



Creative
Progressive
Sustainable

創新 • 進步 • 持續發展

Interim Report 2016 中期報告



Stock Code 股份代號 : 808



About The REIT Manager

ARA Asset Management (Prosperity) Limited is a wholly-owned subsidiary of Singapore-listed ARA Asset Management Limited (“ARA”). ARA is an Asian real estate fund management company focused on the management of REITs and private real estate funds.

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 multi-dimensional growth strategies.

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 eight 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 1.35 million sq. ft..

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

Leveraging on its rich experience and outstanding management, the manager of Prosperity REIT is providing sustainable and satisfactory returns for its unitholders. The sunflower shown on the cover represents “Creative • Progressive • Sustainable”.

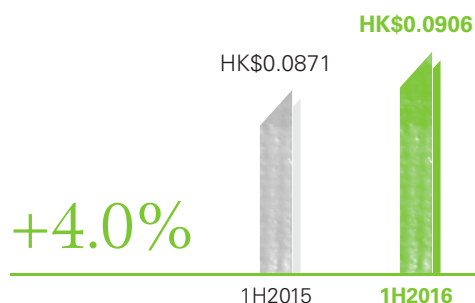
The flower is presented in art painting style, implying our asset management is as meticulous as an art piece. The delicate brushwork demonstrates a sense of harmony.

CONTENTS

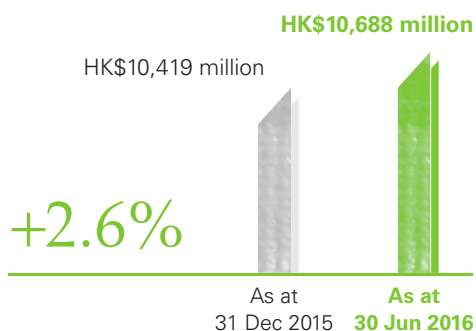
2	Performance Highlights
4	Management Discussion and Analysis
11	Corporate Governance
16	Connected Party Transactions
22	Report on Review of Condensed Consolidated Financial Statements
24	Condensed Consolidated Financial Statements
50	Performance Table
52	Investment Properties Portfolio
53	Corporate Information

Performance Highlights

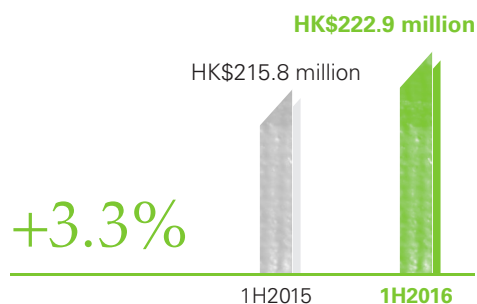
Distribution Per Unit¹



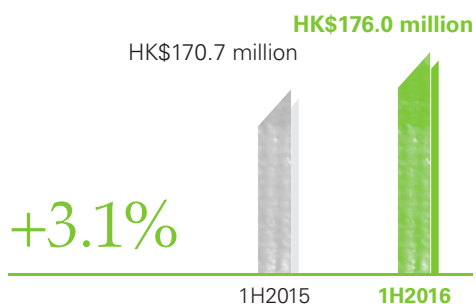
Property Valuation



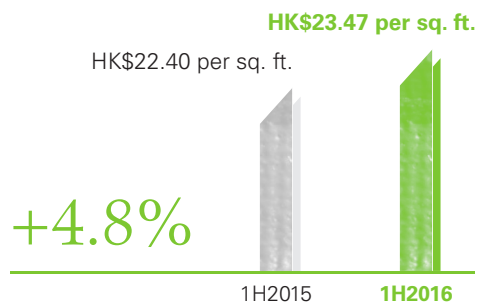
Revenue¹



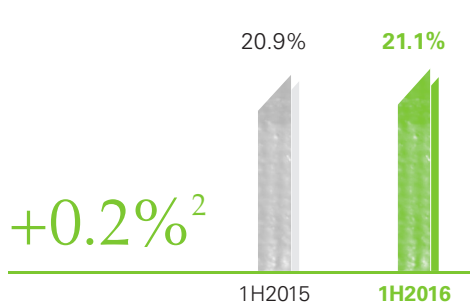
Net Property Income¹



Average Effective Unit Rent¹



Cost-to-revenue Ratio¹



Notes:

¹ For the six months ended 30 June

² Absolute change

Performance Highlights

	Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015 (unaudited)	Percentage change Increase/ (Decrease)
Distribution per unit ("DPU")	HK\$0.0906	HK\$0.0871	4.0%

Key Financial Figures

	As at 30 June 2016 (unaudited)	As at 31 December 2015 (audited)	Percentage change Increase/ (Decrease)
Net asset value per unit	HK\$5.12	HK\$4.98	2.8%
Property valuation	HK\$10,688 million	HK\$10,419 million	2.6%
Gearing ratio ¹	26.5%	27.2%	(0.7%) ²

Operation Data

	Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015 (unaudited)	Percentage change Increase/ (Decrease)
Revenue	HK\$222.9 million	HK\$215.8 million	3.3%
Net property income	HK\$176.0 million	HK\$170.7 million	3.1%
Average effective unit rent	HK\$23.47 per sq. ft.	HK\$22.40 per sq. ft.	4.8%
Occupancy rate (as at 30 June)	96.7%	98.5%	(1.8%) ²
Cost-to-revenue ratio	21.1%	20.9%	0.2% 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

Operations Review

As at 30 June 2016, Prosperity REIT owned a diverse portfolio of eight properties in the decentralized business districts of Hong Kong, comprising all, or a portion of, three Grade A office buildings, two commercial buildings, two industrial/office buildings and one industrial building. As at 30 June 2016, the total gross rentable area was 1,352,174 sq. ft., with a total of 498 car park spaces.

