
**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all of your units in Prosperity REIT, you should at once hand this Circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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

**CIRCULAR TO UNITHOLDERS IN RELATION TO
(1) CONTINUING CONNECTED PARTY TRANSACTIONS;
(2) PROPOSED GRANT OF GENERAL MANDATE
TO BUY BACK UNITS;
(3) CONTINUAL SERVICE OF
RELEVANT INDEPENDENT NON-EXECUTIVE DIRECTORS;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING AND
CLOSURE OF REGISTER OF UNITHOLDERS**

**Independent Financial Adviser to the Independent Board Committee of
the REIT Manager, the Independent Unitholders and the Trustee**

BALLAS
C A P I T A L
A subsidiary of Crosby

A letter to the Unitholders is set out on pages 8 to 34 of this Circular.

A notice convening the AGM to be held at 2:30 p.m. on Wednesday, 28 May 2025 at Exhibition Venue A on Level 7, Fortune Metropolis, 6 The Metropolis Drive, Hunghom, Kowloon, Hong Kong is set out on pages N-1 to N-4 of this Circular.

Whether or not you are able to attend and vote at the AGM in person, please complete and return the accompanying form of proxy to the Unit Registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

There will be NO distribution of gifts or refreshments at the 2025 AGM.

25 April 2025

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CORPORATE INFORMATION

Prosperity REIT	Prosperity Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to applicable conditions from time to time.
REIT Manager	ESR Asset Management (Prosperity) Limited (in its capacity as manager of Prosperity REIT) Unit 901, Level 9, Fortune Metropolis 6 The Metropolis Drive Hung Hom, Kowloon Hong Kong
Directors of the REIT Manager	<i>Non-Executive Directors</i> Dr. Chiu Kwok Hung, Justin (<i>Chairman</i>) Mr. Lim Hwee Chiang Mr. Ma Lai Chee, Gerald <i>Executive Director</i> Ms. Wong Lai Hung <i>Independent Non-Executive Directors</i> Dr. Lan Hong Tsung, David Mrs. Sng Sow-Mei (alias Poon Sow Mei) Mr. Wong Kwai Lam Ms. Ng Shieu Yeing, Christina
Trustee	HSBC Institutional Trust Services (Asia) Limited (in its capacity as trustee of Prosperity REIT) 1 Queen's Road Central Hong Kong
Unit Registrar	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East, Wanchai Hong Kong
Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee	Ballas Capital Limited 5/F, Capital Centre, 151 Gloucester Road Wan Chai Hong Kong

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, these defined terms are not included in the table below:

AGM	The annual general meeting of Unitholders to be convened on Wednesday, 28 May 2025 at 2:30 p.m., at Exhibition Venue A on Level 7, Fortune Metropolis, 6 The Metropolis Drive, Hunghom, Kowloon, Hong Kong.
AGM Notice	The notice included in this Circular in respect of the AGM to consider and, if thought fit, approve the resolutions to be proposed at the AGM.
Articles of Association	The articles of association of the REIT Manager.
associate	Has the meaning ascribed to it under the REIT Code.
Audit Committee	The audit committee of the REIT Manager.
Board	The board of directors of the REIT Manager.
Buy-back Mandate	The general mandate authorising the buy-back by Prosperity REIT of up to 10% of the Units in issue at the date of passing the Ordinary Resolution to approve the Buy-back Mandate on the Hong Kong Stock Exchange, as more fully described in this Circular.
CK Asset	CK Asset Holdings Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1113).
CK Asset Connected Persons Group	CK Asset and its subsidiaries and associates (which for the avoidance of doubt, exclude the Prosperity REIT Group, but include without limitation Total Win, Wide Option and the Property Manager).
CK Leasing Transactions	The leasing and/or licensing transactions entered or to be entered into by any member of the Prosperity REIT Group (as lessor or licensor) with any member of the CK Asset Connected Persons Group (as lessee or licensee).
CK Property Management Transactions	Has the meaning ascribed to it in section 2.1 of this Circular.
Compliance Manual	The compliance manual of the REIT Manager.
connected person	Has the meaning ascribed to it under the REIT Code.

DEFINITIONS

Continuing CPTs	Collectively, the CK Leasing Transactions, the CK Property Management Transactions and the Manager Leasing Transactions.
Designated (Finance) Committee	The designated (finance) committee of the REIT Manager.
Directors	The directors of the REIT Manager.
Disclosures Committee	The disclosures committee of the REIT Manager.
ESR	ESR Cayman Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1821).
Existing CK Leasing Transactions Framework Agreement	The framework agreement dated 21 April 2022 entered into by the REIT Manager and CK Asset setting out the framework terms governing the CK Leasing Transactions for the period from 1 January 2023 to 31 December 2025.
Existing CK Property Management Transactions Framework Agreement	The framework agreement dated 21 April 2022 entered into by the REIT Manager and CK Asset setting out the framework terms governing the CK Property Management Transactions for the period from 1 January 2023 to 31 December 2025.
Existing Framework Agreements	Collectively, the Existing CK Leasing Transactions Framework Agreement, the Existing CK Property Management Transactions Framework Agreement and the Existing Manager Leasing Transactions Framework Agreement.
Existing Manager Leasing Transactions Framework Agreement	The framework agreement dated 21 April 2022 entered into by the REIT Manager (in its capacity as manager of Prosperity REIT) and the REIT Manager (in its personal capacity) setting out the framework terms governing the Manager Leasing Transactions for the period from 1 January 2023 to 31 December 2025.
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China.
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.

DEFINITIONS

Independent Board Committee	The independent committee of the Board established to advise the Independent Unitholders on the CK Property Management Transactions, comprising Dr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei), Mr. Wong Kwai Lam and Ms. Ng Shieu Yeing, Christina, being all four of the INEDs.
Independent Financial Adviser	Ballas Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO.
Independent Unitholders	Unitholders other than those who have a material interest in the relevant resolutions within the meaning of 8.7F of the REIT Code.
INED	Independent Non-executive Director of the REIT Manager.
Latest Practicable Date	14 April 2025, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular.
Listing Date	16 December 2005, being the date on which the Units were first listed on the Hong Kong Stock Exchange.
Listing Rules	The Rules Governing the Listing of Securities on Hong Kong Stock Exchange as amended, supplemented or otherwise modified from time to time.
Manager Group	Unless otherwise stated, the group comprising the REIT Manager (in its personal capacity) (being a connected person of Prosperity REIT pursuant to 8.1(a) of the REIT Code) and its associates (each being a connected person of Prosperity REIT pursuant to 8.1(f) of the REIT Code).
Manager Leasing Transactions	The leasing and/or licensing transactions entered or to be entered into by any member of the Prosperity REIT Group (as lessor or licensor) with any member of the Manager Group (as lessee or licensee).
New CK Leasing Transactions Framework Agreement	The framework agreement dated 24 April 2025 entered into by the REIT Manager and CK Asset setting out the framework terms governing the CK Leasing Transactions for the period from 1 January 2026 to 31 December 2028.

DEFINITIONS

New CK Property Management Transactions Framework Agreement	The framework agreement dated 24 April 2025 entered into by the REIT Manager and CK Asset setting out the framework terms governing the CK Property Management Transactions for the period from 1 January 2026 to 31 December 2028.
New Framework Agreements	Collectively, the New CK Leasing Transactions Framework Agreement, the New CK Property Management Transactions Framework Agreement and the New Manager Leasing Transactions Framework Agreement.
New Manager Leasing Transactions Framework Agreement	The framework agreement dated 24 April 2025 entered into by the REIT Manager (in its capacity as manager of Prosperity REIT) and the REIT Manager (in its personal capacity) setting out the framework terms governing the Manager Leasing Transactions for the period from 1 January 2026 to 31 December 2028.
Ordinary Resolution	A resolution passed by a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy at a duly convened meeting of the Unitholders by way of a poll, but with quorum of two or more Unitholders holding not less than 10% of the Units in issue.
Property Management Agreement	The property management agreement dated 29 November 2005 entered into between the REIT Manager and the Property Manager as amended, supplemented or otherwise modified from time to time.
Property Manager	Goodwell-Prosperity Property Services Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CK Asset as at the Latest Practicable Date.
Prosperity REIT	Prosperity Real Estate Investment Trust.
Prosperity REIT Group	The group comprising Prosperity REIT and its subsidiaries.
REIT	Real estate investment trust.
REIT Code	The Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified from time to time.
REIT Manager	ESR Asset Management (Prosperity) Limited, in its capacity as manager of Prosperity REIT (unless otherwise stated).

DEFINITIONS

Relevant INED Continual Service	The proposed continual service of each of Dr. Lan Hong Tsung, David and Mrs. Sng Sow-Mei (alias Poon Sow Mei) as an INED until the third annual general meeting of Unitholders following the AGM.
SFC	The Securities and Futures Commission of Hong Kong.
SFC Circular	The “Circular to Management Companies of SFC- authorised Real Estate Investment Trust — On-market Unit Repurchases by SFC- authorised REITs”, issued by the SFC on 31 January 2008.
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
subsidiary	Has the meaning ascribed to it under the REIT Code.
Substantial Unitholder	Has the same meaning as “substantial holder” as defined under the REIT Code.
Takeovers Code	The Codes on Takeovers and Mergers and Share Buy-backs published by the SFC as amended, supplemented or otherwise modified from time to time.
Total Win	Total Win Group Limited, which was an indirect wholly-owned subsidiary of CK Asset as at the Latest Practicable Date.
Trust Deed	The trust deed entered into between the Trustee and the REIT Manager constituting Prosperity REIT, dated 29 November 2005 as amended, supplemented and/or restated from time to time.
Trustee	HSBC Institutional Trust Services (Asia) Limited, in its capacity as trustee of Prosperity REIT. All references to the Trustee in this Circular are, as the context may require, to the Trustee acting on behalf of Prosperity REIT and on the instruction of the REIT Manager.
Unit	One undivided unit in Prosperity REIT.
Unit Registrar	Computershare Hong Kong Investor Services Limited, in its capacity as the unit registrar of Prosperity REIT.

DEFINITIONS

Unitholder Any person registered as holding a Unit and any person holding Units through the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Wide Option Wide Option Investments Limited, which was an indirect wholly-owned subsidiary of CK Asset as at the Latest Practicable Date.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Hong Kong time unless otherwise stated.

LETTER TO UNITHOLDERS



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

Directors of the REIT Manager:

Non-Executive Directors

Dr. Chiu Kwok Hung, Justin (*Chairman*)
Mr. Lim Hwee Chiang
Mr. Ma Lai Chee, Gerald

Executive Director

Ms. Wong Lai Hung

Independent Non-Executive Directors

Dr. Lan Hong Tsung, David
Mrs. Sng Sow-Mei (alias Poon Sow Mei)
Mr. Wong Kwai Lam
Ms. Ng Shieu Yeing, Christina

Registered Office of the REIT Manager:

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

25 April 2025

To: Unitholders of Prosperity REIT

Dear Sir or Madam,

**(1) CONTINUING CONNECTED PARTY TRANSACTIONS;
(2) PROPOSED GRANT OF GENERAL MANDATE
TO BUY BACK UNITS;
(3) CONTINUAL SERVICE OF
RELEVANT INDEPENDENT NON-EXECUTIVE DIRECTORS;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING AND
CLOSURE OF REGISTER OF UNITHOLDERS**

1. INTRODUCTION

Reference is made to the announcement dated 24 April 2025 relating to, *inter alia*: (a) the Continuing CPTs; (b) the Buy-back Mandate; and (c) the Relevant INED Continual Service. The purposes of this Circular are to provide you with further information in respect of, *inter alia*, the matters requiring Unitholders' approval and to serve the AGM Notice.

LETTER TO UNITHOLDERS

2. CONTINUING CONNECTED PARTY TRANSACTIONS

2.1 Background

As disclosed in the circular of Prosperity REIT dated 22 April 2022, the REIT Manager entered into the Existing Framework Agreements on 21 April 2022, which set out the framework terms governing the following categories of continuing connected party transactions in the ordinary and usual course of business of Prosperity REIT:

- (a) Members of the Prosperity REIT Group (as lessor or licensor) and members of the CK Asset Connected Persons Group (as lessee or licensee) have entered into, or may from time to time enter into leasing and/or licensing transactions (the “**CK Leasing Transactions**”);
- (b) Members of the Prosperity REIT Group (as owner of the relevant property) and members of the CK Asset Connected Persons Group (as service provider) have entered into, or may from time to time enter into various transactions relating to property management arrangements, third party services and other operational transactions in respect of Prosperity REIT and its assets and operations (the “**CK Property Management Transactions**”), which comprise the following:
 - (i) the transactions under the Property Management Agreement, including the provision of property and lease management and marketing functions in respect of Prosperity REIT’s real estate assets;
 - (ii) the transactions under which the Property Manager, as agent for the relevant owners of the properties held by Prosperity REIT, has entered into, or will from time to time enter into, contracts with third party service providers (which may be members of the CK Asset Connected Persons Group) for the provision of, among other things, cleaning, maintenance, security, car park management and other ancillary services in respect of the relevant properties; and
 - (iii) the transactions under the deeds of mutual covenant applicable to any part of the properties held by Prosperity REIT, including the provision of maintenance and other ancillary services for the common areas and facilities by the relevant property manager thereunder (which may be members of the CK Asset Connected Persons Group); and
- (c) Members of the Prosperity REIT Group (as lessor or licensor) and members of the Manager Group (as lessee or licensee) may from time to time enter into leasing and/or licensing transactions (the “**Manager Leasing Transactions**”).

In anticipation of the expiries of the Existing Framework Agreements, on 24 April 2025, the relevant parties to the Existing Framework Agreements entered into corresponding New Framework Agreements, each for a term of three years commencing from 1 January 2026.

LETTER TO UNITHOLDERS

2.2 CK Leasing Transactions

2.2.1 *New CK Leasing Transactions Framework Agreement*

In anticipation of the expiry of the Existing CK Leasing Transactions Framework Agreement on 31 December 2025, and having regard to the regular, ordinary and ongoing nature of the CK Leasing Transactions, on 24 April 2025, the REIT Manager entered into the New CK Leasing Transactions Framework Agreement with CK Asset, which sets out the framework terms on which the CK Leasing Transactions shall be entered into, renewed or extended during the period from 1 January 2026 to 31 December 2028. The New CK Leasing Transactions Framework Agreement is not conditional upon the approval of the Unitholders.

The principal terms of the New CK Leasing Transactions Framework Agreement are as follows:

Date:	24 April 2025
Parties:	(1) The REIT Manager (2) CK Asset
Term:	Three (3) years from 1 January 2026
Purpose and other terms:	To set out the framework terms on which the CK Leasing Transactions shall be entered into, renewed or extended during the term of the New CK Leasing Transactions Framework Agreement. The relevant parties to any CK Leasing Transaction shall enter into separate written agreements on normal commercial terms to be negotiated on a case-by-case and at arm's length basis which are fair and reasonable, which shall be no less favourable than those offered to or available from independent third parties.
Pricing policy:	The rent and/or licence fees chargeable for such transactions shall be based on the then prevailing market rates for properties of similar size and with similar attributes within the same building (or, if not available, within the vicinity). The basis of any management or service fees chargeable in connection with such transactions shall be the same as that of such fees chargeable to other independent third party tenants or licensees of the same building or property.

