

Moving on with
a steady pace

上善若水

穩健睿行

ABOUT PROSPERITY REIT

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

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

ABOUT THE REIT MANAGER

ARA Asset Management (Prosperity) Limited is a wholly-owned subsidiary of ARA Asset Management Limited (“ARA”), a leading APAC real assets fund manager with a global reach. ARA manages listed and unlisted REITs, private real estate equity and credit funds, and infrastructure funds in 28 countries.

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.



Water: An element that can adapt itself to the surroundings no matter how the time and environment change, making it sustainable and long lasting. Similar to such characteristics, accepting and adopting smart and correct opinions and keeping up with the times are the core values of Prosperity REIT for many years, and pave the way for the stable development of its business.



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PERFORMANCE HIGHLIGHTS

DISTRIBUTION PER UNIT ¹

-3.6%

1H2020 **HK\$0.0899**

1H2019 **HK\$0.0933**

NET ASSET VALUE PER UNIT

-8.2%

As at 30 Jun 2020 **HK\$5.28**

As at 31 Dec 2019 **HK\$5.75**

GEARING RATIO

+1.1%²

As at 30 Jun 2020 **21.4%**

As at 31 Dec 2019 **20.3%**

PROPERTY VALUATION

-5.0%

As at 30 Jun 2020 **10,571 million**

As at 31 Dec 2019 **11,126 million**

AVERAGE EFFECTIVE UNIT RENT ¹

+0.2%

1H2020 **HK\$25.10 per sq. ft.**

1H2019 **HK\$25.06 per sq. ft.**

OCCUPANCY RATE

-0.6%²

As at 30 Jun 2020 **96.8%**

As at 30 Jun 2019 **97.4%**

Notes:

¹ For the six months ended 30 June.

² Absolute change.

Performance Highlights

	Six months ended 30 Jun 2020 (unaudited)	Six months ended 30 Jun 2019 (unaudited)	Percentage change Increase/ (Decrease)
Distribution per unit ("DPU")	HK\$0.0899	HK\$0.0933	(3.6%)

KEY FINANCIAL FIGURES

	As at 30 Jun 2020 (unaudited)	As at 31 Dec 2019 (audited)	Percentage change Increase/ (Decrease)
Net asset value per unit	HK\$5.28	HK\$5.75	(8.2%)
Property valuation	HK\$10,571 million	HK\$11,126 million	(5.0%)
Gearing ratio ¹	21.4%	20.3%	1.1% ²

OPERATION DATA

	Six months ended 30 Jun 2020 (unaudited)	Six months ended 30 Jun 2019 (unaudited)	Percentage change Increase/ (Decrease)
Revenue	HK\$228.7 million	HK\$230.2 million	(0.7%)
Net property income	HK\$181.1 million	HK\$183.7 million	(1.4%)
Average effective unit rent	HK\$25.10 per sq. ft.	HK\$25.06 per sq. ft.	0.2%
Occupancy rate (as at 30 June)	96.8%	97.4%	(0.6%) ²
Cost-to-revenue ratio	20.8%	20.2%	0.6% ²

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 2020, 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 2020, 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 2020, 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	3,220	98.3%
Prosperity Millennia Plaza	North Point	217,955	43	2,210	95.7%
9 Chong Yip Street	Kwun Tong	136,595	68	1,090	100.0%
Commercial					
Prosperity Place	Kwun Tong	240,000	83	1,756	95.9%
Industrial/Office					
Trendy Centre	Lai Chi Kok	173,764	79	1,070	97.3%
Prosperity Center (portion)	Kwun Tong	149,253	105	889	94.3%
Industrial					
New Treasure Centre (portion)	San Po Kong	86,168	22	336	95.8%
Total		1,275,153	498	10,571	96.8%

During the six months ended 30 June 2020 (the “**Reporting Period**”), global economy has been affected gravely due to the outbreak of COVID-19. Many major international cities had executed lockdown policy, economic activities between nations were virtually shut down for months.

In US, GDP shrank by 9.5% year-on-year (“**YoY**”) in 2Q 2020. The Fed made the most substantial rate cut since 2008, from 1.75% in January 2020 down to 0.25% in March 2020. In China, after containing the outbreak of COVID-19 with a total of around 85,000 cases, some economic indicators showed signs of economic recovery in 2Q 2020.

Management Discussion and Analysis

Under the backdrop of local social incident and COVID-19 outbreak, Hong Kong economy has suffered its worst in the last three decades. The GDP had shrunk for 5 consecutive quarters, recording -9.0% YoY in 2Q 2020. In light of uncertain business outlook due to the resurgence of the pandemic, increasing geopolitical tensions and trade protectionism, office tenants were cautious in lease renewal. With some corporate tenants exercised work from home policy, tenants looked for ways to downsize in order to save costs. Core business districts such as Central and Admiralty were more impacted. In June, with a sign of recovery, companies in some sectors resumed activities and leased new spaces either for relocation or downsizing to non-core business districts at more affordable rents. Leasing momentum in Kowloon, in particular Kowloon East where Prosperity REIT is strategically located, started to pick up at the end of the Reporting Period, albeit at a lower rent level.