Information about the properties in the portfolio, as at 30 June 2016, 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	3,124	97.0%
Prosperity Millennia Plaza	North Point	217,955	43	2,041	96.6%
9 Chong Yip Street	Kwun Tong	136,595	68	1,089	98.9%
Commercial					
Harbourfront Landmark (portion)	Hung Hom	77,021	–	557	100.0%
Prosperity Place	Kwun Tong	240,000	83	1,696	96.5%
Industrial/Office					
Trendy Centre	Lai Chi Kok	173,764	79	1,011	93.9%
Prosperity Center (portion)	Kwun Tong	149,253	105	854	95.8%
Industrial					
New Treasure Centre (portion)	San Po Kong	86,168	22	316	97.1%
Total		1,352,174	498	10,688	96.7%

Management Discussion and Analysis

During the six month ended 30 June 2016 (the "Reporting Period"), the global market remained weak. The unexpected Brexit added an uncertainty to the Eurozone. However, there was positive sign in the U.S. economy in light of an improving U.S. job market. China's GDP attained a 6.7% Y-o-Y growth in the 1st half year.

In Hong Kong property market, both the retail and residential sectors registered downturn in transaction price and volume. However in the office sector, there were notable record high transaction price for strata floor in Central and also sizable newly completed en bloc office transactions in decentralized districts.

In Kowloon East, the office market was stable in the 1st half of 2016. International banks and insurance companies were moving their offices to Kowloon East. These high quality tenants or end users will enrich the district with an expanding higher consumption working population supporting the commercial activities in the area. During the Reporting Period, Prosperity REIT achieved a rental reversion rate of 9.6%, complemented with a stable occupancy rate of 96.7%. The average effective unit rent of Prosperity REIT's portfolio recorded a growth of 4.8% to HK\$23.47 per sq. ft.. This solid performance was attributable to our proactive leasing strategies, premium quality of our properties, as well as our attentive property management services.

Meanwhile, the REIT Manager has implemented effective measures to increase its operational efficiency, enabling Prosperity REIT to keep the cost-to-revenue ratio at a relatively low level of 21.1% for the Reporting Period.

As at 30 June 2016, Prosperity REIT's gearing ratio remained at a healthy level of 26.5% (31 December 2015: 27.2%), providing us with a strong balance sheet to take advantage of future growth opportunities.

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.

Management Discussion and Analysis

Asset Enhancement

Asset enhancement has been a key growth driver for Prosperity REIT. Apart from keeping up with keen competition, upgrading our properties will also be a way to ensure sustainable growth in rental level and capital appreciation. During the Reporting Period, an asset enhancement work was carried out at The Metropolis Tower.

The Metropolis Tower is located in commercial hub of Hung Hom, features a spectacular sea view of the Victoria Harbour. In order to align with the newly completed Grade A office building specification and to increase the competitiveness of our property, renovation of executive and common washrooms on selective floors have been carried out.

Outlook

For the remaining year of 2016, while the full impact of Brexit is yet to unveil, the Eurozone is expected to face economic and political uncertainties of varying degree. In U.S., supported by the positive sign in employment, the next interest rate hike will continue to be in the agenda of the Federal Reserve in late 2016 or 2017.

In China, the government continues its monetary policy with an aim to reduce financing costs and to provide adequate liquidity in the capital market. China's GDP growth is expected to be stable in the 2nd half year with the IMF prediction at 6.6% for the full year.

Hong Kong will face multiple challenges. Leveraged on stable growth in China's GDP and a low interest rate environment, Hong Kong is anticipated to have slow economic growth.

Prosperity REIT has demonstrated the ability to capture market opportunities and to effectively manage the operation throughout different economic cycles. Being a long term player in Kowloon East office market with the strong presence in the district, Prosperity REIT is well-positioned to gain further benefits from Kowloon East transformation. With the diligent and professional support of Goodwell-Prosperity Property Services Limited, the property manager of Prosperity REIT, we will continue to implement effective asset management strategies. Barring unforeseen circumstances, we are cautiously optimistic about our prospects in the future.

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	51,735	9,906	61,641	47,686
Prosperity Millennia Plaza	37,662	6,772	44,434	36,724
9 Chong Yip Street	17,157*	2,061	19,218	15,440
Commercial				
Harbourfront Landmark (portion)	11,743	3,149	14,892	12,323
Prosperity Place	32,921	174	33,095	26,704
Industrial/Office				
Trendy Centre	20,073	3,077	23,150	16,918
Prosperity Center (portion)	17,333	1,592	18,925	14,430
Industrial				
New Treasure Centre (portion)	6,633	937	7,570	5,728
Total	195,257	27,668	222,925	175,953

* As the rental income for 9 Chong Yip Street (being the aggregate of all rental, license fees and other income from the leasing or licensing of 9 Chong Yip Street, and income from the carpark including rental, license fees and hourly parking fees) for the Reporting Period in the sum of HK\$17,157,000 is greater than the agreed rental income support for the relevant six-month period, no rental support payment is payable by Cactus Holdings Limited to Prosperity REIT under the deed of rental support dated 22 January 2014 for the Reporting Period. For details, please refer to the announcement of Prosperity REIT dated 11 August 2016.

Management Discussion and Analysis

Revenue

During the Reporting Period, revenue improved to HK\$222.9 million, being HK\$7.1 million or 3.3% higher than the last corresponding half year.

The revenue comprised HK\$195.2 million of rental and car park income, plus HK\$27.7 million of rental related income. Rental and car park income was HK\$7.1 million or 3.8% higher than the last corresponding half year.

Net Property Income

For the Reporting Period, the net property income was HK\$176.0 million, exceeding that of the last corresponding half year by HK\$5.3 million or 3.1%. The growth was mainly attributable to the rental reversion rate of 9.6% for the entire portfolio. The cost-to-revenue ratio was 21.1%.

Distributable Income

For the Reporting Period, the unaudited distributable income of Prosperity REIT to unitholders of Prosperity REIT was HK\$131.4 million, representing a DPU of HK\$0.0906. This represents an annualized distribution yield of 5.7%³. 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 constituting Prosperity REIT (the "Trust Deed")) including a finance cost of HK\$6.3 million (equivalent to HK\$0.0044 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.

Note:

³ Based on Prosperity REIT's closing unit price of HK\$3.18 as at 30 June 2016.

