
**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.

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



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



ARA Asset Management (Prosperity) Limited

- CIRCULAR TO UNITHOLDERS IN RELATION TO**
- (1) PROPOSED CHANGES TO INVESTMENT POLICY AND RELATED AMENDMENTS TO THE TRUST DEED;**
 - (2) OTHER AMENDMENTS TO THE TRUST DEED;**
 - (3) PROPOSED GRANT OF GENERAL MANDATE TO BUY BACK UNITS;**
 - (4) CONTINUAL SERVICE OF RELEVANT INDEPENDENT NON-EXECUTIVE DIRECTOR;**
- AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF UNITHOLDERS**

A letter to the Unitholders is set out on pages 9 to 30 of this Circular.

A notice convening the AGM to be held at 2:30 p.m. on Friday, 21 May 2021 at Exhibition Venue A on Level 7, Fortune Metropolis, 6 The Metropolis Drive, Hung Hom, Kowloon, Hong Kong is set out on pages N-1 to N-5 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.

20 April 2021

TABLE OF CONTENTS

	<i>Page</i>
CORPORATE INFORMATION	1
PRECAUTIONARY MEASURES	2
DEFINITIONS	4
LETTERS TO UNITHOLDERS	9
1. INTRODUCTION	9
2. PROPOSED CHANGES TO INVESTMENT POLICY AND RELATED AMENDMENTS TO THE TRUST DEED	10
3. OTHER AMENDMENTS TO THE TRUST DEED	21
4. UNCLAIMED MONEYS AMENDMENTS	23
5. PROPOSED GRANT OF GENERAL MANDATE TO BUY BACK UNITS	24
6. CONTINUAL SERVICE OF RELEVANT INDEPENDENT NON-EXECUTIVE DIRECTOR	25
7. VOTING AT THE ANNUAL GENERAL MEETING	26
8. VIEWS AND RECOMMENDATIONS	27
9. NOTICE OF THE ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF UNITHOLDERS	28
10. GENERAL	29
APPENDIX I	AI-1
APPENDIX II	AII-1
APPENDIX III	AIII-1
NOTICE OF ANNUAL GENERAL MEETING	N-1

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	ARA 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
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

PRECAUTIONARY MEASURES

In view of the ongoing COVID-19 pandemic and recent recommendations for prevention and control of its spread, the REIT Manager will implement the following precautionary measures at the AGM to protect attending Unitholders, staff and other persons from the risk of infection:

- (a) Compulsory body temperature checks at the entrance of the AGM venue (any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the AGM venue)
- (b) Submission of Health Declaration Form (will be available at the entrance of the AGM venue)
- (c) Wearing of surgical face masks (please bring your own)
- (d) Maintaining appropriate social distancing and as such, the REIT Manager may limit the number of attendees at the AGM as may be necessary
- (e) No refreshments or beverages will be served
- (f) No distribution of coupons for subsequent consumption

To the extent permitted under the law, the REIT Manager reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

The REIT Manager does not in any way wish to diminish the opportunity available to Unitholders to exercise their rights and to vote. However, in the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the REIT Manager reminds all Unitholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. **Unitholders are strongly encouraged to appoint the chairman of the AGM as their proxy to vote on the relevant resolution(s) at the AGM instead of attending the AGM in person.** Given that the AGM will be held in an enclosed environment, Unitholders are asked to consider carefully the risk of attending the AGM, and not to attend the AGM if they have been infected or are suspected to have been infected with COVID-19 or have been in close contact with anybody who has been infected or is suspected to have been infected with COVID-19.

The form of proxy is attached to this Circular for Unitholders who opt to receive the printed version of circulars. Alternatively, the form of proxy is available on Prosperity REIT's website at www.prosperityreit.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. If you are not a registered Unitholder (if your Units are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

Subject to the development of COVID-19, the REIT Manager may be required to change the AGM arrangements at short notice. Unitholders are advised to check the website of Prosperity REIT for future announcements and updates.

PRECAUTIONARY MEASURES

If Unitholders have any questions relating to the AGM, please contact the Unit Registrar of Prosperity REIT, Computershare Hong Kong Investor Services Limited, as follows:

Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

Website: www.computershare.com/hk/contact

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:

Aggregate Development Costs	Has the meaning given to it in section 2.1.3 of this Circular.
AGM	The annual general meeting of Unitholders to be convened on Friday, 21 May 2021 at 2:30 p.m., at Exhibition Venue A on Level 7, Fortune Metropolis, 6 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.
Audit Committee	The audit committee of the REIT Manager.
Authorised Investments	Has the meaning given to it under the Trust Deed.
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.
Changes to Investment Policy to Permit Property Development	Has the meaning given to it in section 2.1 of this Circular.
Changes to Investment Policy to Permit Relevant Investments	Has the meaning given to it in section 2.2 of this Circular.
Compliance Manual	The compliance manual of the REIT Manager.
Deposited Property	Has the meaning given to it under the Trust Deed.
Designated (Finance) Committee	The designated (finance) committee of the REIT Manager.
Directors	The directors of the REIT Manager.

DEFINITIONS

First Amending and Restating Deed	The first amending and restating deed to be entered into between the Trustee and the REIT Manager to implement: (a) the Property Development Amendments (provided that the Property Development Special Resolution is approved by the Unitholders); (b) the Relevant Investments Amendments (provided that the Relevant Investments Special Resolution is approved by the Unitholders); (c) the Unclaimed Moneys Amendments (provided that the Unclaimed Moneys Special Resolution is approved by the Unitholders); (d) the Joint Ownership Amendments; (e) the Regulatory Amendments; and (f) the Miscellaneous Amendments.
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.
INED	Independent Non-executive Director of the REIT Manager.
Joint Ownership Amendments	The amendments to the Trust Deed described in section 3.1 of this Circular and section 2.1 of Appendix I to this Circular.
Latest Practicable Date	13 April 2021, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular.
Listing Rules	The Rules Governing the Listing of Securities on Hong Kong Stock Exchange, as amended, supplemented or otherwise modified for the time being.
Matters Requiring Approval	Has the meaning given to it in section 1 of this Circular.
Maximum Cap	The threshold limit of 25% of the REIT's gross asset value applicable to the combined value of all Non-core Investments.
Minority-owned Properties	Jointly owned properties in which a REIT will not have majority ownership and control.
Miscellaneous Amendments	The amendments to the Trust Deed described in section 3.3 of this Circular and section 2.3 of Appendix I to this Circular.
Non-core Investments	(a) Relevant Investments; (b) Non-qualified Minority-owned Properties; (c) other ancillary investments; and (d) Aggregate Development Costs.

DEFINITIONS

Non-qualified Minority-owned Properties	Minority-owned Properties which are not Qualified Minority-owned Properties.
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 by way of a poll, but with quorum of two or more Unitholders holding not less than 10% of the Units in issue.
Property Development Amendments	The proposed amendments to the Trust Deed as described in section 2.1.3 of this Circular and section 1.1 of Appendix I to this Circular.
Property Development and Related Activities	The acquisition of uncompleted units in a building and property developments (including both new development projects and re-development of existing properties) undertaken in accordance with the REIT Code.
Property Development Cap	The threshold limit applicable to Aggregate Development Costs, which may be up to 25% of the REIT's gross asset value.
Property Development Costs	The aggregate investments in all property developments undertaken by a REIT.
Property Development Special Resolution	Has the meaning given to it in section 2.3 of this Circular.
Prosperity REIT	Prosperity Real Estate Investment Trust.
Qualified Minority-owned Properties	Minority-owned Properties which satisfy the overarching principles and specific conditions under the REIT Code and approved by the SFC to be excluded from the calculation of the Maximum Cap.
Regulatory Amendments	The amendments to the Trust Deed described in section 3.2 of this Circular and section 2.2 of Appendix I to this Circular.
REIT	Real estate investment trust.
REIT Code	The Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being.
REIT Manager	ARA Asset Management (Prosperity) Limited, in its capacity as manager of Prosperity REIT.

DEFINITIONS

Relevant INED Continual Service	The proposed continual service of Mr. Wong Kwai Lam as an INED until the third annual general meeting of Unitholders following the AGM.
Relevant Investments	(a) securities listed on the Hong Kong Stock Exchange or other internationally recognised stock exchanges; (b) unlisted debt securities; (c) government and other public securities; and (d) local or overseas property funds.
Relevant Investments Amendments	The amendments to the Trust Deed described in section 2.2.3 of this Circular and section 1.2 of Appendix I to this Circular.
Relevant Investments Special Resolution	Has the meaning given to it in section 2.3 of this Circular.
SFC	The Securities and Futures Commission of Hong Kong.
SFC Circular	The “Circular to Management Companies of SFC-authorized Real Estate Investment Trust — On-market Unit Repurchases by SFC-authorized REITs”, issued by the SFC on 31 January 2008.
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
Special Resolution	A resolution passed by at least 75% of the votes of those Unitholders present and entitled to vote in person or by proxy at a duly convened meeting by way of a poll, but with quorum of two or more Unitholders holding not less than 25% of the Units in issue.
Takeovers Code	The Codes on Takeovers and Mergers and Share Buy-backs published by the SFC as amended, supplemented or otherwise modified for the time being.
Trust Deed	The trust deed entered into between the Trustee and the REIT Manager constituting Prosperity REIT, dated 29 November 2005 and as amended, varied and supplemented from time to time.
Trust Deed Amendments Requiring Approval	The Changes to Investment Policy to Permit Property Development and the Property Development Amendments, the Changes to Investment Policy to Permit Relevant Investments and the Relevant Investments Amendments and the Unclaimed Moneys Amendments.

DEFINITIONS

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.
Trustee's Certification	The Trustee's certification in writing described in section 3.4 of this Circular.
Unclaimed Moneys Amendments	The amendments to the Trust Deed described in section 4 of this Circular and section 3 of Appendix I to this Circular.
Unclaimed Moneys Special Resolution	Has the meaning given to it in section 4 of this Circular.
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.
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.

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.