During this unprecedented period, relief measures including deferred payments, purchasing coupons/services from tenants were granted on case-by-case basis in view of the challenging business environment.

During the Reporting Period, while the occupancy rate was stable at 96.8% and the average effective unit rent of the portfolio slightly increased to HK\$25.10 per sq. ft., Prosperity REIT registered negative rental reversion. Our proactive and flexible leasing strategies, premium quality of our properties, as well as our attentive property management services helped to mitigate the adverse impact brought by market adversity.

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 20.8% for the Reporting Period.

As at 30 June 2020, Prosperity REIT's gearing ratio remained at a healthy level of 21.4% (31 December 2019: 20.3%), providing us with a strong balance sheet to meet with economic volatility and 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, an asset enhancement work was carried out at Prosperity Millennia Plaza.

Prosperity Millennia Plaza



Prosperity Millennia Plaza stands adjacent to the Harbour Plaza North Point Hotel and across from the North Point Government Offices. Served by a convenient transportation network, the building is a mere two minutes away from the Quarry Bay MTR Station by foot and two minutes from the Eastern Harbour Crossing Tunnel by car. In order to increase the marketing competitiveness among comparable buildings in the surrounding and fully reflect the strategic location of the building, the Ground Floor entrance lobby area has been renovated with modernized and high-class office building design.

Management Discussion and Analysis

OUTLOOK

In the first half of the year, the COVID-19 pandemic has severely hit the global economy dampening business activities of all sectors. All countries are working on containing the spread of the virus and rolling out measures to stabilize their economies. According to the estimate of the International Monetary Fund (IMF), the global economic growth is projected at -4.9% this year, and the recovery is projected to be more gradual than the previous forecast.

Although the US rolled out fiscal stimulus plan and the Fed committed to maintain the interest rate at 0-0.25% to provide liquidity in the capital market, global markets are expected to be volatile in the near term resulted from the pandemic and geopolitical uncertainties between US and China.

In China, the COVID-19 lockdowns are moderately re-opened with the economy on a recovery pace. The central government continues to prioritize employment support and fiscal measures to stimulate the local consumption recovery.

In Hong Kong, the unemployment rate reached 6.2% in June which is the historic high in more than 15 years due to the mandatory orders imposed on various retail trades attributing to the suspension of business operation in a wide scale. US's revocation of Hong Kong trade privileges could potentially create additional turmoil in the business environment and MNC's confidence in Hong Kong. Hong Kong will continue to face challenges from the resurgence of the pandemic and the geopolitical tensions for the remainder of the year. Yet, with the different phase of the business and employment stimulus measures implemented by government, results are anticipated to reflect in the second half of the year.

Prosperity REIT has demonstrated the ability to capture market opportunities and to effectively manage the operation throughout different economic cycles. While the uncertainty by COVID-19 has prolonged effects on our business, we will continue to implement effective asset management strategies under the diligent and professional support of Goodwell-Prosperity Property Services Limited, the property manager of Prosperity REIT.



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	57,286	12,013	69,299	57,008
Prosperity Millennia Plaza	41,011	7,881	48,892	40,782
9 Chong Yip Street	17,629	2,382	20,011	15,589
Commercial				
Prosperity Place	33,828	1,820	35,648	26,311
Industrial/Office				
Trendy Centre	22,465	3,933	26,398	19,946
Prosperity Center (portion)	17,978	1,771	19,749	14,956
Industrial				
New Treasure Centre (portion)	7,609	1,125	8,734	6,498
Total	197,806	30,925	228,731	181,090

Management Discussion and Analysis

Revenue

During the Reporting Period, revenue decreased to HK\$228.7 million, being HK\$1.5 million or 0.7% lower than the last corresponding half year. The decrease was mainly due to the adverse market conditions and impact from COVID-19 since the second quarter.

Net Property Income

For the Reporting Period, the net property income was HK\$181.1 million, being HK\$2.6 million or 1.4% lower than the last corresponding half year mainly as a result of the decrease in revenue. The cost-to-revenue ratio was 20.8%.

Distributable Income

For the Reporting Period, the unaudited distributable income of Prosperity REIT to unitholders of Prosperity REIT was HK\$136.5 million, representing a DPU of HK\$0.0899. This represents an annualized distribution yield of 7.8%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) 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:

³ Based on Prosperity REIT's closing unit price of HK\$2.31 as at 30 June 2020.



Management Discussion and Analysis

Liquidity and Financing

As at 30 June 2020, 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 2020.

