

2023
Interim Report
中期報告



**Solid
Foundation**
穩固根基

ABOUT PROSPERITY REIT

Prosperity Real Estate Investment Trust ("Prosperity REIT") is the first private sector real estate investment trust ("REIT") listed on The Stock Exchange of Hong Kong Limited on 16 December 2005. Prosperity REIT owns a diverse portfolio of seven high-quality office, commercial, industrial/office and industrial properties in the decentralized business districts of Hong Kong, with a total gross rentable area of about 1.28 million sq. ft..

Prosperity REIT is managed by ARA Asset Management (Prosperity) Limited (the "REIT Manager").

ABOUT THE REIT MANAGER

ARA Asset Management (Prosperity) Limited is a wholly-owned subsidiary of ARA Asset Management Limited which is part of the ESR Group, APAC's largest real estate asset manager powered by the New Economy and the third largest listed real estate investment manager globally.

The REIT Manager is responsible for the management and administration of Prosperity REIT, as well as the implementation of Prosperity REIT's business strategies.

OUR MISSION

The REIT Manager is staffed with experienced professionals who are dedicated to managing the assets of Prosperity REIT for the benefit of the unitholders through proactive asset management and multidimensional growth strategies.

The hexagonal shape of cell of honeycomb is one of the most dedicated structures in the world where an array of hollow cells is closely connected to form an orderly structure of strength, which represents stability and resilience. Prosperity REIT tries its best to overcome difficulties and pursue excellence, creating unlimited possibilities and diversifying its businesses with meticulous and thoughtful strategies.



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PERFORMANCE HIGHLIGHTS

DISTRIBUTION PER UNIT ¹

14.9%

1H2023 HK\$0.0745

1H2022 HK\$0.0875

PROPERTY VALUATION

1.0%

As at 30 Jun 2023 HK\$9,703 million

As at 31 Dec 2022 HK\$9,801 million

GEARING RATIO

0.3% ²

As at 30 Jun 2023 23.7%

As at 31 Dec 2022 23.4%

OCCUPANCY RATE

1.0% ²

As at 30 Jun 2023 97.0%

As at 30 Jun 2022 96.0%

Notes:

1. For the six months ended 30 June.
2. Absolute change.

PERFORMANCE HIGHLIGHTS

Performance Highlights

Below is a summary of Prosperity REIT's performance for the six months ended 30 June 2023 (the "Reporting Period"):

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Percentage change Increase/(Decrease)
Income available for distribution	HK\$113.8 million	HK\$131.4 million	(13.4%)
Distribution per unit ("DPU")	HK\$0.0745	HK\$0.0875	(14.9%)

Operation Data

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Percentage change Increase/(Decrease)
Revenue	HK\$217.4 million	HK\$218.6 million	(0.5%)
Net property income	HK\$167.8 million	HK\$172.2 million	(2.6%)
Occupancy rate (as at 30 June)	97.0%	96.0%	1.0% ²
Tenant retention rate	75.4%	79.6%	(4.2%) ²
Cost-to-revenue ratio	22.8%	21.2%	1.6% ²

Key Financial Figures

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)	Percentage change Increase/(Decrease)
Net asset value per unit	HK\$4.59	HK\$4.71	(2.5%)
Property valuation	HK\$9,703 million	HK\$9,801 million	(1.0%)
Gearing ratio ¹	23.7%	23.4%	0.3% ²

Notes:

1. This excludes the bank facility origination fees already paid in cash, and is calculated by dividing total borrowings over total assets.
2. Absolute change.

MANAGEMENT DISCUSSION AND ANALYSIS

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Prosperity Real Estate Investment Trust

OPERATIONS REVIEW

As at 30 June 2023, Prosperity REIT owned a diverse portfolio of seven 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. As at 30 June 2023, the total gross rentable area was 1,275,153 sq. ft., with a total of 498 car park spaces.

Information about the properties in the portfolio, as at 30 June 2023, was as follows:

Location	Gross rentable area sq. ft.	No. of car park spaces	Valuation HK\$ million	Occupancy rate	
Grade A Office					
The Metropolis Tower	Hung Hom	271,418	98	2,768	98.2%
Prosperity Millennia Plaza	North Point	217,955	43	2,067	96.0%
9 Chong Yip Street	Kwun Tong	136,595	68	973	96.5%
Commercial					
Prosperity Place	Kwun Tong	240,000	83	1,650	93.8%
Industrial/Office					
Trendy Centre	Lai Chi Kok	173,764	79	1,074	97.1%
Prosperity Center (portion)	Kwun Tong	149,253	105	826	100.0%
Industrial					
New Treasure Centre (portion)	San Po Kong	86,168	22	345	100.0%
Total		1,275,153	498	9,703	97.0%

During the Reporting Period, global economies faced headwinds including elevated interest rates, energy prices, inflation, geopolitical conflicts and trade tensions. However, the post-COVID reopening of Mainland China and Hong Kong have injected a degree of optimism amid the challenging economic environment.

In the US, the Fed has continued to hike rates by 100bps year-to-date to a range of 5.25%–5.50%. Inflation moderated to 3.0% year-on-year (“YoY”) in June 2023. Economic activity remained steady, with 2Q 2023 GDP growth at 2.6% YoY.

MANAGEMENT DISCUSSION AND ANALYSIS

Fueled by a notable increase in spending on goods and services, GDP in Mainland China surged 6.3% YoY in 2Q 2023. Accommodative macroeconomic policies are in place to stimulate economic growth.

Hong Kong's GDP is gradually recovering on the back of the upturn in inbound tourism and domestic demand after a return to normalcy. The labor market condition was encouraging, as the 2Q 2023 unemployment rate fell to 2.9%.

With improved sentiment on the economic outlook, overall office leasing demand is picking up. The key themes for the office market are cost-effectiveness, attention to wellness, and flexible workplace configuration. Despite of abundant new office supply, rents and occupancy rates are stabilizing as the economy revives.

Prosperity REIT focuses on retaining tenants for achieving stable occupancy and income stream. During the Reporting Period, high occupancy rate at 97.0% and tenant retention rate at 75.4% were achieved. Average effective unit rent of the portfolio was HK\$22.29 per sq. ft. and negative portfolio rental reversion continued to narrow. Although negative rental reversions have been registered in our Grade A office properties, rental reversions at the other properties started to be back to positive range. Our proactive yet nimble leasing strategies, premium quality properties, as well as attentive property management services have helped mitigate impacts arising from market adversity.

As at 30 June 2023, Prosperity REIT's gearing ratio was maintained at a healthy level of 23.7%, providing us with a strong balance sheet to withstand interest rate volatility and to take advantage of future growth opportunities.

OUTLOOK

The International Monetary Fund has forecasted global GDP growth at 3.0% in 2023 after taking into account of the reopening of Mainland China. The Hong Kong economy remains on track for sustained growth in 2023, but high interest rates remain a concern. Our portfolio rental reversion rate has gained momentum especially under a low base effect.

Leveraging Hong Kong economic recovery momentum, we will pursue opportunities unleashed by Kowloon East as a thriving premier CBD2, and the enhanced transportation connectivity from the Tuen Ma Line and East Rail Line with cross-harbour extension to Admiralty.

MANAGEMENT DISCUSSION AND ANALYSIS

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INVESTMENT REVIEW

The REIT Manager will continue to seek out potential acquisition opportunities. We will assess every acquisition target prudently in accordance with our established investment criteria, including the enhancement potential of asset value, organic growth prospects and synergies with existing properties in the portfolio.

ASSET ENHANCEMENT

Asset enhancement is a key growth driver for Prosperity REIT. Apart from keeping up with keen competition, upgrading our properties is another way to ensure sustainable growth in rental level and capital appreciation. During the Reporting Period, a number of asset enhancement works have been carried out at The Metropolis Tower and Prosperity Millennia Plaza.

The Metropolis Tower

The renovation of passenger lift lobby and corridor on typical floors at The Metropolis Tower is in progress. This facelifting work has incorporated design which creates a warm and hospitable indoor environment for our tenants. Moreover, considering the higher running and maintenance costs of the aged chiller sets of the MVAC system, we have completed the replacement of one set out of a total of three sets with a more energy-efficient model.