LETTER TO UNITHOLDERS

To ensure that each transaction under the New CK Leasing Transactions Framework Agreement is entered into based on the then prevailing market rate and on normal commercial terms, the REIT Manager shall arrange for an independent valuation to be conducted by the then prevailing principal valuer of Prosperity REIT or, if the principal valuer is unavailable, an independent property consultancy firm, which is able to satisfy the requisite criteria under Chapter 6 of the REIT Code, for each CK Leasing Transaction before it is first entered into or if and when it is renewed or extended.

2.2.2 Historical Transaction Amounts, Existing Annual Caps and New Annual Caps

The table below sets out: (i) the aggregate historical transaction amounts (including rental and management and service fees) received or receivable by members of the Prosperity REIT Group from members of the CK Asset Connected Persons Group in respect of the CK Leasing Transactions for each of the two years ended 31 December 2023 and 2024 and the two months ended 28 February 2025; (ii) the existing annual caps in respect of the CK Leasing Transactions for the years ended 31 December 2023 and 2024 and the year ending 31 December 2025; and (iii) the maximum aggregate annual amount (including rental and management and service fees) expected to be received by members of the Prosperity REIT Group from members of the CK Asset Connected Persons Group in respect of the CK Leasing Transactions for each of the three years ending 31 December 2026, 2027 and 2028:

Historical Transaction Amounts			Existing Annual Caps			New Annual Caps		
For the year ended/ending								
31 December 2023 ⁽¹⁾	31 December 2024 ⁽²⁾	For the two months ended 28 February 2025 ⁽³⁾	31 December 2023	31 December 2024	31 December 2025	31 December 2026	31 December 2027	31 December 2028
(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
2,580,193	2,667,863	456,461	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

Notes:

- (1) Based on the audited financial statements of Prosperity REIT for the financial year ended 31 December 2023.
- (2) Based on the audited financial statements of Prosperity REIT for the financial year ended 31 December 2024.
- (3) As at the Latest Practicable Date, only figures up to 28 February 2025 are available.

LETTER TO UNITHOLDERS

The proposed annual caps for the CK Leasing Transactions for the three years ending 31 December 2026, 2027 and 2028 have been determined based on:

- (a) the sum of the highest annual transaction amounts for the financial years between the Listing Date to 31 December 2024 received or receivable from members of the CK Asset Connected Persons Group in respect of the CK Leasing Transactions during such period (provided that the same unit was occupied by only one such tenant or licensee at any time during such period), which was HK\$7,191,212;
- (b) applying an increment factor of 20% to the amount in paragraph (a) above to take into account potential upward rental reversion. The growth rate of the gross rental from the properties of the Prosperity REIT Group for every three years from 2006 to 2024 ranged from approximately -10.0% to approximately 50.6%. The rental reversion rate from 2006 to 2024 ranged from approximately -7.7% to approximately 56.7%. This indicates that the rental rates have experienced both downturns and upturns. The negative rental growth and rental reversion during the abovementioned historical periods were largely attributable to the economic challenges faced by the real estate and other business sectors in Hong Kong in the last four years following the COVID-19 outbreak. Specifically, the rental reversion rates from 2021 to 2024 ranged from -7.7% to -1.8%, with an aggregate rental reversion of -20.5%. However, the historical highs suggest that a positive shift from recent years' negative growth trend is possible. The implementation of various Prosperity REIT's strategies by the REIT Manager, such as asset enhancement and integration of sustainability into business (e.g. achieving green building certifications for the entire Prosperity REIT's portfolio), can enhance the ability to negotiate higher rental rates. Additionally, the anticipated economic recovery in Hong Kong in the coming years, along with potential interest rate cuts, is expected to create a favourable environment for growth in leasing demand and rental rates. For these reasons, the REIT Manager considers the increment factor to be fair and reasonable;

LETTER TO UNITHOLDERS

- (c) the average lease expiry profile (by gross rentable area) per annum from the Listing Date to 31 December 2024 was 40% (or 507,511 square feet of total gross rentable area of 1,275,153 square feet). Assuming 5% of the average expiry area (25,376 square feet) is taken up by members of the CK Asset Connected Persons Group, the monthly CK Leasing Transaction amount would be approximately HK\$680,000 (yearly, HK\$8,160,000), based on the average effective unit rent of HK\$21.8 plus average unit management fee of HK\$4.9 for the year ended 31 December 2024. In view of the assumed potential CK Leasing Transaction (in terms of area) is only 5% of average annual expiry area, the REIT Manager believes that the increment factor is reasonable and provides flexibility for entering into new CK Leasing Transactions;
- (d) applying an increment factor of 20% to the amount in paragraph (a) above to take into account potential acquisitions by the Prosperity REIT Group which may increase opportunities for further CK Leasing Transactions to be entered into; and
- (e) applying a buffer of 20% to the amount in paragraph (a) above to take into account contingencies, such as any unexpected demand from any new ventures or businesses of the CK Asset Connected Persons Group in the next few years. The 20% buffer equates to approximately HK\$1.5 million in transaction value. Given that the revenue which may be generated from the vacant space (being 6%, based on the current occupancy rate of approximately 94%) is well above HK\$1.5 million, the REIT Manager considers this buffer to be reasonable.

The REIT Manager is of the view that the proposed annual caps are reasonable and in the interest of Unitholders, as such caps would allow maximum flexibility for Prosperity REIT to lease premises to members of the CK Asset Connected Persons Group based on the prevailing market rate should such opportunity arise.

2.3 CK Property Management Transactions

2.3.1 New CK Property Management Transactions Framework Agreement

In anticipation of the expiry of the Existing CK Property Management Transactions Framework Agreement on 31 December 2025, and having regard to the regular, ordinary and ongoing nature of the CK Property Management Transactions, on 24 April 2025, the REIT Manager entered into the New CK Property Management Transactions Framework Agreement with CK Asset, which sets out the framework terms on which the CK Property Management Transactions shall be entered into, renewed or extended during the period from 1 January 2026 to 31 December 2028. The New CK Property Management Transactions Framework Agreement is conditional upon the passing of the Ordinary Resolution in respect of the CK Property Management Transactions.

LETTER TO UNITHOLDERS

The principal terms of the New CK Property Management Transactions Framework Agreement are as follows:

Date:	24 April 2025
Parties:	(1) The REIT Manager (2) CK Asset
Term:	Three (3) years from 1 January 2026
Purpose and other terms:	<p>To set out the framework terms on which the CK Property Management Transactions shall be entered into, renewed or extended during the term of the New CK Property Management Transactions Framework Agreement.</p> <p>The relevant parties to any CK Property Management Transaction shall enter into separate written agreements on normal commercial terms to be negotiated on a case-by-case and at arm's length basis which are fair and reasonable, which shall be no less favourable than those offered to or available from independent third parties.</p>
Pricing policy:	The fees chargeable for such transactions shall be based on the then prevailing market rates for similar services provided by professional property management service providers for properties of similar size and with similar attributes.

The services provided by the Property Manager under the Property Management Agreement comprise the following:

- (a) Property management services. These include coordinating tenants' fitting out requirements, recommending third party contracts for the provision of property management (including car parking facilities management), maintenance services, supervising the performance of service providers and contractors, arranging for adequate insurance and ensuring compliance with building and safety regulations.
- (b) Lease management services. These include administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms.
- (c) Marketing services. These include providing marketing and marketing coordination services.

LETTER TO UNITHOLDERS

Under the Property Management Agreement, the Property Manager is entitled to a fee of 3% per annum of the gross property revenue for the provision of property and lease management services. Marketing services fee is to be calculated on the following basis for the provision of marketing services: (a) one month's base rent for securing a tenancy of three years or more; (b) one-half month's base rent for securing a tenancy of less than three years; (c) one-half month's base rent for securing a renewal of tenancy (irrespective of duration); and (d) 10% of licence fee for securing a licence of less than 12 months.

If and when the Property Management Agreement is renewed, the REIT Manager shall arrange for an independent assessment to be conducted by the then prevailing principal valuer of Prosperity REIT or, if the principal valuer is unavailable, an independent property consultancy firm, which is able to satisfy the requisite criteria under Chapter 6 of the REIT Code, on the new fees and commissions thereunder, to ensure that such fees and commissions are reasonable and at the then prevailing market rate and on normal commercial terms before the Property Management Agreement is renewed.

In relation to the other services for the properties held by members of the Prosperity REIT Group provided by third parties who may be members of the CK Asset Connected Persons Group, before entering into or renewing transactions for such services, the REIT Manager shall arrange for invitation of at least three tenders or quotations from contractors or suppliers, including one from the relevant member of the CK Asset Connected Persons Group and two from independent third parties, to be obtained, and shall conduct a comparison of the fees before the transaction is first entered into, to ensure that such fees are at the then prevailing market rate and on normal commercial terms.

In relation to the deeds of mutual covenants applicable to properties held by members of the Prosperity REIT Group where the managers thereunder may be members of the CK Asset Connected Persons Group, the relevant members of the Prosperity REIT Group shall ensure that the fees charged to them are at the same rates as those charged to the other owners of the development unrelated to members of the Prosperity REIT Group or the CK Asset Connected Persons Group, to ensure that the transactions are carried out at arm's length and on normal commercial terms.

LETTER TO UNITHOLDERS

2.3.2 *Historical Transaction Amounts, Existing Annual Caps and New Annual Caps*

The table below sets out: (i) the aggregate historical transaction amounts paid or payable by members of the Prosperity REIT Group to members of the CK Asset Connected Persons Group in respect of the CK Property Management Transactions for each of the two years ended 31 December 2023 and 2024 and the two months ended 28 February 2025; (ii) the existing annual caps in respect of the CK Property Management Transactions for the years ended 31 December 2023 and 2024 and the year ending 31 December 2025; and (iii) the maximum aggregate annual amount expected to be paid by members of the Prosperity REIT Group to members of the CK Asset Connected Persons Group in respect of the CK Property Management Transactions for each of the three years ending 31 December 2026, 2027 and 2028:

Historical Transaction Amounts			Existing Annual Caps			New Annual Caps		
For the year ended/ending								
31 December 2023 ⁽¹⁾	31 December 2024 ⁽²⁾	For the two months ended 28 February 2025 ⁽³⁾	31 December 2023	31 December 2024	31 December 2025	31 December 2026	31 December 2027	31 December 2028
(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
26,122,850	25,023,641	3,981,783	50,300,000	52,800,000	55,400,000	58,300,000	61,200,000	64,300,000

Notes:

- (1) Based on the audited financial statements of Prosperity REIT for the financial year ended 31 December 2023.
- (2) Based on the audited financial statements of Prosperity REIT for the financial year ended 31 December 2024.
- (3) As at the Latest Practicable Date, only figures up to 28 February 2025 are available.

The proposed annual cap for the CK Property Management Transactions for the year ending 31 December 2026 has been determined based on:

- (a) the sum of the highest annual transaction amounts for the financial years between the Listing Date to 31 December 2024 paid or payable to each member of the CK Asset Connected Persons Group in respect of each category of the CK Property Management Transactions, which was HK\$29,290,589;

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- (b) applying: (i) an 8% increment in staff and wages costs for the financial year ending 31 December 2025 and another 8% increment for the financial year thereafter, both of which the REIT Manager considers to be reasonable having regard to (x) the compound annual growth rate (CAGR) of staff and wages costs attributable to the leasing and property management of Prosperity REIT's properties in the past three years. The 3-year CAGR of the staff and wages costs for property management and marketing services was 5.4% from 2021 to 2024; and (y) the annual increment in the average wage rate for the real estate leasing and maintenance management sector in the last five years, as well as the projected shortage in manpower, according to the data and statistics published by the Hong Kong government. From 2019 to the third quarter of 2024, the average wage rate in Hong Kong's real estate leasing and maintenance management sector increased by up to 9.5% year-on-year. The projected shortage in manpower will also drive up staff and wage costs. The REIT Manager therefore considers an 8% increment reasonable; (ii) a 15% increment in marketing service fees and property management fees for the financial year ending 31 December 2025 and another 15% increment for the financial year thereafter, as the result of an anticipated increase in gross revenue generated from Prosperity REIT's properties which the REIT Manager considers to be reasonable having regard to the factors mentioned in section 2.2.2 above with respect to rental growth and rental reversion rates;
- (c) applying: (i) an increment factor of 20% to the property management fees and marketing service fees to cater for potential acquisition of properties by Prosperity REIT in the future which the REIT Manager considers to be reasonable having regard to the historical transaction amount of one of the existing properties of Prosperity REIT that has the highest property management expenses; and (ii) a buffer of 20% to take into account contingencies, which the REIT Manager considers reasonable to accommodate any potential volatility in the actual transaction amounts that may not be fully captured by historical trends, and marketing service fees or property management fees due to variations in the transaction amounts of leasing and/or licencing transactions. The implementation of various Prosperity REIT's strategies by the REIT Manager, such as asset enhancement and integration of sustainability into business (e.g. achieving green building certifications for the entire Prosperity REIT's portfolio), can enhance the ability to negotiate higher rental rates. The anticipated economic recovery in Hong Kong in the coming years, along with potential interest rate cuts, is expected to drive growth in leasing demand and rental rates, resulting in increased property revenue of the Prosperity REIT Group and higher property management and marketing service fees.

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The proposed annual caps for the CK Property Management Transactions for the years ending 31 December 2027 and 2028 have been determined by applying an assumed annual growth rate of 5% to the proposed annual cap for the preceding year, to cater for possible increase in expenses due to inflationary pressure, which the REIT Manager believes is reasonable having regard to the growth in the gross domestic product and the increase in the average wage rate for the real estate leasing and maintenance management sector in Hong Kong in the last five years as published by the Hong Kong government.

2.4 Manager Leasing Transactions

2.4.1 *New Manager Leasing Transactions Framework Agreement*

In anticipation of the expiry of the Existing Manager Leasing Transactions Framework Agreement on 31 December 2025, on 24 April 2025, the REIT Manager (in its capacity as manager of Prosperity REIT) entered into the New Manager Leasing Transactions Framework Agreement with the REIT Manager (in its personal capacity), which sets out the framework terms on which the Manager Leasing Transactions shall be entered into, renewed or extended during the period from 1 January 2026 to 31 December 2028. The New Manager Leasing Transactions Framework Agreement is not conditional upon the approval of the Unitholders.

The principal terms of the New Manager Leasing Transactions Framework Agreement are as follows:

Date:	24 April 2025
Parties:	(1) The REIT Manager (in its capacity as manager of Prosperity REIT) (2) The REIT Manager (in its personal capacity)
Term:	Three (3) years from 1 January 2026
Purpose and other terms:	To set out the framework terms on which the New Manager Leasing Transactions shall be entered into, renewed or extended during the term of the New Manager Leasing Transactions Framework Agreement.

The REIT Manager shall use reasonable endeavours to procure the relevant parties to any Manager Leasing Transaction to enter into separate written agreements on normal commercial terms to be negotiated on a case-by-case and at arm's length basis which are fair and reasonable, which shall be no less favourable than those offered to or available from independent third parties.

