



Stock Code 股份代號：808



# CRAFTING POSSIBILITIES

匠心獨運 成就可能

Interim Report 中期報告 2019

## About Prosperity REIT

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

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

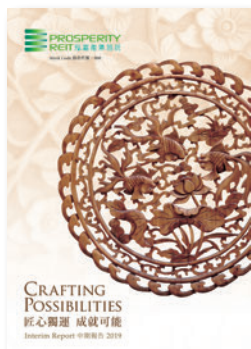
## About the REIT Manager

ARA Assets Management (Prosperity) Limited is a wholly-owned subsidiary of ARA Asset Management Limited (“**ARA**”), a premier global integrated real assets fund manager driven by a vision to be the best-in-class real assets fund management company focused on the management of REITs, private real estate funds and infrastructure.

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.



Crafting requires excellent techniques and rich experiences in making timeless art pieces. It requires dedications and creativity to shape different items from raw materials. In the design, the REIT Manager is symbolized as a craftsman in the industry, creating numerous possibilities and always keeping their performance at the top of their tier.





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## Performance Highlights

### DISTRIBUTION PER UNIT <sup>1</sup>

# +1.4%

1H2019 HK\$0.0933

1H2018 HK\$0.0920

### NET ASSET VALUE PER UNIT

# +0.3%

As at 30 Jun 2019 HK\$5.76

As at 31 Dec 2018 HK\$5.74

### GEARING RATIO

# -0.3%<sup>2</sup>

As at 30 Jun 2019 20.3%

As at 31 Dec 2018 20.6%

### PROPERTY VALUATION

# +1.1%

As at 30 Jun 2019 HK\$11,110 million

As at 31 Dec 2018 HK\$10,990 million

### AVERAGE EFFECTIVE UNIT RENT <sup>1</sup>

# +2.0%

1H2019 HK\$25.06 per sq. ft.

1H2018 HK\$24.58 per sq. ft.

### OCCUPANCY RATE

# +1.4%<sup>2</sup>

As at 30 Jun 2019 97.4%

As at 30 Jun 2018 96.0%

Notes:

<sup>1</sup> For the six months ended 30 June.

<sup>2</sup> Absolute change.



## Performance Highlights

	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)	Percentage change Increase/ (Decrease)
Distribution per unit ("DPU")	<b>HK\$0.0933</b>	HK\$0.0920	1.4%

### KEY FINANCIAL FIGURES

	As at 30 June 2019 (unaudited)	As at 31 December 2018 (audited)	Percentage change Increase/ (Decrease)
Net asset value per unit	<b>HK\$5.76</b>	HK\$5.74	0.3%
Property valuation	<b>HK\$11,110 million</b>	HK\$10,990 million	1.1%
Gearing ratio <sup>1</sup>	<b>20.3%</b>	20.6%	(0.3%) <sup>2</sup>

### OPERATION DATA

	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)	Percentage change Increase/ (Decrease)
Revenue	<b>HK\$230.2 million</b>	HK\$221.1 million	4.1%
Net property income	<b>HK\$183.7 million</b>	HK\$176.5 million	4.1%
Average effective unit rent	<b>HK\$25.06 per sq. ft.</b>	HK\$24.58 per sq. ft.	2.0%
Occupancy rate (as at 30 June)	<b>97.4%</b>	96.0%	1.4% <sup>2</sup>
Cost-to-revenue ratio	<b>20.2%</b>	20.2%	0% <sup>2</sup>

Notes:

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

# Management Discussion and Analysis

## OPERATIONS REVIEW

As at 30 June 2019, Prosperity REIT owned a diverse portfolio of seven properties in the decentralized business districts of Hong Kong, comprising all, or a portion of, three Grade A office buildings, one commercial building, two industrial/office buildings and one industrial building. As at 30 June 2019, the total gross rentable area was 1,275,153 sq. ft., with a total of 498 car park spaces.

Information about the properties in the portfolio, as at 30 June 2019, was as follows:

	Location	Gross rentable area sq. ft.	No. of car park spaces	Valuation HK\$ million	Occupancy rate
<b>Grade A Office</b>					
The Metropolis Tower	Hung Hom	271,418	98	3,370	98.3%
Prosperity Millennia Plaza	North Point	217,955	43	2,290	98.8%
9 Chong Yip Street	Kwun Tong	136,595	68	1,150	98.9%
<b>Commercial</b>					
Prosperity Place	Kwun Tong	240,000	83	1,885	96.2%
<b>Industrial/Office</b>					
Trendy Centre	Lai Chi Kok	173,764	79	1,120	93.2%
Prosperity Center (portion)	Kwun Tong	149,253	105	935	97.6%
<b>Industrial</b>					
New Treasure Centre (portion)	San Po Kong	86,168	22	360	100.0%
<b>Total</b>		<b>1,275,153</b>	<b>498</b>	<b>11,110</b>	<b>97.4%</b>



## Management Discussion and Analysis

During the six months ended 30 June 2019 (the “**Reporting Period**”), the global market has undergone economic and political uncertainties.

The US-China trade negotiations and Brexit concerns resulted in the capital market volatility. Under this backdrop, China GDP slowed to 6.2% in the second quarter of 2019 from 6.4% in the first quarter, albeit still in line with the market expectation. Economic data from US has been mixed, but overall economic activities have remained steady. The Federal Reserve has halted the interest rate hikes in the first half of 2019 and announced a cut of 0.25%, on 31 July 2019, for the first time in more than a decade.

In Hong Kong, the overall economy was impacted by the US-China trade negotiations and the local social movement. GDP recorded a 0.6% growth in the second quarter of 2019. In the office leasing market, the leasing momentum has waned in general. Rental growth in Central has been flat. Tenants become more cautious in business outlook and in making a leasing decision. Nevertheless, trend of decentralization has continued. Our portfolio has benefited from this trend and achieved positive overall performance.

During the Reporting Period, Prosperity REIT achieved a rental reversion rate of 8.8%, complemented with a stable occupancy rate of 97.4%. The average effective unit rent of Prosperity REIT’s portfolio increased 2.0% to HK\$25.06 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 20.2% for the Reporting Period.