Prosperity Millennia Plaza

The renovation of passenger lift lobby and corridor on typical floors at Prosperity Millennia Plaza is in progress. This facelifting work has brought the environment of the entire building in coherent design and to stay competitive with the high standard new office buildings in close vicinity.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The revenue and net property income of each property in Prosperity REIT's portfolio for the Reporting Period are summarized as follows:

	Turnover HK\$'000	Rental related income HK\$'000	Revenue HK\$'000	Net property income HK\$'000
Grade A Office				
The Metropolis Tower	48,219	13,410	61,629	47,821
Prosperity Millennia Plaza	36,817	9,183	46,000	37,272
9 Chong Yip Street	15,811	2,510	18,321	13,361
Commercial				
Prosperity Place	31,284	4,637	35,921	27,092
Industrial/Office				
Trendy Centre	23,258	3,973	27,231	20,722
Prosperity Center (portion)	17,328	2,075	19,403	14,894
Industrial				
New Treasure Centre (portion)	7,671	1,219	8,890	6,655
Total	180,388	37,007	217,395	167,817

Revenue

During the Reporting Period, revenue decreased to HK\$217.4 million, being HK\$1.2 million or 0.5% lower than the last corresponding half year. The decrease was mainly due to the frictional tenancy movements in certain properties. Part of the negative impact was offset by the increase in rental related income from HK\$34.5 million to HK\$37.0 million, as well as positive rental reversions registered in Trendy Centre and New Treasure Centre.

MANAGEMENT DISCUSSION AND ANALYSIS

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Prosperity Real Estate Investment Trust

Net Property Income

For the Reporting Period, the net property income was HK\$167.8 million, being HK\$4.4 million or 2.6% lower than the last corresponding half year mainly as a result of the increase in lease commission as well as landlord's provision expenses for new lettings committed. The cost-to-revenue ratio was 22.8%.

Distributable Income

For the Reporting Period, the unaudited distributable income of Prosperity REIT to unitholders of Prosperity REIT was HK\$113.8 million, representing a DPU of HK\$0.0745. This represents an annualized distribution yield of 8.5%¹. The distributable income for the Reporting Period is calculated by the REIT Manager as representing the consolidated profit after tax of Prosperity REIT and its subsidiaries for the relevant financial period, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) including a finance cost (differences between cash and accounting finance costs) of HK\$4.5 million (equivalent to HK\$0.0029 per unit), which have been recorded in the condensed consolidated statement of profit or loss and other comprehensive income for the Reporting Period.

Distribution

It is the policy of the REIT Manager to distribute to unitholders of Prosperity REIT an amount equal to 100% of Prosperity REIT's annual distributable income. Pursuant to the Trust Deed, Prosperity REIT is required to ensure that the total amount distributed to unitholders shall be no less than 90% of Prosperity REIT's annual distributable income for each financial year.

Liquidity and Financing

As at 30 June 2023, Prosperity REIT had facilities in aggregate of HK\$2,770 million, comprising:

- (i) A HK\$800 million 5-year unsecured sustainability-linked term loan, which will mature in August 2026 (the "HK\$800 Million Facility"); and
- (ii) HK\$1,970 million unsecured sustainability-linked loans (the "HK\$1,970 Million Facilities"), comprising of (a) HK\$1,200 million 3-year term loan facility and revolving credit facility and (b) HK\$770 million 5-year term loan facility and revolving credit facility, which will mature in November 2025 and November 2027 respectively.

Note:

1. Based on Prosperity REIT's closing unit price of HK\$1.76 as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, total facilities drawn was HK\$2,340 million and the revolving credit facilities of HK\$430 million remained undrawn. The total facilities bear interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus a margin ranging from 1.04% to 1.28% (31 December 2022: HIBOR plus a margin ranging from 1.04% to 1.28%) per annum. Interest margins are linked to the sustainability performance of Prosperity REIT, which may be reduced depending on the extent of pre-determined key performance indicators being met.

As all facilities bear interests at a variable rate, Prosperity REIT has entered into interest rate swap agreements to mitigate the impact of interest rate fluctuations. As at 30 June 2023, the interest costs for approximately 55% (31 December 2022: 55%) of Prosperity REIT’s outstanding term loans have been hedged through interest rate swaps.

The total borrowings of Prosperity REIT, excluding the bank facility origination fees, as a percentage of Prosperity REIT’s total assets was 23.7% as at 30 June 2023 (31 December 2022: 23.4%), whereas the total liabilities of Prosperity REIT as a percentage of Prosperity REIT’s total assets was 29.4% as at 30 June 2023 (31 December 2022: 28.9%).

Taking into account the fair value of investment properties, currently available banking facilities and internal financial resources of Prosperity REIT, Prosperity REIT has sufficient financial resources to satisfy its commitments and working capital requirements.

Investment Properties and Property Valuation

For the Reporting Period, Prosperity REIT’s portfolio recorded an investment property revaluation loss of HK\$109.1 million, based on a professional valuation performed by an independent qualified external valuer, Jones Lang LaSalle Limited. The movements of fair values are tabulated below:

	30 June 2023	31 December 2022
	HK’000	HK\$’000
	(unaudited)	(audited)
Fair value at the beginning of the period/year	9,801,000	9,967,000
Additional expenditure	11,101	20,504
Change in fair value of investment properties	(109,101)	(186,504)
Fair value at the end of the period/year	9,703,000	9,801,000

MANAGEMENT DISCUSSION AND ANALYSIS

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As at 30 June 2023, all bank loan facilities of Prosperity REIT are unsecured. None of the investment properties of Prosperity REIT were pledged to secure bank loan facilities of Prosperity REIT's finance companies.

Prosperity REIT has provided guarantees for the HK\$1,970 Million Facilities and HK\$800 Million Facility.

EMPLOYEES

Prosperity REIT is externally managed by the REIT Manager and does not employ any staff.

CORPORATE GOVERNANCE

The REIT Manager was established for the purpose of managing Prosperity REIT. The REIT Manager is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the REIT Manager emphasize a quality board of directors, sound internal control, transparency and accountability to all unitholders. The REIT Manager has adopted its compliance manual for use in relation to the management and operation of Prosperity REIT, which sets out the key processes, systems and measures, and certain corporate governance policies and procedures to be applied for compliance with the applicable regulations and legislation. During the Reporting Period, both the REIT Manager and Prosperity REIT have in material terms complied with the provisions of the Compliance Manual.

Excellence, Inclusion, Entrepreneurship and Sustainability, the core values of the ESR Group, form the basis for Prosperity REIT's business conduct and stakeholder engagement.

BOARD OF DIRECTORS OF THE REIT MANAGER

The Board of Directors of the REIT Manager (the "Board") is responsible for the overall governance of the REIT Manager including establishing goals for the management and monitoring the achievement of these goals. The Board has established a framework for the management of Prosperity REIT, including a system of internal control and risk management (including Environmental, Social and Governance ("ESG") risks) processes.

The Board is collectively responsible for the management of the business and affairs of the REIT Manager. The Board exercises its general powers within the limits defined by the articles of association of the REIT Manager, with a view to ensuring that the management discharges its duties and is compensated appropriately, and that sound internal control policies and risk management systems are maintained. The Board also reviews major financial decisions and the performance of the REIT Manager. Subject to the matters specifically reserved to the Board as set out in the Compliance Manual, the Board delegates certain management and supervisory functions to relevant management teams and committees of the Board.

The Board presently comprises eight members with five male and three female (37.5% female Directors) and has achieved the target of 30% female Director. In terms of designation, there are one Executive Director, three Non-executive Directors and four Independent Non-executive Directors ("INEDs"). According to the articles of association of the REIT Manager, all Directors of the REIT Manager (including INEDs) shall retire from office at every annual general meeting of the REIT Manager but shall be eligible for re-election. Further, if an INED has held office for more than nine years, his/her continuation of office shall be subject to the approval of unitholders at the next annual general meeting of the unitholders and at every third annual general meeting of the unitholders thereafter.

CORPORATE GOVERNANCE

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Prosperity Real Estate Investment Trust

The positions of Chairman of the Board and Chief Executive Officer (“CEO”) are held by two different persons in order to maintain an effective segregation of duties. The Chairman of the Board is Dr. Chiu Kwok Hung, Justin who is a Non-executive Director. He is responsible for the overall leadership of the Board and the REIT Manager. The CEO is Ms. Wong Lai Hung, Mavis who is an Executive Director and a Responsible Officer of the REIT Manager. She has overall responsibility for the day-to-day operations of the REIT Manager and supervises the REIT Manager’s management team to ensure that Prosperity REIT is operated in accordance with the stated strategy, policies and regulations.

RISK MANAGEMENT AND INTERNAL CONTROLS

The REIT Manager has an internal audit function in place to provide an independent assessment of the REIT Manager’s risk management and internal control systems and operational functions, and review of their effectiveness. The Internal Auditor prepares an audit plan using a risk based methodology in consultation with, but independent of, the management for review by the Audit Committee. The audit review focuses on operational and compliance controls of Prosperity REIT and effective implementation of the risk management and internal control systems, and also compliance procedures. Besides, the REIT Manager had adopted the Information Disclosure Controls and Policy in the Compliance Manual which set out the controls and policies in handling and dissemination of inside information (as defined in the Securities and Futures Ordinance (the “SFO”).

