 31 December 2005 HK\$'000
Profit for the year/period, before transactions with unitholders	310,744	239,690
Adjustments:		
Manager's fee	24,104	871
Listing expenses	–	19,862
Excess of fair value of identifiable assets and liabilities acquired over the cost of acquisition of subsidiaries	–	(171,308)
Increase in fair value of two investment properties acquired upon listing	–	(53,810)
Increase in fair value of investment properties at year/period end	(316,000)	(10,000)
Finance costs	74,998	3,623
Deferred tax	57,703	111
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Income available for distribution (note (i))	151,549	29,039
Distributions to unitholders:		
HK\$0.0231 per unit for the period from 16 December 2005 to 31 December 2005 (note (ii))	–	29,039
HK\$0.0577 per unit for the period from 1 January 2006 to 30 June 2006 (note (iii))	72,636	–
HK\$0.0624 per unit for the period from 1 July 2006 to 31 December 2006 (note (iv))	78,913	–
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	151,549	29,039
Distribution per unit (HK\$)	0.1201	0.0231

Notes:

- (i) Pursuant to the Trust Deed, distributable income is defined as the amount calculated by the Manager as representing the consolidated net audited profit after tax of the Trust and its subsidiaries for the relevant financial year/period, as adjusted to eliminate the effects of certain Adjustments which have been recorded in the income statement for the relevant financial year/period. "Adjustments" means significant adjustments which are charged or credited to the income statement for the relevant financial year/period. The Manager's policy is to distribute to unitholders 100% of total distributable income for the financial year ended 31 December 2006. For the purposes of the above distribution statement, consolidated net audited profit after tax represents profit for the year, before transactions with unitholders.
- (ii) As disclosed in Prosperity Real Estate Investment Trust's offering circular dated 5 December 2005, Prosperity Real Estate Investment Trust's first distribution was for the period from listing date to 30 June 2006. The distribution was paid to unitholders on 20 October 2006 together with the distribution for the half year ended 30 June 2006.
- (iii) The distribution per unit of HK\$0.0577 is calculated based on the Group's income available for distribution of HK\$72,636,000 for the period 1 January 2006 to 30 June 2006 and 1,257,494,730 units, entitled to the distribution as at 31 July 2006, being the day immediately after issuance of units for payment of management fees to the Manager for the second quarter of 2006. The distribution was paid to unitholders on 20 October 2006.
- (iv) The distribution per unit of HK\$0.0624 is calculated based on the Group's income available for distribution of HK\$78,913,000 for the period 1 July 2006 to 31 December 2006 and 1,264,613,795 units, as at 31 December 2006 plus the number of units issued after the distribution period to the Manager as manager's fee for the last quarter of the relevant distribution period.