As at 30 June 2019, Prosperity REIT’s gearing ratio remained at a healthy level of 20.3% (31 December 2018: 20.6%), providing us with a strong balance sheet to take advantage of future growth opportunities.

## Management Discussion and Analysis

### INVESTMENT REVIEW

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

### ASSET ENHANCEMENT

Asset enhancement is a key growth driver for Prosperity REIT. Apart from keeping up with keen competition, upgrading our properties is another way to ensure sustainable growth in rental level and capital appreciation. During the Reporting Period, a number of asset enhancement works were carried out at The Metropolis Tower, Prosperity Place and 9 Chong Yip Street.

#### 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 match with the security standard of an anchor banking institution tenant, lift card access system has been installed in all passenger and cargo lifts. Additional surveillance cameras were installed as well.

#### Prosperity Place

Prosperity Place is located in the Kwun Tong district of Kowloon East. The district has recently experienced tremendous growth as a new commercial hub. A projected type outdoor light box has been installed on the lower portion of building façade in order to capture the high traffic flow on Hoi Yuen Road and also generate more revenue.

#### 9 Chong Yip Street

9 Chong Yip Street is located in the Kwun Tong district of Kowloon East, which is a maturing decentralized business district with many new high specifications office developments. Considering higher running and maintenance costs of the existing aging variable refrigerant volume split type air conditioning system, we have replaced the whole system with new one in order to upkeep a reliable and efficient air-conditioning provision for the common lobbies and corridors.





## Management Discussion and Analysis

### OUTLOOK

Global economy has been overshadowed by the US-China trade negotiations, Brexit and geopolitical tensions in the first half of 2019. According to the estimate of the International Monetary Fund, the global economic growth will slow down to 3.2% this year from the earlier estimate of 3.5%.

China and US have recently agreed to restart negotiations, but the progress is still clouded with uncertainty. The Fed's interest rate policy had pivoted from the previous stance of hiking interest rates to a more 'patient' stance, with recent rate cut of 0.25%. The geopolitical uncertainties and economic volatility have made the economic outlook wavered.

Looking ahead, Hong Kong faces multiple challenges and external difficulties. Yet, there are business opportunities on the back of China-Hong Kong infrastructure development.

Prosperity REIT has demonstrated the ability to capture market opportunities and to effectively manage the operation throughout different economic cycles. With a strong presence in the Kowloon East district, Prosperity REIT is well-positioned to gain further benefits from the Kowloon East transformation. Under 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.

## 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
<b>Grade A Office</b>				
The Metropolis Tower	57,500	12,229	69,729	57,119
Prosperity Millennia Plaza	39,780	7,827	47,607	39,188
9 Chong Yip Street	17,693	2,154	19,847	15,252
<b>Commercial</b>				
Prosperity Place	37,738	238	37,976	30,177
<b>Industrial/Office</b>				
Trendy Centre	22,146	3,359	25,505	18,934
Prosperity Center (portion)	19,126	1,768	20,894	16,383
<b>Industrial</b>				
New Treasure Centre (portion)	7,548	1,089	8,637	6,603
<b>Total</b>	<b>201,531</b>	<b>28,664</b>	<b>230,195</b>	<b>183,656</b>



# Management Discussion and Analysis

## Revenue

During the Reporting Period, revenue increased to HK\$230.2 million, being HK\$9.1 million or 4.1% higher than the last corresponding half year. The increase was mainly due to the increase of rental income in our flagship property, The Metropolis Tower.

## Net Property Income

For the Reporting Period, the net property income was HK\$183.7 million, being HK\$7.2 million or 4.1% higher than the last corresponding half year mainly as a result of the increase in revenue. The cost-to-revenue ratio was 20.2%.

## Distributable Income

For the Reporting Period, the unaudited distributable income of Prosperity REIT to unitholders of Prosperity REIT was HK\$139.8 million, representing a DPU of HK\$0.0933. This represents an annualized distribution yield of 5.5%<sup>3</sup>. 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\$4.0 million (equivalent to HK\$0.0026 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:

<sup>3</sup> Based on Prosperity REIT’s closing unit price of HK\$3.41 as at 28 June 2019.

## Management Discussion and Analysis

### Liquidity and Financing

As at 30 June 2019, Prosperity REIT had facilities in aggregate of HK\$2,770 million, comprising:

- (i) A term loan and revolving credit facility of up to an aggregate principal amount of HK\$1,970 million (the “**HK\$1,970 Million Facilities**”) comprising a HK\$1,540 million unsecured term loan facility and a HK\$430 million unsecured revolving credit facility, which bear interest at a margin of 0.82% per annum over HIBOR. The term loan facility will mature and become repayable 5 years from 30 November 2017, and the revolving credit facility will be repaid on each maturity date and can be redrawn upon maturity; and
- (ii) A HK\$800 million unsecured term loan bears interest at floating interest rate of 1.05% per annum over HIBOR, and will mature and become repayable 5 years from 31 August 2016 (the “**HK\$800 Million Facility**”).

In relation to the HK\$1,970 Million Facilities, the term loan facility of HK\$1,540 million was fully drawn on 30 November 2017. None of the revolving credit facility was drawn as at 30 June 2019.

The HK\$800 Million Facility was fully drawn on 31 August 2016.

As all facilities bear interests at a variable rate, Prosperity REIT has entered into interest rate swap agreements to mitigate the impact of interest rate fluctuations. As at 30 June 2019, the interest costs for approximately 50% (31 December 2018: 50%) of Prosperity REIT’s outstanding term loans have been hedged through interest rate swaps.

The total borrowings of Prosperity REIT, excluding the bank facility origination fees, as a percentage of Prosperity REIT’s gross assets was 20.3% as at 30 June 2019 (31 December 2018: 20.6%), whereas the gross liability of Prosperity REIT as a percentage of Prosperity REIT’s gross assets was 25.2% as at 30 June 2019 (31 December 2018: 25.1%).

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.



