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Prosperity Real Estate Investment Trust

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 808)

Managed by

ESR Asset Management (Prosperity) Limited

2025 INTERIM RESULTS ANNOUNCEMENT

Prosperity Real Estate Investment Trust (“**Prosperity REIT**”) is a real estate investment trust incorporated by a trust deed entered into on 29 November 2005, as amended, supplemented and/or restated from time to time (the “**Trust Deed**”) between ESR Asset Management (Prosperity) Limited, as the manager of Prosperity REIT (the “**REIT Manager**”), and HSBC Institutional Trust Services (Asia) Limited, as the trustee of Prosperity REIT (the “**Trustee**”). Prosperity REIT was the first private sector real estate investment trust (“**REIT**”) to list on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 December 2005. Prosperity REIT currently owns a diverse portfolio of seven high-quality commercial properties in Hong Kong.

The REIT Manager would like to announce the unaudited interim results of Prosperity REIT and its subsidiaries for the six months ended 30 June 2025 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2024 as follows:

Performance Highlights

<u>Distribution</u>	<u>Six months ended 30 Jun 2025 (unaudited)</u>	<u>Six months ended 30 Jun 2024 (unaudited)</u>	<u>Percentage change Increase/(Decrease)</u>
Income available for distribution	HK\$92.1 million	HK\$98.2 million	(6.2%)
Distribution per unit (“DPU”)	HK\$0.0585	HK\$0.0638	(8.3%)

<u>Operation data</u>	<u>Six months ended 30 Jun 2025 (unaudited)</u>	<u>Six months ended 30 Jun 2024 (unaudited)</u>	<u>Percentage change Increase/(Decrease)</u>
Revenue	HK\$205.8 million	HK\$215.0 million	(4.3%)
Net property income	HK\$153.1 million	HK\$164.9 million	(7.2%)
Occupancy rate (as at 30 June)	94.7%	94.9%	(0.2%) ²
Tenant retention rate	67.7%	70.5%	(2.8%) ²
Cost-to-revenue ratio	25.6%	23.3%	2.3% ²

<u>Key financial figures</u>	<u>As at 30 Jun 2025 (unaudited)</u>	<u>As at 31 Dec 2024 (audited)</u>	<u>Percentage change Increase/(Decrease)</u>
Net asset value per unit	HK\$4.11	HK\$4.31	(4.6%)
Property valuation	HK\$9,353 million	HK\$9,547 million	(2.0%)
Gearing ratio ¹	25.7%	25.1%	0.6% ²

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

² Absolute change.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations Review

As at 30 June 2025, 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 2025, 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 2025, was as follows:

	Location	Gross rentable area <i>sq. ft.</i>	No. of car park spaces	Valuation <i>HK\$ million</i>	Occupancy rate
Grade A Office					
The Metropolis Tower	Hung Hom	271,418	98	2,566	99.3%
Prosperity Millennia Plaza	North Point	217,955	43	1,915	85.3%
9 Chong Yip Street	Kwun Tong	136,595	68	890	98.6%
Commercial					
Prosperity Place	Kwun Tong	240,000	83	1,689	94.9%
Industrial/Office					
Trendy Centre	Lai Chi Kok	173,764	79	1,090	92.9%
Prosperity Center (portion)	Kwun Tong	149,253	105	849	96.7%
Industrial					
New Treasure Centre (portion)	San Po Kong	86,168	22	354	97.1%
Total		<u>1,275,153</u>	<u>498</u>	<u>9,353</u>	<u>94.7%</u>

During the Reporting Period, global economies were affected by US trade tariffs and geopolitical tensions. In US, economic growth in 2Q 2025 was 2.0% YoY. The Fed has kept rates unchanged in the range of 4.25% - 4.50% since December 2024.

The Mainland economy expanded by 5.2% YoY in 2Q 2025 mainly driven by resilient exports, amid subdued property market and trade tensions with US.

Hong Kong recorded a GDP growth of 3.1% YoY in 2Q 2025, supported by an increase in visitor arrivals, a rebound in capital market activity and solid exports. However, the external environment remained uncertain and the commercial property market continued to be sluggish. The local office leasing market stayed competitive as substantial vacant office space exerted downward pressure on rents. Landlords are offering more incentives to retain tenants.