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 2020, the interest costs for approximately 70% (31 December 2019: 70%) 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 21.4% as at 30 June 2020 (31 December 2019: 20.3%), whereas the gross liability of Prosperity REIT as a percentage of Prosperity REIT's gross assets was 27.0% as at 30 June 2020 (31 December 2019: 25.2%).

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 loss of HK\$557.4 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 Jun 2020 HK\$'000 (unaudited)	31 Dec 2019 HK\$'000 (audited)
Fair value at the beginning of the period/year	11,126,000	10,990,000
Additional expenditure	2,439	7,888
Change in fair value of investment properties	(557,439)	128,112
Fair value at the end of the period/year	10,571,000	11,126,000

Charges on Assets

As at 30 June 2020, all bank loan facilities of Prosperity REIT are unsecured. None of the investment properties of Prosperity REIT were pledged to secure bank loan facilities of Prosperity REIT's finance companies.

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

EMPLOYEES

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

CORPORATE GOVERNANCE

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

Corporate Governance

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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



Corporate Governance

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.

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 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 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.



Corporate Governance

CHANGE OF DIRECTORS' INFORMATION

Subsequent to publication of the Annual Report 2019 of Prosperity REIT, there were changes of Directors' information as follows:

1. Mr. Ma Lai Chee, Gerald was appointed as Vice Chairman and an Independent Non-executive Director of Goldin Financial Holdings Limited, a company listed in Hong Kong, on 23 July 2020, and re-designated to Vice Chairman and Non-executive Director on 23 July 2020.
2. Mr. Wong Kwai Lam was appointed as an Independent Non-executive Director and member of each of the Audit Committee, Nomination Committee and Remuneration Committee of CK Hutchison Holdings Limited, a company listed in Hong Kong, with effect from 14 May 2020.

REVIEW OF INTERIM REPORT

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

CLOSURE OF REGISTER OF UNITHOLDERS

The register of unitholders will be closed from Monday, 31 August 2020 to Tuesday, 1 September 2020, both days inclusive, during which period no transfer of units will be effected. In order to qualify for the interim distribution, all unit certificates with completed transfer forms must be lodged with Prosperity REIT's unit registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 28 August 2020. The payment date of interim distribution will be on Wednesday, 9 September 2020.

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 2020 HK\$	Rental deposit received as at 30 June 2020 HK\$
E-Park Parking Management Limited	Subsidiary of a significant holder ¹	Tenancy of property of Prosperity REIT ²	331,728	175,464
Gama Aviation Hutchison (Hong Kong) Limited	Associated company of a significant holder ¹	Tenancy of property of Prosperity REIT ³	667,119	353,720
Goodwell Property Management Limited	Subsidiary of a significant holder ¹	Tenancy of property of Prosperity REIT ⁴	1,011,946	551,430
Hutchison Telephone Company Limited	Associated company of a significant holder ¹	License of property of Prosperity REIT ⁵	94,902	166,900
Hutchison Whampoa (China) Limited	Associated company of a significant holder ¹	Tenancy of property of Prosperity REIT ⁶	4,388,969	2,348,804
Total			6,494,664	3,596,318

Notes:

1. Significant holder being CK Asset Holdings Limited (“**CK Asset**”).
2. For Unit 2805, Prosperity Place.
3. For Units 1102–6, Prosperity Millennia Plaza.
4. For Whole of 2/F, Units 302–3 and 306–7, New Treasure Centre.
5. For installation of micro-transmission station equipment at Prosperity Place, radio base station equipment at Prosperity Place, 9 Chong Yip Street and Trendy Centre.
6. 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 2020 HK\$
Goodwell Property Management Limited ¹	Subsidiary of a significant holder ³	Remuneration of DMC Manager	291,351
Goodwell Property Management Limited ²	Subsidiary of a significant holder ³	Remuneration of Carpark Manager	26,180
Citybase Property Management Limited ²	Subsidiary of a significant holder ³	Remuneration of Carpark Manager	19,130
Total			336,661

Notes:

1. It is the manager appointed under the respective deeds of mutual covenant of the properties of Prosperity REIT (the "**DMC Manager**").
2. They are the carpark managers of certain properties of Prosperity REIT (the "**Carpark Manager**") as delegated by Goodwell-Prosperity Property Services Limited, the property manager of Prosperity REIT pursuant to a property management agreement dated 29 November 2005, as modified, amended and/or extended from time to time.
3. 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 2020 HK\$
Goodwell-Prosperity Property Services Limited	Subsidiary of a significant holder ²	Property management and lease management fee	5,574,675
Goodwell-Prosperity Property Services Limited	Subsidiary of a significant holder ²	Marketing service fee	5,766,423
E-Park Parking Management Limited	Subsidiary of a significant holder ²	Carpark lease agency fee	1,470,348
Colliers ¹	Principal Valuer and its associated company	Leasing commission and consultancy service fee	128,152
Total			12,939,598