## Management Discussion and Analysis

### Investment Properties and Property Valuation

For the Reporting Period, Prosperity REIT's portfolio recorded an investment property revaluation gain of HK\$116.3 million, based on a professional valuation performed by an independent valuer, Colliers International (Hong Kong) Limited. The movements of fair values are tabulated below:

	30 June 2019 HK'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Fair value at the beginning of the period/year	10,990,000	10,490,000
Additional expenditure	3,680	12,118
Change in fair value of investment properties	116,320	487,882
Fair value at the end of the period/year	11,110,000	10,990,000

### Charges on Assets

As at 30 June 2019, all bank loan facilities of Prosperity REIT are unsecured. None of the investment properties of Prosperity REIT were pledged to secure bank loan facilities of the Prosperity REIT's finance companies.

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

### EMPLOYEES

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



## Corporate Governance

The REIT Manager was established for the purpose of managing Prosperity REIT. The REIT Manager is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the REIT Manager emphasize a quality board of directors, sound internal control, transparency and accountability to all unitholders. The REIT Manager has adopted its compliance manual (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**”). According to the articles of association of the REIT Manager, all 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.



## Corporate Governance

### **RISK MANAGEMENT AND INTERNAL CONTROLS**

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

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

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

### **AUDIT COMMITTEE**

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

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.

## Corporate Governance

### 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.

### 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 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.



## Corporate Governance

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

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

### CHANGE OF DIRECTORS’ INFORMATION

Subsequent to publication of the Annual Report 2018 of Prosperity REIT, there were changes of Directors’ information as follows:

1. Dr. Chiu Kwok Hung, Justin was appointed as a Member of the Singapore Management University International Advisory Council in China, and an Adjunct Professor in the School of Business of Hong Kong Baptist University.
2. Mr. Lim Hwee Chiang ceased to be a Director of Singapore Chinese Chamber of Commerce Foundation, The Financial Board of The Singapore Chinese Chamber of Commerce and Chinese Chamber Realty Private Limited with effect from 28 March 2019. He also ceased to be the Chairman of APM Property Management Pte. Ltd. with effect from 1 May 2019.
3. Dr. Lan Hong Tsung, David was appointed as a Director of International Pro Bono Legal Services Association Limited with effect on 13 February 2019. He ceased to be an Independent Non-executive Director of SJM Holdings Limited, a company listed in Hong Kong, with effect from 11 June 2019. He also ceased to be a Senior Advisor of Mitsui & Company (Hong Kong) Limited with effect from 1 April 2019, and retired as the President of the International Institute of Management with effect from 30 June 2019.
4. Mr. Wong Kwai Lam was appointed as the Chairman of The Chamber of Hong Kong Listed Companies with effect from 4 June 2019.

## Corporate Governance

### **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 Tuesday, 20 August 2019 to Wednesday, 21 August 2019, 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 Monday, 19 August 2019. The payment date of interim distribution will be on Thursday, 29 August 2019.





## 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 2019 HK\$	Rental deposit received as at 30 June 2019 HK\$
Goodwell Property Management Limited	Subsidiary of a significant holder <sup>1</sup>	Tenancy of property of Prosperity REIT <sup>2</sup>	990,156	551,430
Gama Aviation Hutchison (Hong Kong) Limited	Associated company of a significant holder <sup>1</sup>	Tenancy of property of Prosperity REIT <sup>3</sup>	667,119	353,720
Hutchison Telephone Company Limited	Associated company of a significant holder <sup>1</sup>	License of property of Prosperity REIT <sup>4</sup>	38,400	20,964
Hutchison Whampoa (China) Limited	Associated company of a significant holder <sup>1</sup>	Tenancy of property of Prosperity REIT <sup>5</sup>	4,388,969	2,348,804
<b>Total</b>			<b>6,084,644</b>	<b>3,274,918</b>

Notes:

1. Significant holder being CK Asset Holdings Limited (“CK Asset”).
2. For Whole of 2/F, Units 302–3 and 306–7, New Treasure Centre.
3. For Units 1102–6, Prosperity Millennia Plaza.
4. For installation of micro-transmission station equipment at Prosperity Place.
5. For Whole of 18/F, The Metropolis Tower.

## 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 2019 HK\$
Goodwell Property Management Limited <sup>1</sup>	Subsidiary of a significant holder <sup>3</sup>	Remuneration of DMC Manager	280,012
Goodwell Property Management Limited <sup>2</sup>	Subsidiary of a significant holder <sup>3</sup>	Remuneration of Carpark Manager	25,270
Citybase Property Management Limited <sup>2</sup>	Subsidiary of a significant holder <sup>3</sup>	Remuneration of Carpark Manager	18,573
<b>Total</b>			<b>323,855</b>

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 CK Asset.



## 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 six months ended 30 June 2019 HK\$
Goodwell-Prosperity Property Services Limited	Subsidiary of a significant holder <sup>3</sup>	Property management and lease management fee	5,628,082
Goodwell-Prosperity Property Services Limited	Subsidiary of a significant holder <sup>3</sup>	Marketing service fee	6,316,775
E-Park Parking Management Limited	Subsidiary of a significant holder <sup>3</sup>	Carpark lease agency fee	1,674,372
CK Asset Companies <sup>1</sup>	Subsidiaries of a significant holder <sup>3</sup>	Back-office support service fee	28,885
Colliers <sup>2</sup>	Principal Valuer and its associated company	Leasing commission and consultancy service fee	693,692
<b>Total</b>			<b>14,341,806</b>

Notes:

1. CK Asset Companies include Harbour Plaza North Point Catering Limited, Harbour Plaza Metropolis Limited and Harbour Grand Hong Kong Limited.
2. Colliers include Colliers International (Hong Kong) Limited and Colliers International Agency Limited.
3. Significant holder being CK Asset.