In light of the challenging market environment, Prosperity REIT recorded a modest decline in both revenue and net property income during the Reporting Period to HK\$205.8 million and HK\$153.1 million, respectively. Our proactive leasing efforts to retain and attract tenants helped to maintain a solid portfolio occupancy rate of 94.7%, outperforming the broader market. To facilitate new tenant recruitment, we provide enhanced fitting-out provisions so that the units are ready to use at the time of handover. This can expedite leasing decisions of prospective tenants. While the Grade A office assets face headwinds, our portfolio with different property types including commercial and industrial properties demonstrates greater resilience and risk diversification. As at 30 June 2025, Prosperity REIT's gearing ratio was steady at 25.7%, equipping us with a strong balance sheet to weather volatilities and capture future growth opportunities.

Sustainability

Prosperity REIT's GHG emissions reduction targets were approved by SBTi via the corporate route. We have committed to reducing Scope 2 emissions by 42% and Scope 3 emissions by 25% by 2030, using 2021 as the base year. We also set long-term emissions reduction targets in line with reaching net-zero by 2050.

Outlook

The International Monetary Fund ("IMF") forecasted 2025 global economic growth at 3.0% amid elevated geopolitical tensions and US trade tariffs. In Hong Kong, the recent improvement in leasing and sales transactions in Central are positive signs for the local office market. Leveraging on this positive signal, though US trade tariffs and interest rate movement will continue to cast shadow on the economy, Hong Kong strives to attain its GDP growth target in 2025.

Prosperity REIT is well-positioned to unlock value from its unique portfolio, which is located near to strategic transportation links and enhanced with green and smart building facilities. Our portfolio's strong presence in the mature Kowloon East CBD2 enables us to benefit from synergies with new developments in the area. We will adopt flexible leasing strategies to overcome different market conditions.

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 core growth driver for Prosperity REIT which ensures sustainable growth in rental income and capital value. During the Reporting Period, an asset enhancement initiative was underway at Prosperity Millennia Plaza.

The renovation of passenger lift lobby and corridor on typical floors at Prosperity Millennia Plaza continued. This facelifting has brought the environment of the common areas in line with the G/F lobby design and to stay competitive with the high standard office buildings in close vicinity.

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 <i>HK\$ '000</i>	Rental related income <i>HK\$ '000</i>	Revenue <i>HK\$ '000</i>	Net property income <i>HK\$ '000</i>
Grade A Office				
The Metropolis Tower	45,771	14,846	60,617	46,710
Prosperity Millennia Plaza	28,524	9,099	37,623	28,259
9 Chong Yip Street	15,598	3,023	18,621	13,780
Commercial				
Prosperity Place	31,466	5,104	36,570	27,541
Industrial/Office				
Trendy Centre	19,939	4,030	23,969	15,896
Prosperity Center (portion)	17,037	2,219	19,256	14,226
Industrial				
New Treasure Centre (portion)	7,820	1,287	9,107	6,663
Total	166,155	39,608	205,763	153,075

Revenue

During the Reporting Period, revenue decreased to HK\$205.8 million, being HK\$9.2 million or 4.3% lower than the last corresponding half year. The decrease was mainly due to pressure from the vacancy and rental levels at Prosperity Millennia Plaza in Island East.

Net Property Income

For the Reporting Period, the net property income was HK\$153.1 million, being HK\$11.8 million or 7.2% lower than the last corresponding half year, mainly as a result of the decrease in revenue. The enhanced landlord's provisions increased competitive edge in marketing works and expedite prospective tenants' decision making. The cost-to-revenue ratio was 25.6%.

Distributable Income

For the Reporting Period, the unaudited distributable income of Prosperity REIT to unitholders of Prosperity REIT was HK\$92.1 million, representing a DPU of HK\$0.0585. This represents an annualized distribution yield of 8.5%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 (differences between cash and accounting finance costs) of HK\$4.6 million (equivalent to HK\$0.0029 per unit), which have been recorded in the condensed consolidated statement of profit or loss and other comprehensive income for the Reporting Period.

Distribution

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

Liquidity and Financing

As at 30 June 2025, Prosperity REIT had facilities in aggregate of HK\$2,830 million, comprising:

- (i) A HK\$800 million 5-year unsecured sustainability-linked term loan, which will mature in August 2026 (the “**HK\$800 Million Facility**”);
- (ii) HK\$1,970 million unsecured sustainability-linked loans (the “**HK\$1,970 Million Facilities**”), comprising of (a) HK\$1,200 million 3-year term loan facility and revolving credit facility and (b) HK\$770 million 5-year term loan facility and revolving credit facility, which will mature in November 2025 and November 2027 respectively; and
- (iii) A HK\$60 million unsecured Green and Transition loan (the “**HK\$60 Million Green and Transition Loan**”), which will mature in September 2029.