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



ARA 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

Registered Office of the REIT Manager:

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

20 April 2021

To: Unitholders of Prosperity REIT

Dear Sir or Madam,

- (1) PROPOSED CHANGES TO INVESTMENT POLICY AND RELATED AMENDMENTS TO THE TRUST DEED;**
 - (2) OTHER AMENDMENTS TO THE TRUST DEED;**
 - (3) PROPOSED GRANT OF GENERAL MANDATE TO BUY BACK UNITS;**
 - (4) CONTINUAL SERVICE OF RELEVANT INDEPENDENT NON-EXECUTIVE DIRECTOR;**
- AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF UNITHOLDERS**

1. INTRODUCTION

Reference is made to the announcement dated 19 April 2021 relating to, *inter alia*: (a) the Changes to Investment Policy to Permit Property Development and the Property Development Amendments; (b) the Changes to Investment Policy to Permit Relevant

LETTERS TO UNITHOLDERS

Investments and the Relevant Investments Amendments; (c) the Unclaimed Moneys Amendments; (d) the Buy-back Mandate; and (e) the Relevant INED Continual Service (collectively, the “**Matters Requiring Approval**”). The purposes of this Circular are to provide you with further information in respect of, *inter alia*, the Matters Requiring Approval and to serve the AGM Notice.

In August 2014, the REIT Code was amended to permit REITs to: (a) engage in Property Development and Related Activities; and (b) invest in Relevant Investments, each subject to various conditions.

In December 2020, the REIT Code was amended to, *inter alia*: (a) permit REITs to invest in Minority-owned Properties subject to various conditions; (b) relax the investment limit on property development projects to up to 25% of the REIT’s gross asset value subject to, *inter alia*, unitholders’ approval; (c) increase the borrowing limit for REITs from 45% to 50% of the REIT’s gross asset value; and (d) broadly align the requirements applicable to connected party transactions and notifiable transactions of REITs with the requirements for companies listed on the Hong Kong Stock Exchange.

The REIT Manager proposes to amend the Trust Deed to implement the Property Development Amendments and Relevant Investments Amendments, subject to the approval of Unitholders.

For the avoidance of doubt, as the Trust Deed already permits Prosperity REIT to invest in real estate as permitted under the REIT Code, following the amendments to the REIT Code to permit investments by REITs in Minority-owned Properties subject to various conditions, Prosperity REIT is now able to invest in Minority-owned Properties in accordance with the REIT Code without further changes to its investment policy. The REIT Manager will take the opportunity to amend the Trust Deed to implement the Joint Ownership Amendments, the Regulatory Amendments and the Miscellaneous Amendments, none of which requires the approval of Unitholders subject to the Trustee’s Certification.

In addition, the REIT Manager would like to take the opportunity to implement the Unclaimed Moneys Amendments, subject to the approval of Unitholders.

2. PROPOSED CHANGES TO INVESTMENT POLICY AND RELATED AMENDMENTS TO THE TRUST DEED

2.1 Property Development and Related Activities

The principal investment strategy of Prosperity REIT is to invest in office, commercial and retail properties without any geographical restrictions. The REIT Manager’s strategies for delivering stable and sustainable returns to Unitholders include: (a) proactive management of Prosperity REIT’s existing portfolio of properties to maximise net property income; (b) selective acquisition of additional properties that meet the investment criteria of Prosperity REIT; and (c) adoption of appropriate capital management policies.

LETTERS TO UNITHOLDERS

The REIT Manager is of the view that allowing Prosperity REIT to engage in Property Development and Related Activities would be complementary to its investment strategies and beneficial to Unitholders in the following manner:

- (a) Compared with acquiring a completed property which may not fully meet the design and specifications required by Prosperity REIT, engaging in Property Development and Related Activities could help Prosperity REIT avoid the costs of having to re-model the property to suit its needs. Prosperity REIT would be able to assert more control over the design and specifications of the property, such that the final product would be in a form that would fit its investment criteria.
- (b) The “design-and-build” model opens up more opportunities for Prosperity REIT to grow, in particular when it is difficult to identify suitable yield enhancing existing assets for acquisition.
- (c) Early participation in a project cycle could allow Prosperity REIT to enjoy lower acquisition costs of a property closer to “at-cost” pricing.
- (d) Where the existing properties of Prosperity REIT have become worn out and the cost of repair would outweigh the costs and returns from rebuilding the properties, it might be more viable for the redevelopment of such properties than to dispose of them in a dilapidated condition at less than optimal prices.

Therefore, the REIT Manager proposes to seek Unitholders’ approval to expand the scope of Prosperity REIT’s investment policy to include engaging in Property Development and Related Activities, subject to the restrictions under the REIT Code (the “**Changes to Investment Policy to Permit Property Development**”).

2.1.1 Restrictions on Property Development and Related Activities under the REIT Code

The REIT Code sets out the following and other restrictions on Property Development and Related Activities by a REIT:

- (a) At least 75% of the REIT’s gross asset value shall be invested in real estate that generates recurrent rental income at all times.
- (b) The REIT is prohibited from investing in vacant land unless its manager has demonstrated that such investment is part-and-parcel of Property Development and Related Activities and within the investment objective or policy of the REIT.

LETTERS TO UNITHOLDERS

- (c) The Property Development Costs, together with the aggregate contract value of uncompleted units of real estate acquired by the REIT, shall not exceed the Property Development Cap, which may be up to 25% of the REIT's gross asset value subject to various conditions, at any time and are also subject to an overall Maximum Cap of 25% of the REIT's gross asset value on Non-core Investments.
- (d) Investments in properties under Property Development and Related Activities shall be held by the REIT for a period of at least two years from the completion of such properties, unless the REIT has clearly communicated to unitholders the rationale for disposal prior to this minimum holding period and unitholders approve the disposal of such investment by way of special resolution at a general meeting.
- (e) Where the REIT undertakes Property Development and Related Activities and the relevant property would be a Non-qualified Minority-owned Property after completion, the value of such property must not exceed 10% of the REIT's gross asset value at any time.

2.1.2 Risk Factors, Risk Management and REIT Code Requirements

Engaging in Property Development and Related Activities may involve certain risks, including, without limitation, the following:

- (a) **Lack of track record.** The REIT Manager has not previously engaged in Property Development and Related Activities.
- (b) **Construction risk.** Factors such as shortage of materials, contractors or skilled labour, labour disputes, construction accidents, natural catastrophes and adverse weather conditions have impacts on the progress and costs of any Property Development and Related Activities and may lead to unforeseen budget overruns.
- (c) **Risk of inadequacies or default of project contractors.** Third party contractors (including sub-contractors) engaged to carry out works in relation to Property Development and Related Activities may not meet the expected quality, standards and timing requirements. Moreover, such contractors may encounter financial or other difficulties, thereby resulting in delays or increase in construction costs.
- (d) **Risk of failure or delays in obtaining governmental approvals.** In order to develop and complete a property development project, various governmental permits, licences, certificates and other regulatory approvals at various stages of the property development are required, and each of such approvals is dependent on the satisfaction of certain conditions. In the event that such approvals are not obtained in a timely manner, or at all, the property development may not be able to proceed as scheduled or at all. Moreover, any changes in local legislation, rules

LETTERS TO UNITHOLDERS

and regulations relating to property development may lead to a need to revise the original property development plan, thereby resulting in additional costs being incurred and extra time needed for completion of the property development project.

- (e) **Risk of project financing.** A substantial amount of capital is generally required for property development projects prior to and during the construction period. Prosperity REIT may have to obtain debt facilities (which is subject to the borrowing limitations specified in the REIT Code) in order to finance the property development project, but adequate financing may not be sourced and secured in a timely manner or on attractive terms. Further, fluctuations in interest rates may increase the financing costs incurred and adversely affect the expected investment returns from the property development project. Changes in the business environment during the construction period, such as fluctuations in the prospective rental yield and property value, may also result in rising financing costs of the property development project.
- (f) **Risk of disputes with partners.** Subject to the requirements of the REIT Code, Prosperity REIT may undertake Property Development and Related Activities through joint ventures or in collaboration with third parties. Such joint venture arrangements or collaborations may involve a number of risks, including disputes in connection with the performance of obligations or scope of responsibilities under the relevant project or joint venture agreements, financial difficulties encountered by such partners affecting their ability to perform their obligations, or conflicts between the policies or objectives adopted by such partners and those adopted by Prosperity REIT. These disputes may lead to legal proceedings, reputational damage, substantial costs and diversion of resources and management's attention.
- (g) **Risk of delay and adverse impact on income.** During the period when Property Development and Related Activities are being undertaken in respect of a property, Prosperity REIT may receive reduced or no income from such property. Such development period may be extended if completion of the Property Development and Related Activities is delayed due to but not limited to the reasons noted above.

Any of the above risks may adversely affect the expected investment returns from Property Development and Related Activities and the financial conditions and results of operations of Prosperity REIT, which may in turn adversely affect the level of distributions to Unitholders.

LETTERS TO UNITHOLDERS

The REIT Manager will adopt the following measures to manage and mitigate the risks of and comply with the REIT Code requirements applicable to Prosperity REIT engaging in Property Development and Related Activities:

- (a) The REIT Manager shall ensure that any calculation of Property Development Costs is based on a fair estimate made in good faith and supported by the opinion of a suitable independent expert.
- (b) The REIT Manager shall include a prudent buffer in line with best industry standards and practice to cater for cost overruns that may arise during the course of development. Where the Property Development and Related Activities are conducted overseas, the REIT Manager shall also take into account any currency impact.
- (c) Any decision made by the REIT Manager for Prosperity REIT to invest in Property Development and Related Activities shall be made solely in the best interests of Unitholders.
- (d) Investments in Property Development and Related Activities shall not result in a material change in the overall risk profile of Prosperity REIT.
- (e) The REIT Manager shall consult the Trustee and issue an announcement to inform Unitholders upon Prosperity REIT entering into a contract to invest in Property Development and Related Activities, provide periodic updates in the interim and annual reports of Prosperity REIT and ensure that all material information concerning the Property Development and Related Activities is set out in such announcement and periodic updates. The relevant disclosures in the annual report will be reviewed by the Audit Committee.
- (f) The REIT Manager shall ensure that construction contracts are entered into on an arm's length basis, on normal commercial terms and contain adequate risks ring-fencing measures in line with best industry practices, for example, appropriate payment and indemnity terms such as fixed sum contract, payment by stages, sufficient indemnity against wrongful time delays, etc.
- (g) The REIT Manager shall conduct proper due diligence to ensure all relevant government and regulatory approvals required for the Property Development and Related Activities have been obtained and all applicable laws and regulations are complied with.
- (h) The REIT Manager shall ensure that Prosperity REIT has sufficient resources to finance the Property Development and Related Activities having regard to the limitations on borrowing under the REIT Code and any exigencies that may arise in the course of construction.