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Pricing policy:

The rent and/or licence fees chargeable for such transactions shall be based on the then prevailing market rates for properties of similar size and with similar attributes within the same building (or, if not available, within the vicinity). The basis of any management or service fees chargeable in connection with such transactions shall be the same as that of such fees chargeable to other independent third party tenants or licensees of the same building or property.

To ensure that each transaction under the New Manager Leasing Transactions Framework Agreement is entered into based on the then prevailing market rate and on normal commercial terms, the REIT Manager shall arrange for an independent valuation to be conducted by the then prevailing principal valuer of Prosperity REIT or, if the principal valuer is unavailable, an independent property consultancy firm, which is able to satisfy the requisite criteria under Chapter 6 of the REIT Code, for each Manager Leasing Transaction before it is first entered into or if and when it is renewed or extended.

2.4.2 Historical Transaction Amounts, Existing Annual Caps and New Annual Caps

The table below sets out: (i) the aggregate historical transaction amounts (including rental and management and service fees) received or receivable by members of the Prosperity REIT Group from members of the Manager Group in respect of the Manager Leasing Transactions for each of the two years ended 31 December 2023 and 2024 and the two months ended 28 February 2025; (ii) the existing annual caps in respect of the Manager Leasing Transactions for the years ended 31 December 2023 and 2024 and the year ending 31 December 2025; and (iii) the maximum aggregate annual amount (including rental and management and service fees) expected to be received by members of the Prosperity REIT Group from members of the Manager Group in respect of the Manager Leasing Transactions for each of the three years ending 31 December 2026, 2027 and 2028:

Historical Transaction Amounts			Existing Annual Caps			New Annual Caps		
For the year ended/ending								
31 December 2023 ⁽¹⁾	31 December 2024 ⁽²⁾	For the two months ended 28 February 2025 ⁽³⁾	31 December 2023	31 December 2024	31 December 2025	31 December 2026	31 December 2027	31 December 2028
(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
0	0	0	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000

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Notes:

- (1) Based on the audited financial statements of Prosperity REIT for the financial year ended 31 December 2023.
- (2) Based on the audited financial statements of Prosperity REIT for the financial year ended 31 December 2024.
- (3) As at the Latest Practicable Date, only figures up to 28 February 2025 are available.

The proposed annual caps for the Manager Leasing Transactions for the three years ending 31 December 2026, 2027 and 2028 have been determined based on the same annual cap amounts applicable to the Manager Leasing Transactions under the Existing Manager Leasing Transactions Framework Agreement. Although there is no subsisting Manager Leasing Transaction as at the Latest Practicable Date, the REIT Manager is proposing to enter into the New Manager Leasing Transactions Framework Agreement and apply the same annual caps. The REIT Manager considers the proposed annual caps reasonable and in the interest of Unitholders, as they represent only a minimal percentage of Prosperity REIT Group's revenue for each of the years ended 31 December 2022, 2023 and 2024 (being approximately 1.2%) and provide flexibility for Prosperity REIT to lease premises to members of the Manager Group based on the prevailing market rate should such opportunity arise. The proposed annual caps are intended to cater for possible Manager Leasing Transactions that may be entered into during the period from 1 January 2026 to 31 December 2028, should any member of the Manager Group look for office premises for expansion or relocation in Hong Kong.

2.5 Reasons for and Benefits of the Continuing CPTs

Prosperity REIT is principally engaged in real estate investment for property income. The CK Leasing Transactions and the Manager Leasing Transactions are in the ordinary and usual course of business of Prosperity REIT and will contribute towards the occupancy rate of, and property income generated by, Prosperity REIT's properties.

The REIT Manager is responsible under the Trust Deed and the REIT Code for ensuring that Prosperity REIT's properties are professionally managed. Since the initial public offering of Prosperity REIT, the Property Manager has been appointed to operate, maintain and manage Prosperity REIT's properties under the overall management and supervision of the REIT Manager. The REIT Manager regularly monitors and reviews the performance of the Property Manager, and is satisfied that it will continue to provide professional services with efficient and effective management. From time to time, the Property Manager (as agent for the relevant owners of the properties held by Prosperity REIT) will enter into contracts with third party service providers (which may include members of the CK Asset Connected Persons Group) for the provision of cleaning, maintenance, security, car park management and other ancillary services for the relevant property. The REIT Manager expects that members of the Prosperity REIT Group will continue to enter into the CK Property Management Transactions with members of the CK Asset Connected Persons Group to ensure business continuity and efficiency. Furthermore, pursuant to the deeds of mutual covenants, property managers (which may

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include members of the CK Asset Connected Persons Group) are appointed to provide maintenance and other ancillary services for the common areas and facilities of developments in which Prosperity REIT's properties are located, and all owners, including the relevant members of the Prosperity REIT Group and other independent third parties, and their successors-in-title are bound by the deeds of mutual covenants through such ownership irrespective of whether they were an original party thereto.

2.6 Regulatory Implications

2.6.1 CK Asset Connected Persons Group

So far as the REIT Manager is aware having made all reasonable enquiries, as at the Latest Practicable Date, Total Win held 176,328,129 Units and Wide Option held 98,883,559 Units, collectively representing approximately 17.67% of the Units then in issue. Total Win and Wide Option being indirect wholly-owned subsidiaries of CK Asset, and therefore, members of the CK Asset Connected Persons Group, are connected persons of Prosperity REIT. Accordingly, the CK Leasing Transactions under the New CK Leasing Transactions Framework Agreement and the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement (being the transactions with members of the CK Asset Connected Persons Group), constitute continuing connected party transactions of Prosperity REIT.

As the highest applicable percentage ratio (as calculated pursuant to Rule 14.07 of the Listing Rules) (modified as appropriate pursuant to 2.26 of the REIT Code)) in respect of the proposed annual caps applicable to the CK Leasing Transactions under the New CK Leasing Transactions Framework Agreement is less than 5%, such transactions and the proposed annual caps applicable thereto are subject to the announcement, reporting and annual review requirements but are exempted from the Independent Unitholders' approval requirement under the REIT Code and/or Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code).

As one of the applicable percentage ratios (as calculated pursuant to Rule 14.07 of the Listing Rules) (modified as appropriate pursuant to 2.26 of the REIT Code)) in respect of the proposed annual caps applicable to the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement exceeds 5%, such transactions and the proposed annual caps applicable thereto are subject to the Independent Unitholders' approval, announcement, reporting, annual review and other requirements under the REIT Code and/or Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code). Therefore, the New CK Property Management Transactions Framework Agreement is conditional upon the passing of the Ordinary Resolution in respect of the CK Property Management Transactions.

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As at the Latest Practicable Date, none of the Directors had any material interest in the CK Property Management Transactions and the CK Leasing Transactions except by virtue of being an executive director of CK Asset (including its subsidiaries) or an executive committee member of CK Asset and accordingly, no Director was required to abstain from voting on the relevant board resolutions of the REIT Manager for approving the CK Property Management Transactions and the CK Leasing Transactions and the respective annual caps thereto. Notwithstanding the foregoing, Dr. Chiu Kwok Hung, Justin, being an executive director of CK Asset, and Mr. Ma Lai Chee, Gerald, being an executive committee member of CK Asset, voluntarily abstained from voting on the abovementioned resolutions.

2.6.2 Manager Group

As the REIT Manager is a connected person of Prosperity REIT, members of the Manager Group will be considered as connected persons of Prosperity REIT. Accordingly, the Manager Leasing Transactions with members of the Manager Group (which includes ESR and its associates) constitute connected party transactions of Prosperity REIT.

As the highest applicable percentage ratio (as calculated pursuant to Rule 14.07 of the Listing Rules) (modified as appropriate pursuant to 2.26 of the REIT Code)) in respect of the proposed annual caps applicable to the Manager Leasing Transactions under the New Manager Leasing Transactions Framework Agreement is less than 5%, such transactions and the proposed annual caps applicable thereto are subject to the announcement, reporting and annual review requirements but are exempted from the Independent Unitholders' approval requirement under the REIT Code and/or Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code).

As at the Latest Practicable Date, none of the Directors had any material interest in the Manager Leasing Transactions under the New Manager Leasing Transactions Framework Agreement, except by virtue of his or her position as a director of the REIT Manager. Having regard to the nature of such interest, the Board has collectively determined that no Director is required to abstain from voting on the relevant board resolutions of the REIT Manager for approving the Manager Leasing Transactions and the annual caps applicable thereto.

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2.7 Review and Reporting

The Continuing CPTs will be subject to the following review and reporting processes pursuant to 8.7A of the REIT Code and Rules 14A.55 to 14A.59, Rule 14A.71 and Rule 14A.72 of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code):

2.7.1 Annual Review by the INEDs

The INEDs shall review such transactions annually and confirm in Prosperity REIT's annual report for the relevant financial period that each such transaction has been entered into:

- (a) in the ordinary and usual course of business of Prosperity REIT;
- (b) on normal commercial terms or better; and
- (c) in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of Prosperity REIT and the Unitholders as a whole.

2.7.2 Annual Review by the Auditors

In respect of each relevant financial period, the REIT Manager shall engage the auditors of Prosperity REIT to perform certain review procedures on such transactions annually. The auditors of Prosperity REIT shall report to the REIT Manager on the factual findings based on the work performed by them confirming whether anything has come to their attention that causes them to believe that any such transaction:

- (a) has not been approved by the Board (including all of the INEDs);
- (b) was not, in all material respects, in accordance with the pricing policies of Prosperity REIT;
- (c) was not entered into, in all material respects, in accordance with its terms of agreement; or
- (d) has exceeded the applicable annual cap.

2.7.3 Auditor's access to books and records

The REIT Manager shall allow, and shall ensure the counterparty to the relevant Continuing CPT to allow, the auditors of Prosperity REIT and the INEDs sufficient access to their respective records for the purpose of reporting on such transactions.

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2.7.4 Notification to the SFC

The REIT Manager shall promptly notify the SFC and publish an announcement if the INEDs and/or the auditors of Prosperity REIT cannot confirm the matters set out in sections 2.7.1 and/or 2.7.2 above. The SFC may require the REIT Manager to re-comply with the announcement and Independent Unitholders' approval requirements and may impose additional conditions.

2.7.5 Annual Reports

A brief summary of each such transaction containing the information specified in Rules 14A.71 and 14A.72 of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code) shall be included in Prosperity REIT's annual reports.

2.8 Internal Controls

The REIT Manager has established an internal control system to ensure that connected party transactions between the Prosperity REIT Group and its connected persons are monitored and that such transactions are undertaken on terms in compliance with the REIT Code. As required by the REIT Code, all connected party transactions must, among other things, be carried out at arm's length, on normal commercial terms and in the interests of Unitholders.

The following internal control measures are in place to ensure that such transactions satisfy the foregoing criteria:

- (a) As a general rule, the REIT Manager must demonstrate to the Audit Committee that all connected party transactions satisfy the criteria under 8.7 of the REIT Code. This may entail, where practicable, obtaining quotations from parties unrelated to the REIT Manager, or obtaining one or more valuations from independent professional valuers. The Audit Committee reviews all the connected party transactions on a semi-annual basis.
- (b) The REIT Manager investigates and monitors all transactions by the Prosperity REIT Group before such transactions are entered into, if practicable, in order to determine whether such transactions are connected party transactions. Where practicable, each counterparty to such transactions shall be required to confirm to the REIT Manager whether it is a connected person of Prosperity REIT.
- (c) The REIT Manager maintains a register to record all connected party transactions which are entered into by members of the Prosperity REIT Group and the bases, including quotations from unrelated parties and/or independent valuations obtained to support such bases, on which they are entered into. The register is reviewed on a quarterly basis to ensure that the relevant caps are not exceeded.
- (d) The REIT Manager incorporates into its internal audit plan a review of all connected party transactions entered into by the Prosperity REIT Group.

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2.9 Information on the Parties

Prosperity REIT is a collective investment scheme authorised under section 104 of the SFO and whose Units are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 808). Prosperity REIT is principally engaged in the business of real estate investment and, as at the Latest Practicable Date, members of the Prosperity REIT Group owned a diverse portfolio of seven properties in the decentralised business districts of Hong Kong. The REIT Manager is the manager of Prosperity REIT and is principally engaged in the business of managing Prosperity REIT. The REIT Manager is a wholly-owned subsidiary of ESR Group Limited. ESR is Asia Pacific's leading real asset manager powered by the new economy and one of the largest listed real estate investment managers globally. The shares of ESR are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1821).

CK Asset is a leading multinational conglomerate that has diverse capabilities with business activities presently encompassing property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation. The shares of CK Asset are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1113). As at the Latest Practicable Date, the Property Manager is an indirect wholly-owned subsidiary of CK Asset and is principally engaged in the provision of property management services.

3. PROPOSED GRANT OF GENERAL MANDATE TO BUY BACK UNITS

At the annual general meeting of Unitholders held on 29 May 2024, an Ordinary Resolution was passed to grant a general mandate to the REIT Manager on behalf of Prosperity REIT to buy back Units of up to 10% of the aggregate number of Units in issue as at 29 May 2024. This general mandate will expire at the conclusion of the AGM. The REIT Manager proposes to seek Unitholders' approval at the AGM to grant a general mandate to the REIT Manager on behalf of Prosperity REIT to buy back Units on the Hong Kong Stock Exchange.

Under the Trust Deed, the REIT Manager shall not repurchase any Units until permitted to do so under the guidelines issued by the SFC from time to time. Pursuant to the SFC Circular, an SFC-authorised REIT may purchase its own units on the Hong Kong Stock Exchange provided that the REIT has followed the requirements as set out in the SFC Circular, including, *inter alia*, the despatch of an explanatory statement of the repurchase mandate to the unitholders and a specific approval or a general mandate to make such repurchase(s) has been obtained from the unitholders of the REIT.

Having regard to the above, an Ordinary Resolution will be proposed for Unitholders to consider, and if thought fit, grant a general mandate to the REIT Manager on behalf of Prosperity REIT to buy back Units on the Hong Kong Stock Exchange. The Units which may be bought back pursuant to the Buy-back Mandate are up to 10% of the total Units in issue on the date of passing the relevant resolution. The Units bought back by Prosperity REIT pursuant to the Buy-back Mandate shall be automatically cancelled upon such buy-back, or if permitted under the Trust Deed, held as treasury units. For those Units to be cancelled, the REIT Manager will ensure that the documents of title of such Units are cancelled and destroyed as soon as reasonably practicable following settlement of any such buy-back.

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The Buy-back Mandate, if approved by Unitholders, will be in force for the period commencing from the date of the AGM and expiring on the earliest of the following dates: (a) the conclusion of the next annual general meeting of the Unitholders; (b) the expiration of the period within which the next annual general meeting of the Unitholders as referred to in (a) above is required to be held by the Trust Deed, the REIT Code or any applicable laws; or (c) the revocation or variation of the authority given under the resolution approving the Buy-back Mandate by the passing of an Ordinary Resolution.

Prosperity REIT shall also comply with the other restrictions and notification requirements applicable to listed companies purchasing their own shares on a stock exchange under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to REITs. These include, but are not limited to, the dealing restrictions, the restrictions on subsequent issues, the reporting requirements and status of purchased shares.