As at 30 June 2025, total facilities drawn was HK\$2,400 million (31 December 2024: HK\$2,400 million) and the revolving credit facilities of HK\$20 million (31 December 2024: HK\$20 million) was drawn. The total facilities bear interest at Hong Kong Interbank Offered Rate (“**HIBOR**”) plus a margin ranging from 1.04% to 1.35% (31 December 2024: HIBOR plus a margin ranging from 1.04% to 1.35%) per annum. Interest margins for (i) and (ii) above are linked to the sustainability performance of Prosperity REIT, which may be reduced depending on the extent of pre-determined key performance indicators being met.

³Based on Prosperity REIT's closing unit price of HK\$1.38 as at 30 June 2025.

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 2025, the interest costs for approximately 60% (31 December 2024: 39%) of Prosperity REIT's outstanding term loans have been hedged through interest rate swaps.

The total borrowings of Prosperity REIT, excluding the bank facility origination fees, as a percentage of Prosperity REIT's total assets was 25.7% as at 30 June 2025 (31 December 2024: 25.1%), whereas the total liabilities of Prosperity REIT as a percentage of Prosperity REIT's total assets was 31.7% as at 30 June 2025 (31 December 2024: 30.7%).

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

Investment Properties and Property Valuation

For the Reporting Period, Prosperity REIT's portfolio recorded an investment property revaluation loss of HK\$198.9 million, based on a professional valuation performed by an independent qualified external valuer, Knight Frank Petty Limited (31 December 2024: Knight Frank Petty Limited). The movements of fair values are tabulated below:

	<i>30 Jun 2025 HK\$'000 (unaudited)</i>	<i>31 Dec 2024 HK\$'000 (audited)</i>
Fair value at the beginning of the period/year	9,547,000	9,703,000
Additional expenditure	4,934	21,858
Change in fair value of investment properties	(198,934)	(177,858)
Fair value at the end of the period/year	<u>9,353,000</u>	<u>9,547,000</u>

Charges on Assets

As at 30 June 2025, 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, HK\$800 Million Facility and the HK\$60 Million Green and Transition Loan.

EMPLOYEES

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

REPURCHASE, SALE OR REDEMPTION OF UNITS

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

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.

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

CLOSURE OF REGISTER OF UNITHOLDERS

For the purpose of determining the distribution entitlement for the interim distribution, the record date will be on Thursday, 4 September 2025. The register of unitholders will be closed from Wednesday, 3 September 2025 to Thursday, 4 September 2025, 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 Tuesday, 2 September 2025. The payment date of interim distribution will be on Thursday, 18 September 2025.

REVIEW OF INTERIM RESULTS

The interim results of Prosperity REIT for the Reporting Period have been reviewed by the Audit Committee and the Disclosures Committee of the REIT Manager and 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 (the “**HKICPA**”).

PUBLIC FLOAT

As far as the REIT Manager is aware, more than 25% of the issued units of Prosperity REIT were held in public hands as at 30 June 2025.

ISSUANCE OF INTERIM REPORT

The Interim Report of Prosperity REIT for the Reporting Period will be published on the websites of the Stock Exchange and Prosperity REIT and be dispatched or sent to unitholders on or before Tuesday, 30 September 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Revenue	3	205,763	214,955
Property management fees		(4,616)	(4,842)
Property operating expenses		(48,072)	(45,210)
Total property operating expenses		(52,688)	(50,052)
Net property income		153,075	164,903
Other income		2,066	236
Manager's fee		(23,336)	(24,144)
Trust and other expenses	5	(3,652)	(3,543)
Change in fair value of investment properties		(198,934)	(165,177)
Finance costs, net	6	(83,287)	(59,356)
Loss before taxation and transactions with unitholders		(154,068)	(87,081)
Taxation	7	(13,368)	(21,353)
Loss for the period, before transactions with unitholders		(167,436)	(108,434)
Distribution to unitholders		(92,075)	(98,178)
Loss for the period, after transactions with unitholders		(259,511)	(206,612)
Total comprehensive expense for the period, after transactions with unitholders		(259,511)	(206,612)
Income available for distribution to unitholders		92,075	98,178
Basic loss per unit (HK\$)	8	(0.11)	(0.07)