LETTERS TO UNITHOLDERS

- (i) The REIT Manager shall ensure that, before engaging in any Property Development and Related Activities, it will have competent and adequate staff with sufficient and appropriate skills, resources and expertise in place, either as part of its in-house skills or by way of outsourcing to a competent external party under the REIT Manager's oversight, to manage the Property Development and Related Activities.
- (j) The REIT Manager shall prepare detailed budgets for any Property Development and Related Activities and manage such budgets effectively and efficiently.

Subject to Unitholders approving the Property Development Special Resolution, the REIT Manager will update the Compliance Manual to incorporate the above measures applicable to Property Development and Related Activities.

2.1.3 Property Development Amendments

In connection with the proposed expansion of the scope of Prosperity REIT's investment policy to include engaging in Property Development and Related Activities, subject to the approval of Unitholders, the REIT Manager proposes to implement consequential amendments to the Trust Deed (being the Property Development Amendments) as summarised below. The following summary should be read together with the full text of the Property Development Amendments which is set out in Appendix I to this Circular.

- **Property Development and Related Activities.** The REIT Manager proposes to amend the definition of the term "Authorised Investments" in clause 1.1 and clause 10.2 of the Trust Deed to include Property Development and Related Activities as an Authorised Investment of Prosperity REIT and as part of the REIT Manager's investment policy and objective for Prosperity REIT. In connection with the foregoing proposed amendments, the REIT Manager also proposes to insert definitions for the terms "Aggregate Development Costs", "Property Development and Related Activities", "Property Development Cap" and "Property Development Costs" in clause 1.1 of the Trust Deed.
- **Investment Restrictions.** Under the REIT Code, the Property Development Costs together with the aggregate contract value of uncompleted units of real estate acquired by the REIT (collectively, the "Aggregate Development Costs") are subject to an overall Maximum Cap of 25% of the REIT's gross asset value on Non-core Investments. Previously, such Aggregate Development Costs were subject to a cap of 10% of the REIT's gross asset value. Following the amendments to the REIT Code in December 2020, such cap on Aggregate Development Costs may now be increased to no more than 25% of the REIT's gross asset value, subject to various conditions.

LETTERS TO UNITHOLDERS

The REIT Manager proposes to amend clause 10.3 of the Trust Deed to include the above restrictions and set the cap on Aggregate Development Costs at 25% of the gross asset value of the Deposited Property. For the avoidance of doubt, the REIT Manager will proceed to implement the amendments relating to the Maximum Cap even if the Property Development Special Resolution is not approved by Unitholders, but will not include Property Development and Related Activities within the scope of permissible Non-core Investments.

- **Investment in vacant land.** In line with the above proposed amendments, the REIT Manager proposes to qualify the investment restriction in clause 10.3.3 of the Trust Deed on investment in vacant land such that the restriction will not extend to any investment in vacant land which is part-and-parcel of Property Development and Related Activities and within the investment objective or policy of Prosperity REIT.
- **Minimum holding period.** In line with the REIT Code, the REIT Manager proposes to amend the requirement in clause 25.4.1(iii) of the Trust Deed relating to the minimum investment holding period so that investments relating to Property Development and Related Activities undertaken by Prosperity REIT shall be held for a period of at least two years from the completion of the relevant Property Development and Related Activities.

2.2 Relevant Investments

At present, the Trust Deed allows Prosperity REIT to invest in derivative instruments for the purposes of hedging or enhancing the returns on or reducing the risks of its other investments, but its Authorised Investments do not include other types of financial instruments which are permitted under the REIT Code, namely: (a) securities listed on the Hong Kong Stock Exchange or other internationally recognised stock exchanges; (b) unlisted debt securities; (c) government and other public securities; and (d) local or overseas property funds. The REIT Manager is of the view that allowing Prosperity REIT to invest in Relevant Investments would be beneficial to Unitholders, as it would allow the REIT Manager to better manage Prosperity REIT's cash position in the interests of Unitholders, particularly when it is difficult to identify suitable property acquisition opportunities due to prevailing market conditions.

Therefore, the REIT Manager proposes to seek Unitholders' approval to expand the scope of Prosperity REIT's investment policy to include Relevant Investments, subject to the restrictions under the REIT Code (the "**Changes to Investment Policy to Permit Relevant Investments**").

2.2.1 Restrictions on Relevant Investments under the REIT Code

The REIT Code sets out the following and other restrictions on Relevant Investments by a REIT:

- (a) The value of the REIT's holding of the Relevant Investments issued by any single group of companies would not exceed 10% of the REIT's gross asset value.
- (b) The Relevant Investments should be sufficiently liquid, could be readily acquired or disposed of under normal market conditions and in the absence of trading restrictions, and has transparent pricing.
- (c) At least 75% of the REIT's gross asset value shall be invested in real estate that generates recurrent rental income at all times.
- (d) The Relevant Investments are subject to an overall Maximum Cap of 25% of the REIT's gross asset value on Non-core Investments.

2.2.2 Risk Factors, Risk Management and REIT Code Requirements

Investing in Relevant Investments may involve certain risks, including, without limitation, the following:

- (a) **Market and volatility risk.** If Prosperity REIT invests in the Relevant Investments in the nature of equity securities, debt securities or property funds, it will be exposed to the risk of the market which it has invested in. The market value of these investments will fluctuate depending on a number of factors including the general market and economic conditions, foreign exchange rates fluctuations and changes in interest rates. Moreover, the securities in which Prosperity REIT has invested may be suspended from trading on the relevant exchange, during which time Prosperity REIT would not be able to buy or sell such securities on such exchange. The price of the securities may fluctuate after its resumption of trading due to changes in market and/or business risks during the period of suspension. Such market fluctuations and uncertainties may affect the value of the Relevant Investments.
- (b) **Credit risk.** Prosperity REIT may face financial loss if an issuer or counterparty to the Relevant Investments defaults in payment, or experiences a decline in its payment capacity. A corporate change such as a merger or takeover may have an adverse impact on the financial position and thus the credit rating of the issuer. Any decline in the creditworthiness of an issuer may affect the value of the Relevant Investments.

LETTERS TO UNITHOLDERS

- (c) **Liquidity risk.** Prosperity REIT may not be able to sell a sufficient amount of the Relevant Investments at a desired time and at a satisfactory price because demand in the Relevant Investments may become low during certain periods of time. In such circumstances, Prosperity REIT may be forced to sell the Relevant Investments on unfavourable terms.
- (d) **Political and policy risks.** Changes in local and/or international government policies and regulations may have a profound impact on the pricing of securities in the relevant sectors or industries.
- (e) **Risks in relation to property funds.** Investments in local or overseas property funds may involve additional risks. There is no assurance that a property fund will achieve its investment objective and strategy. A property fund is highly susceptible to the relevant real estate market conditions if it concentrates its investment in a single property or asset class. In the case of overseas property funds, changes in exchange rates may have an adverse effect on the value of the fund's assets. Further, investing overseas will entail regional as well as political risks.
- (f) **Management risks.** Prosperity REIT may face financial loss if any investee company has improper management practices, conducts transactions which are detrimental to shareholders' interests or, in the case of any property fund, the fund manager performs poorly.

The REIT Manager will adopt the following measures to manage and mitigate the risks of and comply with the REIT Code requirements applicable to investing in Relevant Investments:

- (a) The REIT Manager will not invest in any high risk, speculative or complex financial instruments or structured products or enter into any securities lending, repurchase transactions or other similar over-the-counter transactions. In assessing the risks involved, the REIT Manager will take into account all relevant factors including but not limited to the creditworthiness of the issuer of the Relevant Investments.
- (b) The REIT Manager will analyse the financials of the issuer of the Relevant Investments before an investment is made and will monitor the Relevant Investments on an ongoing basis to ensure compliance with all applicable requirements.
- (c) The REIT Manager will ensure that the proportion of Prosperity REIT's assets exposed to the above risks will be small and diversified across multiple investments.

LETTERS TO UNITHOLDERS

- (d) The REIT Manager shall ensure that, before investing in any Relevant Investments, it will have competent and adequate staff with sufficient and appropriate skills, resources and expertise in place, either as part of its in-house skills or by way of outsourcing to a competent external party under the REIT Manager's oversight, to manage the Relevant Investments.
- (e) The REIT Manager shall publish the full investment portfolio of the Relevant Investments of Prosperity REIT with key information relevant to such Relevant Investments on its website on an ongoing basis. The annual and interim reports of Prosperity REIT shall also include such information together with the extent, in percentage terms, to which the Maximum Cap has been applied. The relevant disclosures in the annual report will be reviewed by the Audit Committee.
- (f) Investments in the Relevant Investments should not result in any material change in the overall risk profile of Prosperity REIT.
- (g) The REIT Manager shall ensure that the Relevant Investments of Prosperity REIT are independently and fairly valued on a regular basis in consultation with the Trustee and in accordance with the Trust Deed and applicable accounting standards adopted for preparing Prosperity REIT's financial statements as well as best industry standards and practice.
- (h) Any decision made by the REIT Manager for Prosperity REIT to invest in Relevant Investments shall be made solely in the best interests of Unitholders.

Subject to Unitholders approving the Relevant Investments Special Resolution, the REIT Manager will update the Compliance Manual to incorporate the above measures applicable to Relevant Investments.