The Board, through the Audit Committee, conducts reviews on half-yearly basis on the effectiveness of risk management and internal control systems of Prosperity REIT, which cover all material controls including financial, operational and compliance controls, risk management functions, the adequacy of resources, qualifications and experience, and training programmes of the REIT Manager’s staff who carry out Prosperity REIT’s accounting, internal audit and financial reporting functions, as well as those relating to the ESG performance and reporting.

The Board is of the view that effective risk management and internal control systems are in place.

AUDIT COMMITTEE

The REIT Manager has established an Audit Committee to assist the Board in reviewing the completeness, accuracy, clarity and fairness of Prosperity REIT's financial statements, recommending for the appointment and reviewing the relationship with the external auditor of Prosperity REIT periodically, as well as reviewing the effectiveness of financial reporting system, risk management (including ESG risks) and internal control systems and the internal audit function.

The Audit Committee is appointed by the Board and presently comprises three INEDs, namely, Dr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Wong Kwai Lam. Dr. Lan Hong Tsung, David is the chairman of the Audit Committee.

DISCLOSURES COMMITTEE

The REIT Manager has established a Disclosures Committee to assist the Board in reviewing matters relating to the disclosure of information to unitholders and public announcements. The Disclosures Committee also works with the management team of the REIT Manager to ensure the disclosure of information is accurate and complete.

The Disclosures Committee is appointed by the Board and presently comprises three members, namely, Dr. Chiu Kwok Hung, Justin, Chairman and a Non-executive Director, Ms. Wong Lai Hung, Mavis, CEO and an Executive Director, and Dr. Lan Hong Tsung, David, an INED. Ms. Wong Lai Hung, Mavis is the chairman of the Disclosures Committee.

DESIGNATED (FINANCE) COMMITTEE

The REIT Manager has established a Designated (Finance) Committee to assist the Board in reviewing matters relating to financing and re-financing arrangements, hedging strategies, transactions involving derivative instruments for hedging purposes, and capital management in the form of units buy-back.

The Designated (Finance) Committee is appointed by the Board and presently comprises four members, namely, Ms. Wong Lai Hung, Mavis, CEO and an Executive Director, Mr. Ma Lai Chee, Gerald, a Non-executive Director, Dr. Lan Hong Tsung, David and Mr. Wong Kwai Lam, INEDs. Ms. Wong Lai Hung, Mavis is the convener of the Designated (Finance) Committee.

CORPORATE GOVERNANCE

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Prosperity Real Estate Investment Trust

NOMINATION COMMITTEE

The REIT Manager has established a Nomination Committee to assist the Board in reviewing the Board structure, size and composition, and assessing the independence of INEDs, to make recommendations on any proposed changes to the Board, as well as the appointment and re-appointment of Directors and succession planning. The Nomination Committee's responsibilities also include reviewing, monitoring and making recommendation on the Board Composition and Diversity Policy.

The Nomination Committee is appointed by the Board and presently comprises four members, namely Dr. Chiu Kwok Hung, Justin, Chairman and a Non-executive Director, Dr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei) and Mr. Wong Kwai Lam, INEDs. Mr. Wong Kwai Lam is the chairman of the Nomination Committee.

CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS OR THE REIT MANAGER AND INTERESTS OF THE SUBSTANTIAL UNITHOLDERS

The REIT Manager has adopted a code governing dealings in the securities of Prosperity REIT by the Directors or the REIT Manager (collectively, the "Management Persons") (the "Units Dealing Code"), on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Units Dealing Code has been extended to apply to executive officers and other employees of the REIT Manager.

Specific enquiry has been made with the Management Persons and executive officers of the REIT Manager, who confirmed that they have complied with the required standard set out in the Units Dealing Code during the Reporting Period.

The REIT Manager has also adopted procedures for monitoring disclosure of interests by the REIT Manager, the Directors and the chief executive of the REIT Manager. The provisions of Part XV of the SFO shall be deemed to apply to the REIT Manager, the Directors, the chief executive of the REIT Manager and each unitholder and all persons claiming through or under him/her.

The Trust Deed contains provisions to deem the application of Part XV of the SFO. Accordingly, unitholders with a holding of 5% or more of the units in issue have a notifiable interest and will be required to notify the Hong Kong Exchanges and Clearing Limited and the REIT Manager of their holdings in Prosperity REIT. The REIT Manager shall then send copies of such notifications received by it to HSBC Institutional Trust Services (Asia) Limited as the trustee of Prosperity REIT (the "Trustee"). The REIT Manager keeps a register for the purposes of maintaining disclosure of interests in units of Prosperity REIT, which is available for inspection by the Trustee and any unitholder at any time during business hours upon reasonable notice to the REIT Manager.

CHANGE OF DIRECTORS' INFORMATION

Subsequent to publication of the Annual Report 2022 of Prosperity REIT, there was change of Directors' information as follows:

1. Mr. Ma Lai Chee, Gerald ceased to be a Member of the President's Circle of the University of British Columbia, Canada ("UBC") and a Member of the Dean's Advisory Board for the Faculty of Arts of UBC.
2. Mrs. Sng Sow-Mei (alias Poon Sow Mei) ceased to be an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of Hutchison Port Holdings Trust which is listed in Singapore, with effect from 26 April 2023.
3. Mr. Wong Kwai Lam was appointed as the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited, the trustee-manager of Hutchison Port Holdings Trust which is listed in Singapore, with effect from 26 April 2023.

REVIEW OF INTERIM REPORT

The interim report of Prosperity REIT for the Reporting Period has been reviewed by the Audit Committee and the Disclosures Committee. The interim financial statements have also been reviewed by Prosperity REIT's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CLOSURE OF REGISTER OF UNITHOLDERS

The register of unitholders will be closed from Monday, 4 September 2023 to Tuesday, 5 September 2023, both days inclusive, during which period no transfer of units will be effected. In order to qualify for the interim distribution, all unit certificates with completed transfer forms must be lodged with Prosperity REIT's unit registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 1 September 2023. The payment date of interim distribution will be on Thursday, 14 September 2023.

CONNECTED PARTY TRANSACTIONS

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Prosperity Real Estate Investment Trust

Set out below is the information in respect of the connected party transactions involving Prosperity REIT and its connected persons as defined in paragraph 8.1 of the Code on Real Estate Investment Trusts (the “REIT Code”) during the Reporting Period:

CONNECTED PARTY TRANSACTIONS — INCOME

The following table sets forth information on all the connected party transactions from which Prosperity REIT derived its income during the Reporting Period:

Name of Connected Person	Relationship with Prosperity REIT	Nature of the Connected Party Transaction	Rental and charge out collection (excluding rental deposit, if applicable) for the six months ended	Rental deposit received as at
			30 June 2023 HK\$	30 June 2023 HK\$
E-Park Parking Management Limited	Subsidiary of a substantial holder ¹	Tenancy of property of Prosperity REIT ²	292,718	161,119
Goodwell Property Management Limited	Subsidiary of a substantial holder ¹	Tenancy of property of Prosperity REIT ³	974,378	545,709
Total			1,267,096	706,828

Notes:

- Substantial holder being CK Asset Holdings Limited (“CK Asset”).
- For Unit 2805, Prosperity Place.
- For Whole of 2/F, Units 302–3 and 306–7, New Treasure Centre.

CONNECTED PARTY TRANSACTIONS

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CONNECTED PARTY TRANSACTIONS — BUILDING MANAGEMENT SERVICES

The following table sets forth information in relation to building management services provided by the connected persons for the properties of Prosperity REIT during the Reporting Period:

Name of Connected Person	Relationship with Prosperity REIT	Nature of the Connected Party Transaction	Payment received/receivable for the six months ended 30 June 2023 HK\$
Goodwell Property Management Limited ¹	Subsidiary of a substantial holder ³	Remuneration of DMC Manager	317,948
Goodwell Property Management Limited ²	Subsidiary of a substantial holder ³	Remuneration of Carpark Manager	28,889
Citybase Property Management Limited ²	Subsidiary of a substantial holder ³	Remuneration of Carpark Manager	21,618
Total			368,455

Notes:

1. It is the manager appointed under the respective deeds of mutual covenant of the properties of Prosperity REIT (the "DMC Manager").
2. They are the carpark managers of certain properties of Prosperity REIT (the "Carpark Manager") as delegated by Goodwell-Prosperity Property Services Limited, the property manager of Prosperity REIT pursuant to a property management agreement dated 29 November 2005, as modified, amended and/or extended from time to time.
3. Substantial holder being CK Asset.