Management Discussion and Analysis

Liquidity and Financing

As at 30 June 2016, Prosperity REIT had facilities in aggregate of HK\$3,284 million, comprising:

- (i) a term loan and revolving credit facility of up to an aggregate principal amount of HK\$2,500 million (the “HK\$2,500 Million Facilities”) comprising a HK\$2,070 million secured term loan facility and a HK\$430 million secured revolving credit facility, which bear interest at a margin of 1.35% per annum over HIBOR. The term loan facility will mature and become repayable 5 years from 14 November 2014, and the revolving credit facility will be repaid on each maturity date and can be redrawn upon maturity;
- (ii) a HK\$404 million secured term loan, which bears interest at a margin of 1.45% per annum over HIBOR, and will mature and become repayable 5 years from 16 January 2014 (the “HK\$404 Million Facility”); and
- (iii) a HK\$380 million unsecured term loan, which bears interest at a margin of 1.50% per annum over HIBOR, and will mature and become repayable 3 years from 16 January 2014 (the “HK\$380 Million Facility”).

In relation to the HK\$2,500 Million Facilities, the term loan facility of HK\$2,070 million was fully drawn on 28 November 2014 for the purposes of refinancing the facilities due to expire in August 2015. None of the revolving credit facility was drawn as at 30 June 2016.

The HK\$404 Million Facility and the HK\$380 Million Facility were fully drawn on 22 January 2014 to partly finance the acquisition of 9 Chong Yip Street.

As all facilities bear interests at a variable rate, Prosperity REIT has entered into interest rate swap and cap agreements to mitigate the impact of interest rate fluctuations. As at 30 June 2016, the interest costs for approximately 55% (31 December 2015: 55%) of Prosperity REIT’s outstanding term loans have been hedged through interest rate swaps and cap.

The total borrowings of Prosperity REIT, excluding the bank facility origination fees, as a percentage of Prosperity REIT’s gross assets was 26.5% as at 30 June 2016, whereas the gross liability of Prosperity REIT as a percentage of Prosperity REIT’s gross assets was 31.3% as at 30 June 2016.

Management Discussion and Analysis

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 gain of HK\$264.1 million, based on a professional valuation performed by an independent valuer, Jones Lang LaSalle Limited. The movements of fair values are tabulated below:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Fair value at beginning of the period/year	10,419,000	9,890,000
Additional expenditure	4,911	13,298
Change in fair value of investment properties	264,089	515,702
Fair value at the end of the period/year	10,688,000	10,419,000

Charges on Assets

As at 30 June 2016, certain investment properties of Prosperity REIT, with an aggregate carrying value of HK\$6,682 million, were pledged to secure bank loan facilities of Prosperity REIT's finance companies.

Prosperity REIT and certain of its subsidiaries have provided guarantees for the HK\$2,500 Million Facilities, the HK\$404 Million Facility and HK\$380 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 (the “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.

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 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 seven members, three of whom are Independent Non-executive Directors (“INEDs”).

Corporate Governance

During the Reporting Period, the articles of association of the REIT Manager had been amended to adhere to good corporate governance principles and the best industry standard. According to the articles of association of the REIT Manager, all directors of the REIT Manager (the "Directors") (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.

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 compliance procedures.

The Board, through the Audit Committee, conducts reviews 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.

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 and supervising the internal control procedures and risk management systems.

The Audit Committee members are appointed by the Board from among the Directors. The Audit Committee 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 also 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 members are appointed by the Board from among the Directors. The Disclosures Committee presently consists of 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 also established a Designated (Finance) Committee to assist the Board in reviewing matters relating to hedging strategies, financing and re-financing arrangements and transactions involving derivative instruments for hedging purposes.

The Designated (Finance) Committee presently comprises, among others, four Directors, 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

Code Governing Dealings in Units By Directors or the REIT Manager and Interests of the Significant 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 “SEHK”). 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, executive officers and other employees 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 Securities and Futures Ordinance (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 SEHK 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 2015 of Prosperity REIT, the REIT Manager received notifications regarding the following changes of Directors' information:

1. Dr. Chiu Kwok Hung, Justin was appointed as an Honorary Associate Member of Business at Trent University, Canada with effect from 1 May 2016.
2. Mr. Wong Kwai Lam was appointed as a Director and ceased to be a Member of the Governing Board of CUHK Medical Centre Limited with effect from 1 February 2016.

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 Thursday, 1 September 2016 to Tuesday, 6 September 2016, 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 Shops 1712-16, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 31 August 2016. The payment date of interim distribution will be on Monday, 12 September 2016.

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 paragraph 8.1 of 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 30 June 2016 HK\$	Rental deposit received as at 30 June 2016 HK\$
Goodwell Property Management Limited	Subsidiary of a significant holder ¹	Tenancy of property of Prosperity REIT ²	843,762	493,329
Hutchison Telephone Company Limited	Associated company of a significant holder ¹	Licence of property of Prosperity REIT ³	48,200	24,487
Hutchison Hain Organic (Hong Kong) Limited	Associated company of a significant holder ¹	Tenancy of property of Prosperity REIT ⁴	473,528	252,604
Total			1,365,490	770,420

Notes:

1. Significant holder being Cheung Kong Property Holdings Limited (“CKPH”).
2. For 2/F, Units 302-3, 306-7, New Treasure Centre.
3. For installation of micro-transmission station equipment at Prosperity Place and indoor antennae at Harbourfront Landmark.
4. For Units 1703A, 1703B and 1704, 9 Chong Yip Street.