2.2.3 Relevant Investments Amendments

In connection with the proposed expansion of the scope of Prosperity REIT's investment policy to include investing in Relevant Investments, subject to the approval of Unitholders, the REIT Manager proposes to implement consequential amendments to the Trust Deed (being the Relevant Investments Amendments) as summarised below. The following summary should be read together with the full text of the Relevant Investments Amendments which is set out in Appendix I to this Circular.

- **Relevant Investments.** The REIT Manager proposes to amend the definition of the term "Authorised Investments" in clause 1.1 and clause 10.2 of the Trust Deed to include Relevant Investments as an Authorised Investment of Prosperity REIT and as part of the REIT Manager's

LETTERS TO UNITHOLDERS

investment policy and objective for Prosperity REIT and to include a definition for the term “Relevant Investments” in clause 1.1 of the Trust Deed.

- **Investment Restrictions.** Under the REIT Code, Relevant Investments are subject to an overall Maximum Cap of 25% of the REIT’s gross asset value on Non-core Investments, as well as a cap of 10% of the REIT’s gross asset value on investment in a single group of companies.

The REIT Manager proposes to amend clause 10.3 of the Trust Deed to include the above restrictions. For the avoidance of doubt, the REIT Manager will proceed to implement the amendments relating to the Maximum Cap even if the Relevant Investments Special Resolution is not approved by Unitholders, but will not include Relevant Investments within the scope of permissible Non-core Investments.

- **Valuation.** Consequential amendments are proposed to clause 6 of the Trust Deed to set out the basis for determining the value of Prosperity REIT’s investments in Relevant Investments.

2.3 Approval Thresholds

Under clause 10.2.4 of the Trust Deed, the REIT Manager may from time to time change its investment policies/ strategies for Prosperity REIT provided that: (a) it has notified Unitholders of the change by way of circular in accordance with the requirements of the REIT Code; and (b) the change has been approved by Unitholders by way of Special Resolution.

Under paragraph 9.6 of the REIT Code and clause 26 of the Trust Deed, the Trustee and the REIT Manager shall be entitled to modify, alter or add to the provisions of the Trust Deed with the sanction of the Unitholders by way of Special Resolution.

Therefore, Special Resolutions will be proposed for Unitholders to consider and, if thought fit, approve:

- (a) the Changes to Investment Policy to Permit Property Development and the Property Development Amendments (the “**Property Development Special Resolution**”); and
- (b) the Changes to Investment Policy to Permit Relevant Investments and the Relevant Investments Amendments (the “**Relevant Investments Special Resolution**”).

3. OTHER AMENDMENTS TO THE TRUST DEED

3.1 Joint Ownership Amendments

The Trust Deed permits Prosperity REIT to invest in real estate as permitted under the REIT Code. Previously, the REIT Code allowed REITs to invest in jointly owned properties subject to the REIT having majority ownership and control. Following the amendments to the REIT Code in December 2020 to permit investments by REITs in Minority-owned Properties subject to various conditions, Prosperity REIT is now able to invest in Minority-owned Properties in accordance with the REIT Code. The amendments to the REIT Code also clarify that REITs may invest in jointly owned properties via joint venture entities.

In connection with the above amendments to the REIT Code relating to joint ownership arrangements, the REIT Manager proposes to implement consequential amendments to the Trust Deed (being the Joint Ownership Amendments) as summarised below, which do not require the approval of Unitholders subject to the Trustee's Certification. The following summary should be read together with the full text of the Joint Ownership Amendments which is set out in Appendix I to this Circular.

- **Joint Venture Entities.** To facilitate Prosperity REIT's joint investment in and ownership of properties with third parties through joint venture entities, amendments relating to joint venture entities will be made to various provisions of the Trust Deed.
- **Minority-owned Properties.** The REIT Manager will amend the definition of the term "Authorised Investments" in clause 1.1, clause 10.2.1 and clause 10.2.2 of the Trust Deed to specify, for the avoidance of doubt, that real estate includes Minority-owned Properties. In connection with the foregoing amendments, the REIT Manager will also insert definitions for the terms "Minority-owned Property", "Non-qualified Minority-owned Property" and "Qualified Minority-owned Property" in clause 1.1 of the Trust Deed.
- **Investment Restrictions.** Under the REIT Code, Minority-owned Properties comprise both Qualified Minority-owned Properties and Non-qualified Minority-owned Properties. If a Minority-owned Property satisfies the conditions under the REIT Code in order for it to be treated as a Qualified Minority-owned Property, such Qualified Minority-owned Property will not be subject to an overall Maximum Cap of 25% of the REIT's gross asset value on Non-core Investments. Conversely, if the Minority-owned Property does not satisfy the conditions under the REIT Code in order for it to be treated as a Qualified Minority-owned Property, such Minority-owned Property will be treated as a Non-qualified Minority-owned Property and will be subject to an overall Maximum Cap of 25% of the REIT's gross asset value on Non-core Investments, as well as a cap of 10% of the REIT's gross asset value on investment in a single group of companies.

LETTERS TO UNITHOLDERS

The REIT Manager will amend clause 10.3 of the Trust Deed to include the above restrictions. For the avoidance of doubt, the REIT Manager will proceed to implement the amendments relating to the Maximum Cap even if the Property Development Special Resolution and/or the Relevant Investments Special Resolution is or are not approved by Unitholders, but will not include Property Development and Related Activities and/or Relevant Investments (as the case may be) within the scope of permissible Non-core Investments.

- **Valuation.** Consequential amendments will be made to clause 6 of the Trust Deed to set out the basis for determining the value of Prosperity REIT's investments in joint venture entities and Minority-owned Properties.

3.2 Regulatory Amendments

To comply with the REIT Code and other regulatory requirements, the REIT Manager proposes to implement amendments to the Trust Deed (being the Regulatory Amendments), including but not limited to those summarised below, which do not require the approval of Unitholders subject to the Trustee's Certification. The following summary should be read together with the full text of the Regulatory Amendments which is set out in Appendix I to this Circular.

- **Borrowing limit.** The borrowing limit under the Trust Deed will be increased from 45% to 50% of the gross asset value of the Deposited Property.
- **Connected party transactions and notifiable transactions.** The scope of the connected persons of Prosperity REIT and the disclosure, reporting, unitholders' approval and other requirements applicable to the connected party transactions and the notifiable transactions of Prosperity REIT under the Trust Deed will be amended to reflect the requirements under the REIT Code, which now broadly align with the requirements under the Listing Rules.
- **Other miscellaneous REIT Code amendments.** Other miscellaneous amendments to the REIT Code, including the removal of the requirement to use no more than two layers of special purpose vehicles for holding real estate, the alignment of the publication and distribution deadline for interim reports with the Listing Rules, the removal of the requirement to obtain a valuation report for issues of new units and the codification of other existing practices, will be reflected in the Trust Deed.

3.3 Miscellaneous Amendments

The REIT Manager proposes to implement miscellaneous amendments of a clarificatory, editorial or immaterial nature to the Trust Deed (being the Miscellaneous Amendments), which do not require the approval of Unitholders subject to the Trustee's Certification. Please refer to Appendix I to this Circular for the full text of the Miscellaneous Amendments.

LETTERS TO UNITHOLDERS

3.4 Trustee's Certification

Under paragraph 9.6 of the REIT Code and clause 26 of the Trust Deed, the Trust Deed may be modified, altered or added to without the sanction of Unitholders by way of Special Resolution, provided that the Trustee certifies in writing that in its opinion, such modification, alteration or addition:

- (a) is necessary to comply with fiscal or other statutory or official requirements (whether or not having the force of law);
- (b) does not materially prejudice Unitholders' interests, does not to any material extent release the Trustee, the REIT Manager or any other person from any liability to Unitholders and does not increase the costs and charges payable from the Deposited Property; or
- (c) is necessary to correct a manifest error.

The Trustee has confirmed that it will certify pursuant to paragraph 9.6 of the REIT Code and clause 26 of the Trust Deed (being the Trustee's Certification) that, in its opinion, each of the Joint Ownership Amendments, the Regulatory Amendments and the Miscellaneous Amendments:

- (a) is necessary in order to comply with applicable fiscal, statutory or other official requirements (whether or not having the force of law); or
- (b) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the REIT Manager from any liability to Unitholders and does not increase the costs and charges payable from the Deposited Property.

4. UNCLAIMED MONEYS AMENDMENTS

Clause 12.4 of the Trust Deed presently provides that any moneys payable to any Unitholder which remain unclaimed after 12 months shall be accumulated in a special account and, if such moneys remain unclaimed for a further seven years from the date of payment into the special account, the moneys held in the special account shall be paid into court.

Given the management time and administrative costs involved in making recurring court applications to pay unclaimed moneys into court, and to streamline the procedure pursuant to which Prosperity REIT may utilise the unclaimed moneys for the benefit of Unitholders, the REIT Manager proposes to amend the Trust Deed to provide that moneys which remain unclaimed after seven years from the date of payment into the special account shall instead be forfeited and transferred to the Deposited Property and thereafter the relevant Unitholder and any other person otherwise entitled thereto shall not have any right or claim to the forfeited sums (being the Unclaimed Moneys Amendments). For the avoidance of doubt, such forfeiture and transfer to the Deposited Property shall also apply to unclaimed moneys which were transferred into the special account prior to the date on

LETTERS TO UNITHOLDERS

which the Unclaimed Moneys Amendments take effect, so long as the moneys have been held in the special account for at least seven years. Please refer to Appendix I to this Circular for the full text of the Unclaimed Moneys Amendments.

As mentioned in section 2.3 above, under paragraph 9.6 of the REIT Code and clause 26 of the Trust Deed, the Trustee and the REIT Manager shall be entitled to modify, alter or add to the provisions of the Trust Deed with the sanction of the Unitholders by way of Special Resolution. Therefore, a Special Resolution will be proposed for Unitholders to consider and, if thought fit, approve the Unclaimed Moneys Amendments (the “**Unclaimed Moneys Special Resolution**”).

5. PROPOSED GRANT OF GENERAL MANDATE TO BUY BACK UNITS

At the annual general meeting of Unitholders held on 15 May 2020, 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 at 15 May 2020. 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 the 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-authorized 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. 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.

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.