Notes:

1. Colliers include Colliers International (Hong Kong) Limited and Colliers International Agency Limited.
2. 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 2020 were as follows:

Name of Connected Person	Amount payable HK\$
Goodwell-Prosperity Property Services Limited	3,967,026
Goodwell Property Management Limited	3,646,935
E-Park Parking Management Limited	509,539
Citybase Property Management Limited	1,038,260
Total	9,161,760

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 2020 HK\$
HSBC Institutional Trust Services (Asia) Limited	Trustee	Trustee fee	1,641,498
ARA Asset Management (Prosperity) Limited	REIT Manager	Base fee and variable fees	27,070,252
Colliers International (Hong Kong) Limited	Principal Valuer	Valuation fees	107,000
Total			28,818,750

REPURCHASE, SALE OR REDEMPTION OF UNITS

During the Reporting Period, other than the disposal of 824,000 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 2020 Number of Units	As at 30 June 2020 Percentage of Unitholdings ⁶	As at 31 December 2019 Number of Units
Total Win Group Limited ¹	176,328,129	11.66%	176,328,129
Wide Option Investments Limited ¹	98,883,559	6.54%	98,883,559
HKSCC Nominees Limited ²	1,115,127,575	73.72%	1,103,656,031
HSBC ³	82,250	0.005%	132,250
ARA Asset Management (Prosperity) Limited ⁴	17,731,096	1.17%	8,479,639
Lan Hong Tsung, David ⁵	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 2020. 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 2020.

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 2020.

Therefore, CK Asset was deemed to hold 275,211,688 units as at 30 June 2020, 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 2020. 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 2020 and 31 December 2019. The Trustee’s directors, senior executives, officers and their associates had no beneficial interest in any units as at 30 June 2020 and 31 December 2019. The controlling entity, holding company, subsidiary or associated company of the Trustee were beneficially interested in 82,250 units and 132,250 units as at 30 June 2020 and 31 December 2019 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 2020.
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 2020.
6. The total number of issued units as at 30 June 2020 was 1,512,697,458.

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 2020.

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

As at 30 June 2020, the interests of the REIT Manager, Directors and chief executive of the REIT Manager in the units of Prosperity REIT as recorded in the Register of Interests maintained by the REIT Manager under clause 30.3 of the Trust Deed were as follows:

Name	Number of Units	Percentage of Unitholdings ¹
ARA Asset Management (Prosperity) Limited	17,731,096	1.17%
Lan Hong Tsung, David	350,000	0.02%

Note:


1. The total number of issued units as at 30 June 2020 was 1,512,697,458.

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 2020.

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 26 to 48, which comprises the condensed consolidated statement of financial position as of 30 June 2020 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

13 August 2020



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	228,731	230,195
Property management fees		(5,575)	(5,628)
Property operating expenses	6	(42,066)	(40,911)
Total property operating expenses		(47,641)	(46,539)
Net property income		181,090	183,656
Interest income		3,470	3,062
Manager's fee		(27,070)	(27,429)
Trust and other expenses	7	(4,288)	(4,291)
Change in fair value of investment properties	11	(557,439)	116,320
Finance costs	8	(112,858)	(53,009)
(Loss)/Profit before taxation and transactions with unitholders		(517,095)	218,309
Taxation	9	(20,071)	(20,078)
(Loss)/Profit for the period, before transactions with unitholders		(537,166)	198,231
Distribution to unitholders		(136,513)	(139,770)
(Loss)/Profit for the period, after transactions with unitholders		(673,679)	58,461
Total comprehensive (expense) income for the period, after transactions with unitholders		(673,679)	58,461
Income available for distribution to unitholders		136,513	139,770
Basic (loss)/earning per unit (HK\$)	10	(0.36)	0.13

DISTRIBUTION STATEMENT

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/Profit for the period, before transactions with unitholders	(537,166)	198,231
Adjustments:		
Manager's fee	26,487	26,838
Change in fair value of investment properties	557,439	(116,320)
Change in fair value of derivative financial instruments	80,228	20,824
Finance costs	3,985	3,963
Deferred tax	5,540	6,234
Income available for distribution (note (i))	136,513	139,770
Distribution to unitholders:		
For the six months ended 30 June	136,513	139,770
Distribution per unit (HK\$) (note (ii))	0.0899	0.0933