DISTRIBUTION STATEMENT

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period, before transactions with unitholders	(167,436)	(108,434)
Adjustments:		
Manager's fee	21,002	23,645
Change in fair value of investment properties	198,934	165,177
Change in fair value of derivative financial instruments	31,535	978
Non-cash finance costs	4,614	4,481
Deferred tax	3,426	12,331
Income available for distribution (note (i))	<u>92,075</u>	<u>98,178</u>
Distributions to unitholders:		
For the six months ended 30 June	<u>92,075</u>	<u>98,178</u>
Distribution per unit (HK\$) (note (ii))	<u>0.0585</u>	<u>0.0638</u>

Notes:

- (i) In accordance with the Trust Deed, Prosperity REIT is required to distribute to unitholders not less than 90% of its distributable income for each financial period and it is the stated policy of ESR 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\$21,002,000 (six months ended 30 June 2024: HK\$23,645,000) out of the total manager's fee of HK\$23,336,000 (six months ended 30 June 2024: HK\$24,144,000) while the difference of HK\$2,334,000 (six months ended 30 June 2024: HK\$499,000) is paid in cash;
- (b) decrease in fair value of investment properties of HK\$198,934,000 (six months ended 30 June 2024: HK\$165,177,000) and decrease in fair value of derivative financial instruments of HK\$31,535,000 (six months ended 30 June 2024: HK\$978,000);

- (c) non-cash finance costs of HK\$4,614,000 (six months ended 30 June 2024: HK\$4,481,000), are derived from the finance costs of HK\$83,287,000 (six months ended 30 June 2024: HK\$59,356,000), less decrease in fair value of derivative financial instruments of HK\$31,535,000 (six months ended 30 June 2024: HK\$978,000) and less the cash finance costs of HK\$47,138,000 (six months ended 30 June 2024: HK\$53,897,000); and
- (d) deferred tax provision of HK\$3,426,000 (six months ended 30 June 2024: HK\$12,331,000).
- (ii) The DPU of HK\$0.0585 (six months ended 30 June 2024: HK\$0.0638) is calculated based on Prosperity REIT's income available for distribution of HK\$92,075,000 (six months ended 30 June 2024: HK\$98,178,000) over 1,573,996,627 units (30 June 2024: 1,538,797,624 units), representing units in issue as at the end of the Reporting Period plus the number of units to be issued after the distribution period to the REIT Manager as payment of base fee and variable fee in the second quarter of the relevant distribution period. The distribution will be paid to unitholders on 18 September 2025.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 Jun 2025 HK\$ '000 (unaudited)	31 Dec 2024 HK\$ '000 (audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	13	9,353,000	9,547,000
Derivative financial instruments		1,304	7,725
Total non-current assets		9,354,304	9,554,725
Current assets			
Derivative financial instruments		4,593	12,245
Trade and other receivables	9	11,707	11,488
Tax recoverable		350	2,965
Bank balances and cash		49,915	47,319
Total current assets		66,565	74,017
Total assets		9,420,869	9,628,742
Non-current liabilities, excluding net assets attributable to unitholders			
Derivative financial instruments		12,972	2,160
Bank borrowings	11	1,451,505	1,448,820
Deferred tax liabilities		269,989	266,563
Total non-current liabilities, excluding net assets attributable to unitholders		1,734,466	1,717,543
Current liabilities			
Derivative financial instruments		6,855	205
Trade and other payables	10	168,043	175,282
Amounts due to related companies		4,771	5,474
Bank borrowings	11	956,380	954,451
Provision for taxation		7,740	413
Manager's fee payable		11,576	11,985
Distribution payable		92,075	87,237
Total current liabilities		1,247,440	1,235,047
Total liabilities, excluding net assets attributable to unitholders		2,981,906	2,952,590
Net assets attributable to unitholders		6,438,963	6,676,152
Units in issue ('000)	12	1,566,447	1,547,604
Net asset value per unit (HK\$) attributable to unitholders	14	4.11	4.31

Notes

(1) 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 the additional accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(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 "Interim Financial Reporting" (HKAS 34) as issued by the HKICPA as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange and the relevant disclosure requirements set out in Appendix C to the REIT Code issued by the Securities and Futures Commission of Hong Kong.