Connected Party Transactions

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 2016 HK\$
Goodwell Property Management Limited ¹	Subsidiary of a significant holder ³	Remuneration of DMC Manager	101,571
Goodwell Property Management Limited ²	Subsidiary of a significant holder ³	Remuneration of Carpark Manager	4,064
Citybase Property Management Limited ¹	Subsidiary of a significant holder ³	Remuneration of DMC Manager	149,877
Citybase Property Management Limited ²	Subsidiary of a significant holder ³	Remuneration of Carpark Manager	36,207
Harbourfront Landmark Premium Services Limited ¹	Subsidiary of a significant holder ³	Remuneration of DMC Manager	137,071
Total			428,790

Notes:

1. They are the managers 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. Significant holder being CKPH.

Connected Party Transactions

Connected Party Transactions – 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 Person	Relationship with Prosperity REIT	Nature of the Connected Party Transaction	Expenses for the Period ended 30 June 2016 HK\$
Goodwell-Prosperity Property Services Limited	Subsidiary of a significant holder ²	Property management and lease management fee	5,344,623
Goodwell-Prosperity Property Services Limited	Subsidiary of a significant holder ²	Marketing service fee	5,472,211
E-Park Parking Management Limited	Subsidiary of a significant holder ²	Carpark lease agency fee	1,437,930
HSBC Institutional Trust Services (Asia) Limited	Trustee	Trustee fee	1,558,568
ARA Asset Management (Prosperity) Limited	REIT Manager	Base fee and variable fees	26,327,764
Cheung Kong Companies ¹	Subsidiaries of a significant holder ²	Back-office support service fee	35,936
Total			40,177,032

Notes:

1. Cheung Kong Companies include Harbour Plaza North Point Catering Limited, Harbour Plaza Metropolis Limited and Hutchison Hotel Hong Kong Limited.
2. Significant holder being CKPH.

Connected Party Transactions

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) during 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).

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 2016 were as follows:

Name of Connected Party	Amount payable HK\$
Goodwell-Prosperity Property Services Limited	4,217,810
Goodwell Property Management Limited	2,237,706
E-Park Parking Management Limited	731,129
Citybase Property Management Limited	234,212
Harbourfront Landmark Premium Services Limited	727,322
Total	8,148,179

Repurchase, Sale or Redemption of Units

During the Reporting Period, other than the disposal of 17,233,000 units of Prosperity REIT by the REIT Manager which the REIT Manager had received as payment of its management fee, there was no repurchase, sale or redemption of the units of Prosperity REIT by Prosperity REIT or its subsidiaries.

Connected Party Transactions

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 30 June 2016		As at
	Number of Units	Percentage of Unitholdings ⁶	31 December 2015 Number of Units
Total Win Group Limited ¹	176,328,129	12.19%	176,328,129
Wide Option Investments Limited ¹	98,883,559	6.84%	98,883,559
HKSCC Nominees Limited ²	1,049,620,667	72.59%	1,075,527,162
HSBC ³	16,833,250	1.16%	16,833,250
ARA Asset Management (Prosperity) Limited ⁴	747	0.00005%	8,115,693
Lan Hong Tsung, David ⁵	350,000	0.02%	350,000

Notes:

1. Total Win Group Limited ("Total Win") was a connected person of Prosperity REIT as it was a significant holder (as defined under the REIT Code) of Prosperity REIT as at 30 June 2016. Total Win was an indirect wholly-owned subsidiary of CKPH, which was therefore deemed to hold 176,328,129 units held by Total Win as at 30 June 2016.

Wide Option Investment Limited ("Wide Option") was a connected person of Prosperity REIT as it was an indirect wholly-owned subsidiary of CKPH, which was therefore deemed to hold 98,883,559 units held by Wide Option as at 30 June 2016.

Therefore, CKPH was deemed to hold 275,211,688 units as at 30 June 2016, of which 176,328,129 units were held by Total Win and 98,883,559 units were held by Wide Option.

2. HKSCC Nominees 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 30 June 2016. So far as the REIT Manager is aware of, HKSCC Nominees Limited held such units as a nominee.

Connected Party Transactions

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 2016 and 31 December 2015. The Trustee's directors, senior executives, officers and their associates were beneficially interested in 100,000 units as at 30 June 2016 and 31 December 2015. The controlling entity, holding company, subsidiary or associated company of the Trustee were beneficially interested in 16,733,250 units as at 30 June 2016 and 31 December 2015 respectively.
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 2016.
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 2016.
6. The total number of issued units as at 30 June 2016 was 1,445,971,969.

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 2016.

Holdings of the REIT Manager, Directors and Chief Executive of the REIT Manager in the Units of Prosperity REIT

As at 30 June 2016, 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
	Direct Interest	Indirect Interest	
ARA Asset Management (Prosperity) Limited	747	–	0.00005%
Lan Hong Tsung, David	350,000	–	0.02%

Note:

1. The total number of issued units as at 30 June 2016 was 1,445,971,969.

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 2016.



Report on Review of Condensed Consolidated Financial Statements



**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 49, which comprises the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders, statement of cash flows and the distribution statement 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 enquiries, 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

11 August 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	222,925	215,802
Property management fees		(5,345)	(5,141)
Property operating expenses	6	(41,627)	(39,974)
Total property operating expenses		(46,972)	(45,115)
Net property income		175,953	170,687
Interest income		23	39
Manager's fee		(26,328)	(25,105)
Trust and other expenses	7	(4,906)	(4,458)
Change in fair value of investment properties		264,089	359,692
Change in fair value of derivative financial instruments		(9,535)	199
Finance costs	8	(35,341)	(36,645)
Profit before taxation and transactions with unitholders		363,955	464,409
Taxation	9	(16,965)	(17,500)
Profit for the period, before transactions with unitholders		346,990	446,909
Distribution to unitholders		(131,372)	(124,771)
Profit for the period, after transactions with unitholders		215,618	322,138
Other comprehensive income – item that may be subsequently classified to profit or loss:			
Change in fair value of cash flow hedge		–	(757)
Reclassification of hedging reserve to profit or loss		1,261	–
Other comprehensive income for the period		1,261	(757)
Total comprehensive income for the period, after transactions with unitholders		216,879	321,381
Income available for distribution to unitholders		131,372	124,771
Basic earnings per unit (HK\$)	10	0.24	0.31

Distribution Statement

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Profit for the period, before transactions with unitholders	346,990	446,909
Adjustments:		
Manager's fee	25,758	24,544
Change in fair value of investment properties	(264,089)	(359,692)
Change in fair value of derivative financial instruments	9,535	(199)
Finance costs	6,333	6,298
Deferred tax	6,845	6,911
Income available for distribution (note (i))	131,372	124,771
Distributions to unitholders:		
For the six months ended 30 June	131,372	124,771
Distribution per unit (HK\$) (note (ii))	0.0906	0.0871

Notes:

- (i) In accordance with 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 ARA Asset Management (Prosperity) Limited (the "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\$25,758,000 (2015: HK\$24,544,000) out of the total manager's fee of HK\$26,328,000 (2015: HK\$25,105,000) (the difference of HK\$570,000 (2015: HK\$561,000) is paid in cash);
 - (b) change in fair value of investment properties of HK\$264,089,000 (2015: HK\$359,692,000), and change in fair value of derivative financial instruments of HK\$9,535,000(2015: HK\$199,000);
 - (c) adjustment in respect of the difference between the accounting finance cost of HK\$35,341,000 (2015: HK\$36,645,000) and the cash finance cost of HK\$29,008,000 (2015: HK\$30,347,000); and
 - (d) deferred tax provision of HK\$6,845,000 (2015: HK\$6,911,000).
- (ii) The distribution per unit of HK\$0.0906 (2015: HK\$0.0871) is calculated based on Prosperity REIT's income available for distribution of HK\$131,372,000 (2015: HK\$124,771,000) over 1,449,733,936 units (2015: 1,432,382,505 units), representing units in issue as at 30 June 2016 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 2016

	Notes	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	11	10,688,000	10,419,000
Current assets			
Trade and other receivables	12	8,518	8,803
Bank balances and cash		79,179	64,911
Total current assets		87,697	73,714
Total assets		10,775,697	10,492,714
Non-current liabilities, excluding net assets attributable to unitholders			
Derivative financial instruments	13	16,397	8,123
Term loans	14	2,441,016	2,813,311
Deferred tax liabilities		178,316	171,471
Total non-current liabilities, excluding net assets attributable to unitholders		2,635,729	2,992,905
Current liabilities			
Trade and other payables	15	197,911	188,531
Amounts due to related companies	16	8,148	10,821
Term loan	14	378,628	–
Provision for taxation		12,413	2,293
Manager's fee payable		13,211	13,117
Distribution payable		131,372	129,312
Total current liabilities		741,683	344,074
Total liabilities, excluding net assets attributable to unitholders		3,377,412	3,336,979
Net assets attributable to unitholders		7,398,285	7,155,735
Units in issue ('000)	17	1,445,972	1,436,854
Net asset value per unit (HK\$) attributable to unitholders	18	5.12	4.98

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2016

	Issued units HK\$'000 (unaudited)	Unit issue costs HK\$'000 (unaudited)	Hedging reserve HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Net assets attributable to unitholders as at 1 January 2016 (audited)	3,039,570	(91,278)	(1,261)	4,208,704	7,155,735
OPERATIONS					
Profit for the period, before transactions with unitholders	-	-	-	346,990	346,990
Distribution paid and payable	-	-	-	(131,372)	(131,372)
	-	-	-	215,618	215,618
Other comprehensive income for the period	-	-	1,261	-	1,261
Total comprehensive income for the period	-	-	1,261	215,618	216,879
UNITHOLDERS' TRANSACTIONS OTHER THAN DISTRIBUTIONS					
Units issued to REIT Manager	25,671	-	-	-	25,671
Net assets attributable to unitholders as at 30 June 2016	3,065,241	(91,278)	-	4,424,322	7,398,285

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2015

	Issued units HK\$'000 (unaudited)	Unit issue costs HK\$'000 (unaudited)	Hedging reserve HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Net assets attributable to unitholders as at 1 January 2015 (audited)	2,990,328	(91,278)	(560)	3,770,196	6,668,686
OPERATIONS					
Profit for the period, before transactions with unitholders	-	-	-	446,909	446,909
Distribution paid and payable	-	-	-	(124,771)	(124,771)
	-	-	-	322,138	322,138
Change in fair value of cash flow hedge	-	-	(757)	-	(757)
Total comprehensive income for the period	-	-	(757)	322,138	321,381
UNITHOLDERS' TRANSACTIONS OTHER THAN DISTRIBUTIONS					
Units issued to REIT Manager	24,040	-	-	-	24,040
Net assets attributable to unitholders as at 30 June 2015	3,014,368	(91,278)	(1,317)	4,092,334	7,014,107

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	177,476	172,419
Cash used in investing activities:		
Other investing activities	(4,888)	(8,269)
Financing activities:		
Drawdown of secured revolving loan	30,000	55,000
Repayment of secured revolving loan	(30,000)	(55,000)
Interest payment of term loans and revolving loan	(29,008)	(30,347)
Distribution to unitholders	(129,312)	(116,062)
Net cash used in financing activities	(158,320)	(146,409)
Net increase in cash and cash equivalents	14,268	17,741
Cash and cash equivalents at beginning of the period	64,911	65,184
Cash and cash equivalents at end of period, represented by bank balances and cash	79,179	82,925

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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 HSBC Institutional Trust Services (Asia) Limited (the "Trustee") and the Code on Real Estate Investment Trusts (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 the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and the relevant disclosure requirements set out in Appendix C of the REIT Code.

The REIT Manager is of the opinion that, taking into account the fair value of investment properties, presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements within one year from the end of reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

3 Principal Accounting Policies

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 used in these condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015 except as described below.

In the current period, the Group has applied the following amendments to the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for an accounting period that begins on or after 1 January 2016:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The application of the amendments to the HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior years and/or on the disclosures set out in these financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

3 Principal Accounting Policies (continued)

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ³
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 7	Disclosure Initiative ⁴
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

3 Principal Accounting Policies (continued)

HKFRS 9 Financial Instruments (continued)

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

3 Principal Accounting Policies (continued)

HKFRS 9 Financial Instruments (continued)

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The REIT Manager anticipates that the application of HKFRS 9 will not have significant impact on amounts reported in respect of the financial assets and financial liabilities.

The REIT Manager anticipates that the application of these new and revised HKFRSs in the future will not have a material effect on the Group's financial performance and position.