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\$26,487,000 (2019: HK\$26,838,000) out of the total manager's fee of HK\$27,070,000 (2019: HK\$27,429,000) (the difference of HK\$583,000 (2019: HK\$591,000) is paid in cash);
- (b) change in fair value of investment properties of HK\$557,439,000 (2019: a gain of HK\$116,320,000) and change in fair value of derivative financial instruments of HK\$80,228,000 (2019: HK\$20,824,000);
- (c) adjustment in respect of the accounting finance costs of HK\$112,858,000 (2019: HK\$53,009,000), less loss on fair value change of derivative financial instruments of HK\$80,228,000 (2019: HK\$20,824,000) and the cash finance costs of HK\$28,645,000 (2019: HK\$28,222,000); and
- (d) deferred tax provision of HK\$5,540,000 (2019: HK\$6,234,000).
- (ii) The distribution per unit of HK\$0.0899 (2019: HK\$0.0933) is calculated based on Prosperity REIT's income available for distribution of HK\$136,513,000 (2019: HK\$139,770,000) over 1,518,303,244 units (2019: 1,498,090,958 units), representing units in issue as at 30 June 2020 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 2020

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	11	10,571,000	11,126,000
Derivative financial instruments	13	—	27,288
		10,571,000	11,153,288
Current assets			
Trade and other receivables	12	14,969	11,858
Bank balances and cash		362,649	387,084
Total current assets		377,618	398,942
Total assets		10,948,618	11,552,230
Non-current liabilities, excluding net assets attributable to unitholders			
Derivative financial instruments	13	40,399	—
Term loans	14	2,323,912	2,319,927
Deferred tax liabilities		215,476	209,936
Total non-current liabilities, excluding net assets attributable to unitholders		2,579,787	2,529,863
Current liabilities			
Derivative financial instruments	13	12,541	—
Trade and other payables	15	187,650	191,377
Amounts due to related companies	16	9,162	13,142
Provision for taxation		19,467	32,265
Manager's fee payable		13,176	13,948
Distribution payable		136,513	134,881
Total current liabilities		378,509	385,613
Total liabilities, excluding net assets attributable to unitholders		2,958,296	2,915,476
Net assets attributable to unitholders		7,990,322	8,636,754
Units in issue ('000)	17	1,512,697	1,502,622
Net asset value per unit (HK\$) attributable to unitholders	18	5.28	5.75

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 June 2020

	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 2020 (audited)	3,248,419	(91,278)	5,479,613	8,636,754
OPERATIONS				
Loss for the period, before transactions with unitholders	—	—	(537,166)	(537,166)
Distribution paid and payable	—	—	(136,513)	(136,513)
Total comprehensive expense for the period, after transaction with unitholders	—	—	(673,679)	(673,679)
UNITHOLDERS' TRANSACTIONS OTHER THAN DISTRIBUTIONS				
Units issued to REIT Manager	27,247	—	—	27,247
Net assets attributable to unitholders as at 30 June 2020	3,275,666	(91,278)	4,805,934	7,990,322



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
OPERATIONS				
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
UNITHOLDERS' TRANSACTIONS OTHER THAN DISTRIBUTIONS				
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 CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash generated from operations	165,389	176,712
Income tax paid	(27,329)	—
Net cash from operating activities	138,060	176,712
Investing activities:		
Interest received	3,470	3,062
Additional expenditure to investment properties	(2,439)	(3,680)
Net cash inflow (used) in investing activities	1,031	(618)
Financing activities:		
Interest payment of term loans	(28,645)	(28,222)
Distribution to unitholders	(134,881)	(132,636)
Cash used in financing activities	(163,526)	(160,858)
Net (decrease) increase in cash and cash equivalents	(24,435)	15,236
Cash and cash equivalents at beginning of the period	387,084	358,736
Cash and cash equivalents at end of period, represented by bank balances and cash	362,649	373,972

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 2020

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 additional in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standard (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Concept Framework in HKFRS Standards and amendments to HKFRSs in the current period has had no material impact on the 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.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4 REVENUE

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gross rental from investment properties		
Rental income	184,449	186,326
Car park income	13,357	15,205
	197,806	201,531
Rental related income	30,925	28,664
	228,731	230,195

Note: Car park income and rental related income (which mainly consists of management fee income and air conditioning income which are payable by the tenants) are recognised over time 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 an amount that corresponds directly with the value to customer of the entity's performance completed to date on a time basis. 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 (2019: 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 2020

5 SEGMENT INFORMATION (Continued)

Six months ended 30 June 2020 (unaudited)

	The Metropolis Tower HK\$'000	Prosperity Millennia Plaza HK\$'000	9 Chong Yip Street HK\$'000	Prosperity Place HK\$'000	Trendy Centre HK\$'000	Prosperity Center (portion) HK\$'000	New Treasure Centre (portion) HK\$'000	Consolidated HK\$'000
Rental income	57,286	41,011	17,629	33,828	22,465	17,978	7,609	197,806
Rental related income	12,013	7,881	2,382	1,820	3,933	1,771	1,125	30,925
Segment revenue in Hong Kong	69,299	48,892	20,011	35,648	26,398	19,749	8,734	228,731
Segment profit	57,008	40,782	15,589	26,311	19,946	14,956	6,498	181,090
Interest income								3,470
Manager's fee								(27,070)
Trust and other expenses								(4,288)
Change in fair value of investment properties								(557,439)
Finance costs								(112,858)
Loss before taxation and transactions with unitholders								(517,095)