An explanatory statement in connection to the Buy-back Mandate is set out in Appendix III to this Circular.

4. CONTINUAL SERVICE OF RELEVANT INDEPENDENT NON-EXECUTIVE DIRECTORS

4.1 Relevant INEDs Continual Service

Both Dr. Lan Hong Tsung, David (currently an INED and the chairman of the Audit Committee and a member of the Disclosures Committee, the Designated (Finance) Committee and the Nomination Committee) and Mrs. Sng Sow-Mei alias Poon Sow Mei (currently an INED and a member of the Audit Committee and the Nomination Committee) have served on the Board since 2005. At the annual general meeting of Unitholders held on 26 May 2022, Unitholders approved each of their continual service until the third annual general meeting of Unitholders following that annual general meeting. In accordance with the Articles of Association and the Compliance Manual, separate Ordinary Resolutions will be proposed for Unitholders to consider and, if thought fit, approve the continual service of each of Dr. Lan and Mrs. Sng until the third annual general meeting of Unitholders following the AGM.

The Nomination Committee (with each of Mr. Lan and Mrs. Sng abstaining from participation in the discussion and voting on the resolution of the Nomination Committee) has assessed the independence of Mr. Lan and Mrs. Sng, having regard to the criteria for independence under Rule 3.13 of the Listing Rules (as if they were applicable to Prosperity REIT) and the Compliance Manual, and considers each of them to be independent and has recommended to the Board that they should continue to serve as INEDs. In such assessment in respect of each of Dr. Lan and Mrs. Sng, the Nomination Committee has considered, *inter alia*: (a) each INED's objective contribution in advising and giving independent guidance to the Board, and in observing high standards of corporate governance; (b) each INED's devotion of time and effort to their duties as INEDs and their respective other listed company directorship commitments; (c) each INED's respective contribution to the Board's diversity; and (d) each INED's in-depth understanding of the REIT market.

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In particular for Dr. Lan and Mrs. Sng, the Nomination Committee is of the view, and the Board agrees, that both of them have always contributed objectively in advising and giving independent guidance to the Board in their capacity as INEDs and as chairman or member of different Board committees. Both Directors place great importance on the REIT Manager observing high standards of corporate governance, and expressed impartial views on the strategy, business operations, performance and risk management of the REIT Manager and Prosperity REIT. The REIT Manager has also received annual confirmations from Dr. Lan and Mrs. Sng regarding their independence in accordance with Rule 3.13 of the Listing Rules (as if they were applicable to Prosperity REIT) and the Compliance Manual, which have been tabled to the Nomination Committee and the Board for their respective review and consideration, and the Nomination Committee is of the view, and the Board agrees, that both Directors will continue to meet the INED's independence requirements stated therein.

Given that each of Dr. Lan and Mrs. Sng holds no more than seven listed company directorships, has regularly attended the meetings of the Board and the Board committees of which he or she is a member (including all of such Board and Board committee meetings held during the last financial year) and actively participated in the deliberations in such meetings and has continually kept abreast of current trends and issues relevant to the REIT industry and refreshed his or her skills and knowledge through ongoing training, the Nomination Committee is of the view, and the Board agrees, that each of them has devoted, and will be able to continue to devote, sufficient time and effort to the Board and discharge his or her duties effectively.

The Nomination Committee has also considered the contributions of each of Dr. Lan and Mrs. Sng to the diversity of the Board and is satisfied that each of them has the requisite perspectives, skills and experience that would enhance the diversity of the Board as a whole in a manner relevant to the strategic objectives and business of the REIT Manager and Prosperity REIT. Dr. Lan possesses a wealth of knowledge and experience in the areas of macroeconomics, public sector management and corporate governance, and Mrs. Sng has wide experience in various fields of business development, strategic and financial management, and in particular, property investment and management. In addition to their respective individual expertise which add to the overall dynamism of the Board, both of them have demonstrated in-depth understanding, acquired over their years of service, of the REIT market in general. Taking into account the current Board composition and synergies, and the respective contributions of Dr. Lan and Mrs. Sng to the collective effectiveness of the Board in discharging its functions, the Nomination Committee believes, and the Board agrees, that the continued membership of Dr. Lan and Mrs. Sng on the Board will ensure continuity of experience without compromising the Board's oversight capabilities, the rigour of Board discussions and diversity of perspectives.

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Taking the above into consideration, the Nomination Committee is of the view that the length of service of each of Dr. Lan and Mrs. Sng has not, in any way, diminished their independence, and that each of Dr. Lan and Mrs. Sng is independent notwithstanding the fact that each of them has served on the Board for more than nine years as at the date of this Circular. The Nomination Committee is also of the view that each of Dr. Lan and Mrs. Sng has shown the requisite level of competency and commitment to effectively discharge their respective duties as INEDs, and their respective contributions to the overall effectiveness of the Board have been instrumental in guiding the REIT Manager and Prosperity REIT through challenging economic cycles. Accordingly, the Nomination Committee believes that each of Dr. Lan and Mrs. Sng possesses the required integrity and experience to continue fulfilling their respective roles as INEDs, and their continued tenures will continue to bring valuable insights and expertise to the Board. The Nomination Committee has also noted that both Dr. Lan and Mrs. Sng have historically enjoyed Unitholders' support for their continual service as INEDs. As such, the Nomination Committee believes that each of Dr. Lan and Mrs. Sng should continue to serve as INEDs beyond the AGM, and that the Relevant INEDs Continual Service is in the best interests of Prosperity REIT and the Unitholders as a whole. The Nomination Committee has therefore recommended to the Board to recommend to Unitholders to vote in favour of the Ordinary Resolutions in respect of the Relevant INED Continual Service. Having considered the process by which the Nomination Committee has arrived at its recommendation, and the factors taken into account in its deliberations and in making such recommendation, the Board agrees with the Nomination Committee's views and recommendation, and in turn recommends that Unitholders to vote in favour of the Ordinary Resolutions in respect of the Relevant INED Continual Service. For the avoidance of doubt, each of Dr. Lan and Mrs. Sng had abstained from participating in discussions and voting at the Board meeting regarding his or her continued service respectively.

Subject to the passing of the relevant Ordinary Resolutions, the continual service of Dr. Lan and Mrs. Sng shall be subject to the annual retirement and re-election requirements under the Articles of Association applicable to all Directors.

Biographical details and other relevant information of each of Dr. Lan and Mrs. Sng are set out in Appendix IV to this Circular.

5. VOTING AT THE ANNUAL GENERAL MEETING

Under 9.9(f) of the REIT Code and paragraph 3.2 of Schedule 1 to the Trust Deed, Unitholders shall be prohibited from voting their own units at, or counted in the quorum for, a meeting at which they have a material interest in the business to be contracted and that interest is different from the interests of other Unitholders.

Further, under 8.7F of the REIT Code, any Unitholder who has a material interest in a connected party transaction tabled for approval, and that interest is different from that of all other Unitholders, shall abstain from voting at the general meeting.

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Members of the CK Asset Connected Persons Group are, or may from time to time become, parties to the CK Property Management Transactions and as such have a material interest in the Ordinary Resolution in respect of the CK Property Management Transactions which is different from the interests of other Unitholders.

Accordingly, to the extent that any member of the CK Asset Connected Persons Group is a Unitholder, such person will be required to abstain from voting on the Ordinary Resolution in respect of the CK Property Management Transactions. As at the Latest Practicable Date, each of Total Win Group Limited and Wide Option Investments Limited held 176,328,129 Units and 98,883,559 Units representing approximately 11.32% and approximately 6.35% of the total Units then in issue respectively, and accordingly, shall abstain from voting their own Units on the Ordinary Resolution in respect of the CK Property Management Transactions.

As at the Latest Practicable Date, Dr. Lan was interested in 1,250,000 Units, and as such, has a material interest in the Ordinary Resolution to approve his continual service as an INED, and accordingly, shall abstain from voting his own Units on such Ordinary Resolution.

As at the Latest Practicable Date, Mrs. Sng was not interested in any Units within the meaning of Part XV of the SFO, but will abstain from voting on the Ordinary Resolution to approve her continual service as an INED should she subsequently become interested in any Units as at the record date for the AGM.

As at the Latest Practicable Date, to the best of the REIT Manager's knowledge, information and belief, after having made reasonable enquiries, the REIT Manager is not aware of any other Unitholder that is required to abstain from voting in respect of the resolutions to be proposed at the AGM.

6. RECOMMENDATIONS

6.1 The Board

6.1.1 *Continuing CPTs*

As stated in section 2.6 of this Circular: (a) Independent Unitholders' approval is required for the entry into of the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement and the proposed annual caps applicable thereto; and (b) Independent Unitholders' approval is not required for the entry into of the CK Leasing Transactions under the New CK Leasing Transactions Framework Agreement and the Manager Leasing Transactions under the New Manager Leasing Transactions Framework Agreement and the proposed annual caps applicable thereto.

The Board (including all of the INEDs) considers that the CK Property Management Transactions form an integral part of the normal operations of Prosperity REIT. In particular, the Property Manager has been an important delegate of the REIT Manager since the listing of Prosperity REIT in relation to the management of the properties within the portfolio of Prosperity REIT.

LETTER TO UNITHOLDERS

Having taken into account its duties under the REIT Code and Trust Deed, the Board (including all of the INEDs) considers that:

- (a) the terms of each New Framework Agreement (including the proposed annual caps applicable thereto and the basis of arriving at the same) are fair and reasonable and in the interests of Prosperity REIT and the Independent Unitholders, as well as the Unitholders as a whole; and
- (b) each Continuing CPT under the respective New Framework Agreement will be: (i) conducted in the ordinary and usual course of business of the Prosperity REIT Group and consistent with the investment objectives and strategy of Prosperity REIT and in compliance with the REIT Code and the Trust Deed; (ii) conducted at arm's length and on normal commercial terms which are fair and reasonable; and (iii) in the interests of Prosperity REIT and the Independent Unitholders, as well as the Unitholders as a whole.

Accordingly, the Board (including all of the INEDs) recommends that the Independent Unitholders vote in favour of the Ordinary Resolution in respect of the CK Property Management Transactions.

6.1.2 *Buy-back Mandate*

The Board considers that the granting of the Buy-back Mandate is in the interests of Prosperity REIT and the Unitholders as a whole, and accordingly, recommends Unitholders to vote in favour of the Ordinary Resolution in respect of the Buy-back Mandate.

6.1.3 *Relevant INED Continual Service*

The Board (save for Dr. Lan in respect of his own continual service as an INED and Mrs. Sng in respect of her own continual service as an INED) considers that the continual service of each of Dr. Lan and Mrs. Sng as an INED until the third annual general meeting of Unitholders following the AGM is in the interests of Prosperity REIT and the Unitholders as a whole, and accordingly, recommends Unitholders to vote in favour of the Ordinary Resolutions in respect of the Relevant INED Continual Service.

LETTER TO UNITHOLDERS

6.2 Independent Financial Adviser

Pursuant to Rule 14A.44 of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code), the Independent Financial Adviser has been appointed to make recommendations to the Independent Board Committee, the Independent Unitholders and the Trustee on the CK Property Management Transactions.

The Independent Financial Adviser has confirmed that, having considered the principal factors and reasons set out in the Letter from the Independent Financial Adviser, it is of the view that:

- (a) the terms of the New CK Property Management Transactions Framework Agreement and the basis for the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement (including the proposed annual caps applicable thereto) are fair and reasonable and in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole; and
- (b) the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement will be: (i) conducted in the ordinary and usual course of business of the Prosperity REIT Group and consistent with the investment objectives and strategy of Prosperity REIT and in compliance with the REIT Code and the Trust Deed; (ii) conducted at arm's length and on normal commercial terms which are fair and reasonable; and (iii) fair and reasonable and in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole.

Your attention is drawn to the Letter from the Independent Financial Adviser set out in Appendix II to this Circular which contains the Independent Financial Adviser's opinion and recommendation (including the reasons for its opinion, the key assumptions made and the factors that it has taken into consideration in forming the opinion).

6.3 Independent Board Committee

Pursuant to Rule 14A.40 of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code), the Independent Board Committee (comprising all of the INEDs) has been established to advise the Independent Unitholders on the CK Property Management Transactions.

Having taken into account the opinion and recommendation of the Independent Financial Adviser, the Independent Board Committee is of the view that:

- (a) the terms of the New CK Property Management Transactions Framework Agreement (including the proposed annual caps applicable thereto and the basis of arriving at the same) are fair and reasonable and in the interests of Prosperity REIT and the Independent Unitholders, as well as the Unitholders as a whole; and

LETTER TO UNITHOLDERS

- (b) the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement will be: (i) conducted in the ordinary and usual course of business of the Prosperity REIT Group and consistent with the investment objectives and strategy of Prosperity REIT and in compliance with the REIT Code and the Trust Deed; (ii) conducted at arm's length and on normal commercial terms which are fair and reasonable; and (iii) in the interests of Prosperity REIT and the Independent Unitholders, as well as the Unitholders as a whole.

Accordingly, the Independent Board Committee recommends that the Independent Unitholders vote in favour of the Ordinary Resolution in respect of the CK Property Management Transactions.

Your attention is drawn to the Letter from the Independent Board Committee set out in Appendix I to this Circular which contains the Independent Board Committee's opinion and recommendation.

6.4 Trustee

Based on and in sole reliance upon: (1) the opinion of the Board in this letter to the Unitholders and the information and assurances provided by the REIT Manager; (2) the Letter from the Independent Financial Adviser; and (3) the Letter from the Independent Board Committee, the Trustee, having taken into account its duties under the REIT Code and Trust Deed, is of the view that:

- (a) the terms of the New Framework Agreements and the basis for the Continuing CPTs are, and each Continuing CPT entered into in accordance with the terms of the New Framework Agreements (including the annual caps applicable thereto) will be:
 - (i) consistent with Prosperity REIT's investment objectives and strategy and in compliance with the REIT Code and the Trust Deed; and
 - (ii) on normal commercial terms which are fair and reasonable and in the interests of Prosperity REIT and the Independent Unitholders, as well as the Unitholders as a whole; and
- (b) Independent Unitholders' approval is required for the New CK Property Management Transactions Framework Agreement, the CK Property Management Transactions and the annual caps applicable thereto and for the Buy-back Mandate, but Independent Unitholders' approval is not required under the REIT Code or the Trust Deed for the entry into of the CK Leasing Transactions under the New CK Leasing Transactions Framework Agreement and the Manager Leasing Transactions under the New Manager Leasing Transactions Framework Agreement.

LETTER TO UNITHOLDERS

The Trustee does not have any objection to the entry into of the Continuing CPTs in accordance with the terms of the New Framework Agreements (including the annual caps applicable thereto).

The Trustee has also confirmed that the Buy-back Mandate complies with the requirements in the Trust Deed and, the Trustee does not have any objection to the buy-back of Units pursuant to the Buy-back Mandate. The Trustee's confirmation is being furnished for the sole purpose of complying with the SFC Circular.