## 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) 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).

### 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 2019 were as follows:

Name of Connected Person	Amount payable HK\$
Goodwell-Prosperity Property Services Limited	2,726,785
Goodwell Property Management Limited	5,228,204
E-Park Parking Management Limited	284,544
Citybase Property Management Limited	1,220,589
<b>Total</b>	<b>9,460,122</b>



## Connected Party Transactions

### OTHER TRANSACTIONS

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

Name of Connected Person	Relationship with Prosperity REIT	Nature of the Connected Party Transaction	Expenses for the six months ended 30 June 2019 HK\$
HSBC Institutional Trust Services (Asia) Limited	Trustee	Trustee fee	1,634,950
ARA Asset Management (Prosperity) Limited	REIT Manager	Base fee and variable fees	27,428,699
Colliers International (Hong Kong) Limited	Principal Valuer	Valuation fees	90,000
<b>Total</b>			<b>29,153,649</b>

### REPURCHASE, SALE OR REDEMPTION OF UNITS

During the Reporting Period, other than the disposal of 21,005,140 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 2019 Number of Units	As at 30 June 2019 Percentage of Unitholdings <sup>6</sup>	As at 31 December 2018 Number of Units
Total Win Group Limited <sup>1</sup>	176,328,129	11.80%	176,328,129
Wide Option Investments Limited <sup>1</sup>	98,883,559	6.62%	98,883,559
HKSCC Nominees Limited <sup>2</sup>	1,094,861,145	73.28%	1,087,144,628
HSBC <sup>3</sup>	112,250	0.0075%	37,250
ARA Asset Management (Prosperity) Limited <sup>4</sup>	0	0%	12,723,743
Lan Hong Tsung, David <sup>5</sup>	350,000	0.02%	350,000

Notes:

- 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 2019. Total Win was an indirect wholly-owned subsidiary of CK Asset, which was therefore deemed to hold 176,328,129 units held by Total Win as at 30 June 2019.

Wide Option Investments Limited ("**Wide Option**") was a connected person of Prosperity REIT as it was an indirect wholly-owned subsidiary of CK Asset, which was therefore deemed to hold 98,883,559 units held by Wide Option as at 30 June 2019.

Therefore, CK Asset was deemed to hold 275,211,688 units as at 30 June 2019, of which 176,328,129 units were held by Total Win and 98,883,559 units were held by Wide Option.

- 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 2019. 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 2019 and 31 December 2018. The Trustee’s directors, senior executives, officers and their associates had no beneficial interest in any units as at 30 June 2019 and 31 December 2018. The controlling entity, holding company, subsidiary or associated company of the Trustee were beneficially interested in 112,250 units and 37,250 units as at 30 June 2019 and 31 December 2018 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 2019.
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 2019.
6. The total number of issued units as at 30 June 2019 was 1,494,142,362.

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 2019.

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

As at 30 June 2019, 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:

<b>Name</b>	<b>Number of Units</b>	<b>Percentage of Unitholdings<sup>Note</sup></b>
Lan Hong Tsung, David	350,000	0.02%

Note:

The total number of issued units as at 30 June 2019 was 1,494,142,362.

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 2019.

# Report on Review of Condensed Consolidated Financial Statements

# Deloitte.

# 德勤

**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 26 to 50, which comprises the condensed consolidated statement of financial position as of 30 June 2019 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 inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

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

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

2 August 2019

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Revenue</b>	4	230,195	221,104
Property management fees		(5,628)	(5,439)
Property operating expenses	6	(40,911)	(39,188)
Total property operating expenses		(46,539)	(44,627)
<b>Net property income</b>		183,656	176,477
Interest income		3,062	2,191
Manager's fee		(27,429)	(26,411)
Trust and other expenses	7	(4,291)	(4,276)
Change in fair value of investment properties	11	116,320	305,454
Change in fair value of derivative financial instruments		(20,824)	15,449
Finance costs	8	(32,185)	(28,532)
<b>Profit before taxation and transactions with unitholders</b>		218,309	440,352
Taxation	9	(20,078)	(18,535)
<b>Profit for the period, before transactions with unitholders</b>		198,231	421,817
Distribution to unitholders		(139,770)	(136,263)
<b>Profit for the period, after transactions with unitholders</b>		58,461	285,554
<b>Total comprehensive income for the period, after transactions with unitholders</b>		58,461	285,554
<b>Income available for distribution to unitholders</b>		139,770	136,263
<b>Basic earnings per unit (HK\$)</b>	10	0.13	0.29



# Distribution Statement

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Profit for the period, before transactions with unitholders</b>	<b>198,231</b>	421,817
<b>Adjustments:</b>		
Manager's fee	26,838	25,836
Change in fair value of investment properties	(116,320)	(305,454)
Change in fair value of derivative financial instruments	20,824	(15,449)
Finance costs	3,963	3,963
Deferred tax	6,234	5,550
<b>Income available for distribution (note (i))</b>	<b>139,770</b>	136,263
<b>Distributions to unitholders:</b>		
For the six months ended 30 June	139,770	136,263
<b>Distribution per unit (HK\$) (note (ii))</b>	<b>0.0933</b>	0.0920

Notes:

- (i) In accordance with the trust deed, constituting Prosperity Real Estate Investment Trust ("Prosperity REIT") (the "Trust Deed"), Prosperity REIT is required to distribute to unitholders not less than 90% of its distributable income for each financial period and it is the stated policy of 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\$26,838,000 (2018: HK\$25,836,000) out of the total manager's fee of HK\$27,429,000 (2018: HK\$26,411,000) (the difference of HK\$591,000 (2018: HK\$575,000) is paid in cash);
- (b) change in fair value of investment properties of HK\$116,320,000 (2018: HK\$305,454,000), loss on fair value change of derivative financial instruments of HK\$20,824,000 (2018: a gain of HK\$15,449,000);
- (c) adjustment in respect of the difference between the accounting finance costs of HK\$32,185,000 (2018: HK\$28,532,000) and the cash finance costs of HK\$28,222,000 (2018: HK\$24,569,000); and
- (d) deferred tax provision of HK\$6,234,000 (2018: HK\$5,550,000).
- (ii) The distribution per unit of HK\$0.0933 (2018: HK\$0.0920) is calculated based on Prosperity REIT's income available for distribution of HK\$139,770,000 (2018: HK\$136,263,000) over 1,498,090,958 units (2018: 1,481,179,523 units), representing units in issue as at 30 June 2019 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 2019

