

## Connected Party Transactions

Set out below is the information in respect of the connected party transactions involving Prosperity REIT and its connected persons as defined in paragraphs 8.1 of the REIT Code:

### Connected Transaction Income

The following table sets forth information on all the connected party transactions from which Prosperity REIT derived its income during the Reporting Period of 16 December to 31 December 2005:

Name of Connected Party	Relationship with Prosperity REIT	Nature of the Connected Transaction	Rental and charge out collection (excluding rental deposit, if applicable) for the period from 16 December 2005 to 31 December 2005	Rental deposit received as at 31 December 2005
			HK\$	HK\$
AMTD Financial Planning Limited	Associate of a significant holder <sup>1</sup>	Tenancy of property of Prosperity REIT <sup>3</sup>	57,856	485,043
e-Smart System Inc.	Subsidiary of a significant holder <sup>1</sup>	Tenancy of properties of Prosperity REIT <sup>4</sup>	99,025	191,259
Goodwell Property Management Limited	Subsidiary of a significant holder <sup>1</sup>	Tenancy of property of Prosperity REIT <sup>5</sup>	34,106	223,968
Fusion System Limited	Subsidiary of a significant holder <sup>1</sup>	Tenancy of property of Prosperity REIT <sup>6</sup>	1,269	44,778
Tremayne Investments Limited	Subsidiary of an associate of a significant holder <sup>2</sup>	Tenancy of property of Prosperity REIT <sup>7</sup>	640,991	see note 9
E-Park Parking Management Limited	Subsidiary of a significant holder <sup>1</sup>	Tenancy of property of Prosperity REIT <sup>8</sup>	7,409	48,732
<b>TOTAL:</b>			<b>840,656</b>	<b>993,780</b>

- 1 Significant holder being Cheung Kong
- 2 The connected party is an indirect wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL"), an associate of a significant holder of Prosperity REIT, namely Cheung Kong
- 3 For Units 2501-3 & Units 2505-11, MLC Millennia Plaza
- 4 For 18/F, Prosperity Center and Unit 2903, Modern Warehouse
- 5 For 2/F & Units 306-7, New Treasure Centre
- 6 For Unit 2905, Modern Warehouse
- 7 For 3/F, 5/F & 6/F, Harbourfront Landmark
- 8 For Unit 807 & Units 1109-10, Prosperity Center
- 9 By a bank guarantee of HK\$4,850,346 given by HWL

### Connected Transaction – Building Management Services

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

Name of Connected Party <sup>1</sup>	Relationship with Prosperity REIT	Nature of the Connected Transaction	Payment received/receivable for the period from 16 December 2005 to 31 December 2005
			HK\$
Goodwell Property Management Limited	Subsidiary of a significant holder <sup>2</sup>	Remuneration of DMC Manager <sup>3</sup>	6,070
Citybase Property Management Limited	Subsidiary of a significant holder <sup>2</sup>	Remuneration of DMC Manager <sup>3</sup>	10,131
<b>TOTAL:</b>			<b>16,201</b>

- 1 The connected parties are managers under the deeds of mutual covenant of the properties of Prosperity REIT (the "DMC Manager").
- 2 Significant holder being Cheung Kong.
- 3 The amounts paid to Goodwell Property Management Limited and Citybase Property Management Limited for the Reporting Period were HK\$766,847 and HK\$764,292 respectively, out of which HK\$6,070 and HK\$10,131 were DMC Managers' remuneration, the remaining amounts were held under the building accounts of the properties for building management expenses and utilities charges. Harbourfront Landmark Premium Services Limited, an indirect wholly-owned subsidiary of HWL, also received an amount of HK\$50,486, all such amount was held under the building account.

## Connected Party Transactions

### Connected Party Transaction – Expenses

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 Party	Relationship with Prosperity REIT	Nature of the Connected Transaction	Expense for the period from 16 December 2005 to 31 December 2005
			<i>HK\$</i>
Goodwell Property Management Limited	Subsidiary of a significant holder <sup>1</sup>	Car park lease agency fee	5,047
Goodwell-Prosperity Property Services Ltd	Subsidiary of a significant holder <sup>1</sup>	Property management and lease management fee	177,132
E-Park Parking Management Limited	Subsidiary of a significant holder <sup>1</sup>	Car park lease agency fee	77,184
HSBC Institutional Trust Services (Asia) Limited	Trustee	Trustee fee	59,809
ARA Asset Management (Prosperity) Limited	Manager	Base fee and variable fee	870,757
<b>TOTAL:</b>			<b>1,189,929</b>

<sup>1</sup> Significant holder being Cheung Kong

### 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 – Lease transactions under which the annual rent exceed HK\$1 million:

Name of Connected Party (Tenant)	Relationship with Prosperity REIT	Nature of the Connected Transaction	Annual Income <sup>3</sup>
			<i>HK\$</i>
Tremayne Investments Limited	Subsidiary of an associate of a significant holder <sup>1</sup>	Tenancy agreement for 3/F, 5/F & 6/F, Harbourfront Landmark	13,863,780
AMTD Financial Planning Limited	Associate of a significant holder <sup>2</sup>	Tenancy agreement for Units 2505-11, MLC Millennium Plaza	1,107,180
e-Smart System Inc.	Subsidiary of a significant holder <sup>2</sup>	Tenancy agreement for 18/F, Prosperity Center	1,516,032
<b>TOTAL:</b>			<b>16,486,992</b>

<sup>1</sup> The connected party is an indirect wholly-owned subsidiary of HWL, an associate of a significant holder of Prosperity REIT, namely Cheung Kong.