CONNECTED PARTY TRANSACTIONS

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CONNECTED PARTY TRANSACTIONS — EXPENSES

Prosperity Real Estate Investment Trust

The following table sets forth information on all the connected party transactions in which Prosperity REIT incurred its expenses (other than the building management fees and other charges of the building accounts mentioned above) during the Reporting Period:

Name of Connected Person	Relationship with Prosperity REIT	Nature of the Connected Party Transaction	Expenses for the six months ended 30 June 2023 HK\$
Goodwell-Prosperity Property Services Limited	Subsidiary of a substantial holder ¹	Property management and lease management fee	4,972,535
Goodwell-Prosperity Property Services Limited	Subsidiary of a substantial holder ¹	Marketing service fee	6,190,664
E-Park Parking Management Limited	Subsidiary of a substantial holder ¹	Carpark lease agency fee	1,705,665
Total			12,868,864

Note:

1. Substantial holder being CK Asset.

CONNECTED PARTY TRANSACTION WITH HSBC GROUP* FOR BANK DEPOSITS

Prosperity REIT has engaged The Hongkong and Shanghai Banking Corporation Limited, the holding company of the Trustee, to provide ordinary banking and financial services (namely, bank deposits and interest earned therefrom) within the Reporting Period.

* HSBC Group means The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee but excluding those subsidiaries formed in its capacity as the trustee of Prosperity REIT).

CONNECTED PARTY TRANSACTIONS

OTHER CONNECTED PARTY TRANSACTIONS

The following companies had provided carpark management services and property management services to Prosperity REIT during the Reporting Period and hence amounts due from Prosperity REIT as at 30 June 2023 were as follows:

Name of Connected Person	Amount payable HK\$
Goodwell-Prosperity Property Services Limited	2,456,446
Goodwell Property Management Limited	5,437,311
E-Park Parking Management Limited	289,235
Citybase Property Management Limited	171,984
Total	8,354,976

OTHER TRANSACTIONS

The following table sets forth information in relation to services provided by the REIT Manager and the Trustee to Prosperity REIT during the Reporting Period:

Name of Connected Person	Relationship with Prosperity REIT	Nature of the Connected Party Transaction	Expenses for the six months ended 30 June 2023 HK\$
ARA Asset Management (Prosperity) Limited	REIT Manager	Base fee and variable fee	24,377,689
HSBC Institutional Trust Services (Asia) Limited	Trustee	Trustee fee	1,406,771
Total			25,784,460

CONNECTED PARTY TRANSACTIONS

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Prosperity Real Estate Investment Trust

REPURCHASE, SALE OR REDEMPTION OF UNITS

During the Reporting Period, there was no repurchase, sale or redemption of units by Prosperity REIT or its subsidiaries during the Reporting Period.

HOLDING OF CONNECTED PERSONS IN THE UNITS OF PROSPERITY REIT

The following persons, being connected persons (as defined under the REIT Code) of Prosperity REIT, held units of Prosperity REIT:

Name	As at	As at	As at
	30 June 2023	30 June 2023	31 December 2022
	Number of Units	Percentage of Unitholdings ⁶	Number of Units
Total Win Group Limited ¹	176,328,129	11.60%	176,328,129
Wide Option Investments Limited ¹	98,883,559	6.51%	98,883,559
HKSCC Nominees Limited ²	1,126,893,225	74.14%	1,115,848,232
HSBC ³	737,000	0.05%	796,000
ARA Asset Management (Prosperity) Limited ⁴	34,661,852	2.28%	23,067,893
Lan Hong Tsung, David ⁵	1,249,000	0.08%	350,000

Notes:

- Total Win Group Limited ("Total Win") was a connected person of Prosperity REIT as it was a substantial holder (as defined under the REIT Code) of Prosperity REIT as at 30 June 2023. Total Win was an indirect wholly-owned subsidiary of CK Asset, which was therefore deemed to hold 176,328,129 units held by Total Win as at 30 June 2023.

Wide Option Investments Limited ("Wide Option") was a connected person of Prosperity REIT as it was an indirect wholly-owned subsidiary of CK Asset, which was therefore deemed to hold 98,883,559 units held by Wide Option as at 30 June 2023.

Therefore, CK Asset was deemed to hold 275,211,688 units as at 30 June 2023, of which 176,328,129 units were held by Total Win and 98,883,559 units were held by Wide Option.

CONNECTED PARTY TRANSACTIONS

2. HKSCC Nominees Limited was a connected person of Prosperity REIT as it was a substantial holder (as defined under the REIT Code) of Prosperity REIT as at 30 June 2023. So far as the REIT Manager is aware of, HKSCC Nominees Limited held such units as a nominee.
3. HSBC Holdings plc. and other members of its group ("HSBC") were connected persons of Prosperity REIT as HSBC Institutional Trust Services (Asia) Limited, the Trustee, was an indirect subsidiary of HSBC Holdings plc. So far as the REIT Manager is aware of, the Trustee had no beneficial interest in any units as at 30 June 2023 and 31 December 2022. The Trustee's directors, chief executives and their associates (as defined in the REIT Code) had no beneficial interest in any units as at 30 June 2023 and 31 December 2022. The Trustee's associates (as defined in the REIT Code) were beneficially interested in 737,000 units as at 30 June 2023 and 796,000 units as at 31 December 2022.
4. ARA Asset Management (Prosperity) Limited was a connected person of Prosperity REIT as it was the management company (as defined under the REIT Code) of Prosperity REIT as at 30 June 2023.
5. Dr. Lan Hong Tsung, David was a connected person of Prosperity REIT as he was a director of the management company (as defined under the REIT Code) of Prosperity REIT as at 30 June 2023.
6. The total number of issued units as at 30 June 2023 was 1,520,055,214.

Save as disclosed above, the REIT Manager is not aware of any connected persons (as defined under the REIT Code) of Prosperity REIT holding any units of Prosperity REIT as at 30 June 2023.

HOLDINGS OF THE REIT MANAGER, DIRECTORS AND CHIEF EXECUTIVE OF THE REIT MANAGER IN THE UNITS OF PROSPERITY REIT

As at 30 June 2023, the interests of the REIT Manager, Directors and chief executive of the REIT Manager in the units of Prosperity REIT as recorded in the Register of Interests maintained by the REIT Manager under clause 30.3 of the Trust Deed were as follows:

Name	Number of Units	Percentage of Unitholdings ¹
ARA Asset Management (Prosperity) Limited	34,661,852	2.28%
Lan Hong Tsung, David	1,249,000	0.08%

Note:

1. The total number of issued units as at 30 June 2023 was 1,520,055,214.

Save as disclosed above, none of the Directors and chief executive of the REIT Manager had any interest in the units of Prosperity REIT as at 30 June 2023.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Prosperity Real Estate Investment Trust

TO THE BOARD OF DIRECTORS OF ARA ASSET MANAGEMENT (PROSPERITY) LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Prosperity Real Estate Investment Trust and its subsidiaries set out on pages 24 to 48, which comprises the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, distribution statement, condensed consolidated statement of changes in net assets attributable to unitholders and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. ARA Asset Management (Prosperity) Limited, as manager of Prosperity Real Estate Investment Trust, is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	217,395	218,568
Property management fees		(4,973)	(5,097)
Property operating expenses	6	(44,605)	(41,227)
Total property operating expenses		(49,578)	(46,324)
Net property income		167,817	172,244
Other income		517	511
Manager's fee		(24,378)	(24,865)
Trust and other expenses	7	(4,081)	(4,158)
Change in fair value of investment properties		(109,101)	(82,312)
Finance costs, net	8	(54,216)	36,988
(Loss)/profit before taxation and transactions with unitholders		(23,442)	98,408
Taxation	9	(15,073)	(19,660)
(Loss)/profit for the period, before transactions with unitholders		(38,515)	78,748
Distribution to unitholders		(113,771)	(131,395)
Loss for the period, after transactions with unitholders		(152,286)	(52,647)
Total comprehensive expense for the period, after transactions with unitholders		(152,286)	(52,647)
Income available for distribution to unitholders		113,771	131,395
Basic (loss)/profit per unit (HK\$)	10	(0.03)	0.05

DISTRIBUTION STATEMENT

For the six months ended 30 June 2023

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Interim Report 2023

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
(Loss)/profit for the period, before transactions with unitholders	(38,515)	78,748
Adjustments:		
Manager's fee	23,870	24,333
Change in fair value of investment properties	109,101	82,312
Change in fair value of derivative financial instruments	12,120	(63,483)
Non-cash finance costs	4,456	3,934
Deferred tax	2,739	5,551
Income available for distribution (note (i))	113,771	131,395
Distribution to unitholders:		
For the six months ended 30 June	113,771	131,395
Distribution per unit (HK\$) (note (ii))	0.0745	0.0875

Notes:

- (i) In accordance with the trust deed constituting Prosperity REIT (the "Trust Deed"), Prosperity REIT is required to distribute to unitholders not less than 90% of its distributable income for each financial period and it is the stated policy of REIT Manager to distribute 100% of the distributable income. Pursuant to the Trust Deed, distributable income is defined as the amount calculated by the REIT Manager as representing the consolidated profit after tax of Prosperity REIT and its subsidiaries (the "Group") for the relevant financial period, as adjusted to eliminate the effects of certain Adjustments (as defined in the Trust Deed) which have been recorded in the condensed consolidated statement of profit or loss and other comprehensive income for the relevant financial period.