	Notes	30 June 2019 HK\$000 (unaudited)	31 December 2018 HK\$000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	11	11,110,000	10,990,000
Derivative financial instruments	13	7,662	21,065
		<b>11,117,662</b>	<b>11,011,065</b>
<b>Current assets</b>			
Derivative financial instruments	13	–	1,206
Trade and other receivables	12	15,734	15,016
Bank balances and cash		373,972	358,736
<b>Total current assets</b>		<b>389,706</b>	<b>374,958</b>
<b>Total assets</b>		<b>11,507,368</b>	<b>11,386,023</b>
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>			
Derivative financial instruments	13	6,215	–
Term loans	14	2,315,899	2,311,936
Deferred tax liabilities		203,613	197,379
<b>Total non-current liabilities, excluding net assets attributable to unitholders</b>		<b>2,525,727</b>	<b>2,509,315</b>
<b>Current liabilities</b>			
Trade and other payables	15	193,595	192,941
Amounts due to related companies	16	9,460	11,460
Provision for taxation		15,394	1,550
Manager's fee payable		13,763	13,710
Distribution payable		139,770	132,636
<b>Total current liabilities</b>		<b>371,982</b>	<b>352,297</b>
<b>Total liabilities, excluding net assets attributable to unitholders</b>		<b>2,897,709</b>	<b>2,861,612</b>
<b>Net assets attributable to unitholders</b>		<b>8,609,659</b>	<b>8,524,411</b>
<b>Units in issue ('000)</b>	17	<b>1,494,142</b>	<b>1,485,861</b>
<b>Net asset value per unit (HK\$) attributable to unitholders</b>	18	<b>5.76</b>	<b>5.74</b>



## Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2019

	Issued units HK\$'000 (unaudited)	Unit issue costs HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Net assets attributable to unitholders as at 1 January 2019 (audited)	3,194,530	(91,278)	5,421,159	8,524,411
<b>OPERATIONS</b>				
Profit for the period, before transactions with unitholders	–	–	198,231	198,231
Distribution paid and payable	–	–	(139,770)	(139,770)
Total comprehensive income for the period, after transaction with unitholders	–	–	58,461	58,461
<b>UNITHOLDERS' TRANSACTIONS OTHER THAN DISTRIBUTIONS</b>				
Units issued to REIT Manager	26,787	–	–	26,787
Net assets attributable to unitholders as at 30 June 2019	3,221,317	(91,278)	5,479,620	8,609,659



## Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2018

	Issued units HK\$'000 (unaudited)	Unit issue costs HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Net assets attributable to unitholders as at 1 January 2018 (audited)	3,142,543	(91,278)	5,002,478	8,053,743
<b>OPERATIONS</b>				
Profit for the period, before transactions with unitholders	–	–	421,817	421,817
Distribution paid and payable	–	–	(136,263)	(136,263)
Total comprehensive income for the period, after transaction with unitholders	–	–	285,554	285,554
<b>UNITHOLDERS' TRANSACTIONS OTHER THAN DISTRIBUTIONS</b>				
Units issued to REIT Manager	25,815	–	–	25,815
Net assets attributable to unitholders as at 30 June 2018	3,168,358	(91,278)	5,288,032	8,365,112



## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Net cash from operating activities	176,712	170,420
Investing activities:		
Interest received	3,062	2,191
Additional expenditure to investment properties	(3,680)	(4,546)
Net cash used in investing activities	(618)	(2,355)
Financing activities:		
Interest payment of term loans	(28,222)	(24,569)
Distribution to unitholders	(132,636)	(127,437)
Cash used in financing activities	(160,858)	(152,006)
Net increase in cash and cash equivalents	15,236	16,059
Cash and cash equivalents at beginning of the period	358,736	363,451
<b>Cash and cash equivalents at end of period, represented by bank balances and cash</b>	<b>373,972</b>	<b>379,510</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 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 Hong Kong Accounting Standard 34 (HKAS 34) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the relevant disclosure requirements set out in Appendix C of the REIT Code.

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, Prosperity REIT 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 2019

## 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.

Other than changes in accounting policies resulting from application of the new Hong Kong Financial Reporting Standard (“**HKFRS**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

### Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“**HKAS 17**”), and the related interpretations.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Application of new and amendments to HKFRSs *(continued)*

#### Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### *As a lessor*

#### Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers (“**HKFRS 15**”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

#### Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

#### Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Application of new and amendments to HKFRSs *(continued)*

#### Transition and summary of effects arising from initial application of HKFRS 16

##### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

##### As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect. The discounting effect had no material impact on the condensed consolidated financial statements of the Group.

Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 4 REVENUE

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Gross rental from investment properties		
Rental income	186,326	180,503
Car park income	15,205	14,835
	<b>201,531</b>	195,338
Rental related income (note)	<b>28,664</b>	25,766
	<b>230,195</b>	221,104

Note: Rental related income, which mainly consists of management fee income and air conditioning income which are payable by the tenants, are recognised over time as income as time elapsed when the services and facilities are provided. The Group applied the practical expedient in HKFRS 15 by recognising revenue in the amount to which the Group has right to invoice, since the Group billed a fixed amount for each month according to the term of the relevant lease. As permitted under HKFRS 15, the aggregate amount of the transaction price allocated to the unsatisfied contracts is not disclosed.

## 5 SEGMENT INFORMATION

During the reporting period, Prosperity REIT invested in seven (2018: seven) office, commercial, industrial/office and industrial buildings located in Hong Kong, namely The Metropolis Tower, Prosperity Millennia Plaza, 9 Chong Yip Street, Prosperity Place, Trendy Centre, 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 2019

### 6 PROPERTY OPERATING EXPENSES

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Building management expenses	18,724	18,616
Utilities	2,554	2,398
Car park operating expenses	4,051	3,992
Marketing service fee	6,317	5,823
Lease commission	2,755	1,921
Repairs and maintenance	3,297	3,583
Valuation fees (paid to principal valuer)	90	100
Audit fee	643	630
Other charges	2,480	2,125
	<b>40,911</b>	<b>39,188</b>

### 7 TRUST AND OTHER EXPENSES

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Audit fee	121	120
Back-office support service fee	29	29
Bank charges	708	694
Legal and professional fees	410	287
Public relations and related expenses	146	115
Registrar fee	300	300
Trust administrative expenses	942	1,164
Trustee's fee	1,635	1,567
	<b>4,291</b>	<b>4,276</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 8 FINANCE COSTS

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interest expense on:		
— Unsecured term loans	34,055	26,492
— Equalisation of interest expense through interest rate swaps	(1,870)	2,040
	<b>32,185</b>	<b>28,532</b>