LETTERS TO UNITHOLDERS

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 II to this Circular.

6. CONTINUAL SERVICE OF RELEVANT INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Wong Kwai Lam (currently an INED and a member of each of the Audit Committee and the Designated (Finance) Committee) has served on the Board since 2011. In accordance with the Articles of Association and the Compliance Manual, separate Ordinary Resolution will be proposed for Unitholders to consider and, if thought fit, approve the continual service of Mr. Wong until the third annual general meeting of Unitholders following the AGM.

The Board (with Mr. Wong abstaining from participating in discussions relating to himself) has assessed the independence of Mr. Wong, 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 him to be independent and believes that he should continue to serve as an INED for the reasons set out below.

Mr. Wong has always contributed objectively in advising and giving independent guidance to the Board in his capacity as an INED and as member of different Board committees. He places 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 confirmation from Mr. Wong regarding his independence in accordance with Rule 3.13 of the Listing Rules (as if they were applicable to Prosperity REIT) and the Compliance Manual, and the Board is of the view that Mr. Wong will continue to meet the INED's independence requirements stated therein.

Given that Mr. Wong holds fewer than six listed company directorships, has regularly attended the meetings of the Board and the Board committees of which he is a member and actively participated in the deliberations in such meetings and has continually kept abreast of current trends and issues relevant to the listed company and REIT industry and refreshed his skills and knowledge through ongoing training, the Board is of the view that he has devoted, and will be able to continue to devote, sufficient time and effort to the Board and discharge his duties effectively.

The Board has also considered Mr. Wong's contribution to the diversity of the Board and is satisfied that he 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. Mr. Wong possesses a

LETTERS TO UNITHOLDERS

wealth of knowledge and experience in commercial and investment banking industry, and financial management. In addition to his expertise which adds to the overall dynamism of the Board, Mr. Wong has demonstrated in-depth understanding, acquired over his years of service, of the REIT market in general. Taking into account the current Board composition and synergies, and Mr. Wong's contributions to the collective effectiveness of the Board in discharging its functions, the Board believes that the continued membership of Mr. Wong on the Board will ensure continuity of experience without compromising the Board's oversight capabilities, the rigour of Board discussions and diversity of perspectives.

Taking into consideration of the above, the Board is of the view that the length of service of Mr. Wong has not, in any way, diminished his independence, and that Mr. Wong is independent notwithstanding the fact that he has served on the Board for more than nine years as at the date of this Circular. The Board is also of the view that Mr. Wong has shown the requisite level of competency and commitment to effectively discharge his duties as an INED. Accordingly, the Board believes that Mr. Wong possesses the required integrity and experience to continue fulfilling his role as an INED, and his continued tenure will continue to bring valuable insights and expertise to the Board. As such, the Board believes that Mr. Wong should continue to serve as an INED beyond the AGM, and that the Relevant INED Continual Service is in the best interests of Prosperity REIT and the Unitholders as a whole.

Subject to the passing of the abovementioned Ordinary Resolution, the continual service of Mr. Wong 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 Mr. Wong are set out in Appendix III to this Circular.

7. VOTING AT THE ANNUAL GENERAL MEETING

Under paragraph 9.9(f) of the REIT Code and paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the business to be conducted at a meeting of Unitholders, and that interest is different from that of all other Unitholders, such Unitholder shall be prohibited from voting at, or being counted in the quorum for, the meeting.

Mr. Wong is not interested in any Units within the meaning of Part XV of the SFO as at the Latest Practicable Date, but will abstain from voting at the AGM on the Ordinary Resolution to approve his continual service as an INED should he subsequently become interested in any Units as at the record date for the AGM (being Friday, 21 May 2021).

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 unaware of any Unitholder that is required to abstain from voting in respect of the resolutions to be proposed at the AGM.

8. VIEWS AND RECOMMENDATIONS

8.1 Directors' Views

Having taken into account the duties of the REIT Manager under the REIT Code and Trust Deed, the Board considers that:

- (a) the expansion of the scope of Prosperity REIT's investment policy to include engaging in Property Development and Related Activities, subject to the restrictions under the REIT Code, and the Property Development Amendments are in the interests of Prosperity REIT and the Unitholders as a whole;
- (b) the expansion of the scope of Prosperity REIT's investment policy to include Relevant Investments, subject to the restrictions under the REIT Code, and the Relevant Investments Amendments are in the interests of Prosperity REIT and the Unitholders as a whole;
- (c) the Unclaimed Moneys Amendments do not conflict with Prosperity REIT's investment policy and objective as set out in clause 10.2 of the Trust Deed and are in the interests of Prosperity REIT and the Unitholders as a whole;
- (d) subject to Unitholders' approval of the Trust Deed Amendments Requiring Approval, and to the requisite amendments being made to the Trust Deed, such amendments, when implemented in the manner contemplated in this Circular, will be made in compliance with the REIT Code and the modification provisions of the Trust Deed,

and accordingly, recommends Unitholders to vote in favour of the relevant Special Resolutions.

The Board also considers that each of:

- (a) the granting of the Buy-back Mandate; and
- (b) the continual service of Mr. Wong 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 relevant Ordinary Resolutions.

8.2 Trustee's Views

Having taken into account the duties of the Trustee under the REIT Code and Trust Deed, and based on the information contained in this Circular:

- (a) the Trustee has confirmed that it has no objection to the Trust Deed Amendments Requiring Approval; and
- (b) subject to Unitholders' approval of the Trust Deed Amendments Requiring Approval, and to the requisite amendments, when implemented in the manner contemplated in this circular, will be made in compliance with the REIT Code and the modification provisions of the Trust Deed and that the Unclaimed Moneys Amendments do not conflict with Prosperity REIT's investment policy and objective as set out in clause 10.2 of the Trust Deed.

The Trustee has also confirmed that the Buy-back Mandate complies with the requirements in the Trust Deed and, subject to Unitholders' approval, 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 Trust Deed Amendments Requiring Approval 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 who are in any doubt as to the impact or merits of the Trust Deed Amendments Requiring Approval and the Buy-back Mandate, to seek their own financial or other professional advice.

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

The AGM will be held at 2:30 p.m. on Friday, 21 May 2021 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-5 of this Circular.

LETTERS TO UNITHOLDERS

The Register of Unitholders will be closed from Monday, 17 May 2021 to Friday, 21 May 2021 (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 attend and vote at 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 Friday, 14 May 2021.

You can vote at the AGM if you are a Unitholder on Friday, 21 May 2021. You will find enclosed with this Circular the AGM Notice (please refer to pages N-1 to N-5 of this Circular) and a form of proxy for use for the AGM.

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.

10. GENERAL

10.1 No Material Adverse Change

As at the Latest Practicable Date, none of the Directors was aware of any material adverse change in the financial or trading position of Prosperity REIT since 31 December 2020 (being the date to which the latest published audited financial statements of Prosperity REIT have been made up).

10.2 Responsibility Statements

For the purposes of paragraphs 5.2A and 10.10(t) of the REIT Code, the REIT Manager and the Directors, collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

10.3 Inspection of the Trust Deed

A copy of the Trust Deed and the draft First Amending and Restating Deed are available for inspection at the registered office of the REIT Manager at Unit 901, Level 9, Fortune Metropolis, 6 The Metropolis Drive, Hunghom, Kowloon, Hong Kong, between the hours of 9:00 a.m. to 5:00 p.m. (Hong Kong time) on any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is in effect in Hong Kong at any time between the hours of 9:00 a.m. to 5:00 p.m. (Hong Kong time)) on which licensed banks are open for general business on Hong Kong (by prior appointment only).

Yours faithfully,
By Order of the Board
ARA Asset Management (Prosperity) Limited
(as manager of Prosperity Real Estate Investment Trust)
Wong Lai Hung
Executive Director and Chief Executive Officer

The REIT Manager proposes to seek Unitholders' approval to make the amendments to the Trust Deed of which the full text or extract of the relevant clauses are reproduced in this Appendix I, with the proposed insertions and deletions indicated by, respectively, the underlined text and the strikethrough text below. All capitalised terms under this Appendix I are terms defined in the Trust Deed and have the corresponding meanings ascribed to them in the Trust Deed.

Where one or more Special Resolution(s) proposed at the AGM is or are not approved by Unitholders, consequential amendments may be made to the provisions below if required (for example, if the introduction of a defined term is not approved by Unitholders in one Special Resolution, but is used in the context of another Special Resolution that is approved by Unitholders).

1. Amendments to Provisions relating to the Changes to Investment Policy

(Please refer to Special Resolutions No. 1 and No. 2.)

1.1 Property Development and Related Activities

1.1.1 Clause 1.1 of the Trust Deed be amended as follows:

“1.1 Definitions

...

“Aggregate Development Costs” means the total of the Property Development Costs and the aggregate contract value relating to any acquisition of uncompleted units in a building by the Trust;

...

“Authorised Investments” means:...(b) any improvement or extension of or addition to or reconstruction or renovation or other development of any Real Estate (including Property Development and Related Activities);...

...

“Property Development and Related Activities” means the acquisition of uncompleted units in a building by the Trust and property developments (including both new development projects and re-development of existing Real Estate held by the Trust), but does not (for the purpose of determining whether the Property Development Cap has been complied with) include refurbishments, retro-fittings and renovations;

“Property Development Cap” means the applicable maximum limit on the Aggregate Development Costs, being 25% of the Gross Asset Value of the Deposited Property;

“Property Development Costs” means the total project costs borne and to be borne by the Trust in respect of the Property Development and Related Activities and includes the costs for the acquisition of land (if any), development and construction costs and financing costs;

...”

- 1.1.2 Clause 10.2 of the Trust Deed be amended as follows by inserting a new Clause 10.2.3 immediately after the existing Clause 10.2.2 and re-numbering the existing Clauses 10.2.3 and 10.2.4 accordingly:

“10.2 Investment of the Trust

Subject to the provisions of this Deed, the Manager’s investment policy and objective of the Trust is the following:...

10.2.3 subject to Clause 10.3.8, the Trust may engage or participate in Property Development and Related Activities provided the Aggregate Development Costs of all Property Development and Related Activities shall not exceed the Property Development Cap at any time;

...”