Six months ended 30 June 2019 (unaudited)

	The Metropolis Tower HK\$'000	Prosperity Millennia Plaza HK\$'000	9 Chong Yip Street HK\$'000	Prosperity Place HK\$'000	Trendy Centre HK\$'000	Prosperity Center (portion) HK\$'000	New Treasure Centre (portion) HK\$'000	Consolidated HK\$'000
Rental income	57,500	39,780	17,693	37,738	22,146	19,126	7,548	201,531
Rental related income	12,229	7,827	2,154	238	3,359	1,768	1,089	28,664
Segment revenue in Hong Kong	69,729	47,607	19,847	37,976	25,505	20,894	8,637	230,195
Segment profit	57,119	39,188	15,252	30,177	18,934	16,383	6,603	183,656
Interest income								3,062
Manager's fee								(27,429)
Trust and other expenses								(4,291)
Change in fair value of investment properties								116,320
Finance costs								(53,009)
Profit before taxation and transactions with unitholders								218,309

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

6 PROPERTY OPERATING EXPENSES

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Building management expenses	19,822	18,724
Utilities	2,624	2,554
Car park operating expenses	3,831	4,051
Marketing service fee	5,766	6,317
Lease commission	2,940	2,755
Repairs and maintenance	3,736	3,297
Valuation fees (paid to principal valuer)	107	90
Audit fee	644	643
Other charges	2,596	2,480
	42,066	40,911

7 TRUST AND OTHER EXPENSES

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Audit fee	119	121
Back-office support service fee	—	29
Bank charges	714	708
Legal and professional fees	365	410
Public relations and related expenses	83	146
Registrar fee	300	300
Trust administrative expenses	1,066	942
Trustee's fee	1,641	1,635
	4,288	4,291

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

8 FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expense on:		
— Unsecured term loans	35,206	34,055
— Interest rate swaps income realised	(2,576)	(1,870)
	32,630	32,185
Change in fair value of derivative financial instruments	80,228	20,824
	112,858	53,009

9 TAXATION

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax	14,531	14,009
Over-provision in prior year	—	(165)
Deferred tax	5,540	6,234
	20,071	20,078

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 2020

10 BASIC (LOSS)/EARNING PER UNIT

The basic loss per unit is calculated by dividing the loss for the period, before transactions with unitholders of HK\$537,166,000 (2019: profit of HK\$198,231,000) by the weighted average of 1,512,713,129 (2019: 1,494,095,074) units in issue during the period, taking into account the units issuable as manager's fee for its service in the last quarter of the relevant distribution period.

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

11 INVESTMENT PROPERTIES

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Fair value at the beginning of the period/year	11,126,000	10,990,000
Additional expenditure	2,439	7,888
Change in fair value of investment properties	(557,439)	128,112
Fair value at end of the period/year	10,571,000	11,126,000

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

11 INVESTMENT PROPERTIES (Continued)

(i) (Continued)

On 30 June 2020 and 31 December 2019, 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 2020 and average net monthly car parking income for the period of January 2020 to June 2020. 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 3.7% to 4.3% (2019: 3.6% to 4.2%). 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 2020

12 TRADE AND OTHER RECEIVABLES

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Trade receivables	6,470	3,162
Less: allowance for impairment	(466)	(251)
	6,004	2,911
Deposits, prepayments and other receivables	8,965	8,947
	14,969	11,858

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

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Current – 1 month	83	77
1 – 3 months	2,847	2,834
Over 3 months	3,074	—
	6,004	2,911

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Reflected on condensed consolidated statement of financial position based on discounted cash flow as:		
Non-current assets	—	27,288
Non-current liabilities	40,399	—
Current liabilities	12,541	—
	52,940	27,288

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\$1,640,000,000 (31 December 2019: HK\$1,640,000,000) as at 30 June 2020 will mature from September 2022 to September 2026 (31 December 2019: September 2022 to September 2026). These contracts have fixed interest payments at rates ranging from 1.254% to 1.918% (31 December 2019: 1.254% to 1.918%) 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\$80,228,000 is recognised in the profit or loss for the six months ended 30 June 2020 (six months ended 30 June 2019: a loss of HK\$20,824,000).

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

14 BORROWINGS

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Unsecured term loans	2,340,000	2,340,000
Bank facility origination fees	(16,088)	(20,073)
	2,323,912	2,319,927
Carrying amount repayable: Within a period of more than one year but not exceeding five years	2,323,912	2,319,927
	2,323,912	2,319,927

Details of the terms and conditions of the facilities as at 30 June 2020 and 31 December 2019 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

14 BORROWINGS (Continued)

Prosperity REIT has provided guarantees for all the facilities.