### 9 TAXATION

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax	14,009	12,985
Over-provision in prior year	(165)	—
Deferred tax	6,234	5,550
	<b>20,078</b>	<b>18,535</b>

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 2019

## 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\$198,231,000 (2018: HK\$421,817,000) by the weighted average of 1,494,095,074 (2018: 1,477,097,755) 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 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Fair value at the beginning of the period/year	10,990,000	10,490,000
Additional expenditure	3,680	12,118
Change in fair value of investment properties	116,320	487,882
Fair value at end of the period/year	11,110,000	10,990,000

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 11 INVESTMENT PROPERTIES *(continued)*

(i) *(continued)*

On 30 June 2019 and 31 December 2018, an independent valuation on the investment properties was undertaken by Colliers International (Hong Kong) Limited. The firm is an independent qualified external valuer not connected to the Group and has appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation of the properties, falls under level 3 of the fair value hierarchy, was arrived at using the income approach — term and reversion method cross-checked to the market approach. Income approach — term and reversion method is based on the capitalisation of the current passing rental income and potential reversionary income over the remaining tenure of the investment properties from the date of valuation at appropriate investment yields to arrive at the capital value and with appropriate adjustments. The estimated net property yield is based on the monthly net rental income for June 2019 and average net monthly car parking income for the period of January 2019 to June 2019. The market approach is based on comparing the properties to be valued directly with other comparable properties which recently changed hands or leased and generally located in the surrounding areas or in another market which is comparable to the properties and with appropriate adjustments.

The adopted capitalisation rates in the valuation range from 3.6% to 4.2% (2018: 3.6% to 4.2%) for capitalisation of the current passing rental income over the existing lease term and 3.6% to 4.2% (2018: 3.6% to 4.2%) for potential future reversionary rental income. The capitalisation rates is one of the key parameters in the income approach — term and version method and they involve professional judgment in relation to the adjustments made by the independent qualified external valuer.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 12 TRADE AND OTHER RECEIVABLES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade receivables	1,310	1,283
Less: allowance for doubtful debts	(292)	(54)
	1,018	1,229
Deposits, prepayments and other receivables	14,716	13,787
	15,734	15,016

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

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Current—1 month	189	86
1–3 months	670	1,143
Over 3 months	159	—
	1,018	1,229

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 13 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Reflected on condensed consolidated statement of financial position based on remaining contractual maturity as:		
Non-current assets	7,662	21,065
Current assets	–	1,206
Non-current liabilities	(6,215)	–
	1,447	22,271

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

### Derivatives:

Contracts with total notional amount of HK\$1,170,000,000 (31 December 2018: HK\$1,170,000,000) as at 30 June 2019 will mature from September 2022 to March 2024 (31 December 2018: June 2019 to September 2022). These contracts have fixed interest payments at rates ranging from 1.254% to 1.918% (31 December 2018: 0.455% to 1.483%) per annum and have floating interest receipts at three months Hong Kong Inter-bank Offered Rate (“HIBOR”) with HIBOR being repriced every three months.

The total change in fair value of the derivative financial instruments amounting to a loss of HK\$20,824,000 is recognised in the profit or loss for the six months ended 30 June 2019 (six months ended 30 June 2018: a gain of HK\$15,449,000).

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 2019

### 14 BORROWINGS

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Unsecured term loans	2,340,000	2,340,000
Bank facility origination fees	(24,101)	(28,064)
	<b>2,315,899</b>	2,311,936
Carrying amount repayable:		
Within a period of more than one year but not exceeding five years	<b>2,315,899</b>	2,311,936
	<b>2,315,899</b>	2,311,936

Details of the terms and conditions of the facilities as at 30 June 2019 and 31 December 2018 are as follows:

- (i) HK\$1,540,000,000 unsecured term loan bears interest at floating interest rate of HIBOR+0.82% per annum and is repayable in full on 30 November 2022;
- (ii) HK\$430,000,000 unsecured revolving loan bears interest at floating interest rate of HIBOR+0.82% per annum and is repayable on demand; and
- (iii) HK\$800,000,000 unsecured term loan bears interest at floating interest rate of HIBOR+1.05% per annum and is repayable in full on 31 August 2021.

Prosperity REIT has provided guarantees for all the facilities.

The bank facility origination fees consist of advisory fee and front-end fee with respect to the banking facilities and are included in measuring the borrowings at amortised cost.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 15 TRADE AND OTHER PAYABLES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade payables	2,325	3,425
Tenants' deposits		
— Outside parties	140,294	140,870
— Related parties	3,275	3,181
Rental received in advance		
— Outside parties	4,661	5,086
Other payables	43,040	40,379
	<b>193,595</b>	<b>192,941</b>

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 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Current—1 month	1,480	763
1–3 months	371	2,049
Over 3 months	474	613
	<b>2,325</b>	<b>3,425</b>

Tenants' deposits represent the deposits refundable to tenants upon termination or cancellation of operating lease arrangements. The tenants' deposits are refundable to tenants within 45 days upon the termination of the tenancy agreement. The tenants' deposits to be settled after twelve months from the end of the reporting period based on the lease terms amounted to HK\$92,471,030 as at 30 June 2019 (31 December 2018: HK\$95,343,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 16 AMOUNTS DUE TO RELATED COMPANIES

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

## 17 UNITS IN ISSUE

	Number of units	HK\$'000
Balance as at 1 January 2018	1,469,395,447	3,142,543
Payment of Manager's base fee and variable fee through issuance of new units during the year	16,465,518	51,987
Balance as at 31 December 2018	1,485,860,965	3,194,530
Payment of Manager's base fee and variable fee through issuance of new units during the period	8,281,397	26,787
Balance as at 30 June 2019	1,494,142,362	3,221,317

Subsequent to the end of the reporting period, 3,948,596 units (31 December 2018: 4,318,411 units) at HK\$3.4107 (31 December 2018: HK\$3.1067) per unit were issued to the REIT Manager as settlement of base fee and variable fee for the period from 1 April 2019 to 30 June 2019. The unitholders' fund per unit, based on the closing market price of Prosperity REIT as at 28 June 2019 was HK\$3.41 (31 December 2018: HK\$3.00).