- 1.1.3 Clause 10.3.3 of the Trust Deed be amended as follows:

“10.3 Investment Restrictions

Subject to the restrictions and requirements of the Code, the Manager shall ensure that the following investment restrictions are complied with:...

10.3.3 the Trust shall not invest in vacant land ~~or engage or participate in any property development activities (excluding, for the avoidance of doubt, refurbishment, retrofitting and renovations)~~ unless such investment is part-and-parcel of Property Development and Related Activities and within the investment objective or policy of the Trust;

...”

1.1.4 Clause 10.3 of the Trust Deed be amended as follows by inserting a new Clause 10.3.8 immediately after the new Clause 10.3.7:

“10.3 Investment Restrictions

Subject to the restrictions and requirements of the Code, the Manager shall ensure that the following investment restrictions are complied with:...

...

10.3.8 save as may be permitted under the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, the combined value of: (a) all Relevant Investments of the Trust; (b) all Non-qualified Minority-owned Properties of the Trust; (c) other ancillary investments of the Trust; and (d) all of the Aggregate Development Costs of the Trust, shall not exceed 25% of the Gross Asset Value of the Deposited Property (the “Maximum Cap”) at any time;

...”

(Note: Please refer to the note in section 2.1.10 of this Appendix I for details of the amendments to this provision if the Property Development Special Resolution and/or the Relevant Investments Special Resolution are not passed.)

1.1.5 Clause 25.4.1(iii) of the Trust Deed be amended as follows:

“25.4 Circulars

25.4.1 The Manager shall issue a circular to Holders in respect of transactions that, pursuant to the Code (or in the reasonable opinion of the Trustee or the Manager), require Holders’ approval, including:...

(iii) ...within a period of less than two years from the Acquisition Date (or if the Trust engages in Property Development and Related Activities in respect of that Real Estate, from the date that such Property Development and Related Activities was completed);

...”

1.2 Relevant Investment

1.2.1 Clause 1.1 of the Trust Deed be amended as follows:

“1.1 Definitions

...

“**Authorised Investments**” means:...(d) Relevant Investments;...

...

“**Relevant Investments**” means such financial instruments as may be permissible from time to time under the Code or any published guidelines, policies, practice statements or other guidance issued by the SFC for the Trust to invest, including:

- (a) securities listed on the SEHK or other internationally recognised stock exchange;
- (b) unlisted debt securities;
- (c) government and other public securities; and
- (d) local or overseas property funds;

...”

1.2.2 Clause 6.1.4 of the Trust Deed be amended as follows:

“6.1 Valuation of Investments

The Value of an ~~Authorised~~ Investment at any given date means:...

6.1.4 (in the case of Investments falling within any paragraph of the definition of “Authorised Investment” which is a Relevant Investment or in the nature of derivative instruments used for hedging or efficient portfolio management purposes), the Value of such ~~an~~ Investments shall be determined by the Manager...”

- 1.2.3 Clause 10.2 of the Trust Deed be amended as follows by inserting a new Clause 10.2.4 immediately after the new Clause 10.2.3 (if the Property Development Special Resolution is passed) and re-numbering the existing Clauses 10.2.3 and 10.2.4 accordingly:

“10.2 Investment of the Trust

Subject to the provisions of this Deed, the Manager’s investment policy and objective of the Trust is the following:...

10.2.4 subject to Clauses 10.3.8 to 10.3.11, the Trust may invest in Relevant Investments, Non-qualified Minority-owned Properties and other ancillary investments;

...”

(Note: Please refer to the note in section 2.1.8 of this Appendix I for details of the amendments to this provision if the Relevant Investments Special Resolution is not passed.)

- 1.2.4 Clause 10.3 of the Trust Deed be amended as follows by inserting new Clauses 10.3.8 and 10.3.9 immediately after the new Clause 10.3.7:

“10.3 Investment Restrictions

Subject to the restrictions and requirements of the Code, the Manager shall ensure that the following investment restrictions are complied with:...

10.3.8 save as may be permitted under the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, the combined value of: (a) all Relevant Investments of the Trust; (b) all Non-qualified Minority-owned Properties of the Trust; (c) other ancillary investments of the Trust; and (d) all of the Aggregate Development Costs of the Trust, shall not exceed 25% of the Gross Asset Value of the Deposited Property (the “Maximum Cap”) at any time;

10.3.9 save as may be permitted under the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, the Value of the Trust’s holding of the Relevant Investments issued by any single group of companies shall not exceed 10% of the Gross Asset Value of the Deposited Property at any time, and the Relevant Investments should be sufficiently liquid, readily acquired and/or disposed of under normal market conditions and in the absence of trading restrictions, and have transparent pricing;

...”

(Note: Please refer to the note in section 2.1.10 of this Appendix I for details of the amendments to this provision if the Property Development Special Resolution and/or the Relevant Investments Special Resolution are not passed.)

2. Other Amendments to the Trust Deed

2.1 Joint Ownership Amendments

2.1.1 Clause 1.1 of the Trust Deed be amended as follows:

“1.1 Definitions

...

“**Authorised Investments**” means:

(a) Real Estate (including Minority-owned Properties) as permitted under the Code;

...

(f) ~~(e)~~ shares in the issued share capital of, and loans to, any Special Purpose Vehicle or Joint Venture Entity and any goodwill and other intangible assets acquired in relation to the acquisition of any equity interest attributable to such shares in the Special Purpose Vehicles or Joint Venture Entity; ~~and~~

...

in each case whether held by the Trustee directly or indirectly through a Special Purpose Vehicle, Joint Venture Entity or otherwise pursuant to this Deed;

...

“**Joint Venture Entity**” means an entity or partnership or other arrangement in which or through which the Trust invests in any jointly owned Real Estate as contemplated under 7.7A of the Code, which may be majority-owned or minority-owned by the Trust;

“**JV Valuer**” shall have the meaning ascribed to it in Clause 6.5.2;

...

“**Maximum Cap**” shall have the meaning ascribed to it in Clause 10.3.8;

...

“Minority-owned Property” means Real Estate which is jointly owned by the Trust and in which the Trust does not have majority (more than 50%) ownership and control. For the avoidance of doubt, Real Estate which is in the nature of car parks, units or floors in a building or complex which are wholly or majority-owned by the Trust shall not be regarded as Minority-owned Properties;

...

“Non-qualified Minority-owned Property” means a Minority-owned Property which is not a Qualified Minority-owned Property;

...

“Property Values” means the Value of all Real Estate, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle or Joint Venture Entity provided that, where a Special Purpose Vehicle or Joint Venture Entity is not wholly owned by the Trust, the Value of the Real Estate owned by that Special Purpose Vehicle or Joint Venture Entity (as the case may be) which is attributable to the Trust shall be the proportion of the total value of the relevant Real Estate which corresponds with the Trust’s equity interest in the Special Purpose Vehicle or Joint Venture Entity (as the case may be);

...

“Qualified Minority-owned Property” means a Minority-owned Property which satisfies the overarching principles and specific conditions in 7.7C of the Code and, where required, has been approved by the SFC as a Qualified Minority-owned Property;

...

“Special Purpose Vehicle” shall mean a special purpose vehicle that is owned and controlled by the Trust in accordance with the Code and/or any published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, and where appropriate includes any Joint Venture Entity majority-owned by the Trust, but, for the avoidance of doubt, does not include a Joint Venture Entity minority-owned by the Trust;

...”

2.1.2 Clause 1.9 of the Trust Deed be amended as follows:

~~“1.9 Special Purpose Vehicles~~Non-corporate Entities

Having regard to the fact that Special Purpose Vehicles and Joint Venture Entities may include non-corporate entities, when used in this Deed in relation to a Special Purpose Vehicle or Joint Venture Entity:

1.9.1 references to **“incorporation”** (or similar or derivative words) shall, *mutatis mutandis*, be deemed to include references to all relevant methods of establishment of the Special Purpose Vehicle or Joint Venture Entity (as the case may be);

1.9.2 references to **“shares”** and **“shareholders”** (or similar or derivative words) shall, *mutatis mutandis*, be deemed to include references to all relevant types of ownership interests in or in respect of the Special Purpose Vehicle or Joint Venture Entity (as the case may be), and holders of such ownership interests, respectively; and

1.9.3 references to **“board of directors”** and **“director”** (or similar or derivative words) shall, *mutatis mutandis*, be deemed to include references to the equivalent or comparable governing body of the Special Purpose Vehicle or Joint Venture Entity (as the case may be), and a member of such governing body, respectively.”

2.1.3 Clause 4.5.32 of the Trust Deed be amended as follows:

“4.5 Charges and Fees

Subject to the Code, there ~~There~~ shall be payable out of the Deposited Property in addition to any other charges, fees or expenses expressly authorised by this Deed by way of direct payment or reimbursement of the Manager or the Trustee, all Liabilities, fees, costs, charges and expenses properly suffered or incurred by the Trustee or the Manager in the proper performance of its obligations or the proper exercise of its powers under this Deed, or otherwise arising out of or in connection with this Deed or other Constitutive Documents, including but not limited to:

...

4.5.32 all fees of and expenses incurred by the Manager and the Trustee or their respective agents or delegates in acquiring or incorporating any company or companies, including Special Purpose Vehicles and, where applicable, Joint Venture Entities, for the purpose of holding Investments and the costs of maintaining, managing and administering such companies;

2.1.4 Clause 6.1.2 of the Trust Deed be re-numbered as Clause 6.1.1 (and Clause 6.1.1 of the Trust Deed be correspondingly re-numbered as Clause 6.1.2) and amended as follows:

“6.1 Valuation of Investments

...