4 Revenue

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gross rental from investment properties		
Rental income	182,353	175,500
Car park income	12,904	12,603
	195,257	188,103
Rental related income	27,668	27,699
	222,925	215,802

5 Segment Information

Prosperity REIT is currently investing in eight office, commercial, industrial/office and industrial buildings located in Hong Kong, namely The Metropolis Tower, Prosperity Millennia Plaza, 9 Chong Yip Street, portion of Harbourfront Landmark, Prosperity Place, Trendy Centre, portion of Prosperity Center and 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

5 Segment Information (continued)

Six months ended 30 June 2016 (unaudited)

	The Metropolis Tower HK\$'000	Prosperity Millennia Plaza HK\$'000	9 Chong Yip Street HK\$'000	Harbourfront Landmark (portion) HK\$'000	Prosperity Place HK\$'000	Trendy Centre HK\$'000	Prosperity Center (portion) HK\$'000	New Treasure Centre (portion) HK\$'000	Consolidated HK\$'000
Segment revenue in Hong Kong	61,641	44,434	19,218	14,892	33,095	23,150	18,925	7,570	222,925
Segment profit	47,686	36,724	15,440	12,323	26,704	16,918	14,430	5,728	175,953
Interest income									23
Manager's fee									(26,328)
Trust and other expenses									(4,906)
Change in fair value of investment properties									264,089
Change in fair value of derivative financial instruments									(9,535)
Finance costs									(35,341)
Profit before taxation and transactions with unitholders									363,955

Six months ended 30 June 2015 (unaudited)

	The Metropolis Tower HK\$'000	Prosperity Millennia Plaza HK\$'000	9 Chong Yip Street HK\$'000	Harbourfront Landmark (portion) HK\$'000	Prosperity Place HK\$'000	Trendy Centre HK\$'000	Prosperity Center (portion) HK\$'000	New Treasure Centre (portion) HK\$'000	Consolidated HK\$'000
Segment revenue in Hong Kong	62,755	42,881	18,843	13,836	29,232	23,220	17,780	7,255	215,802
Segment profit	50,410	35,310	15,218	11,375	21,207	18,012	13,698	5,457	170,687
Interest income									39
Manager's fee									(25,105)
Trust and other expenses									(4,458)
Change in fair value of investment properties									359,692
Change in fair value of derivative financial instruments									199
Finance costs									(36,645)
Profit before taxation and transactions with unitholders									464,409

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

6 Property Operating Expenses

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Building management expenses	19,119	18,383
Utilities	3,228	3,633
Car park operating expenses	3,589	3,187
Marketing service fee	5,472	5,462
Lease commission	4,172	2,589
Repairs and maintenance	3,029	3,441
Valuation fees (paid to principal valuer)	98	98
Audit fee	662	664
Other charges	2,258	2,517
	41,627	39,974

7 Trust and Other Expenses

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Audit fee	118	115
Trustee's fee	1,559	1,478
Bank charges	991	989
Legal and professional fees	631	235
Registrar fee	300	300
Back-office support service fee	36	25
Public relations-related expenses	174	282
Trust administrative expenses	1,097	1,034
	4,906	4,458

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

8 Finance Costs

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest expense on:		
Secured term loans	25,150	24,713
Unsecured term loan	4,599	4,528
Equalisation of interest expense through interest rate swaps	5,539	7,286
	35,288	36,527
Secured revolving loan	53	118
	35,341	36,645

9 Taxation

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax	10,120	10,185
Under-provision in prior years	–	404
Deferred tax	6,845	6,911
	16,965	17,500

The estimated tax rate used is 16.5% for the periods 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 and tax losses using the estimated tax rate. The investment property is not held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and hence the presumption that the carrying amounts are recovered entirely through sale is not rebutted.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

10 Basic Earnings Per Unit

The basic earnings per unit is calculated by dividing the profit for the period, before transactions with unitholders of HK\$346,990,000 (2015: HK\$446,909,000) by the weighted average of 1,445,799,439 (2015: 1,428,080,500) 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.

11 Investment Properties

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Fair value at beginning of the period/year	10,419,000	9,890,000
Additional expenditure	4,911	13,298
Change in fair value of investment properties	264,089	515,702
Fair value at end of the period/year	10,688,000	10,419,000

In estimating the fair value of investment properties, it is the Group's policy to engage third party qualified external valuer to perform the valuation. The REIT Manager works closely with the 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 2016

11 Investment Properties (continued)

On 30 June 2016 and 31 December 2015, an independent valuation was undertaken by Jones Lang LaSalle Limited. The firm is an independent qualified professional 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 was arrived at using the basis of capitalisation of the net income and cross-checked by sales evidences available on the market. In the valuation, which falls under level 3 of the fair value hierarchy, the market rentals of all lettable units of the properties are assessed and capitalised at market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in other lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The market yield, which is the capitalisation rate adopted is made by reference to the yields derived from analysing the sales transactions and the valuer's knowledge of the market expectation from property investors to reflect factors specific to the Group's investment properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The capitalisation rate is one of the key parameters in the valuation method of income capitalisation and they involve professional judgment in relation to the adjustments made by the independent valuer.

Certain of the Group's investment properties as at 30 June 2016, with aggregate carrying value of HK\$6,682,000,000 (31 December 2015: HK\$6,526,900,000), have been pledged to secure banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

12 Trade and Other Receivables

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade receivables	522	348
Less: allowance for doubtful debts	(11)	(37)
	511	311
Deposits, prepayments and other receivables	8,007	8,492
	8,518	8,803

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Current – 1 month	102	62
2 – 3 months	269	249
Over 3 months	140	–
	511	311

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

13 Derivative Financial Instruments

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Derivative financial instruments are analysed as:		
Derivatives under hedge accounting:		
Cash flow hedges — interest rate swaps	–	1,261
Derivatives not under hedge accounting:		
Interest rate swaps	16,397	6,862
	16,397	8,123
Reflected on condensed consolidated statement of financial position based on remaining contractual maturity as:		
Non-current liabilities	16,397	8,123

The Group uses interest rate swaps as hedging instrument in order 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

13 Derivative Financial Instruments (continued)

Derivatives:

Contracts with notional amount of HK\$150,000,000 (31 December 2015: HK\$150,000,000) entered in December 2014 will mature in December 2018 (31 December 2015: December 2018). These contracts have fixed interest payments at 1.483% (31 December 2015: 1.483%) per annum and have floating interest receipts at three months HIBOR for periods until maturity date. During the period ended 30 June 2016, these contracts are no longer qualified for hedge accounting. Accordingly, the cumulative loss in the hedging reserve amounting to HK\$1,261,000 is recognised in the profit or loss.