The Trustee's views and confirmations above are not to be taken as a recommendation or representation by the Trustee of the merits of the Continuing CPTs or of the Buy-back Mandate or of any statements or information made or disclosed in this Circular. The Trustee has not made any assessment of the impact or merits of the above matters other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code.

Accordingly, the Trustee urges all Unitholders, including those intending to vote at the AGM who are in any doubt as to the voting recommendations herein and/or the merits or impact of the terms of the New CK Property Management Transactions Framework Agreement, the CK Property Management Transactions and the proposed annual caps applicable thereto and/or the Buy-back Mandate, to seek their own financial or other professional advice.

7. NOTICE OF THE ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF UNITHOLDERS

The AGM will be held at 2:30 p.m. on Wednesday, 28 May 2025 at Exhibition Venue A on Level 7, Fortune Metropolis, 6 The Metropolis Drive, Hung Hom, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the resolutions set out in the AGM Notice, which is set out on pages N-1 to N-4 of this Circular.

The Register of Unitholders will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025 (both days inclusive), during which no transfer of Units will be effected, to determine which Unitholders will qualify to attend and vote at the AGM. For those Unitholders who are not already on the Register of Unitholders, in order to qualify to participate in the AGM, all duly completed transfers of Units accompanied by the relevant Unit certificates must be lodged with the Unit Registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on Thursday, 22 May 2025.

You can vote at the AGM if your name appears on the Register of Unitholder on Wednesday, 28 May 2025. You will find enclosed with this Circular the AGM Notice (please refer to pages N-1 to N-4 of this Circular) and a form of proxy for use for the AGM.

LETTER TO UNITHOLDERS

Your vote is very important. Accordingly, please complete, sign and date the enclosed form of proxy, whether or not you plan to attend the AGM in person, in accordance with the instructions printed on the form of proxy, and return it to the Unit Registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The form of proxy should be completed and returned as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Yours faithfully,

By Order of the Board

ESR Asset Management (Prosperity) Limited
(as manager of Prosperity Real Estate Investment Trust)

Wong Lai Hung

Executive Director and Chief Executive Officer

**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**

25 April 2025

To: Independent Unitholders of Prosperity REIT

Dear Sir or Madam,

CONTINUING CONNECTED PARTY TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise you on the CK Property Management Transactions, details of which are set out in the Letter to the Unitholders in the Circular from the REIT Manager to the Unitholders, of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

The Independent Financial Adviser has been appointed by the REIT Manager to advise us, the Independent Unitholders and the Trustee on the CK Property Management Transactions. Details of the Independent Financial Adviser's opinion and recommendation (including the reasons for its opinion, the key assumptions made and the factors that it has taken into consideration in forming the opinion) are set out in the Letter from the Independent Financial Adviser, the text of which is contained in the Circular.

Having taken into account the opinion and recommendation of the Independent Financial Adviser, we concur with such opinion and recommendation and are satisfied that:

- (a) the terms of the New CK Property Management Transactions Framework Agreement (including the proposed annual caps applicable thereto and the basis of arriving at the same) are fair and reasonable and in the interests of Prosperity REIT and the Independent Unitholders, as well as the Unitholders as a whole; and

- (b) the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement will be: (i) conducted in the ordinary and usual course of business of the Prosperity REIT Group and consistent with the investment objectives and strategy of Prosperity REIT and in compliance with the REIT Code and the Trust Deed; (ii) conducted at arm's length and on normal commercial terms which are fair and reasonable; and (iii) in the interests of Prosperity REIT and the Independent Unitholders, as well as the Unitholders as a whole.

Accordingly, we recommend that the Independent Unitholders vote in favour of the Ordinary Resolution in respect of the CK Property Management Transactions.

Yours faithfully,

Independent Board Committee

ESR Asset Management (Prosperity) Limited

(in its capacity as manager of Prosperity Real Estate Investment Trust)

Dr. Lan Hong Tsung, David

Independent Non-executive Director

Mrs. Sng Sow-Mei (alias Poon Sow Mei)

Independent Non-executive Director

Mr. Wong Kwai Lam

Independent Non-executive Director

Ms. Ng Shieu Yeing, Christina

Independent Non-executive Director



5/F, Capital Centre
151 Gloucester Road
Wan Chai, Hong Kong

25 April 2025

*To the Independent Board Committee,
the Independent Unitholders and the Trustee of
Prosperity Real Estate Investment Trust*

Dear Sir or Madam,

CONTINUING CONNECTED PARTY TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in relation to the New CK Property Management Transactions Framework Agreement and the related proposed annual caps (the “**New Annual Caps**”), details of which are set out in the letter to Unitholders (the “**Letter to Unitholders**”) contained in the circular of Prosperity REIT (the “**Circular**”) to the Unitholders dated 25 April 2025, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 26 May 2022, an ordinary resolution was passed by the Unitholders at the annual general meeting of the Unitholders for approving, among others, the Existing CK Property Management Transactions Framework Agreement, the transactions under the Existing CK Property Management Agreement and the proposed annual caps for the three years ending 31 December 2025 applicable thereto.

In anticipation of the expiry of the Existing CK Property Management Framework Agreement on 31 December 2025, and in view of the fact that the REIT Manager expects that the Prosperity REIT Group will enter into property management transactions with the CK Asset Connected Persons Group from time to time beyond 31 December 2025, the REIT Manager proposes to seek Unitholders’ approval by way of an ordinary resolution at the AGM to approve the CK Property Management Transactions contemplated under the New CK Property Management Transactions Framework Agreement and the proposed New Annual Caps for the three financial years ending 31 December 2026, 2027 and 2028.

As set out in the Letter to Unitholders, so far as the REIT Manager is aware having made all reasonable enquiries, as at the Latest Practicable Date, Total Win held 176,328,129 Units and Wide Option held 98,883,559 Units, collectively representing approximately 17.67% of the Units then in issue. Total Win and Wide Option, being indirect wholly-owned subsidiaries of

CK Asset, and therefore, members of the CK Asset Connected Persons Group, are connected persons of Prosperity REIT. Accordingly, the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement (being the transactions with members of the CK Asset Connected Persons Group), constitute continuing connected party transactions of Prosperity REIT.

The Independent Board Committee comprising all of the INEDs, namely Dr. Lan Hong Tsung, David, Mrs. Sng Sow-Mei (alias Poon Sow Mei), Mr. Wong Kwai Lam and Ms. Ng Shieu Yeing, Christina, has been established to advise the Independent Unitholders on the CK Property Management Transactions.

We, Ballas Capital Limited (“**Ballas Capital**”), have been appointed by the REIT Manager to advise the Independent Board Committee, the Independent Unitholders and the Trustee in connection with the New CK Property Management Transactions Framework Agreement and the CK Property Management Transactions contemplated thereunder (including the New Annual Caps), in particular as to whether (i) the terms of the New CK Property Management Transactions Framework Agreement and the basis for the CK Property Management Transactions under the New CK Property Management (including the New Annual Caps) are fair and reasonable and in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole; (ii) the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement will be (a) conducted in the ordinary and usual course of business of the Prosperity REIT Group and consistent with the investment objectives and strategy of Prosperity REIT; (b) conducted on terms which are and will be at arm’s length and on normal commercial terms; and (c) fair and reasonable and in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole; and (iii) the Independent Unitholders should vote in favour of resolution in respect of the CK Property Management Transactions and the New Annual Caps as set out in the AGM Notice.

BASIS OF OUR OPINION

In formulating our recommendation, we have reviewed (i) information retrieved from public domain (such as published annual reports of Prosperity REIT, the published annual reports and circulars of other REITs listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) for reference, and statistics from the Census and Statistics Department of Hong Kong), and (ii) information obtained from Prosperity REIT (such as the Property Management Agreement, independent report from the then prevailing principal valuer of Prosperity REIT, and supporting information of historical transactions). While our assessment is primarily based on Prosperity REIT’s specific circumstances, we have also considered market practices for benchmarking purposes in relation to the contingency buffer adopted by other Hong Kong-listed REITs for their annual caps. For details, please refer to the paragraph headed “2. Major terms of the CK Property Management Transactions” and “3. The New Annual Caps” of this letter. Furthermore, we also relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the REIT Manager. The REIT Manager and the Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm,

having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the AGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the REIT Manager. We have also been advised by the Directors and believe that no material facts have been omitted or withheld from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of Prosperity REIT, the REIT Manager and the related subject of and parties to the CK Property Management Transactions. Our opinion is based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

INDEPENDENCE DECLARATION

We are not associated or connected with Prosperity REIT, the counterparties of the New CK Property Management Transactions Framework Agreement or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for this appointment as the independent financial adviser in relation to the CK Property Management Transactions, we are not aware of any relationships with or interests in Prosperity REIT or any other parties that could be reasonably regarded as a hindrance to our independence to act as the independent financial adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the New CK Property Management Transactions Framework Agreement.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in relation to the New CK Property Management Transactions Framework Agreement and the New Annual Caps, we have considered the following principal factors and reasons:

1. Background and reasons of the New CK Property Management Transactions Framework Agreement

Prosperity REIT is principally engaged in real estate investment for property income. According to Prosperity REIT's annual reports, the revenue of the Prosperity REIT Group for the three years ended 31 December 2022, 2023 and 2024 amounted to approximately HK\$434.0 million, HK\$437.3 million and HK\$425.4 million respectively.

The REIT Manager is responsible under the Trust Deed and the REIT Code for ensuring that Prosperity REIT's properties are professionally managed. Since the initial public offering of Prosperity REIT, the Property Manager has been appointed to operate, maintain and manage Prosperity REIT's properties under the overall management and

supervision of the REIT Manager. The REIT Manager regularly monitors and reviews the performance of the Property Manager, and is satisfied that it will continue to provide professional services with efficient and effective management. From time to time, the Property Manager (as agent for the relevant owners of the properties held by Prosperity REIT) will enter into contracts with third party service providers (which may include members of the CK Asset Connected Persons Group) for the provision of cleaning, maintenance, security, car park management and other ancillary services for the relevant property. The REIT Manager expects that members of the Prosperity REIT Group will continue to enter into the CK Property Management Transactions with members of the CK Asset Connected Persons Group to ensure business continuity and efficiency. Furthermore, pursuant to the deeds of mutual covenants, property managers (which may include members of the CK Asset Connected Persons Group) are appointed to provide maintenance and other ancillary services for the common areas and facilities of developments in which Prosperity REIT's properties are located, and all owners, including the relevant members of the Prosperity REIT Group and other independent third parties, and their successors-in-title are bound by the deeds of mutual covenants through such ownership irrespective of whether they were an original party thereto.

As disclosed in the offering circular dated 5 December 2005 of Prosperity REIT, the REIT Manager had applied for, and the SFC had granted, a waiver from strict compliance with the requirements of Chapter 8 of the REIT Code in respect of certain connected party transactions of Prosperity REIT on 30 November 2005. As disclosed in subsequent circulars and announcements, this waiver was subsequently modified and extended on 19 November 2008, 21 June 2011, 15 January 2014, 3 June 2015, 6 May 2016 and 17 May 2019. Since the expiry of the 2019 Extended Waiver on 31 December 2022, the continuing connected party transactions of Prosperity REIT have been regulated with reference to Chapter 14A of the Listing Rules (modified as appropriate pursuant to paragraph 2.26 of the REIT Code), in addition to Chapter 8 of the REIT Code.

In anticipation of the expiry of the Existing CK Property Management Transactions Framework Agreement on 31 December 2025, and having regard to the regular, ordinary and ongoing nature of the CK Property Management Transactions, on 24 April 2025, the REIT Manager entered into the New CK Property Management Transactions Framework Agreement with CK Asset, which sets out the framework terms on which the CK Property Management Transactions shall be entered into, renewed or extended during the period from 1 January 2026 to 31 December 2028. The New CK Property Management Transactions Framework Agreement is conditional upon the passing of the Ordinary Resolution in respect of the CK Property Management Transactions.

We have discussed with the REIT Manager to understand that the REIT Manager considers that the entering into of the New CK Property Management Transactions Framework Agreement is beneficial and provides flexibility to the Prosperity REIT Group provided that the CK Property Management Transactions are carried out in the ordinary and usual course of business of the Prosperity REIT Group on normal commercial terms and in accordance with the REIT Manager's internal policies.

Having considered that:

- (a) the annual caps of the CK Property Management Transactions contemplated under the Existing CK Property Management Transactions Framework Agreement will expire on 31 December 2025 and the fact that the REIT Manager expects that the Prosperity REIT Group will enter into certain property management transactions with the CK Asset Connected Persons Group beyond 2025 from time to time during a three-year period from 1 January 2026 to 31 December 2028;
- (b) the CK Property Management Transactions facilitate continuous effective management of the Prosperity REIT Group's properties; and
- (c) since the initial public offering of Prosperity REIT, the Property Manager has been appointed to operate, maintain and manage Prosperity REIT's properties under the overall management and supervision of the REIT Manager. The New CK Property Management Transactions Framework Agreement will continue to allow the Prosperity REIT Group to transact with members of the CK Asset Connected Persons Group, which are trusted and long-term business partners of the Prosperity REIT Group, in an efficient manner,

we consider that the CK Property Management Transactions are within the ordinary and usual course of business of the Prosperity REIT Group, and it is in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole.

2. Major terms of the CK Property Management Transactions

The principal terms of the New CK Property Management Transactions Framework Agreement are as follows:

Date:	24 April 2025
Parties:	(1) The REIT Manager (2) CK Asset
Term:	Three (3) years from 1 January 2026
Purpose and other terms:	To set out the framework terms on which the CK Property Management Transactions shall be entered into, renewed or extended during the term of the New CK Property Management Transactions Framework Agreement.

The relevant parties to any CK Property Management Transaction shall enter into separate written agreements on normal commercial terms to be negotiated on a case-by-case and at arm's length basis which are fair and reasonable, which shall be no less favourable than those offered to or available from independent third parties.

Pricing policy: The fees chargeable for such transactions shall be based on the then prevailing market rates for similar services provided by professional property management service providers for properties of similar size and with similar attributes.

The services provided by the Property Manager under the Property Management Agreement comprise the following:

- (a) Property management services. These include coordinating tenants' fitting out requirements, recommending third party contracts for the provision of property management (including car parking facilities management), maintenance services, supervising the performance of service providers and contractors, arranging for adequate insurance and ensuring compliance with building and safety regulations.
- (b) Lease management services. These include administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms.
- (c) Marketing services. These include providing marketing and marketing coordination services.

Under the Property Management Agreement, the Property Manager is entitled to a fee of 3% per annum of the gross property revenue for the provision of property and lease management services. Marketing services fee is to be calculated on the following basis for the provision of marketing services: (a) one month's base rent for securing a tenancy of three years or more; (b) one-half month's base rent for securing a tenancy of less than three years; (c) one-half month's base rent for securing a renewal of tenancy (irrespective of duration); and (d) 10% of licence fee for securing a licence of less than 12 months.

If and when the Property Management Agreement is renewed, the REIT Manager shall arrange for an independent assessment to be conducted by the then prevailing principal valuer of Prosperity REIT or, if the principal valuer is unavailable, an independent property consultancy firm, which is able to satisfy the requisite criteria under Chapter 6 of the REIT Code, on the new fees and commissions thereunder, to ensure that such fees and commissions are reasonable and at the then prevailing market rate and on normal commercial terms before the Property Management Agreement is renewed.