6.1.1 ~~6.1.2~~ (in the case of Investments falling within any paragraph of the definition of “Authorised Investment” which is in the nature of a Real Estate, ~~whether held directly by the Trustee or indirectly through Special Purpose Vehicles, and subject to Clauses 6.1.3~~) (a) on the Trust’s acquisition of ~~an Authorised~~ the Investment, its Acquisition Cost thereof on its Acquisition Date; and (b) on a subsequent valuation by an Approved Valuer or, where applicable, a JV Valuer of such ~~Authorised~~ Investment obtained pursuant to any of the provisions of this Deed since the date of the Trust’s acquisition of such ~~Authorised~~ Investment, the Value of such ~~Authorised~~ Investment as determined by such valuation and where the Investment is not wholly owned by the Trust, the Value of such Investment which is attributable to the Trust shall be pro rated accordingly;

...”

2.1.5 Clause 6.3 of the Trust Deed be amended as follows:

“6.3 Net Asset Value

The Manager shall determine the Net Asset Value of the Deposited Property based upon the Approved Valuer’s (or, where applicable, the JV Valuer’s) valuation of Real Estate, the Value of Cash and Cash Equivalent Items comprised in the assets of the Trust and other Deposited Property less Liabilities.”

2.1.6 Clause 6.5 of the Trust Deed be amended as follows:

“6.5 Frequency of Valuation of Real Estate Investments

6.5.1 Save as provided in Clause 6.5.2, the~~The~~ Manager shall ensure that a full valuation of each of the Trust’s Real Estate in the form of land...

6.5.2 In the case of annual valuation of a Minority-owned Property, the Manager may adopt the valuation issued by the property valuer engaged by the relevant Joint Venture Entity (the “JV Valuer”) provided that it is reasonably satisfied with the JV Valuer’s competence and independence having regard to its duties under the Code. Where a valuation of a Minority-owned Property is conducted by the Approved Valuer, the Approved Valuer may appoint a competent business valuer or other qualified valuer to assist in preparing the valuation of the Minority-owned Property taking into account any impact or implications the specific ownership structure or any other relevant divestment or other restrictions may have on the value of the property.”

2.1.7 Clauses 10.2.1 and 10.2.2 of the Trust Deed be amended as follows:

“**10.2 Investment of the Trust**

Subject to the provisions of this Deed, the Manager’s investment policy and objective of the Trust is the following:

10.2.1 the Trust is established to invest in Real Estate (including Minority-owned Properties) through Special Purpose Vehicles, ~~each of whose primary purpose is to hold or own Real Estate (and, where applicable, Joint Venture Entities)~~, or by direct ownership of Real Estate, and the Manager must manage the Deposited Property so that the principal investments of the Trust are Real Estate;

10.2.2 the Manager’s principal investment policy in respect of the Trust is to invest in Real Estate (including Minority-owned Properties). Such Real Estate shall be generally be income-producing. The investment strategy of the Trust shall be determined by the Manager from time to time at its absolute discretion so far as it is consistent with the investment policy;

...”

2.1.8 Clause 10.2 of the Trust Deed be amended as follows by inserting a new Clause 10.2.4 immediately after the new Clause 10.2.3 (if the Property Development Special Resolution is passed) and re-numbering the existing Clauses 10.2.3 and 10.2.4 accordingly if the Relevant Investments Special Resolution is passed:

“10.2 Investment of the Trust

Subject to the provisions of this Deed, the Manager’s investment policy and objective of the Trust is the following:...

10.2.4 subject to Clauses 10.3.8 to 10.3.11, the Trust may invest in Relevant Investments, Non-qualified Minority-owned Properties and other ancillary investments;

...”

(Note: If the Relevant Investments Special Resolution is not passed, the references to Relevant Investments in the above provision will be deleted.)

2.1.9 Clause 10.3 of the Trust Deed be amended as follows:

“10.3 Investment Restrictions

Subject to the restrictions and requirements of the Code, the Manager shall ensure that the following investment restrictions are complied with:

...

10.3.6 the Trust shall hold each Investment (which is in the nature of a Real Estate or shares in any Special Purpose Vehicle or Joint Venture Entity holding interest in a Real Estate, other than a Non-qualified Minority-owned Property) for a period of at least two years, unless the Manager has clearly communicated to the Holders the rationale for disposal prior to the expiry of such period and the Holders approve the disposal of such Investment by Special Resolution at a meeting to be convened by the Manager in accordance with the Schedule 1-, or save as permitted by the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time;

...

The Manager shall ensure that each Special Purpose Vehicle and, where applicable, Joint Venture Entities shall comply with the requirements set out in this Clause 10.3 but, for the avoidance of doubt, notwithstanding any provision in this Deed, the Manager and the Trustee shall, in respect of Non-qualified Minority-owned Properties, exercise due care and skill to comply with the general requirements under the Code unless such matters are not within their control.”

2.1.10 Clause 10.3 of the Trust Deed be amended as follows by inserting a new Clause 10.3.8 immediately after the new Clause 10.3.7 if both of the Property Development Special Resolution and the Relevant Investments Special Resolution are passed:

“10.3 Investment Restrictions

Subject to the restrictions and requirements of the Code, the Manager shall ensure that the following investment restrictions are complied with:...

10.3.8 save as may be permitted under the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, the combined value of: (a) all Relevant Investments of the Trust; (b) all Non-qualified Minority-owned Properties of the Trust; (c) other ancillary investments of the Trust; and (d) all of the Aggregate Development Costs of the Trust, shall not exceed 25% of the Gross Asset Value of the Deposited Property (the “Maximum Cap”) at any time;

...”

(Note: If the Property Development Special Resolution is not passed, the references to Aggregate Development Costs in the above provision will be deleted. If the Relevant Investments Special Resolution is not passed, the references to Relevant Investments in the above provision will be deleted.)

2.1.11 Clause 10.3 of the Trust Deed be amended as follows by inserting a new Clause 10.3.10 immediately after the new Clause 10.3.9 (if the Relevant Investments Special Resolution is passed):

“10.3 Investment Restrictions

Subject to the restrictions and requirements of the Code, the Manager shall ensure that the following investment restrictions are complied with:...

10.3.10 save as may be permitted under the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, the Value of the Trust’s holding of any Non-qualified Minority-owned Property shall not exceed 10% of the Gross Asset Value of the Deposited Property at any time. For the avoidance of doubt, where the Trust undertakes a property development project and the relevant property would be a Non-qualified Minority-owned Property after completion, the 10% diversification limit hereunder will apply to such property; and

...”

2.1.12 Clauses 10.5.3 to 10.5.7 of the Trust Deed be amended as follows:

“10.5 Ownership of Special Purpose Vehicle

- 10.5.3 The Manager shall ensure that neither the memorandum or articles of association or equivalent constitutional documents ~~of~~ and (where applicable) joint venture agreements governing the Special Purpose Vehicles nor the organisation, transactions or activities of such vehicles shall under any circumstance contravene any requirements of the Code or this Deed.
- 10.5.4 As and to the extent required by the Code, the Manager shall have responsibility for the management of, and shall manage, the assets held by any such Special Purpose Vehicle, including as provided in Clause 10.5.5 and the Trustee shall, in accordance with the Manager’s written instructions, exercise its powers ~~of control~~ as shareholder as provided in Clause 10.5.6 subject in all cases to Clause ~~17.17.2~~17.16.2. The Manager shall in writing direct the Trustee to appoint and remove the directors of any Special Purpose Vehicle or Joint Venture Entity appointed by the Trust and the Trustee, subject in all cases to Clause 10.5.6 and Clause 10.5.7, shall only act in accordance with such direction. The reasonable costs and expenses of establishing, managing and maintaining and administering such Special Purpose Vehicle, whether incurred by the Manager or by the Trustee shall be paid from the Deposited Property.
- 10.5.5 The Manager shall be responsible for the management of the assets held by each Special Purpose Vehicle including the annual budget and the management and operation of such Special Purpose Vehicle, and generally perform the same activities in relation to the assets of such Special Purpose Vehicle as to the directly held assets of the Trust. The Trustee and the Manager shall, insofar as permitted by the relevant constitutive documents and (where applicable) joint venture agreements governing the Special Purpose Vehicle, seek to procure that each Special Purpose Vehicle shall distribute to its shareholder(s) all of its income (after deduction of such costs and expenses as the Manager shall determine be set against such income) as permitted by the laws and regulations of its jurisdiction of incorporation.

10.5.6

- (a) Notwithstanding any other provisions in this Deed, the Trustee shall, directly or indirectly, only upon written instruction by the Manager but subject in all cases to Clause ~~17.17.2~~17.16.2 exercise any rights as shareholder ~~to control~~of such Special Purpose Vehicle and Joint Venture Entity (including, without limitation, the obligation to provide powers of attorneys or proxies as provided in Clause 13.1, the obligation to appoint directors of such Special Purpose Vehicle and Joint Venture Entity to the extent it is entitled to appoint such directors and to ensure that the auditor and accounting principles and policies of any Special Purpose Vehicle are identical to those of the Trust).
- (b) The Manager shall monitor the actions of the directors of any Special Purpose Vehicle or Joint Venture Entity appointed by the Trustee and, where such actions are not consistent with the provisions of this Deed shall direct the Trustee to remove the directors (or any of them). Notwithstanding the foregoing, the Trustee shall be entitled, but shall not be obliged, at its own discretion, to exercise its power ~~of control~~ as shareholders (including, without limitation, removing any of the directors of the Special Purpose Vehicles and Joint Venture Entities) if the Trustee considers such actions are necessary to comply with the Constitutive Documents or the Code or are in the best interest of the Holders.

10.5.7 The Trustee's duty to appoint the directors of any Special Purpose Vehicle or Joint Venture Entity shall not include finding any suitable individuals or providing any person (including any employee or other Connected Person of the Trustee) as such candidate or nominee director or directors. In appointing suitable nominees of the Manager (which the Manager shall be obliged to procure) as directors of the Special Purpose Vehicle or Joint Venture Entity, the Trustee may exercise discretion in refusing to appoint any nominee which the Trustee considers to be insufficiently qualified or in respect of whose integrity the Trustee is not satisfied. The Manager shall provide to the Trustee such information on the nominees, as the Trustee reasonably requests, which is necessary to assess the qualification and fitness and properness of such nominees to be appointed as directors of the Special Purpose Vehicles and Joint Venture Entities. Where a person nominated by the Manager is not appointed in such circumstance, the Manager shall nominate alternative individuals, subject to this Clause."