During the year ended 31 December 2015, the Group has entered into three interest rate swap contracts. Two of which carrying fixed interest payments at 1.299% and 1.475% per annum, and have floating interest receipts at three months HIBOR with total notional amount of HK\$796,000,000 will mature in December 2018. The remaining one with notional amount of HK\$620,000,000 will mature in June 2019. It has fixed interest payment at 0.455% per annum, and floating interest receipts at three months HIBOR minus 1.5% if HIBOR is within a pre-determined range (if applicable) with HIBOR being repriced every three months.

The total change in fair value of the derivative financial instruments not under hedge accounting amounting to a loss of HK\$9,535,000 is recognised in the profit or loss for the six months ended 30 June 2016 (six months ended 30 June 2015: a gain of HK\$199,000).

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.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

14 Borrowings

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Secured term loans	2,474,000	2,474,000
Unsecured term loan	380,000	380,000
Bank facility origination fees	(34,356)	(40,689)
	2,819,644	2,813,311
Carrying amount repayable:		
Within one year	378,628	–
Within a period of more than one year but not exceeding two years	–	377,366
Within a period of more than two years but not exceeding five years	2,441,016	2,435,945
	2,819,644	2,813,311

On 22 January 2014, the Group has been granted two facilities of HK\$404,000,000 secured term loan and HK\$380,000,000 unsecured term loan respectively, which have been fully utilised by the Group in 2014.

On 14 November 2014, the Group has been granted a facility of HK\$2,500,000,000, comprising a HK\$2,070,000,000 secured term loan and a HK\$430,000,000 revolving credit facility to repay its existing banking facility of HK\$2,200,000,000, comprising a HK\$1,770,000,000 term loan and a HK\$430,000,000 revolving credit facility which was entered in 2010.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

14 Borrowings (continued)

Details of the terms and conditions of the facilities are as follows:

- (i) HK\$2,070,000,000 secured term loan bears interest at floating interest rate of HIBOR+1.35% per annum and is repayable in full on 14 November 2019;
- (ii) HK\$430,000,000 revolving loan bears interest at floating interest rate of HIBOR+1.35% per annum and is repayable on demand;
- (iii) HK\$404,000,000 secured term loan bears interest at floating interest rate of HIBOR+1.45% per annum and is repayable in full on 16 January 2019; and
- (iv) HK\$380,000,000 unsecured term loan bears interest at floating interest rate of HIBOR+1.50% per annum and is repayable in full on 16 January 2017.

The above secured term loans and revolving credit facility are secured by certain investment properties of the Group as disclosed in note 11. In addition, Prosperity REIT and certain of its subsidiaries provide a guarantee 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.

15 Trade and Other Payables

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade payables	3,987	1,357
Tenants' deposits		
Outside parties	139,850	136,545
Related parties	770	768
Rental received in advance		
Outside parties	5,759	3,359
Other payables	47,545	46,502
	197,911	188,531

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

15 Trade and Other Payables (continued)

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Current – 1 month	1,322	475
2 – 3 months	1,924	551
Over 3 months	741	331
	3,987	1,357

Tenants' deposits represent the deposits refundable to tenants upon termination or cancellation of operating lease arrangements and amounts outstanding for ongoing costs. 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\$98,409,000 as at 30 June 2016 (31 December 2015: HK\$94,173,000).

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

17 Units In Issue

	Number of units	HK\$'000
Balance as at 1 January 2015	1,419,635,074	2,990,328
Payment of Manager's base fee and variable fee through issuance of new units during the year	17,218,841	49,242
Balance as at 31 December 2015	1,436,853,915	3,039,570
Payment of Manager's base fee and variable fee through issuance of new units during the period	9,118,054	25,671
Balance as at 30 June 2016	1,445,971,969	3,065,241

Subsequent to the end of the reporting period, 3,761,967 units (31 December 2015: 4,840,781 units) at HK\$3.4363 (31 December 2015: HK\$2.6522) per unit were issued to the REIT Manager as settlement of base fee and variable fee for the period from 1 April 2016 to 30 June 2016.

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 excluding hedging reserve is nil as at 30 June 2016 (31 December 2015: HK\$1,261,000), and the total number of 1,445,971,969 units in issue as at 30 June 2016 (31 December 2015: 1,436,853,915 units).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

19 Major Non-Cash Transaction

During the period, the REIT Manager earned manager's fee of HK\$26,328,000 (2015: manager's fee of HK\$25,105,000) of which HK\$25,758,000 (2015: HK\$24,544,000) was paid or payable through the issuance of units to the REIT Manager. An amount of HK\$12,832,000 (2015: HK\$12,029,000) had been settled through the issuance of units to the REIT Manager while the balance of HK\$12,926,000 (31 December 2015: HK\$12,839,000) included in other payables 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\$653,986,000 (31 December 2015: HK\$270,360,000).

21 Total Assets Less Current Liabilities

At the end of the reporting period, the Group's total assets less current liabilities amounted to HK\$10,034,014,000 (31 December 2015: HK\$10,148,640,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Rent and rental related income from			
Goodwell Property Management Limited	(a)	844	762
Hutchison Telephone Company Limited	(b)	48	46
Hutchison Hain Organic (Hong Kong) Limited	(b)	473	302
Carpark lease agency fee for the operations of the Group's carpark			
E-Park Parking Management Limited	(a)	1,438	1,199
Property management fee			
Goodwell-Prosperity Property Services Limited	(a)	5,345	5,141
Marketing service fee			
Goodwell-Prosperity Property Services Limited	(a)	5,472	5,462
Trustee's fee			
HSBC Institutional Trust Services (Asia) Limited		1,559	1,478
Manager's fee			
ARA Asset Management (Prosperity) Limited		26,328	25,105
Back-office support service fee			
Cheung Kong Companies	(a)	36	25

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

22 Connected and Related Party Transactions (continued)

Balances with connected and related parties are as follows:

	Notes	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Amount due to			
Citybase Property Management Limited	(a)	234	910
Goodwell-Prosperity Property Services Limited	(a)	4,218	4,048
Goodwell Property Management Limited	(a)	2,238	4,669
Harbourfront Landmark Premium Services Limited	(a)	727	782
E-Park Parking Management Limited	(a)	731	412
Deposits placed with the Group for the lease of the Group's properties			
Goodwell Property Management Limited	(a)	493	493
Hutchison Telephone Company Limited	(b)	24	24
Hutchison Hain Organic (Hong Kong) Limited	(b)	253	251

Notes:

- (a) These companies were subsidiaries of Cheung Kong Property Holdings Limited ("CKPH"), a significant unitholder (defined in the REIT Code as a holder of 10% or more of the outstanding units) of Prosperity REIT.
- (b) These companies were associated companies (as defined in the REIT Code) of CKPH.