<sup>2</sup> Significant holder being Cheung Kong

<sup>3</sup> The annual income stated herein refers to the rental income that would have been received for a 12-month period according to the relevant tenancy agreements.

## Connected Party Transactions

### Other Connected Party Transaction

The following companies had acted as the agents for Prosperity REIT for collection of rent and rental related income for December 2005 and hence had amount due to Prosperity REIT as at 31 December 2005:

Name of Connected party	Amount receivable
	<i>HK\$</i>
Cheung Kong Properties Development Limited	9,813,828
E-Park Parking Management Limited	1,644,179
<b>TOTAL:</b>	<b>11,458,007</b>

### Confirmation by the INEDs

The Independent Non-executive Directors confirm that they have reviewed the terms of all relevant connected party transactions including those connected party transactions with the HSBC Group and that they are satisfied that these transactions have been entered into:

- (a) in the ordinary and usual course of business of Prosperity REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Prosperity REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement governing them (if any) on terms that are fair and reasonable and in the interests of the unitholders of Prosperity REIT as a whole.

### Confirmation by the Auditors of Prosperity REIT

Pursuant to the waiver from strict compliance with disclosure requirement under Chapter 8 of the Code on Real Estate Investment Trusts, the Manager has engaged the auditors of the Prosperity REIT to perform certain factual finding procedures in respect of the connected transactions on the rental and charge out collection on leasing of properties, remuneration of DMC Manager, car park lease agency fee as well as property management and lease management fee for the period 16 December 2005 to 31 December 2005 of the Group in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have performed these procedures and reported to the Board of the Manager their factual findings.

### Confirmation by the Manager and Trustee of corporate finance transaction with the HSBC Group

Both the Manager and the Trustee confirm that there is no corporate finance transaction and other connected transaction (save and except for those disclosed hereinabove) with the HSBC Group during the Reporting Period.

### Repurchase, Sale or Redemption of Units

Under the Trust Deed, the Manager is not permitted to repurchase or redeem any of the units in Prosperity REIT until permitted to do so by the relevant codes and guidelines issued by the SFC from time to time. During the Reporting Period, there was no purchase, sale or redemption of the units of Prosperity REIT by Prosperity REIT or subsidiaries of Prosperity REIT.

## Connected Party Transactions

### Holding of Connected Persons in the Units of Prosperity REIT

As at 31 December 2005, the following persons, being connected persons (as defined under the REIT Code) of Prosperity REIT, holds units of Prosperity REIT:-

Name	Number of Units	Percentage of Unit Holdings
Total Win Group Limited	176,328,129 <i>(Note 1)</i>	14.1%
Wide Option Investments Limited	98,883,559 <i>(Note 2)</i>	7.9%
HKSCC Nominees Limited	919,120,794 <i>(Note 3)</i>	73.5%

Notes:

- (1) Total Win Group Limited was a connected person of Prosperity REIT as it was a significant holder (as defined under the REIT Code) of Prosperity REIT as at such date.
- (2) Wide Option Investments Limited was a connected person of Prosperity REIT as it was an associated company (as defined under the REIT Code) of Total Win Group Limited as at such date.
- (3) HKSCC Nominees Limited was a connected person of Prosperity REIT as at 31 December 2005 as it was a significant holder (as defined under the REIT Code) of Prosperity REIT as at such date. So far as the Manager is aware HKSCC Nominees Limited held such units as a nominee.

As at 31 December 2005, none of the Manager, and the Directors and chief executive of the Manager holds any units.

Save as disclosed above, the Manager is not aware of any connected persons (as defined under the REIT Code) of Prosperity REIT holding any units as at 31 December 2005.

So far as the Manager is aware:

- (a) Total Win Group Limited was beneficially interested in 176,328,129 units as at 31 December 2005, and was beneficially interested in 232,432,533 units as at the Listing Date;
- (b) Wide Option Investments Limited was beneficially interested in 98,883,559 units as at 31 December 2005, and was beneficially interested in 130,346,511 units as at the Listing Date; and
- (c) HSBC Institutional Trust Services (Asia) Limited had no beneficial interest in the units as at 31 December 2005 and the controlling entities, holding company, subsidiaries and associated companies (within the meaning of the REIT Code) of HSBC Institutional Trust Services (Asia) Limited were beneficially interested in a total of 28,594 units as at 31 December 2005.