These adjustments for the half year comprise:

- (a) manager's fee paid and payable in units of HK\$23,870,000 (six months ended 30 June 2022: HK\$24,333,000) out of the total manager's fee of HK\$24,378,000 (six months ended 30 June 2022: HK\$24,865,000) (the difference of HK\$508,000 (six months ended 30 June 2022: HK\$532,000) is paid in cash);
- (b) decrease in fair value of investment properties of HK\$109,101,000 (six months ended 30 June 2022: HK\$82,312,000) and decrease in fair value of derivative financial instruments of HK\$12,120,000 (six months ended 30 June 2022: increase in fair value of HK\$63,483,000);
- (c) non-cash finance costs of HK\$4,456,000 (six months ended 30 June 2022: HK\$3,934,000), are derived from the negative amount of finance costs of HK\$54,216,000 (six months ended 30 June 2022: positive amount of HK\$36,988,000), less decrease in fair value of derivative financial instruments of HK\$12,120,000 (six months ended 30 June 2022: adding back increase in fair value of HK\$63,483,000) and less the cash finance costs of HK\$37,640,000 (six months ended 30 June 2022: HK\$22,561,000); and
- (d) deferred tax provision of HK\$2,739,000 (six months ended 30 June 2022: HK\$5,551,000).
- (ii) The distribution per unit of HK\$0.0745 (six months ended 30 June 2022: HK\$0.0875) is calculated based on Prosperity REIT's income available for distribution of HK\$113,771,000 (six months ended 30 June 2022: HK\$131,395,000) over 1,527,055,457 units (30 June 2022: 1,501,690,737 units), representing units in issue as at the end of the reporting period plus the number of units to be issued after the distribution period to the REIT Manager as payment of base fee and variable fee in the second quarter of the relevant distribution period.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

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Prosperity Real Estate Investment Trust

	Notes	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	11	9,703,000	9,801,000
Derivative financial instruments	13	26,510	32,185
Total non-current assets		9,729,510	9,833,185
Current assets			
Derivative financial instruments	13	31,546	37,991
Trade and other receivables	12	11,322	10,959
Bank balances and cash		98,390	100,366
Total current assets		141,258	149,316
Total assets		9,870,768	9,982,501
Non-current liabilities, excluding net assets attributable to unitholders			
Borrowings	14	2,311,245	2,306,789
Deferred tax liabilities		253,513	250,774
Total non-current liabilities, excluding net assets attributable to unitholders		2,564,758	2,557,563
Current liabilities			
Trade and other payables	15	184,988	181,309
Amounts due to related companies	16	8,355	7,862
Provision for taxation		16,488	11,345
Manager's fee payable		12,173	12,343
Distribution payable		113,771	113,590
Total current liabilities		335,775	326,449
Total liabilities, excluding net assets attributable to unitholders		2,900,533	2,884,012
Net assets attributable to unitholders		6,970,235	7,098,489
Units in issue ('000)	17	1,520,055	1,508,461
Net asset value per unit (HK\$) attributable to unitholders	18	4.59	4.71

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 June 2023

	Issued units HK\$'000 (unaudited)	Unit issue costs HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Net assets attributable to unitholders as at 1 January 2023 (audited)	3,238,270	(91,278)	3,951,497	7,098,489
OPERATIONS				
Loss for the period, before transactions with unitholders	-	-	(38,515)	(38,515)
Distribution paid and payable	-	-	(113,771)	(113,771)
Total comprehensive expense for the period, after transaction with unitholders	-	-	(152,286)	(152,286)
UNITHOLDERS' TRANSACTIONS OTHER THAN DISTRIBUTIONS				
Units issued to REIT Manager	24,032	-	-	24,032
Net assets attributable to unitholders as at 30 June 2023	3,262,302	(91,278)	3,799,211	6,970,235

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 June 2022

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Prosperity Real Estate Investment Trust

	Issued units HK\$'000 (unaudited)	Other reserve HK\$'000 (unaudited)	Unit issue costs HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Net assets attributable to unitholders as at 1 January 2022 (audited)	3,234,263	(1,973)	(91,278)	4,121,591	7,262,603
OPERATIONS					
Profit for the period, before transactions with unitholders	—	—	—	78,748	78,748
Distribution paid and payable	—	—	—	(131,395)	(131,395)
Total comprehensive expense for the period, after transaction with unitholders	—	—	—	(52,647)	(52,647)
UNITHOLDERS' TRANSACTIONS OTHER THAN DISTRIBUTIONS					
Units issued to REIT Manager	24,469	—	—	—	24,469
Units bought back (note (i))	(44,828)	1,973	—	—	(42,855)
Net assets attributable to unitholders as at 30 June 2022	3,213,904	—	(91,278)	4,068,944	7,191,570

Note (i):

During the six months ended 30 June 2022, the REIT Manager bought back a total of 14,894,000 units of Prosperity REIT for an aggregate consideration of approximately HK\$42.8 million. These units bought back, together with 639,000 units bought back which were not cancelled as at 31 December 2021 (with a consideration of HK\$1,973,000), were cancelled prior to the reporting period end.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Cash generated from operations	167,029	155,530
Income tax paid	(7,191)	—
Net cash from operating activities	159,838	155,530
Investing activities:		
Interest received	517	133
Additional expenditure to investment properties	(11,101)	(9,312)
Net cash used in investing activities	(10,584)	(9,179)
Financing activities:		
Interest payments of term loans	(37,640)	(22,561)
Distribution to unitholders	(113,590)	(129,509)
Payments for units bought back	—	(42,855)
Cash used in financing activities	(151,230)	(194,925)
Net decrease in cash and cash equivalents	(1,976)	(48,574)
Cash and cash equivalents at beginning of the period	100,366	205,960
Cash and cash equivalents at end of period, represented by bank balances and cash	98,390	157,386

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

1 GENERAL

Prosperity REIT is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its units have been listed on The Stock Exchange of Hong Kong Limited since 16 December 2005. Prosperity REIT is governed by the Trust Deed made between the REIT Manager and Trustee and the REIT Code issued by the Securities and Futures Commission of Hong Kong.

The principal activity of the Group is to own and invest in a portfolio of commercial properties, comprising office, commercial, industrial/office and industrial buildings located in Hong Kong with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit.

2 BASIS OF PREPARATION

The condensed consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of Prosperity REIT.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the relevant disclosure requirements set out in Appendix C of the REIT Code issued by the Securities and Futures Commission of Hong Kong.

The REIT Manager is of the opinion that, taking into account the headroom of the fair value of investment properties of HK\$9,703,000,000, presently available bank facilities and internal financial resources, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. Thus the Group continues to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3 PRINCIPAL ACCOUNTING POLICIES

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Interim Report 2023

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

3.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies (Continued)

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 December 2023.

4 REVENUE

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Rental income	164,841	169,220
Car park income	15,547	14,808
	180,388	184,028
Rental related income	37,007	34,540
	217,395	218,568

Notes:

- (i) Car park income and rental related income (which mainly consists of management fee income and air conditioning income which are payable by the tenants) are recognised over time when the services and facilities are provided. The Group applied the practical expedient in HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") by recognising revenue in the amount to which the Group has right to invoice an amount that corresponds directly with the value to customer of the entity's performance completed to date on a time basis. All services are for periods of one year or less. As permitted under HKFRS 15, the aggregate amount of the transaction price allocated to the unsatisfied contracts is not disclosed.
- (ii) For contracts that includes both lease and non-lease components (property management services), the Group applies HKFRS 15 to allocate the consideration to separate lease and non-lease components on a relative stand-alone selling price basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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5 SEGMENT INFORMATION

As at 30 June 2023, Prosperity REIT owns seven (31 December 2022: seven) office, commercial, industrial/office and industrial buildings located in Hong Kong, namely The Metropolis Tower, Prosperity Millennia Plaza, 9 Chong Yip Street, Prosperity Place, Trendy Centre, a portion of Prosperity Center and a portion of New Treasure Centre. These properties are the basis on which the REIT Manager, being the chief operating decision maker, reports Prosperity REIT's segment information for the purpose of resource allocation and performance assessment.