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 CKPH group technically constitutes a contract between the Group and CKPH group. Remuneration to the building managers, which are the wholly-owned subsidiaries of CKPH, 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\$429,000 (2015: HK\$418,000).

Performance Table

Results Analysis

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	222,925	215,802
Net property income	175,953	170,687
Profit for the period, before transactions with unitholders	346,990	446,909
Income available for distribution	131,372	124,771
Basic earnings per unit (HK\$)	0.24	0.31
Distribution per unit (HK\$)	0.0906	0.0871

Performance Table

Major Assets and Liabilities

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Investment properties	10,688,000	10,419,000
Borrowings, excluding bank facility origination fees	(2,854,000)	(2,854,000)
Net assets attributable to unitholders	7,398,285	7,155,735
Net asset value per unit (HK\$)	5.12	4.98

Other Information

	30 June 2016	31 December 2015
The highest traded price during the period/year (HK\$)	3.18	3.05
The highest discount of the traded price to net asset value	(37.9%)	(38.8%)
The lowest traded price during the period/year (HK\$)	2.61	2.59
The lowest discount of the traded price to net asset value	(49.0%)	(48.0%)
The net yield per unit based on market price at the end of period/year ¹	5.7%¹	6.3%

¹ Annualised yield for the six months ended 30 June 2016 is based on the distribution per unit of HK\$0.0906 and the closing unit price of HK\$3.18 as at 30 June 2016. For the year ended 31 December 2015, the yield is based on the distribution per unit of HK\$0.1768 and the closing unit price of HK\$2.79 as at 31 December 2015.

Investment Properties Portfolio

As at 30 June 2016

Property	Type	Lease term	Lease expiry date	Location	Valuation 30 June 2016 HK\$ Million
The Metropolis Tower	O	Medium-term lease	30 June 2047	10 Metropolis Drive Hung Hom Kowloon Hong Kong	3,124
Prosperity Millennia Plaza	O	Medium-term lease	30 June 2047	663 King's Road North Point Hong Kong	2,041
9 Chong Yip Street	O	Medium-term lease	30 June 2047	9 Chong Yip Street Kwun Tong Kowloon Hong Kong	1,089
Harbourfront Landmark (portion)	C	Medium-term lease	30 June 2047	11 Wan Hoi Street Hung Hom Kowloon Hong Kong	557
Prosperity Place	C	Medium-term lease	30 June 2047	6 Shing Yip Street Kwun Tong Kowloon Hong Kong	1,696
Trendy Centre	I/O	Medium-term lease	30 June 2047	682 Castle Peak Road Lai Chi Kok Kowloon Hong Kong	1,011
Prosperity Center (portion)	I/O	Medium-term lease	30 June 2047	25 Chong Yip Street Kwun Tong Kowloon Hong Kong	854
New Treasure Centre (portion)	I	Medium-term lease	30 June 2047	10 Ng Fong Street San Po Kong Kowloon Hong Kong	316
Total					10,688

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

Corporate Information

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

Company Secretary of the REIT Manager

SENG Sze Ka Mee, Natalia

Trustee

HSBC Institutional Trust Services (Asia)
Limited

Auditor of Prosperity REIT

Deloitte Touche Tohmatsu

Principal Valuer

Jones Lang LaSalle Limited

Principal Bankers

DBS Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

Legal Adviser

Baker & McKenzie

Registered Office

Units 5508–09, 55/F, The Center
99 Queen's Road Central
Hong Kong

Unit Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712–16, 17/F, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

Stock Code

The Stock Exchange of Hong Kong Limited: 808

Investor Relations

Tel: +852 2169 0928
Fax: +852 2169 0968
Email: prosperityenquiry@ara.com.hk

Website

www.prosperityreit.com

Key Dates

Interim Results Announcement
11 August 2016

Closure of Register of Unitholders
for interim distribution
1 September 2016 to 6 September 2016
(both days inclusive)

Payment of interim distribution
12 September 2016

The interim report 2016 (in both English and Chinese versions) ("Interim Report") has been posted on Prosperity REIT's website at www.prosperityreit.com and the website of The Stock Exchange of Hong Kong 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.

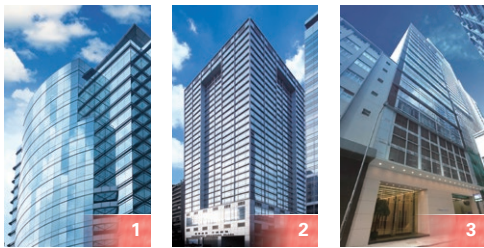
本二零一六年中期報告(「中期報告」)中英文版本均已於泓富產業信託網站www.prosperityreit.com及香港聯合交易所有限公司網站www.hkexnews.hk 登載。選擇(或被視為同意)透過泓富產業信託網站收取電子版本之企業通訊(包括但不限於年報、中期報告、會議通告、上市文件、通函及代表委任表格)之基金單位持有人，及因任何理由於收取或接收登載於泓富產業信託網站之中期報告時遇有困難之基金單位持有人，可要求免費索取中期報告之印刷本。

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



Commercial 商用物業



Industrial / Office 工商綜合物業



Industrial 工業物業



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
4. Harbourfront Landmark (portion)
海名軒(部分)
5. Prosperity Place
泓富廣場
6. Trendy Centre
潮流工貿中心
7. Prosperity Center (portion)
創富中心(部分)
8. New Treasure Centre (portion)
新寶中心(部分)



Stock Code 股份代號 : 808



www.prosperityreit.com

Manager 管理人



ARA Asset Management (Prosperity) Limited
泓富資產管理有限公司

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