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

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Balance at beginning of the period/year	20,073	28,064
Amortised during the period/year	(3,985)	(7,991)
Balance at the end of the period/year	16,088	20,073

15 TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Trade payables	2,886	2,098
Tenants' deposits		
— Outside parties	138,374	141,383
— Related parties	3,596	3,450
Rental received in advance		
— Outside parties	4,274	4,972
Other payables	38,520	39,474
	187,650	191,377

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Current – 1 month	660	823
1 – 3 months	1,317	887
Over 3 months	909	388
	2,886	2,098

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\$93,151,000 as at 30 June 2020 (31 December 2019: HK\$93,753,000).

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.

17 UNITS IN ISSUE

	Number of units	HK\$'000
Balance as at 1 January 2019	1,485,860,965	3,194,530
Payment of Manager's base fee and variable fee through issuance of new units during the year	16,761,036	53,889
Balance as at 31 December 2019	1,502,622,001	3,248,419
Payment of Manager's base fee and variable fee through issuance of new units during the period	10,075,457	27,247
Balance as at 30 June 2020	1,512,697,458	3,275,666

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

17 UNITS IN ISSUE (Continued)

Subsequent to the end of the reporting period, 5,605,786 units (31 December 2019: 4,531,679 units) at HK\$2.3000 (31 December 2019: HK\$3.0129) per unit were issued to the REIT Manager as settlement of base fee and variable fee in the last quarter of the relevant distribution period. The unitholders' fund per unit, based on the closing market price of Prosperity REIT as at 30 June 2020 was HK\$2.31 (31 December 2019: HK\$3.05).

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 1,512,697,458 units in issue as at 30 June 2020 (31 December 2019: 1,502,622,001 units).

19 MAJOR NON-CASH TRANSACTION

During the period, the REIT Manager earned manager's fee of HK\$27,070,000 (2019: manager's fee of HK\$27,429,000) of which HK\$26,487,000 (2019: HK\$26,838,000) was paid or payable through the issuance of units to the REIT Manager. An amount of HK\$13,593,000 (2019: HK\$13,371,000) had been settled through the issuance of units to the REIT Manager while the balance of HK\$12,894,000 (31 December 2019: HK\$13,654,000) included in manager's fee payable would be paid in units subsequent to the period end.

20 NET CURRENT (LIABILITIES)/ASSETS

At the end of the reporting period, the Group's net current liabilities, defined as current assets less current liabilities, amounted to HK\$891,000 (31 December 2019: net current assets of HK\$13,329,000).

21 TOTAL ASSETS LESS CURRENT LIABILITIES

At the end of the reporting period, the Group's total assets less current liabilities amounted to HK\$10,570,109,000 (31 December 2019: HK\$11,166,617,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Rent and rental related income from			
E-Park Parking Management Limited	(a)	332	—
Goodwell Property Management Limited	(a)	1,012	990
Gama Aviation Hutchison (Hong Kong) Limited	(b)	667	667
Hutchison Telephone Company Limited	(b)	95	39
Hutchison Whampoa (China) Limited	(b)	4,389	4,389
Carpark lease agency fee for the operations of the Group's carpark			
E-Park Parking Management Limited	(a)	1,470	1,674
Property management fee			
Goodwell-Prosperity Property Services Limited	(a)	5,575	5,628
Marketing service fee			
Goodwell-Prosperity Property Services Limited	(a)	5,766	6,317
Back-office support service fee			
CK Asset Companies	(a)	—	29
Lease commission and consultancy service fee			
Colliers	(c)	128	694
Valuation fee			
Colliers International (Hong Kong) Limited	(c)	107	90
Trustee's fee			
HSBC Institutional Trust Services (Asia) Limited	(d)	1,641	1,635
Manager's fee			
ARA Asset Management (Prosperity) Limited	(e)	27,070	27,429
Building manager's remuneration			
Goodwell Property Management Limited	(a)	291	280
Carpark manager's remuneration			
Goodwell Property Management Limited	(a)	26	25
Citybase Property Management Limited	(a)	19	19

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

22 CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Balances with connected and related parties are as follows:

		30 June 2020	31 December 2019
		HK\$'000	HK\$'000
	Notes	(unaudited)	(audited)
Amount due to			
Citybase Property Management Limited	(a)	1,038	638
E-Park Parking Management Limited	(a)	510	241
Goodwell-Prosperity Property Services Limited	(a)	3,967	3,033
Goodwell Property Management Limited	(a)	3,647	9,230
Deposits placed with the Group for the lease of the Group's properties			
E-Park Parking Management Limited	(a)	175	175
Goodwell Property Management Limited	(a)	551	551
Gama Aviation Hutchison (Hong Kong) Limited	(b)	354	354
Hutchison Telephone Company Limited	(b)	167	21
Hutchison Whampoa (China) Limited	(b)	2,349	2,349

Notes:

- (a) These companies are 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 are 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 the 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

22 CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

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\$336,000 (2019: HK\$324,000).