Six months ended 30 June 2023 (unaudited)

	The Prosperity		Prosperity			New		
	Metropolis Tower	Millennia Plaza	9 Chong Yip Street	Prosperity Place	Trendy Centre	Prosperity Center (portion)	Treasure Centre (portion)	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental income	48,219	36,817	15,811	31,284	23,258	17,328	7,671	180,388
Rental related income	13,410	9,183	2,510	4,637	3,973	2,075	1,219	37,007
Segment revenue in Hong Kong	61,629	46,000	18,321	35,921	27,231	19,403	8,890	217,395
Segment profit	47,821	37,272	13,361	27,092	20,722	14,894	6,655	167,817
Other income								517
Manager's fee								(24,378)
Trust and other expenses								(4,081)
Change in fair value of investment properties								(109,101)
Finance costs, net								(54,216)
Loss before taxation and transactions with unitholders								(23,442)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5 SEGMENT INFORMATION (Continued)

Six months ended 30 June 2022 (unaudited)

	The Metropolis Tower HK\$'000	Prosperity Millennia Plaza HK\$'000	9 Chong Yip Street HK\$'000	Prosperity Place HK\$'000	Trendy Centre HK\$'000	Prosperity Center (portion) HK\$'000	New Treasure Centre (portion) HK\$'000	Consolidated HK\$'000
Rental income	49,846	37,217	17,203	32,336	22,165	17,890	7,371	184,028
Rental related income	12,262	8,520	2,420	4,498	3,728	1,943	1,169	34,540
Segment revenue in Hong Kong	62,108	45,737	19,623	36,834	25,893	19,833	8,540	218,568
Segment profit	49,292	37,901	15,748	28,018	19,528	15,456	6,301	172,244
Other income								511
Manager's fee								(24,865)
Trust and other expenses								(4,158)
Change in fair value of investment properties								(82,312)
Finance costs, net								36,988
Profit before taxation and transactions with unitholders								98,408

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

6 PROPERTY OPERATING EXPENSES

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Building management expenses	21,588	20,800
Utilities	3,149	2,409
Car park operating expenses	4,232	4,072
Marketing service fee	6,191	7,063
Lease commission	2,148	964
Repairs and maintenance	3,957	1,447
Valuation fees (paid to principal valuer)	90	93
Audit fee	644	644
Other charges	2,606	3,735
	44,605	41,227

7 TRUST AND OTHER EXPENSES

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Audit fee	96	96
Bank charges	685	648
Legal and professional fees	306	406
Public relations and related expenses	40	31
Registrar fee	300	300
Trust administrative expenses	1,247	1,188
Trustee's fee	1,407	1,489
	4,081	4,158

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

8 FINANCE COSTS, NET

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest expense on bank borrowings	57,989	16,847
Interest rate swaps (income)/expense realised	(15,893)	9,648
	42,096	26,495
Change in fair value of derivative financial instruments	12,120	(63,483)
	54,216	(36,988)

9 TAXATION

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax	12,334	14,109
Deferred tax	2,739	5,551
	15,073	19,660

The estimated tax rate used is 16.5% for the period under review. No provision for Hong Kong Profits Tax is required for certain subsidiaries as these subsidiaries did not have any assessable profits for the period or the assessable profit is wholly absorbed by tax losses brought forward.

Deferred tax is provided on temporary differences relating to accelerated tax depreciation, tax losses and derivative financial instruments using the estimated tax rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

10 BASIC (LOSS)/PROFIT PER UNIT

The basic (loss)/profit per unit is calculated by dividing the loss for the period, before transactions with unitholders of HK\$38,515,000 (six months ended 30 June 2022: profit of HK\$78,748,000) by the weighted average of 1,520,290,036 (six months ended 30 June 2022: 1,503,288,514) units in issue during the period, taking into account the units issuable as manager's fee for its service in the last quarter of the relevant distribution period.

No diluted earnings per unit has been presented as there were no potential units in issue.

11 INVESTMENT PROPERTIES

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Fair value at the beginning of the period/year	9,801,000	9,967,000
Additional expenditure	11,101	20,504
Change in fair value of investment properties	(109,101)	(186,504)
Fair value at the end of the period/year	9,703,000	9,801,000

- (i) All of the Group's property interests in properties are located in Hong Kong to earn rentals or for capital appreciation purposes. They are measured using the fair value model and are classified and accounted for as investment properties.

The Group leases out various offices, commercial, industrial/office and industrial buildings and carparks under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 4 years. All leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain lessee's option to purchase the property at the end of lease term.

In estimating the fair value of investment properties, it is the Group's policy to engage an independent qualified external valuer to perform the valuation. The REIT Manager works closely with the independent qualified external valuer to establish the appropriate valuation technique and inputs to the model.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

11 INVESTMENT PROPERTIES (Continued)

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Interim Report 2023

(i) (Continued)

On 30 June 2023 and 31 December 2022, an independent valuation on the investment properties was undertaken by Jones Lang LaSalle Limited. The firm is an independent qualified external valuer not connected to the Group and has appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation of the properties, falls under level 3 of the fair value hierarchy, was arrived at using the income capitalisation method. Income capitalisation method is based on the capitalisation of the current passing rental income and potential reversionary income over the remaining tenure of the investment properties from the date of valuation at appropriate investment yields to arrive at the fair value of which vacant units are assumed to be let at their respective market rents as at the valuation date.

The adopted capitalisation rates in the valuation range from 3.7% to 4.3% (31 December 2022: 3.7% to 4.3%). The capitalisation rates is one of the key parameters in the income capitalisation method and they involve professional judgment in relation to the adjustments made by the independent qualified external valuer. A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.

None of the Group's investment properties as at 30 June 2023 and 31 December 2022 was pledged to secure banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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12 TRADE AND OTHER RECEIVABLES

Prosperity Real Estate Investment Trust

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade receivables	4,935	5,906
Less: allowance for credit losses	(3,554)	(3,361)
	1,381	2,545
Deposits, prepayments and other receivables	9,941	8,414
	11,322	10,959

Ageing analysis of the Group's trade receivables presented based on the invoice date, net of allowance for credit losses, at the end of the reporting period is as follows:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Current – 1 month	103	102
2 – 3 months	1,055	1,299
Over 3 months	223	1,144
	1,381	2,545

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

13 DERIVATIVE FINANCIAL INSTRUMENTS

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Interim Report 2023

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Reflected in condensed consolidated statement of financial position based on discounted cash flow as:		
Non-current assets	26,510	32,185
Current assets	31,546	37,991
	58,056	70,176

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of these borrowing from floating rates to fixed rates.

Derivatives:

Contracts with total notional amount of HK\$1,287,000,000 (31 December 2022: HK\$1,287,000,000) as at 30 June 2023 will mature from January 2024 to September 2026 (31 December 2022: January 2024 to September 2026). These contracts have fixed interest payments at rates ranging from 1.548% to 2.720% (31 December 2022: 1.548% to 2.720%) per annum and have floating interest receipts at three months HIBOR with HIBOR being repriced every three months.

During the period ended 30 June 2023, the Group entered into an interest rate swap contract with notional amount of HK\$100,000,000, which will be effective in March 2024.

The total decrease in fair value of the derivative financial instruments amounting to HK\$12,120,000 is recognised in the profit or loss for the six months ended 30 June 2023 (six months ended 30 June 2022: increase in fair value of HK\$63,483,000).

All derivatives are measured at fair value at the end of each reporting period. Their fair values are determined based on the discounted future cash flows using the applicable yield curve for the remaining duration of the swaps.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

13 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives: (Continued)

The fair value of the derivative financial instruments falls under level 2 of the fair value hierarchy and is based on valuation of the instruments provided by the counterparty banks, which are determined using interest rates implied from observable market inputs such as market interest rates yield curves and contracted interest rates discounted at a rate that reflects the credit risk of various counterparties.