In relation to the other services for the properties held by members of the Prosperity REIT Group provided by third parties who may be members of the CK Asset Connected Persons Group, before entering into or renewing transactions for such services, the REIT Manager shall arrange for invitation of at least three tenders or quotations from contractors or suppliers, including one from the relevant member of the CK Asset Connected Persons Group and two from independent third parties, to be obtained, and shall conduct a comparison of the fees before the transaction is first entered into, to ensure that such fees are at the then prevailing market rate and on normal commercial terms.

In relation to the deeds of mutual covenants applicable to properties held by members of the Prosperity REIT Group where the managers thereunder may be members of the CK Asset Connected Persons Group, the relevant members of the Prosperity REIT Group shall ensure that the fees charged to them are at the same rates as those charged to the other owners of the development unrelated to members of the Prosperity REIT Group or the CK Asset Connected Persons Group, to ensure that the transactions are carried out at arm's length and on normal commercial terms.

Our work done

In relation to the CK Property Management Transactions, we understand from the REIT Manager that they were and will be conducted in accordance with the REIT Manager's internal control procedures. An independent assessment will be conducted by the then prevailing principal valuer of Prosperity REIT or, if the principal valuer is unavailable, an independent property consultancy firm, which is able to satisfy the requisite criteria under Chapter 6 of the REIT Code, on the new fees and commissions thereunder, to ensure that such fees and commissions are reasonable and at the then prevailing market rate and on normal commercial terms before the Property Management Agreement is renewed. We also understand from the REIT Manager that the Prosperity REIT Group has not engaged an independent third party for the provision of property management services of a similar nature and hence, we are not able to compare the terms of the Property Management Agreement to property management agreements entered into between the Prosperity REIT Group and its independent third parties.

We have obtained from the REIT Manager an independent report (the "**Report**") from the then prevailing principal valuer of Prosperity REIT (the "**Valuer**") on the review of the Property Management Agreement in relation to the fees charged by the Property Manager and noted that the property management fee of 3.0% per annum and the commission range for the provision of marketing services were reasonable and at market levels as of 10 March 2025 for the extension of the Property Management Agreement. According to the REIT Manager, an independent assessment will be conducted on the property management fee and commission rates before any extension of the Property Management Agreement according to the internal control procedures. Furthermore, we have obtained from the REIT Manager the Property Management Agreement and reviewed its terms, and we also independently researched and reviewed the latest published annual report of two

other real estate investment trusts listed in Hong Kong, which are the only REITs we identified that hold office properties in Hong Kong and have publicly disclosed the terms of similar property management services. Based on our review, we noted that their key terms are in general comparable to those offered by the Property Manager to the Prosperity REIT Group.

In relation to the third party services, we understand from the REIT Manager that they have been and will be conducted in accordance with the REIT Manager's internal control procedures, which require, among other things, invitation of at least three tenders or quotations from contractors or suppliers, including one from the relevant member of the CK Asset Connected Persons Group and two from independent third parties. The third party services transactions with the CK Asset Connected Persons Group occurred during the three years ended 31 December 2024 were (i) the car park operation services provided by the CK Asset Connected Persons Group under a car park operation agreement subsisting for all three years ended 31 December 2024 (the “**Car Park Operation Services**”); and (ii) minimal other third party services transactions (the “**Other Transactions**”) the aggregate amount of which was less than HK\$5,000 for the three years ended 31 December 2024. Save for the aforesaid, there had been no other third party services transaction with the CK Asset Connected Persons Group for the three years ended 31 December 2024. In respect of the Car Park Operation Services, we noted from the Report that based on the market research and analysis conducted by the Valuer, the Valuer considers that the fee payable under such agreement was reasonable and at market levels.

In relation to the other operational transactions, we have selected and reviewed sample deeds of mutual covenant of properties held by the Prosperity REIT Group. In light of the fact that the deeds of mutual covenant bind the DMC Manager and all the owners of a development and their successors-in-title, irrespective of whether they are original parties to the deed of mutual covenant, and all the owners of a development and their successors-in-title, including the Prosperity REIT Group and other independent third parties, are bound by, and have the benefit of, the terms of the deeds of mutual covenant, we consider that it is fair and reasonable and commercially justifiable for the Prosperity REIT Group to enter into the deeds of mutual covenant, and that the terms of these deeds of mutual covenants are at arm's length and on normal commercial terms.

Our view

Based on the above, we are of the opinion that the CK Property Management Transactions to be carried out under the New CK Property Management Transactions Framework Agreement will be at arm's length and on normal commercial terms, fair and reasonable and in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole.

3. The New Annual Caps

The historical transaction amounts and the New Annual Caps for the CK Property Management Transactions are summarized as follows:

Historical Transaction Amounts			Existing Annual Caps			New Annual Caps		
For the year ended 31 December 2023 ⁽¹⁾	For the year ended 31 December 2024 ⁽¹⁾	For the two months ended 28 February 2025 ⁽²⁾	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027	For the year ending 31 December 2028
(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
26,123	25,024	3,982	50,300	52,800	55,400	58,300	61,200	64,300

Notes:

- (1) Based on the audited financial statements of Prosperity REIT for the two financial years ended 31 December 2024.
- (2) As at the Latest Practicable Date, only figures up to 28 February 2025 are available.

As stated in the Letter to Unitholders, the New Annual Caps for the CK Property Management Transactions for each of the three years ending 31 December 2026, 2027 and 2028 have been determined based on:

- (a) the sum of the highest annual transaction amounts for the financial years between the Listing Date to 31 December 2024 paid or payable to each member of the CK Asset Connected Persons Group in respect of each category of the CK Property Management Transactions, which was HK\$29,290,589 (the “**Historical Benchmark**”);
- (b) applying: (i) an 8% increment in staff and wages costs for the financial year ending 31 December 2025 and another 8% increment for the financial year thereafter (the “**Staff Cost Increment Factor**”), both of which the REIT Manager considers to be reasonable having regard to (x) the compound annual growth rate (“**CAGR**”) of staff and wages costs attributable to the leasing and property management of Prosperity REIT’s properties in the past three years. The 3-year CAGR of the staff and wages costs for property management and marketing services was 5.4% from 2021 to 2024; and (y) the annual increment in the average wage rate for the real estate leasing and maintenance management sector in the last five years, as well as the projected shortage in manpower, according to the data and statistics published by the Hong Kong government. From 2019 to the third quarter of 2024, the average wage rate in Hong Kong’s real estate leasing and maintenance management sector increased by up to 9.5% year-on-year. The projected shortage in manpower will also drive up staff and wage costs. The REIT Manager therefore considers an 8% increment reasonable; (ii) a 15% increment in marketing service fees and property management fees for the financial year ending 31 December 2025 and another 15% increment for the financial year thereafter, as the result of an anticipated increase in gross revenue generated from Prosperity REIT’s

properties (the “**Marketing and Property Management Fees Increment Factor**”) which the REIT Manager considers to be reasonable having regard to the factors mentioned in section 2.2.2 of the Letter to Unitholders with respect to rental growth and rental reversion rates;

- (c) applying: (i) an increment factor of 20% to the property management fees and marketing service fees to cater for potential acquisition of properties by Prosperity REIT in the future which the REIT Manager considers to be reasonable having regard to the historical transaction amount of one of the existing properties of Prosperity REIT that has the highest property management expenses; and (ii) a buffer of 20% to take into account contingencies, which the REIT Manager considers reasonable to accommodate any potential volatility in the actual transaction amounts that may not be fully captured by historical trends, and marketing service fees or property management fees due to variations in the transaction amounts of leasing and/or licencing transactions. The implementation of various Prosperity REIT’s strategies by the REIT Manager, such as asset enhancement and integration of sustainability into business (e.g. achieving green building certifications for the entire Prosperity REIT’s portfolio) can enhance the ability to negotiate higher rental rates. The anticipated economic recovery in Hong Kong in the coming years, along with potential interest rate cuts, is expected to drive growth in leasing demand and rental rates, resulting in increased property revenue of the Prosperity REIT Group and higher property management and marketing service fees.

The proposed annual caps for the CK Property Management Transactions for the years ending 31 December 2027 and 2028 have been determined by applying an assumed annual growth rate of 5% to the proposed annual cap for the preceding year, to cater for possible increase in expenses due to inflationary pressure, which the REIT Manager believes is reasonable having regard to the growth in the gross domestic product and the increase in the average wage rate for the real estate leasing and maintenance management sector in Hong Kong in the last five years as published by the Hong Kong government.

Our analysis of the New Annual Caps is set out below.

(i) Historical Benchmark

Based on the Property Management Agreement and as advised by the REIT Manager, the property management fees were based on an annual rate of 3% of the gross property revenue for the provision of the property and lease management services and such gross property revenue has steadily increased since the Listing Date to a peak of approximately HK\$462.3 million the year ended 31 December 2019. Since 2019, Prosperity REIT’s gross property revenue has been adversely affected by exceptional economic conditions arising from multiple factors, including the COVID-19 outbreak in early 2020, prolonged restrictive measures in relation to COVID-19 that were only eased in 2023, continuing high interest rates, the Ukraine war, geopolitical tensions, the property sector crisis in the People’s Republic of

China (the “**PRC**”), and a weak local property market. As a result, gross property revenue declined to approximately HK\$425.4 million for the year ended 31 December 2024.

In the speech on the 2024–25 Budget, the Financial Secretary of Hong Kong indicated that (i) in the medium term, the Hong Kong economy will see sustained and solid development; (ii) global demand should be able to revive gradually in tandem with the anticipated progressive declines in interest rates in the United States and the euro area in the coming few years; (iii) China’s focus on promoting high-quality development will provide Hong Kong with ample room to grow; and (iv) the efforts of the Hong Kong government in expanding economic capacity, enhancing competitiveness and cultivating new growth areas will also enable Hong Kong to seize opportunities when the global economic situation improves, enhancing its medium- to long-term growth momentum. In addition to the projections outlined in the 2024–25 Budget speech, the latest economic review by the Hong Kong Government reinforces a positive medium-term outlook. As set out in report headed “2024 Economic Background and 2025 Prospects” published by the Hong Kong Government, the gradual loosening of financial conditions globally, coupled with PRC’s economic transformation towards innovation and domestic demand growth, is expected to create opportunities for Hong Kong. As a key international financial and trade hub, Hong Kong is well-positioned to leverage these developments, with government initiatives focused on expanding economic capacity, attracting businesses and talent, and strengthening its role as a “super connector” between the PRC and global markets. Strategic infrastructure projects and policy measures are also being implemented to enhance long-term competitiveness and economic resilience.

Having considered the exceptional economic condition in the past few years and the potential improvement in economic condition as explained above, we concur with the view of the REIT Manager that the New Annual Caps taking into consideration the aggregate of the historical highest annual transaction amounts allows maximum flexibility for Prosperity REIT to cater for the possibility of any reversion to the historical high of the property management expenses. We have also discussed with the REIT Manager and understand that based on the REIT Manager’s experience, there may be unforeseeable market fluctuations in respect of the Hong Kong property market, in particular volatility of property rental values, which we concur with based on our review of Prosperity REIT’s historical gross property revenue trends, having grown steadily since the Listing Date until 2019, as aforementioned, and broader macroeconomic outlook, as outlined in the 2024–25 Budget speech above, which projects sustained economic development and gradual recovery supported by improving global demand, interest rate reductions, and government initiatives. This is further supported by the latest government review, which highlights Hong Kong’s strategic position, opportunities from Mainland China’s transformation, and ongoing efforts to enhance competitiveness through business, talent, and infrastructure development. Given the economic uncertainties and cyclical nature of the property

market, we consider it reasonable to incorporate flexibility within the New Annual Caps to account for potential fluctuations in property rental values and management expenses.

(ii) Staff Cost Increment Factor

In determining the New Annual Cap for the year ending 31 December 2026, the REIT Manager has assumed an 8% increment in management expenses for the financial year ending 31 December 2025, and another 8% increment during the financial year ending 31 December 2026, taking into account possible increase in staff and wages costs.

In respect of the Staff Cost Increment Factor of 8%, we have obtained from the REIT Manager and reviewed the historical staff costs related to marketing and property management and noted that the 3-year CAGR of the staff and wages costs incurred for property management services and marketing services was around 5% from 2021 to 2024. We have reviewed statistics from the Census and Statistics Department of Hong Kong and noted that from the first quarter of 2019 to the third quarter of 2024, the highest year-on-year increment on the average wage rate for real estate leasing and maintenance management as measured by the wage index 9.5%. Furthermore, according to the report on the 2023 Manpower Projection published by the Labour and Welfare Bureau on 14 November 2024, by 2028, the supply of local manpower would fall short to meet the rising demand, resulting in a widening manpower shortage to 180,000. The shortage in manpower might exert upward pressure on labor costs. Based on the aforesaid, we consider that the Staff Cost Increment Factor is fair and reasonable.

(iii) Marketing and Property Management Fees Increment Factor

In determining the New Annual Cap for the year ending 31 December 2026, the REIT Manager has assumed a 15% increment for the financial year ending 31 December 2025, and another 15% increment during the financial year ending 31 December 2026, taking into account possible increase in marketing service fees and property management fees.

In respect of the Marketing and Property Management Fees Increment Factor, we reviewed the historical gross rental from investment properties of the Prosperity REIT Group as disclosed in the annual reports of Prosperity REIT as the property management fee and the marketing service fee are based on the rental revenue and base rents respectively of the Prosperity REIT Group. We noted that the growth rate of the gross rental from investment properties of the Prosperity REIT Group for every three years from 2006 to 2024 ranged from approximately -10.0% to approximately 50.6%, showing significant volatility as a result of the fluctuations in property rental values and investment properties portfolio. Furthermore, we also noted that the rental reversion rate from 2006 to 2024 ranged from approximately -7.7% to approximately 56.7%. We noted that the rental reversion rate had been negative since 2020 as a result of pandemic and the poor economic condition after the pandemic as explained above. While COVID-19-related restrictions were lifted in

2023, rental reversion rates have remained negative due to high interest rates and weak market sentiment. Prior to 2020, the average rental reversion rate from 2006 to 2019 was approximately 19.2%. We consider that the Marketing and Property Management Fees Increment Factor is fair and reasonable, as property management and marketing activities remain essential for tenant retention and property value preservation/enhancement, requiring investment even in challenging market conditions. As further set out in its results announcement for the year ended 31 December 2024 published on 21 March 2025, Prosperity REIT will continue its drive to upgrade its buildings to raise the marketing competitiveness of its properties. Given the historical volatility of rental trends, Prosperity REIT's effort to enhance its assets with the aim of improving rental rates, expected gradual recovery of the local economy and the forward-looking nature of the New Annual Caps, we consider the applied increment to be a reasonable assumption that ensures sufficient management flexibility.