The REIT Manager is of the opinion that, taking into account the headroom of the fair value of investment properties of HK\$9,353,000,000, presently available bank facilities and internal financial resources, the Group has sufficient working capital for its present requirements within one year from the end of the Reporting Period. Thus the Group continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

(3) Revenue

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Rental income	151,677	160,407
Car park income	14,478	15,794
	166,155	176,201
Rental related income	39,608	38,754
	205,763	214,955

(4) Segment information

As at 30 June 2025, Prosperity REIT owns seven (31 December 2024: seven) office, commercial, industrial/office and industrial buildings located in Hong Kong, namely The Metropolis Tower, Prosperity Millennia Plaza, 9 Chong Yip Street, Prosperity Place, Trendy Centre, a portion of Prosperity Center and a portion of New Treasure Centre. These properties are the basis on which the REIT Manager, being the chief operating decision maker, reports Prosperity REIT's segment information for the purpose of resource allocation and performance assessment.

Six months ended 30 June 2025 (unaudited)

	The Metropolis Tower	Prosperity Millennia Plaza	9 Chong Yip Street	Prosperity Place	Trendy Centre	Prosperity Center (portion)	New Treasure Centre (portion)	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	45,771	28,524	15,598	31,466	19,939	17,037	7,820	166,155
Rental related income	14,846	9,099	3,023	5,104	4,030	2,219	1,287	39,608
Segment revenue in								
Hong Kong	60,617	37,623	18,621	36,570	23,969	19,256	9,107	205,763
Segment profit	46,710	28,259	13,780	27,541	15,896	14,226	6,663	153,075
Other income								2,066
Manager's fee								(23,336)
Trust and other expenses								(3,652)
Change in fair value of investment properties								(198,934)
Finance costs, net								(83,287)
Loss before taxation and transactions with unitholders								<u>(154,068)</u>

Six months ended 30 June 2024 (unaudited)

	The Metropolis Tower	Prosperity Millennia Plaza	9 Chong Yip Street	Prosperity Place	Trendy Centre	Prosperity Center (portion)	New Treasure Centre (portion)	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	46,248	33,274	16,531	32,257	22,401	17,518	7,972	176,201
Rental related income	14,621	8,716	2,743	5,215	3,958	2,192	1,309	38,754
Segment revenue in								
Hong Kong	60,869	41,990	19,274	37,472	26,359	19,710	9,281	214,955
Segment profit	47,455	33,011	14,739	28,121	19,733	14,908	6,936	164,903
Other income								236
Manager's fee								(24,144)
Trust and other expenses								(3,543)
Change in fair value of investment properties								(165,177)
Finance costs, net								(59,356)
Loss before taxation and transactions with unitholders								<u>(87,081)</u>

(5) Trust and other expenses

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Auditor's remuneration	96	96
Back-office support service fee	17	5
Bank charges	634	615
Legal and professional fees	136	101
Public relations and related expenses	81	25
Registrar fee	300	300
Trust administrative expenses	973	953
Trustee's fee	1,415	1,448
	<hr/>	<hr/>
	3,652	3,543
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(6) Finance costs, net

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expense on term loans	57,654	71,283
Interest rate swaps income realised	(6,239)	(13,752)
Interest expense on unsecured revolving loans	337	847
	<hr/>	<hr/>
	51,752	58,378
Change in fair value of derivative financial instruments	31,535	978
	<hr/>	<hr/>
	83,287	59,356
	<hr/>	<hr/>

(7) Taxation

	<i>Six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Current tax	9,942	12,199
Over-provision in prior year	-	(3,177)
Deferred tax	3,426	12,331
	<hr/>	<hr/>
	13,368	21,353
	<hr/>	<hr/>

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

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

In previous years, tax losses of approximately HK\$55.8 million pertaining to a property holding company was in discussion with the Inland Revenue Department (“**IRD**”). During the period ended 30 June 2024, the tax losses amount has been finalised and agreed with IRD. This resulted in an over-provision of taxation in prior years of approximately HK\$3.2 million and it has been included in distribution for the period ended 30 June 2024. Meanwhile, deferred tax assets arising from such tax losses of approximately HK\$9.2 million have been debited to profit or loss accordingly.

(8) Basic loss per unit

The basic loss per unit is calculated by dividing the loss for the period, before transactions with unitholders of HK\$167,436,000 (six months ended 30 June 2024: loss of HK\$108,434,000) by the weighted average of 1,566,017,221 (six months ended 30 June 2024: 1,529,770,293) units in issue during the period, taking into account the units issuable as manager's fee for its service in the second quarter of the relevant distribution period.