## 18 NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per unit is calculated based on the net assets attributable to unitholders and the total number of 1,494,142,362 units in issue as at 30 June 2019 (31 December 2018: 1,485,860,965 units).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### **19 MAJOR NON-CASH TRANSACTION**

During the period, the REIT Manager earned manager's fee of HK\$27,429,000 (2018: manager's fee of HK\$26,411,000) of which HK\$26,838,000 (2018: HK\$25,836,000) was paid or payable through the issuance of units to the REIT Manager. An amount of HK\$13,371,000 (2018: HK\$12,853,000) had been settled through the issuance of units to the REIT Manager while the balance of HK\$13,467,000 (31 December 2018: HK\$13,416,000) included in manager's fee payable would be paid in units subsequent to the period end.

### **20 NET CURRENT ASSETS**

At the end of the reporting period, the Group's net current assets, defined as current assets less current liabilities, amounted to HK\$17,724,000 (31 December 2018: HK\$22,661,000).

### **21 TOTAL ASSETS LESS CURRENT LIABILITIES**

At the end of the reporting period, the Group's total assets less current liabilities amounted to HK\$11,135,386,000 (31 December 2018: HK\$11,033,726,000).



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 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	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Rent and rental related income from			
Goodwell Property Management Limited	(a)	990	941
Gama Aviation Hutchison (Hong Kong) Limited	(b)	667	–
Hutchison Hain Organic (Hong Kong) Limited	(b)	–	489
Hutchison Telephone Company Limited	(b)	39	38
Hutchison Whampoa (China) Limited	(b)	4,389	4
Carpark lease agency fee for the operations of the Group's carpark			
E-Park Parking Management Limited	(a)	1,674	1,634
Property management fee			
Goodwell-Prosperity Property Services Limited	(a)	5,628	5,439
Marketing service fee			
Goodwell-Prosperity Property Services Limited	(a)	6,317	5,823
Lease commission and consultancy service fee			
Colliers	(c)	694	132
Valuation fee			
Colliers International (Hong Kong) Limited	(c)	90	100
Trustee's fee			
HSBC Institutional Trust Services (Asia) Limited	(d)	1,635	1,567
Manager's fee			
ARA Asset Management (Prosperity) Limited	(e)	27,429	26,411
Back-office support service fee			
CK Asset Companies	(a)	29	29

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 22 CONNECTED AND RELATED PARTY TRANSACTIONS (continued)

Balances with connected and related parties are as follows:

	Notes	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Amount due to			
Citybase Property Management Limited	(a)	1,221	938
Goodwell-Prosperity Property Services Limited	(a)	2,727	4,909
Goodwell Property Management Limited	(a)	5,228	5,052
E-Park Parking Management Limited	(a)	284	561
Deposits placed with the Group for the lease of the Group's properties			
Goodwell Property Management Limited	(a)	551	500
Gama Aviation Hutchison (Hong Kong) Limited	(b)	354	350
Hutchison Telephone Company Limited	(b)	21	20
Hutchison Whampoa (China) Limited	(b)	2,349	2,311

Notes:

- (a) These companies were subsidiaries of CK Asset Holdings Limited ("CK Asset"), 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 CK Asset.
- (c) Colliers include Colliers International (Hong Kong) Limited and Colliers International Agency Limited. Colliers International (Hong Kong) Limited is the principal valuer of investment properties.
- (d) HSBC Institutional Trust Services (Asia) Limited is the trustee of Prosperity REIT.
- (e) ARA Asset Management (Prosperity) Limited is the management company of Prosperity REIT.

Under the REIT Code, the deed of mutual covenant which binds the REIT Manager and all the owners of a development and their successors-in-title which include members of CK Asset group technically constitutes a contract between the Group and CK Asset group. Remuneration to the building managers, which are the wholly-owned subsidiaries of CK Asset, for the building management services provided constitutes a connected party transaction. During the reporting period, remuneration paid from the funds of the buildings, attributable to the properties owned by the Group, to the building managers amounted to HK\$324,000 (2018: HK\$311,000).



## Performance Table

### RESULTS ANALYSIS

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	230,195	221,104
Net property income	183,656	176,477
Profit for the period, before transactions with unitholders	198,231	421,817
Income available for distribution	139,770	136,263
Basic earnings per unit (HK\$)	0.13	0.29
Distribution per unit (HK\$)	0.0933	0.0920

### MAJOR ASSETS AND LIABILITIES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
	Investment properties	11,110,000
Borrowings, excluding bank facility origination fees	(2,340,000)	(2,340,000)
Net assets attributable to unitholders	8,609,659	8,524,411
Net asset value per unit (HK\$)	5.76	5.74

## Performance Table

### OTHER INFORMATION

	30 June 2019	31 December 2018
The highest traded price during the period/year (HK\$)	3.65	3.50
The highest discount of the traded price to net asset value	(36.6%)	(39.0%)
The lowest traded price during the period/year (HK\$)	3.00	2.76
The lowest discount of the traded price to net asset value	(47.9%)	(51.9%)
The net yield per unit based on market price at the end of period/year <sup>1</sup>	5.47%	6.0%

- 1 Annualised yield for the six months ended 30 June 2019 is based on the distribution per unit of HK\$0.0933 and the closing unit price of HK\$3.41 as at 28 June 2019. For the year ended 31 December 2018, the yield is based on the distribution per unit of HK\$0.1810 and the closing unit price of HK\$3.00 as at 31 December 2018.