(iv) Possible acquisition of properties by Prosperity REIT

In determining the New Annual Caps, the REIT Manager assumed that acquisition of properties might take place during the term of the New CK Property Management Transactions Framework Agreement in consideration of the possibility of acquisition of properties by Prosperity REIT which in turn would require additional property management fees and marketing service fees. We noted that the REIT Manager has taken into account the historical transaction amount of one of the existing properties of Prosperity REIT that has the highest property management expenses for prudence, in estimating the expected property management expenses in relation to potential acquisition. Taking into account that (i) Hong Kong's economy is expected to gradually recover, as indicated in the 2024–25 Budget speech, which projects medium-term sustained economic development, a revival in global demand, anticipated interest rate reductions, and government-led economic expansion initiatives, further supported by the latest government review highlighting Hong Kong's strategic advantages and policy efforts to enhance competitiveness. Additionally, the Hong Kong gross domestic product (“GDP”) annual growth rate is projected to be 2.8% in 2026 and 2027 respectively; and (ii) the size of the acquisition target is currently uncertain, we consider it reasonable for the REIT Manager to take into account the highest property management expenses in estimating the expected property management expenses for the sake of prudence. We also noted that Prosperity REIT has acquired two properties since listing. Furthermore, as stated in the annual report of Prosperity REIT Group for the financial year ended 31 December 2023, Prosperity REIT remains focused on implementing its investment strategy and shall assess every acquisition target in accordance with their established criteria. Accordingly, we consider that the assumption of the possible acquisition and the relevant estimated transaction amount in setting the New Annual Caps are reasonable and consistent with the business development strategy of Prosperity REIT.

(v) Buffer for contingencies

The REIT Manager has taken into account an approximately 20% contingency buffer in determining the Annual Cap for the year ending 31 December 2026 to account for potential fluctuations in total transaction amounts that may not be fully captured by historical transaction trends and marketing/property management fee growth. Given the nature of property management transactions, variations may arise not only from cost escalations but also from changes in the transactions amounts due to (i) the implementation of Prosperity REIT's strategies such as asset enhancement and integration of sustainability into business with the view of achieving higher rental rates; and (ii) the anticipated economic recovery in Hong Kong in the coming years. As additional reference, we have also reviewed and compared the range of contingency buffer of other REITs listed on the SEHK that hold office properties in Hong Kong, similar to Prosperity REIT, based on their published circulars over the past three years which disclosed a contingency buffer as one of the bases for determining annual caps in continuing connected transactions. We consider this sample to be representative of current market practice among REITs operating under comparable conditions. Based on the reviewed circulars, we note that the contingency buffer ranges from 10% to 25%.

Having regard to Prosperity REIT's specific circumstances, we consider it reasonable for the REIT Manager to adopt a 20% buffer to account for unforeseeable contingencies. While the assumed increment factors account for expected cost increases, historical rental revenue and property management expenses have shown significant fluctuations, and actual increases may exceed current estimates. Additionally, changes in market conditions, such as evolving tenant demands and regulatory adjustments, may impact property management service requirements. The buffer also provides flexibility to accommodate unexpected increases in service costs and operational expenses that are not fully predictable at this stage. Furthermore, property management transactions may fluctuate due to unanticipated maintenance needs, compliance-driven upgrades, or adjustments in service scope. Furthermore, given that the 20% buffer (i) falls within the range of contingency buffers adopted by other REITs listed on the SEHK for similar calculations, and (ii) ensures Prosperity REIT has sufficient flexibility to manage unexpected fluctuations, we consider the buffer to be fair and reasonable.

(vi) Annual growth for the years ending 31 December 2027 and 2028

As mentioned above, after determining the New Annual Caps for the year ending 31 December 2026, the REIT Manager then further projected the transaction amount of the CK Property Management Transactions for the two years ending 31 December 2027 and 2028 with an approximately 5% annual growth.

In this respect, we have reviewed statistics from the Census and Statistics Department of Hong Kong and noted that (i) during the first quarter of 2019 to the third quarter of 2024, the highest year-on-year increment on the average wage rate for real estate leasing and maintenance management as measured by the wage index

9.5%; and (ii) the nominal GDP of Hong Kong grew by 6.2% from 2022 to 2023, and 6.5% from 2023 to 2024. Furthermore, according to Trading Economics, being a public website which provides information for 196 countries including historical data and forecasts, the Hong Kong GDP annual growth rate is projected to be 2.8% in 2026 and 2027 respectively. While GDP projections provide a broad macroeconomic reference, the assumed 5% annual growth factor applied by the REIT Manager is not solely based on GDP trends. We have also reviewed historical wage index trends for real estate leasing and maintenance management based on the year-on-year changes in quarterly figures from the first quarter of 2019 to the third quarter of 2024 (being the latest figures currently available), in comparison with Hong Kong's GDP growth over the same period. Our analysis indicates that wage growth in this sector has exceeded GDP growth in around half of the time during this period, reflecting that operating costs in property-related services can rise at a faster rate than overall economic activity. This trend highlights the potential for persistent cost pressures in property management services. In this context, we believe a 5% annual growth factor applied by the REIT Manager on the New Annual Caps is justifiable.

Having considered the above, we are of the view that the basis in determining the New Annual Caps for the CK Property Management Transactions for each of the three years ending 31 December 2026, 2027 and 2028 are fair and reasonable, and in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole.

4. Requirements and internal control regarding the CK Property Management Transactions

As set out in the Letter to Unitholders, the continuing connected party transactions of Prosperity REIT (including the CK Property Management Transactions) will be subject to the following review and reporting processes pursuant to paragraph 8.7A of the REIT Code and Rules 14A.55 to 14A.59, Rule 14A.71 and Rule 14A.72 of the Listing Rules (modified as appropriate pursuant to paragraph 2.26 of the REIT Code):

(a) Annual Review by the INEDs

The INEDs shall review such transactions annually and confirm in Prosperity REIT's annual report for the relevant financial period that each such transaction has been entered into (i) in the ordinary and usual course of business of Prosperity REIT; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement on terms that are fair and reasonable and in the best interests of Prosperity REIT and the Unitholders as a whole.

(b) Annual Review by the Auditors

In respect of each relevant financial period, the REIT Manager shall engage the auditors of Prosperity REIT to perform certain review procedures on such transactions annually. The auditors of Prosperity REIT shall report to the REIT Manager on the factual findings based on the work performed by them confirming whether anything has come to their attention that causes them to believe that any

such transaction: (i) has not been approved by the Board (including all of the INEDs); (ii) was not, in all material respects, in accordance with the pricing policies of Prosperity REIT; (iii) was not entered into, in all material respects, in accordance with its terms of agreement; or (iv) has exceeded the applicable annual cap.

(c) Auditor's Access to Books and Records

The REIT Manager shall allow, and ensure that the counterparty to the relevant transactions to allow, the auditors of Prosperity REIT and the INEDs sufficient access to their records for the purpose of reporting on the transactions.

(d) Notification to the SFC

The REIT Manager shall promptly notify the SFC and publish an announcement if the INEDs and/or the auditors of Prosperity REIT cannot confirm the matters set out in sections (a) and/or (b) above. The SFC may require the REIT Manager to re-comply with the announcement and Independent Unitholders' approval requirements and may impose additional conditions.

(e) Annual Reports

A brief summary of each such transaction containing the information specified in Rules 14A.71 and 14A.72 of the Listing Rules (modified as appropriate pursuant to paragraph 2.26 of the REIT Code) shall be included in Prosperity REIT's annual reports.

Furthermore, the REIT Manager has established an internal control system to ensure that CK Property Management Transactions are monitored and that such transactions are undertaken on terms in compliance with the REIT Code. As required by the REIT Code, all connected party transactions (including the CK Property Management Transactions) must, among other things, be carried out at arm's length, on normal commercial terms and in the best interests of Unitholders.

As set out in the Letter to Unitholders, the following internal control measures are in place to ensure that such transactions satisfy the foregoing criteria:

- (a) As a general rule, the REIT Manager must demonstrate to the Audit Committee that all connected party transactions satisfy the criteria under paragraph 8.7 of the REIT Code. This may entail, where practicable, obtaining quotations from parties unrelated to the REIT Manager, or obtaining one or more valuations from independent professional valuers. The Audit Committee reviews all the connected party transactions on a semi-annual basis.

- (b) The REIT Manager investigates and monitors all transactions by the Prosperity REIT Group before such transactions are entered into, if practicable, in order to determine whether such transactions are connected party transactions. Where practicable, each counterparty to such transactions shall be required to confirm to the REIT Manager whether it is a connected person of Prosperity REIT.
- (c) The REIT Manager maintains a register to record all connected party transactions which are entered into by members of the Prosperity REIT Group and the bases, including quotations from unrelated parties and/or independent valuations obtained to support such bases, on which they are entered into. The register is reviewed on a quarterly basis to ensure that the relevant caps are not exceeded.
- (d) The REIT Manager incorporates into its internal audit plan a review of all connected party transactions entered into by the Prosperity REIT Group.

We are of the view that the aforesaid review requirements and internal control measures can provide appropriate measures to govern the REIT Manager in carrying out the CK Property Management Transactions and safeguard the interests of the Unitholders and Prosperity REIT as a whole.

RECOMMENDATION

Having considered the aforesaid principal factors and reasons, we consider that:

- (i) the terms of the New CK Property Management Transactions Framework Agreement and the basis for the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement (including the New Annual Caps) are fair and reasonable and in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole; and
- (ii) the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement will be (a) conducted in the ordinary and usual course of business of Prosperity REIT and consistent with the investment objectives and strategy of Prosperity REIT and in compliance with the REIT Code and the Trust Deed; (b) conducted on terms which are and will be at arm's length and on normal commercial terms; and (c) fair and reasonable and in the best interests of Prosperity REIT, the Independent Unitholders as well as the Unitholders as a whole.

We therefore recommend the Independent Board Committee to advise the Independent Unitholders, and we also recommend the Independent Unitholders, to vote in favour of resolution in respect of the CK Property Management Transactions and the New Annual Caps as set out in the AGM Notice.

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Heidi Cheng
Managing Director

Cathy Leung
Director

Note:

Ms. Heidi Cheng and Ms. Cathy Leung of Ballas Capital Limited are responsible officers of Type 6 (advising on corporate finance) regulated activities. Ms. Heidi Cheng has over 20 years of corporate finance experience and Ms. Cathy Leung has over 10 years of corporate finance experience.

The following is the explanatory statement in connection with the proposed Buy-back Mandate:

1. ISSUED UNITS

It is proposed that the Buy-back Mandate will authorise the buy-back by Prosperity REIT of up to 10% of the Units in issue at the date of passing the Ordinary Resolution to approve the Buy-back Mandate. As at the Latest Practicable Date, the number of Units in issue was 1,557,205,901 Units. On the basis of such figure (and if no new Units will be issued after the Latest Practicable Date and up to the date of passing such Ordinary Resolution), exercise in full of the Buy-back Mandate would result in the purchase by Prosperity REIT of up to 155,720,590 Units. The number of Units in issue as at the date of passing such Ordinary Resolution may not be the same as the number of Units in issue as at the Latest Practicable Date. For example, Units are expected to be issued to the REIT Manager as payment of part of the base fee and variable fee for the period from 1 January 2025 to 31 March 2025. Details of such Units expected to be issued to the REIT Manager will be disclosed by way of announcement on the date of issue.

2. REASONS FOR BUY-BACKS

The Directors believe that the general mandate from Unitholders to enable buy-back of Units is in the interests of Prosperity REIT and the Unitholders as a whole. Buy-backs may, depending on the circumstances and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Unit. The Directors are seeking the grant of a general mandate to buy back Units to give Prosperity REIT the flexibility to do so if and when appropriate. The number(s) of Units to be bought back on any occasion and the price and other terms upon which the same are bought back will be decided by the Directors at the relevant time having regard to the circumstances then pertaining and the interests of the Unitholders and Prosperity REIT. Buy-backs of Units will only be made when the REIT Manager believes that such buy-backs will benefit Prosperity REIT and the Unitholders as a whole.

3. FUNDING AND IMPACT OF BUY-BACKS

Buy-backs of Units pursuant to the Buy-back Mandate will be made from funds legally available for such purpose in accordance with the Trust Deed and the applicable laws and regulations of Hong Kong. Subject to applicable law and regulation, the REIT Manager intends to use internal sources of funds of Prosperity REIT or external borrowings (or a combination of both) to finance the buy-back of Units pursuant to the Buy-back Mandate.

There could be a material adverse impact on the working capital or gearing position of Prosperity REIT (as compared with the position disclosed in its most recent audited financial statements) in the event that the Buy-back Mandate were exercised in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of Prosperity REIT or the gearing level which in the opinion of the Directors is from time to time appropriate for Prosperity REIT.

4. DISCLOSURE OF INTERESTS

There are no Directors or, to the best of the knowledge of the Directors having made all reasonable enquiries, any associates of the Directors, who have a present intention, in the event that the Buy-back Mandate is approved and granted by the Unitholders, to sell Units to Prosperity REIT.

Up to the Latest Practicable Date, no connected persons of Prosperity REIT had notified the REIT Manager of a present intention to sell Units to Prosperity REIT and no such persons had undertaken not to sell Units held by them to Prosperity REIT, in the event that the Buy-back Mandate is granted by the Unitholders.

5. DIRECTORS' UNDERTAKING

The Directors will exercise Prosperity REIT's power to buy back Units pursuant to the Buy-back Mandate in accordance with the provisions of the Trust Deed, the applicable laws of Hong Kong, the REIT Code, the Listing Rules, the Takeovers Code and the guidelines issued by the SFC from time to time.

6. UNITS BOUGHT BACK

Prosperity REIT had not bought back any Units (whether on the Hong Kong Stock Exchange or otherwise) in the past six months prior to the Latest Practicable Date.

7. REIT MANAGER'S INTENTION WITH RESPECT TO UNITS BOUGHT BACK

The REIT Manager currently intends to cancel any Units bought back by Prosperity REIT pursuant to the Buy-back Mandate. The REIT Manager will ensure that the documents of title of the Units bought back are cancelled and destroyed as soon as reasonably practicable following settlement of any such buy-back. If the REIT Manager wishes for Prosperity REIT to hold treasury units, it will make necessary amendments to the Trust Deed and publish an announcement to inform Unitholders of the change of intention with further details.

8. UNIT PRICES

The highest and lowest prices at which Units were traded on the Hong Kong Stock Exchange in each of the previous 12 months before the Latest Practicable Date are as follows:

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
April 2024	1.25	1.10
May 2024	1.48	1.23
June 2024	1.40	1.32
July 2024	1.40	1.33
August 2024	1.45	1.33
September 2024	1.45	1.28
October 2024	1.48	1.30
November 2024	1.32	1.20
December 2024	1.27	1.20
January 2025	1.25	1.20
February 2025	1.30	1.21
March 2025	1.38	1.23
1 April 2025 to the date preceding the Latest Practicable Date	1.32	1.09

9. EFFECT OF THE TAKEOVERS CODE

If, on exercise of Prosperity REIT's power to buy back Units pursuant to the Buy-back Mandate, a Unitholder's proportionate interest in the voting rights of Prosperity REIT increases, pursuant to Rule 32 of the Takeovers Code, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. As a result, a Unitholder, or group of Unitholders acting in concert, could obtain or consolidate control of Prosperity REIT and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code, unless a waiver is available.