14 BORROWINGS

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Unsecured term loans	2,340,000	2,340,000
Bank facility origination fees	(28,755)	(33,211)
	2,311,245	2,306,789
Carrying amount repayable:		
Within a period of more than one year but not exceeding five years	2,311,245	2,306,789
	2,311,245	2,306,789

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Interim Report 2023

14 BORROWINGS (Continued)

Details of the terms and conditions of the Group's facilities (including the unutilised facilities as stipulated in paragraph (ii) below) as at 30 June 2023 and 31 December 2022 are as follows:

- (i) A HK\$800 million 5-year unsecured sustainability-link term loan, which will mature in August 2026; and
- (ii) HK\$1,970 million unsecured sustainability-link term loans, comprising of (a) HK\$1,200 million 3-year term loan facility and revolving credit facility and (b) HK\$770 million 5-year term loan facility and revolving credit facility, which will mature in November 2025 and November 2027 respectively.

As at 30 June 2023, total facilities drawn was HK\$2,340 million and the revolving credit facilities of HK\$430 million remained undrawn. The total facilities bear interest at HIBOR plus a margin ranging from 1.04% to 1.28% (31 December 2022: HIBOR plus a margin ranging from 1.04% to 1.28%) per annum. Interest margins are linked to the sustainability performance of Prosperity REIT, which may be reduced depending on the extent of predetermined key performance indicators being met.

Prosperity REIT has provided guarantees for all the facilities.

The bank facility origination fees consist of advisory fee and front-end fee with respect to the banking facilities and are included in measuring the borrowings at amortised cost. The bank facility origination fees are amortised over the respective loan periods and the movement is as follows:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Balance at beginning of the period/year	33,211	16,781
Addition	–	24,470
Amortised during the period/year	(4,456)	(8,040)
Balance at the end of the period/year	28,755	33,211

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

15 TRADE AND OTHER PAYABLES

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade payables	2,690	2,304
Tenants' deposits		
– Outside parties	134,777	132,372
– Related parties	707	706
Rental received in advance		
– Outside parties	6,609	5,351
Other payables	40,205	40,576
	184,988	181,309

Ageing analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Current – 1 month	751	1,069
2 – 3 months	1,003	347
Over 3 months	936	888
	2,690	2,304

Tenants' deposits represent the deposits refundable to tenants upon termination or cancellation of operating lease arrangements. The tenants' deposits are refundable to tenants within 45 days upon the termination of the tenancy agreement. The tenants' deposits to be settled after twelve months from the end of the reporting period based on the lease terms amounted to HK\$82,705,000 as at 30 June 2023 (31 December 2022: HK\$78,479,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16 AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies arose from expenses of back-office support services, property management services and car park management services provided by related companies. The amounts are unsecured, interest-free and repayable on demand.

17 UNITS IN ISSUE

	Number of units	HK\$'000
Balance as at 1 January 2022	1,503,747,330	3,234,263
Payment of Manager's base fee and variable fee through issuance of new units during the year	20,246,925	48,835
Units bought back and cancelled	(15,533,000)	(44,828)
Balance as at 31 December 2022	1,508,461,255	3,238,270
Payment of Manager's base fee and variable fee through issuance of new units during the period	11,593,959	24,032
Balance as at 30 June 2023	1,520,055,214	3,262,302

Subsequent to the end of the reporting period, 7,000,243 units (31 December 2022: 5,517,688 units) at HK\$1.7026 (31 December 2022: HK\$2.1895) per unit were issued to the REIT Manager as partial settlement of base fee and variable fee in the last quarter of the relevant distribution period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

18 NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders and the total number of 1,520,055,214 units in issue as at 30 June 2023 (31 December 2022: 1,508,461,255 units).

19 MAJOR NON-CASH TRANSACTION

During the period, the REIT Manager earned manager's fee of HK\$24,378,000 (six months ended 30 June 2022: HK\$24,865,000) of which HK\$23,870,000 (six months ended 30 June 2022: HK\$24,333,000) was paid or payable through the issuance of units to the REIT Manager. An amount of HK\$11,951,000 (six months ended 30 June 2022: HK\$12,183,000) had been settled through the issuance of units to the REIT Manager while the balance of HK\$11,919,000 (31 December 2022: HK\$12,081,000) included in manager's fee payable would be paid in units subsequent to the period end.

20 NET CURRENT LIABILITIES

At the end of the reporting period, the Group's net current liabilities, defined as current assets less current liabilities, amounted to HK\$194,517,000 (31 December 2022: HK\$177,133,000).

21 TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to HK\$9,534,993,000 (31 December 2022: HK\$9,656,052,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

22 CONNECTED AND RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with connected and related parties:

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Rent and rental related income from			
E-Park Parking Management Limited	(a)	293	335
Goodwell Property Management Limited	(a)	974	949
Carpark lease agency fee for the operations of the Group's carpark			
E-Park Parking Management Limited	(a)	1,706	1,631
Property management fee			
Goodwell-Prosperity Property Services Limited	(a)	4,973	5,097
Marketing service fee			
Goodwell-Prosperity Property Services Limited	(a)	6,191	7,063
Trustee's fee			
HSBC Institutional Trust Services (Asia) Limited	(b)	1,407	1,489
Manager's fee			
ARA Asset Management (Prosperity) Limited	(c)	24,378	24,865
Building manager's remuneration			
Goodwell Property Management Limited	(a)	318	303
Carpark manager's remuneration			
Goodwell Property Management Limited	(a)	29	28
Citybase Property Management Limited	(a)	21	20

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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Prosperity Real Estate Investment Trust

22 CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Balances with connected and related parties are as follows:

	Notes	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Amounts due to			
Citybase Property Management Limited	(a)	172	556
E-Park Parking Management Limited	(a)	289	287
Goodwell-Prosperity Property Services Limited	(a)	2,457	2,401
Goodwell Property Management Limited	(a)	5,437	4,618
Deposits placed with the Group for the lease of the Group's properties			
E-Park Parking Management Limited	(a)	161	160
Goodwell Property Management Limited	(a)	546	546

Notes:

- (a) These companies are subsidiaries of CK Asset, a substantial holder (defined in the REIT Code as a holder of 10% or more of the outstanding units) of Prosperity REIT.
- (b) HSBC Institutional Trust Services (Asia) Limited is the trustee of Prosperity REIT.
- (c) ARA Asset Management (Prosperity) Limited is the manager of Prosperity REIT.

Under the REIT Code, the deed of mutual covenant which binds the REIT Manager and all the owners of a development and their successors-in-title which include members of CK Asset group technically constitutes a contract between the Group and CK Asset group. Remuneration to the building managers, wholly-owned subsidiaries of CK Asset, for the building management services provided constitutes a connected party transaction. During the reporting period, remuneration paid from the funds of the buildings, attributable to the properties owned by the Group, to the building managers amounted to HK\$368,000 (2022: HK\$351,000).

23. CAPITAL COMMITMENTS

As at 30 June 2023, the Group had capital commitments for upgrading investment properties which were contracted but not provided for of approximately HK\$10,356,000 (31 December 2022: HK\$9,871,000).

PERFORMANCE TABLE

RESULTS ANALYSIS

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	217,395	218,568
Net property income	167,817	172,244
(Loss)/profit for the period, before transactions with unitholders	(38,515)	78,748
Income available for distribution	113,771	131,395
Basic (loss)/profit per unit (HK\$)	(0.03)	0.05
Distribution per unit (HK\$)	0.0745	0.0875

MAJOR ASSETS AND LIABILITIES

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Investment properties	9,703,000	9,801,000
Borrowings, excluding bank facility origination fees	(2,340,000)	(2,340,000)
Net assets attributable to unitholders	6,970,235	7,098,489
Net asset value per unit (HK\$)	4.59	4.71

PERFORMANCE TABLE

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OTHER INFORMATION

Prosperity Real Estate Investment Trust

	30 June 2023 (unaudited)	31 December 2022 (audited)
The highest traded price during the period/year (HK\$)	2.39	3.11
The discount of the highest traded price to net asset value	(47.9%)	(34.0%)
The lowest traded price during the period/year (HK\$)	1.65	1.60
The discount of the lowest traded price to net asset value	(64.1%)	(66.0%)
The net yield per unit based on market price at the end of period/year ¹	8.5%	8.2%

Note:

1. Annualized yield for the six months ended 30 June 2023 is based on the distribution per unit of HK\$0.0745 and the closing unit price of HK\$1.76 as at 30 June 2023. For the year ended 31 December 2022, the yield is based on the distribution per unit of HK\$0.1625 and the closing unit price of HK\$1.99 as at 30 December 2022.