# Investment Properties Portfolio

As at 30 June 2019

Property	Type	Lease term	Lease expiry date	Location	Valuation 30 June 2019 HK\$ Million
The Metropolis Tower	O	Medium-term lease	30 June 2047	10 Metropolis Drive Hung Hom Kowloon Hong Kong	3,370
Prosperity Millennia Plaza	O	Medium-term lease	30 June 2047	663 King's Road North Point Hong Kong	2,290
9 Chong Yip Street	O	Medium-term lease	30 June 2047	9 Chong Yip Street Kwun Tong Kowloon Hong Kong	1,150
Prosperity Place	C	Medium-term lease	30 June 2047	6 Shing Yip Street Kwun Tong Kowloon Hong Kong	1,885
Trendy Centre	I/O	Medium-term lease	30 June 2047	682 Castle Peak Road Lai Chi Kok Kowloon Hong Kong	1,120
Prosperity Center (portion)	I/O	Medium-term lease	30 June 2047	25 Chong Yip Street Kwun Tong Kowloon Hong Kong	935
New Treasure Centre (portion)	I	Medium-term lease	30 June 2047	10 Ng Fong Street San Po Kong Kowloon Hong Kong	360
<b>Total</b>					<b>11,110</b>

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**

Colliers International (Hong Kong) Limited

### **PRINCIPAL BANKERS**

DBS Bank Limited  
Sumitomo Mitsui Banking Corporation  
The Hongkong and Shanghai Banking  
Corporation Limited

### **LEGAL ADVISER**

Baker & McKenzie

### **REGISTERED OFFICE**

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



## Corporate Information

### **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-group.com](mailto:prosperityenquiry@ara-group.com)

### **WEBSITE**


[www.prosperityreit.com](http://www.prosperityreit.com)

### **KEY DATES**

Interim Results Announcement  
2 August 2019

Closure of Register of Unitholders  
for interim distribution  
20 August 2019 to  
21 August 2019 (both days inclusive)

Payment of interim distribution  
29 August 2019



*The interim report 2019 (in both English and Chinese versions) ("Interim Report") has been posted on Prosperity REIT's website at [www.prosperityreit.com](http://www.prosperityreit.com) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://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.*

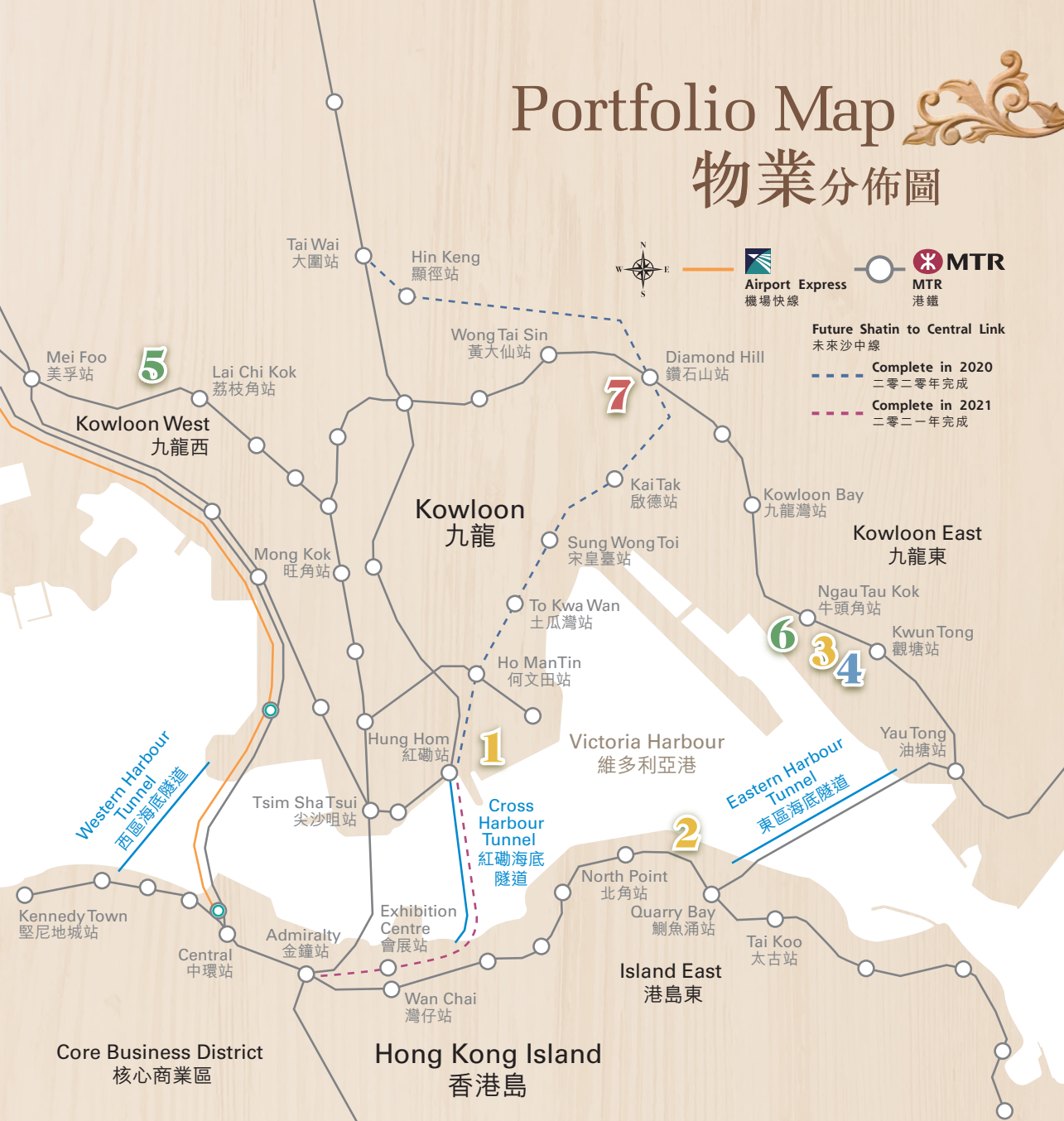
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基金單位持有人可以郵寄方式向泓富產業信託之基金單位過戶登記處香港中央證券登記有限公司發出合理的事先書面通知或電郵至[prosperityreit.ecom@computershare.com.hk](mailto:prosperityreit.ecom@computershare.com.hk)，隨時更改其對有關泓富產業信託企業通訊的收取方式(即印刷本或透過泓富產業信託網站收取電子版本)及/或語文版本之選擇。

# 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



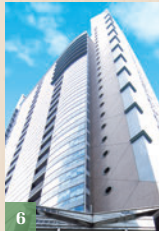
4

Prosperity Place  
泓富廣場



5

Trendy Centre  
潮流工貿中心



6

Prosperity Center Property (portion)  
創富中心(部份)



7

New Treasure Centre Property (portion)  
新寶中心(部份)



[www.prosperityreit.com](http://www.prosperityreit.com)



Stock Code 股份代號 : 808

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