For illustrative purposes only and as far as the REIT Manager is aware, as at the Latest Practicable Date, CK Asset (being the holding company of the largest Unitholders of Prosperity REIT) had an approximately 17.67% interest in Prosperity REIT. In the event of full exercise of the Buy-back Mandate and assuming: (a) no Units are acquired by and/or bought back from CK Asset; and (b) no Units are issued by Prosperity REIT, CK Asset's interest in Prosperity REIT would increase to approximately 19.64%. In such case and based on the above assumptions, CK Asset would not be obliged to make a mandatory general offer pursuant to Rule 26 of the Takeovers Code.

10. CONFIRMATION

The REIT Manager confirms that neither this explanatory statement nor the buy-backs pursuant to the Buy-back Mandate has any unusual features.

1. DR. LAN HONG TSUNG, DAVID

Dr. LAN Hong Tsung, David, aged 84, has been an INED of the REIT Manager since 2005. He is the Chairman of the Audit Committee and a member of each of the Disclosures Committee, Designated (Finance) Committee and Nomination Committee. He is also an independent non-executive director of CK Infrastructure Holdings Limited (listed in Hong Kong). Dr. Lan is currently an independent non-executive director of Cinda Financial Holdings Co., Limited, and holds directorships with Nanyang Commercial Bank Ltd. and International Pro Bono Legal Services Association Limited. He acted as Supervisor of Nanyang Commercial Bank (China), Limited for 12 years and 9 months since December 2007 and he was re-appointed as Senior Consultant from October 2020. Dr. Lan is also a Chartered Secretary and a Fellow Member of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute.

Dr. Lan was the Secretary for Home Affairs of the Government of the Hong Kong Special Administrative Region until his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal (GBS) on 1 July 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference of the People's Republic of China. Dr. Lan previously held directorship with certain Hong Kong-listed companies, including independent non-executive director of SJM Holdings Limited for 11 years, ESR Asset Management (Fortune) Limited as the manager of Fortune REIT and Hutchison Telecommunications Hong Kong Holdings Limited. He was a Senior Advisor of Mitsui & Company (Hong Kong) Limited for 19 years until 31 March 2019 and also the President of the International Institute of Management for 7 years until his retirement in June 2019. Save as disclosed above, Dr. Lan has not held any other directorship in any listed public companies in the last three years.

Dr. Lan received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program (AMP) of the Harvard Business School, Boston. He was also a Fellow of Queen Elizabeth House (Oxford). Dr. Lan was conferred with Honorary Degree of Doctor of Business Administration by University of the West of England (UWE Bristol), Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

Dr. Lan has entered into a service contract with the REIT Manager for a term of 12 months from 2 October 2005, which has been and will be automatically renewed for successive 12-month periods unless otherwise terminated prior to the expiry of the term. Dr. Lan's service agreement also requires him to retire and seek re-election by rotation at the annual general meetings of the REIT Manager in accordance with the Articles of Association. All remuneration payable to Dr. Lan will be paid and borne by the REIT Manager out of its own resources.

As at the Latest Practicable Date, Dr. Lan was interested in 1,250,000 Units within the meaning of Part XV of the SFO. Save as disclosed above, he is not related to any directors, senior management, substantial or controlling shareholders of the REIT Manager or substantial or controlling unitholders of Prosperity REIT. Dr. Lan has confirmed to the Board that he has met the independence criteria contained in the Compliance Manual.

Save as disclosed above, there is no other matter in connection with Dr. Lan's continual service as an INED that needs to be brought to the attention of the Unitholders and there is no other information that should be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules (as if they were applicable to Prosperity REIT).

2. MRS. SNG SOW-MEI (ALIAS POON SOW MEI)

Mrs. SNG Sow-Mei (alias POON Sow Mei), aged 83, has been an INED of the REIT Manager since 2005. She is a member of each of the Audit Committee and Nomination Committee. She is also an independent non-executive director of CK Asset Holdings Limited and CK Infrastructure Holdings Limited (both listed in Hong Kong).

Mrs. Sng was previously an independent non-executive director of ESR Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong), an independent director of ESR Trust Management (Suntec) Limited (formerly known as ARA Trust Management (Suntec) Limited) as the manager of Suntec REIT (listed in Singapore), and an independent non-executive director and the lead independent director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust (listed in Singapore). She was also previously a director of INFA Systems Ltd. and Senior Consultant (International Business) of Singapore Technologies Electronics Limited. Prior to her appointment with Singapore Technologies Pte. Ltd. where she was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investment in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Save as disclosed above, Mrs. Sng has not held any other directorship in any listed public companies in the last three years.

Mrs. Sng, who holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management, as well as real estate industry. In 1996, Mrs. Sng was conferred the title of PPA (P) — Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

Mrs. Sng has entered into a service contract with the REIT Manager for a term of 12 months from 2 October 2005, which has been and will be automatically renewed for successive 12-month periods unless otherwise terminated prior to the expiry of the term. Mrs. Sng's service agreement also requires her to retire and seek re-election by rotation at the annual general meetings of the REIT Manager in accordance with the Articles of Association. All remuneration payable to Mrs. Sng will be paid and borne by the REIT Manager out of its own resources.

As at the Latest Practicable Date, Mrs. Sng was not interested in any Units within the meaning of Part XV of the SFO. Save as disclosed above, she is not related to any directors, senior management, substantial or controlling shareholders of the REIT Manager or substantial or controlling unitholders of Prosperity REIT. Mrs. Sng has confirmed to the Board that she has met the independence criteria contained in the Compliance Manual.

Save as disclosed above, there is no other matter in connection with Mrs. Sng's continual service as an INED that needs to be brought to the attention of the Unitholders and there is no other information that should be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules (as if they were applicable to Prosperity REIT).

1. RESPONSIBILITY STATEMENT

This Circular, for which the REIT Manager and the Directors collectively and individually accept full responsibility (including for the accuracy of the information contained therein), includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Prosperity REIT. The REIT Manager and the Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this Circular:

Name	Qualification
Ballas Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in any member of the Prosperity REIT Group nor did it have the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Prosperity REIT Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interest in any assets which had since 31 December 2024 (being the date to which the most recent published audited financial statements of Prosperity REIT were made up) been acquired or disposed of by or leased to any member of the Prosperity REIT Group, or were proposed to be acquired or disposed of by or leased to any member of the Prosperity REIT Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of the references to its name and its opinion and recommendation in the form and context in which they appear.

The Letter from the Independent Financial Adviser is given as of the date of this Circular for incorporation herein.

3. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the REIT Manager and the Directors were not aware of any material adverse change in the financial or trading position of the Prosperity REIT Group since 31 December 2024 (being the date to which the most recent published audited financial statements of the Prosperity REIT Group were made up).

4. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the REIT Manager, the interests of the REIT Manager, Directors and chief executive of the REIT Manager in Units, as recorded in the register required to be kept by the REIT Manager pursuant to clause 30 of the Trust Deed, were as follows:

Long position

Name	As at Latest Practicable Date	
	Number of Units Held	Approximate percentage of Unitholding
ESR Asset Management (Prosperity) Limited	91,381,539	5.87%
Lan Hong Tsung, David	1,250,000	0.08%

Save as disclosed above, as at the Latest Practicable Date, none of the REIT Manager, the Directors or the chief executive of the REIT Manager had or deemed to have any interest or short positions in Units (or, as the case may be, shares), underlying Units (or as the case may be, underlying shares) or debentures of Prosperity REIT or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the REIT Manager and the Hong Kong Stock Exchange under the provisions of Part XV of the SFO as deemed to be applicable by virtue of clause 30 of the Trust Deed, or which were required to be recorded in the register kept by the REIT Manager pursuant to clause 30 of the Trust Deed, or which were required, pursuant to the code governing dealings in the securities of Prosperity REIT adopted by the Directors and the REIT Manager, the terms of which are no less exacting than the required standards set out in the Model Code (as if it were applicable to Prosperity REIT), to be notified to the REIT Manager and the Hong Kong Stock Exchange.

5. DIRECTORSHIP OR EMPLOYMENT WITH SUBSTANTIAL UNITHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the REIT Manager, the following Director was the director or employee of a company which had an interest or short position in the Units which would fall to be disclosed to the REIT Manager under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of companies which had such discloseable interest or short position/Position held by the Director in such companies
Dr. Chiu Kwok Hung, Justin	CK Asset (<i>executive director</i>)
Mrs. Sng Sow-Mei (alias Poon Sow Mei)	CK Asset (<i>independent non-executive director</i>)

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING BUSINESSES

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which had since 31 December 2024 (being the date to which the most recent published audited financial statements of Prosperity REIT were made up) been acquired or disposed of by or leased to any member of the Prosperity REIT Group, or were proposed to be acquired or disposed of by or leased to any member of the Prosperity REIT Group;
- (b) none of the Directors were materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Prosperity REIT Group taken as a whole; and
- (c) none of the Directors or their close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Prosperity REIT Group, or had or may have had any other conflicts of interest with the Prosperity REIT Group pursuant to Rule 8.10 of the Listing Rules.

7. INSPECTION OF DOCUMENTS

A copy of the New CK Property Management Transactions Framework Agreement, which is conditional upon the approval of Independent Unitholders under Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code), will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and Prosperity REIT (www.prosperityreit.com) for a period of 14 days from the date of this Circular.

The Trust Deed will also be available for inspection at the registered office of the REIT Manager for so long as Prosperity REIT continues to be in existence.

NOTICE OF ANNUAL GENERAL MEETING



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**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of unitholders (the “Unitholders”) of Prosperity Real Estate Investment Trust (“**Prosperity REIT**”) will be held at Exhibition Venue A on Level 7, Fortune Metropolis, 6 The Metropolis Drive, Hung Hom, Kowloon, Hong Kong on Wednesday, 28 May 2025 at 2:30 p.m. for the following purposes:

- (1) To note the audited financial statements of Prosperity REIT together with the auditors’ report for the year ended 31 December 2024;
- (2) To note the appointment of the auditors of Prosperity REIT and the fixing of their remuneration; and
- (3) To consider and, if thought fit, pass with or without amendments, the resolutions set out below.

Terms that are not expressly defined in this notice of annual general meeting shall bear the same meaning as that defined in the unitholder circular dated 25 April 2025 (the “**Circular**”).

ORDINARY RESOLUTION

No. 1

1. **THAT:**

- (a) the New CK Property Management Transactions Framework Agreement, the CK Property Management Transactions under the New CK Property Management Transactions Framework Agreement and the proposed annual caps applicable thereto for the three years ending 31 December 2026, 2027 and 2028, be and are hereby approved, confirmed and ratified; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) authorisation be granted to the REIT Manager, any director of the REIT Manager, the Trustee and any authorised signatory of the Trustee to do all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager, the Trustee or such authorised signatory of the Trustee, as the case may be, may consider expedient or necessary or in the interest of Prosperity REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.

ORDINARY RESOLUTION

No. 2

2. **THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the REIT Manager during the Relevant Period (as defined below) of all the powers of Prosperity REIT to purchase the Units on the Hong Kong Stock Exchange, subject to and in accordance with the Trust Deed, the REIT Code, the circulars and guidelines issued by the SFC from time to time, and applicable laws of Hong Kong, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Units which may be purchased or agreed to be purchased by Prosperity REIT pursuant to the approval in paragraph (a) of this resolution during the Relevant Period (as defined below) shall not exceed 10% of the total number of Units in issue as at the date of the passing of this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Unitholders; or
 - (ii) the expiration of the period within which the next annual general meeting of the Unitholders as referred to in sub-paragraph (i) above is required to be held by the Trust Deed, the REIT Code or any applicable laws; or
 - (iii) the revocation or variation of the authority given under this resolution by the passing of an Ordinary Resolution.

NOTICE OF ANNUAL GENERAL MEETING

ORDINARY RESOLUTION

No. 3

3. **THAT:**

- (a) approval (where relevant, shall include approval by way of ratification) be and is hereby given for the continual service of Dr. Lan Hong Tsung, David as an INED until the third annual general meeting of Unitholders following the AGM; and
- (b) authorisation be granted to the REIT Manager, any director of the REIT Manager, the Trustee and any authorised signatory of the Trustee to do all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager, the Trustee or such authorised signatory of the Trustee, as the case may be, may consider expedient or necessary or in the interest of Prosperity REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.

ORDINARY RESOLUTION

No. 4

4. **THAT:**

- (a) approval (where relevant, shall include approval by way of ratification) be and is hereby given for the continual service of Mrs. Sng Sow-Mei (alias Poon Sow Mei) as an INED until the third annual general meeting of Unitholders following the AGM; and
- (b) authorisation be granted to the REIT Manager, any director of the REIT Manager, the Trustee and any authorised signatory of the Trustee to do all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager, the Trustee or such authorised signatory of the Trustee, as the case may be, may consider expedient or necessary or in the interest of Prosperity REIT to give effect to the matters resolved upon in paragraph (a) of this resolution.

By Order of the Board

ESR Asset Management (Prosperity) Limited
(as manager of Prosperity Real Estate Investment Trust)

Wong Lai Hung

Executive Director and Chief Executive Officer

Hong Kong, 25 April 2025

NOTICE OF ANNUAL GENERAL MEETING

Registered Office of the REIT Manager:

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

Notes:

- (a) A Unitholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one proxy or two separate proxies to attend and, on a poll, vote in his/her stead. The person appointed to act as a proxy need not be a Unitholder. If more than one proxy is appointed, the relevant proxy form(s) must specify the number of Units in respect of which each such proxy is appointed. Unitholders may also appoint chairman of the AGM as proxy to vote in his/her stead.
- (b) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office of the Unit Registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy will not preclude you from attending and voting in person should you so wish. In the event that you attend the meeting or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
- (c) Where there are joint registered Unitholders of a Unit, any one of such Unitholders may vote at the meeting either personally or by proxy in respect of such Unit as if he/she were solely entitled thereto, but if more than one of such Unitholders is present at the meeting personally or by proxy, that one of such Unitholders so present whose name stands first on the Register of Unitholders of Prosperity REIT in respect of such Unit shall alone be entitled to vote in respect thereof.
- (d) The Register of Unitholders will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025, both days inclusive, to determine which Unitholders will qualify to attend and vote at the AGM, during which period no transfer of Units will be effected. For those Unitholders who are not already on the Register of Unitholders, in order to qualify to attend and vote at the meeting convened by the above notice, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on Thursday, 22 May 2025.
- (e) If a black rainstorm warning, signal or a tropical cyclone warning signal no. 8 or above, or “extreme conditions” announced by the Hong Kong Government is in force in Hong Kong at 11:30 a.m. on Wednesday, 28 May 2025, the AGM will be rescheduled. The REIT Manager will publish an announcement on the websites of Prosperity REIT at www.prosperityreit.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk to notify Unitholders of the arrangement of the rescheduled meeting.

The directors of the REIT Manager as at the date of this notice are Dr. Chiu Kwok Hung, Justin (Chairman), Mr. Lim Hwee Chiang and Mr. Ma Lai Chee, Gerald 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.