INVESTMENT PROPERTIES PORTFOLIO

As at 30 June 2023

Property	Type	Lease term	Lease expiry date	Location	Valuation HK\$ Million
The Metropolis Tower	O	Medium-term lease	30 June 2047	10 Metropolis Drive Hung Hom Kowloon Hong Kong	2,768
Prosperity Millennia Plaza	O	Medium-term lease	30 June 2047	663 King's Road North Point Hong Kong	2,067
9 Chong Yip Street	O	Medium-term lease	30 June 2047	9 Chong Yip Street Kwun Tong Kowloon Hong Kong	973
Prosperity Place	C	Medium-term lease	30 June 2047	6 Shing Yip Street Kwun Tong Kowloon Hong Kong	1,650
Trendy Centre	I/O	Medium-term lease	30 June 2047	682 Castle Peak Road Lai Chi Kok Kowloon Hong Kong	1,074
Prosperity Center (portion)	I/O	Medium-term lease	30 June 2047	25 Chong Yip Street Kwun Tong Kowloon Hong Kong	826
New Treasure Centre (portion)	I	Medium-term lease	30 June 2047	10 Ng Fong Street San Po Kong Kowloon Hong Kong	345
Total					9,703

Note: Type of properties: O — Office, C — Commercial, I/O — Industrial/Office, I — Industrial

CORPORATE INFORMATION

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Prosperity Real Estate Investment Trust

BOARD OF DIRECTORS OF THE REIT MANAGER

CHIU Kwok Hung, Justin
Chairman and Non-executive Director

LIM Hwee Chiang
Non-executive Director

WONG Lai Hung, Mavis
Executive Director and Chief Executive Officer

MA Lai Chee, Gerald
Non-executive Director

LAN Hong Tsung, David
Independent Non-executive Director

SNG Sow-Mei (alias POON Sow Mei)
Independent Non-executive Director

WONG Kwai Lam
Independent Non-executive Director

NG Shieu Yeing, Christina
Independent Non-executive Director

COMPANY SECRETARY OF THE REIT MANAGER

Tricor Corporate Secretary Limited

TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

AUDITOR OF PROSPERITY REIT

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL VALUER

Jones Lang LaSalle Limited

PRINCIPAL BANKERS

DBS Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Oversea-Chinese Banking Corporation Limited

LEGAL ADVISER

Baker & McKenzie

REGISTERED OFFICE

Unit 901, Level 9, Fortune Metropolis
6 The Metropolis Drive, Hung Hom, Kowloon
Hong Kong

UNIT REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712–16, 17/F, Hopewell Centre
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Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 808

INVESTOR RELATIONS

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KEY DATES

Interim Results Announcement
17 August 2023

Closure of Register of Unitholders
for interim distribution
4 September 2023 to
5 September 2023 (both days inclusive)

Payment of interim distribution
14 September 2023

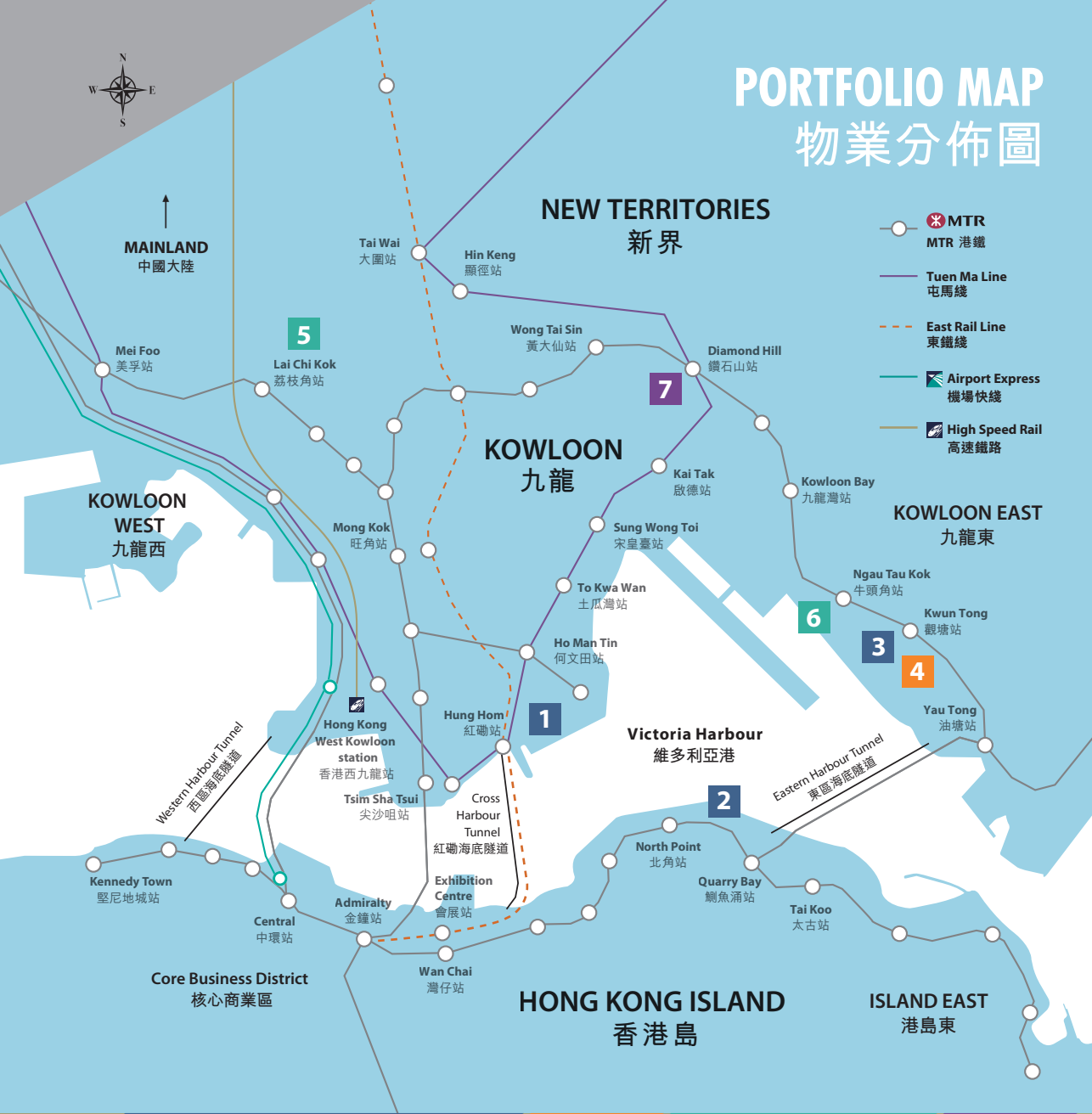
The interim report 2023 (in both English and Chinese versions) ("Interim Report") has been posted on Prosperity REIT's website at www.prosperityreit.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Unitholders who have chosen (or are deemed to have consented) to receive Prosperity REIT's Corporate Communication (including but not limited to annual report, interim report, notice of meeting, listing documents, circular and proxy form) by electronic means through Prosperity REIT's website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on Prosperity REIT's website may request a printed copy of the Interim Report free of charge.

Unitholders may at any time change the choice of means of receipt (i.e. in printed form or by electronic means through Prosperity REIT's website) and/or language of Prosperity REIT's Corporate Communication by reasonable prior notice in writing to Prosperity REIT's unit registrar, Computershare Hong Kong Investor Services Limited, either by post or by email to prosperityreit.ecom@computershare.com.hk

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基金單位持有人可以郵寄方式向泓富產業信託之基金單位過戶登記處香港中央證券登記有限公司發出合理的事先書面通知或電郵至 prosperityreit.ecom@computershare.com.hk，隨時更改其對有關泓富產業信託企業通訊的收取方式(即印刷本或透過泓富產業信託網站收取電子版本)及/或語文版本之選擇。

PORTFOLIO MAP 物業分佈圖



GRADE A OFFICE 甲級寫字樓



1
The Metropolis Tower
都會大廈

2
Prosperity Millennium Plaza
泓富產業千禧廣場

3
9 Chong Yip Street
創業街9號

COMMERCIAL 商用物業



4
Prosperity Place
泓富廣場

INDUSTRIAL / OFFICE 工商綜合物業



5
Trendy Centre
潮流工貿中心



6
Prosperity Center Property (portion)
創富中心 (部分)

INDUSTRIAL 工業物業



7
New Treasure Centre Property (portion)
新寶中心 (部分)



Stock Code 股份代號 : 808

Manager 管理人



Prosperity REIT is managed by
ARA Asset Management (Prosperity) Limited
泓富產業信託
由泓富資產管理有限公司管理



www.prosperityreit.com