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

(9) Trade and other receivables

	<i>30 Jun 2025 HK\$'000 (unaudited)</i>	<i>31 Dec 2024 HK\$'000 (audited)</i>
Trade receivables	7,084	6,084
Less: allowance for credit losses	(4,428)	(3,441)
	<u>2,656</u>	<u>2,643</u>
Deposits, prepayments and other receivables	9,051	8,845
	<u>11,707</u>	<u>11,488</u>

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

	<i>30 Jun 2025 HK\$'000 (unaudited)</i>	<i>31 Dec 2024 HK\$'000 (audited)</i>
Current – 1 month	89	82
2 – 3 months	668	1,329
Over 3 months	1,899	1,232
	<u>2,656</u>	<u>2,643</u>

(10) Trade and other payables

	<i>30 Jun 2025</i> <i>HK\$'000</i> <i>(unaudited)</i>	<i>31 Dec 2024</i> <i>HK\$'000</i> <i>(audited)</i>
Trade payables	2,605	2,659
Tenants' deposits		
- Outside parties	128,823	129,889
- Related parties	744	744
Rental received in advance		
- Outside parties	7,632	6,670
Other payables	28,239	35,320
	<u>168,043</u>	<u>175,282</u>

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

	<i>30 Jun 2025</i> <i>HK\$'000</i> <i>(unaudited)</i>	<i>31 Dec 2024</i> <i>HK\$'000</i> <i>(audited)</i>
Current – 1 month	825	1,027
2 – 3 months	723	425
Over 3 months	1,057	1,207
	<u>2,605</u>	<u>2,659</u>

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\$73,602,000 as at 30 June 2025 (31 December 2024: HK\$74,964,000).

(11) Bank borrowings

	<i>30 Jun 2025</i> <i>HK\$'000</i> <i>(unaudited)</i>	<i>31 Dec 2024</i> <i>HK\$'000</i> <i>(audited)</i>
Unsecured term loans	2,400,000	2,400,000
Bank facility origination fees	(12,115)	(16,729)
	2,387,885	2,383,271
Unsecured revolving loan	20,000	20,000
	2,407,885	2,403,271
Carrying amount repayable:		
Within one year	956,380	954,451
Within a period of more than one year but not exceeding five years	1,451,505	1,448,820
	2,407,885	2,403,271

(12) Units in issue

	Number of units	HK\$'000
Balance as at 1 January 2024	1,510,529,223	3,248,822
Payment of Manager's base fee and variable fee through issuance of new units during the year	37,075,161	47,497
Balance as at 31 December 2024	1,547,604,384	3,296,319
Payment of Manager's base fee and variable fee through issuance of new units during the period	18,842,815	22,322
Balance as at 30 June 2025	1,566,447,199	3,318,641

(13) Investment properties

	30 Jun 2025 HK\$'000 (unaudited)	31 Dec 2024 HK\$'000 (audited)
Fair value at the beginning of the period/year	9,547,000	9,703,000
Additional expenditure	4,934	21,858
Change in fair value of investment properties	(198,934)	(177,858)
Fair value at the end of the period/year	9,353,000	9,547,000

- (14) The net asset value per unit is calculated based on the net assets attributable to unitholders and the total number of 1,566,447,199 units in issue as at 30 June 2025 (31 December 2024: 1,547,604,384 units).
- (15) At the end of the Reporting Period, the Group's net current liabilities, defined as current assets less current liabilities, amounted to HK\$1,180,875,000 (31 December 2024: HK\$1,161,030,000) and the Group's total assets less current liabilities amounted to HK\$8,173,429,000 (31 December 2024: HK\$8,393,695,000).
- (16) The results have been reviewed by the Audit Committee and the Disclosures Committee of the REIT Manager, and 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 HKICPA.

Hong Kong, 15 August 2025

The directors of the REIT Manager as at the date of this announcement are Dr. Chiu Kwok Hung, Justin (Chairman), Mr. Ma Lai Chee, Gerald and Mr. Shen Jinchu as Non-executive Directors; Ms. Wong Lai Hung as Executive Director; Dr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei), Mr. Wong Kwai Lam and Ms. Ng Shieu Yeing, Christina as Independent Non-executive Directors.