23 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in these condensed consolidated financial statements, which have no material effect on previously reported profit, to conform with the current period's presentation. For the period ended 30 June 2020 and 30 June 2019, change in fair value of derivative financial instruments has been grouped under finance costs as per Note 8 instead of being presented as a line item in the condensed consolidated statement of profit or loss and other comprehensive income.



PERFORMANCE TABLE

RESULTS ANALYSIS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	228,731	230,195
Net property income	181,090	183,656
(Loss)/Profit for the period, before transactions with unitholders	(537,166)	198,231
Income available for distribution	136,513	139,770
Basic (loss) earning per unit (HK\$)	(0.36)	0.13
Distribution per unit (HK\$)	0.0899	0.0933

MAJOR ASSETS AND LIABILITIES

	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Investment properties	10,571,000	11,126,000
Borrowings, excluding bank facility origination fees	(2,340,000)	(2,340,000)
Net assets attributable to unitholders	7,990,322	8,636,754
Net asset value per unit (HK\$)	5.28	5.75

Performance Table

OTHER INFORMATION

	30 June 2020	31 December 2019
The highest traded price during the period/year (HK\$)	3.07	3.65
The discount of the highest traded price to net asset value	(41.9%)	(36.5%)
The lowest traded price during the period/year (HK\$)	2.15	2.75
The discount of the lowest traded price to net asset value	(59.3%)	(52.2%)
The net yield per unit based on market price at the end of period/year ¹	7.8%	6.0%

1. Annualised yield for the six months ended 30 June 2020 is based on the distribution per unit of HK\$0.0899 and the closing unit price of HK\$2.31 as at 30 June 2020. For the year ended 31 December 2019, the yield is based on the distribution per unit of HK\$0.1828 and the closing unit price of HK\$3.05 as at 31 December 2019.

INVESTMENT PROPERTIES PORTFOLIO

As at 30 June 2020

Property	Type	Lease term	Lease expiry date	Location	Valuation 30 June 2020 HK\$ Million
The Metropolis Tower	O	Medium-term lease	30 June 2047	10 Metropolis Drive Hung Hom Kowloon Hong Kong	3,220
Prosperity Millennia Plaza	O	Medium-term lease	30 June 2047	663 King's Road North Point Hong Kong	2,210
9 Chong Yip Street	O	Medium-term lease	30 June 2047	9 Chong Yip Street Kwun Tong Kowloon Hong Kong	1,090
Prosperity Place	C	Medium-term lease	30 June 2047	6 Shing Yip Street Kwun Tong Kowloon Hong Kong	1,756
Trendy Centre	I/O	Medium-term lease	30 June 2047	682 Castle Peak Road Lai Chi Kok Kowloon Hong Kong	1,070
Prosperity Center (portion)	I/O	Medium-term lease	30 June 2047	25 Chong Yip Street Kwun Tong Kowloon Hong Kong	889
New Treasure Centre (portion)	I	Medium-term lease	30 June 2047	10 Ng Fong Street San Po Kong Kowloon Hong Kong	336
Total					10,571

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

Tricor Corporate Secretary Limited

TRUSTEE

HSBC Institutional Trust Services (Asia) Limited

AUDITOR OF PROSPERITY REIT

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL VALUER

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
Rooms 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

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WEBSITE

www.prosperityreit.com

KEY DATES

Interim Results Announcement
13 August 2020

Closure of Register of Unitholders
for interim distribution
31 August 2020 to
1 September 2020 (both days inclusive)

Payment of interim distribution
9 September 2020



The interim report 2020 (in both English and Chinese versions) ("**Interim Report**") has been posted on Prosperity REIT's website at www.prosperityreit.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Unitholders who have chosen (or are deemed to have consented) to receive Prosperity REIT's Corporate Communication (including but not limited to annual report, interim report, notice of meeting, listing documents, circular and proxy form) by electronic means through Prosperity REIT's website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on Prosperity REIT's website may request a printed copy of the Interim Report free of charge.

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

本二零二零年中期報告(「**中期報告**」)中英文版本均已於泓富產業信託網站 www.prosperityreit.com 及香港交易及結算有限公司網站 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



1
The Metropolis Tower
都會大廈

2
Prosperity Millennia Plaza
泓富產業千禧廣場

3
9 Chong Yip Street
創業街9號

COMMERCIAL INDUSTRIAL / OFFICE 商用物業 工商綜合物業



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 (部分)

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



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