2.1.13 Clause 10.6 of the Trust Deed be amended as follows:

“10.6 Joint Ownership

~~The~~Subject to this Deed, the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC, the Manager may, where it considers it to be in the best interests of Holders, invest the assets of the Trust in jointly owned Real Estate ~~where the Trust has less than 100% ownership and control. The Manager shall ensure that the Trust has, at all times, majority (more than 50%) ownership and control of each Real Estate constituting Deposited Property, or at least to the extent required by the Code~~(including Minority-owned Properties), including via Joint Venture Entities. As and to the extent required by the Code, the Manager shall ensure that prior to entering any such joint ownership arrangement, it shall obtain ~~at the~~ legal opinions in accordance with the relevant requirements of the Code ~~satisfactory to and addressed to the Trustee stating that the Trust will have good and marketable legal and beneficial interest in the Real Estate.~~”

2.1.14 Clause 11.5 of the Trust Deed be amended as follows:

“11.5 Calculation of Interim Distributable Income and Annual Distributable Income

11.5.1 For the purposes of this Clause 11, the “**Interim Distributable Income**” for a Distribution Period means the amount calculated by the Manager (based on the interim unaudited financial statements of the Trust for that Distribution Period) as representing the consolidated net profit of the Trust and the Special Purpose Vehicles for that Distribution Period, after provision for tax, and as adjusted for accounting purposes to eliminate the effects of Adjustments, and all distributions received and receivable by the Trust from any Minority-owned Property.

11.5.2 For the purposes of this Clause 11, the “**Annual Distributable Income**” for a Financial Year means the amount calculated by the Manager (based on the audited financial statements of the Trust for that Financial Year) as representing the consolidated audited net profit after tax of the Trust and the Special Purpose Vehicles for that Financial Year, as adjusted for accounting purposes to eliminate the effects of Adjustments, and all distributions received and receivable by the Trust from any Minority-owned Property.

...”

2.1.15 Clause 14.1 of the Trust Deed be amended as follows:

“14.1 Management Fee

14.1.1 Base Fee

The Manager shall be entitled to receive for its own account out of the Deposited Property in arrear the amount of the Base Fee accrued to it and remaining unpaid. The Manager shall at the end of each quarter of each Financial Year compute the Base Fee for the quarter, based on management accounts of the Trust (if that Real Estate is directly owned by the Trustee) or the relevant Special Purpose Vehicle or Joint Venture Entity (if the Real Estate is owned by a Special Purpose Vehicle or Joint Venture Entity), and submit an invoice with such computation of the Base Fee to the Trustee within 30 days of the end of that quarter...

...

14.1.2 Variable Fee

- (iv) In relation to each Real Estate, the Manager shall at the end of each quarter of each Financial Year compute the Variable Fee for the quarter, based on management accounts of the Trust (if that Real Estate is directly owned by the Trustee) or the relevant Special Purpose Vehicle or Joint Venture Entity (if the Real Estate is owned by a Special Purpose Vehicle or Joint Venture Entity), and submit an invoice with such computation of the Variable Fee to the Trustee within 30 days of the end of that quarter. Subject to Clause 14.1.2(vi), the Variable Fee shall be paid to the Manager (in the form of cash and/or Units, as the case may be) on the last Business Day of the month in which the invoice is submitted to the Trustee.
- (v) In relation to each Real Estate, all amounts paid to the Manager pursuant to Clause 14.1.2(iv) to account for the Variable Fee shall be reconciled with the audited accounts for the relevant Financial Year of the Trust (if the Real Estate is directly owned by the Trustee) or the relevant Special Purpose Vehicle or Joint Venture Entity (if the Real Estate is owned by such Special Purpose Vehicle or Joint Venture Entity) within 14 days of the completion of the audited accounts (or such other period as may be agreed between the Manager and the Trustee) and any balance of such Variable Fee due and payable to the Manager or any refund due from the Manager respectively, shall be paid by the Trustee or the Manager (as the case may be) in the form of cash within 14 days after completion of the said audited accounts.

...”

2.1.16 Clause 17.15 (re-numbered as Clause 17.14) of the Trust Deed be amended as follows:

~~“17.14~~~~17.15~~ Powers of Trustee and the Manager

Subject to the provisions of this Deed (in particular, Clauses 17.2 to ~~17.7~~17.6, 18.2, 18.3, 18.5, 18.6 and 18.7) and without in any way affecting the generality of the foregoing, each of the Trustee (on the instructions of the Manager in writing) and the Manager shall have full and absolute powers in relation to the Deposited Property of:

...

17.14.2 ~~17.15.2~~ leasing, sub-leasing, licensing and sub-licensing or procuring the leasing, sub-leasing, licensing and sub-leasing by any relevant Special Purpose Vehicle or Joint Venture Entity, real and personal property to and accepting surrenders thereof from any person with power to compromise with lessees, sub-lessees, licensees, sub-licensees and others, to execute and pay for repairs and improvements;

...”

2.1.17 Clause 17.17.2 (re-numbered as Clause 17.16.2) of the Trust Deed be amended as follows:

~~“17.16.2~~~~17.17.2~~ The Trustee shall:

...

(xv) take all reasonable care to ensure that the Net Asset Value of the Deposited Property and Net Asset Value of the Deposited Property per ~~unit~~Unit (being the Net Asset Value of the Deposited Property divided by the number of Units then in issue) is calculated by the Manager in accordance with this Deed as and when an annual valuation report of the Trust’s Real Estate is issued by the Approved Valuer or, where applicable, a JV Valuer for the relevant period, and that such Net Asset Value of the Deposited Property and Net Asset Value of the Deposited Property per Unit shall be published in the annual report for the Trust;

...

(xvii) be responsible for the appointment of the board of directors of all Special Purpose Vehicles and Joint Venture Entities as provided in Clause 10.5; and

...”

2.1.18 Clause 18.1 of the Trust Deed be amended as follows:

“18.1 Manager’s Duties

The Manager shall carry out all activities as the Manager may deem necessary for the management of the Trust and its business...

18.1.3 ensure that in managing the Trust, it has sufficient oversight of the daily operations and financial conditions of the Trust and Deposited Property (other than Non-qualified Minority-owned Properties), and shall remain to be the key decision-maker of all material matters relating to the management of the Trust;

18.1.4 ensure that the financial and economic aspects of Deposited Property are professionally managed in the sole interest of the Holders, including:

...

(xx) maintain or cause to be maintained proper books and accounts and records of the Trust (and of all Special Purpose Vehicles and joint ownership arrangements majority-owned by the Trust) in Hong Kong and contain the information required by the Code, and shall permit the Trustee from time to time on demand to examine and take copies of or extracts from any such books. The Manager shall prepare or cause to be prepared the Trust’s financial statements which are in agreement with the Trust’s books and records and in accordance with accounting principles generally accepted in Hong Kong, other relevant provisions of the Code, this Deed and which give a true and fair view of the state of affairs of the Trust at the end of the relevant Financial Year and of the financial transactions of the Trust for the relevant Financial Year. The Manager shall cause the Accounts to be audited by the Auditors and auditors of the Special Purpose Vehicles;

...”

2.1.19 Clause 25.4.1(iii) of the Trust Deed be amended as follows:

“25.4 Circulars

25.4.1 The Manager shall issue a circular to Holders in respect of transactions that, pursuant to the Code (or in the reasonable opinion of the Trustee or the Manager), require Holders’ approval, including:

...

- (iii) entering into a disposal of Real Estate (other than Non-qualified Minority-owned Properties) within a period of less than two years from the Acquisition Date...”

2.2 Regulatory Amendments

2.2.1 Clause 1.1 of the Trust Deed be amended as follows:

“1.1 Definitions

...

“**associate**” shall have the meaning given to it in ~~Schedule 1 to the SFC~~Chapter 14A of the Listing Rules, save that, for the purpose of interpretation of this Deed, a Special Purpose Vehicle or Joint Venture Entity in which the Trust’s interest is held by the Trustee in its capacity as trustee of the Trust only shall not be an associate of the Trustee, ~~in its capacity as the trustee of the Trust only;~~

“~~associated company~~”: a company shall be deemed to be an associated company of another company if one of them owns or controls 20% or more of the voting rights of the other or if both are associated companies of another company;

...

“**chief executive**” means a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of the relevant entity;

...

“**Connected Party Transaction**” means any transaction between any Connected Person and either the Trust or any of its subsidiaries, and includes also those transactions that would constitute connected transactions for listed companies contemplated under 8.7A of the Code, but excludes transactions which are not regarded as connected party transactions under the Code, the Listing Rules (to the extent appropriate and practicable) or any published guidelines, policies, practice statements or other guidance issued by the SFC from time to time~~Special Purpose Vehicle;~~

“**Connected Person**” means:

- (a) the Manager;
- (b) ~~the Approved Valuer;~~
- (b) ~~(e)~~ the Trustee;

- (c) ~~(d)~~ a ~~Significant~~Substantial Holder;
- (d) ~~(e)~~ a director, ~~senior executive or an officer of any of the entities in (a), (b), (c) or (d) of this definition~~ or chief executive of any of the Manager, the Trustee or any subsidiary of the Trust, or a Former Director;
- (e) ~~(f)~~ an associate of the persons or entities in (a), (b), (c) or (d) or (e) of this definition;
- ~~(g) a controlling entity, holding company, subsidiary or associated company of any of the entities in (a) to (d) of this definition.~~
- (f) a “connected subsidiary” as defined in Chapter 14A of the Listing Rules;
or
- (g) a person deemed to be connected by the SFC;

...

“controlling entity” has the same meaning as defined in Schedule 1 to the SFO other than (a)(ii) of its definition therein;

...

~~**“Excluded Associate”** means any person or entity who/which is an associate of the relevant Connected Person solely by virtue of the operation of paragraphs (b), (c), and/or (k) (other than a related corporation covered under paragraph (a) of the definition of “related corporation” in Schedule 1 of the SFO) of the definition of “associate” in Schedule 1 of the SFO;~~

...

“Former Director” means a person who was a director of the Manager or any subsidiary of the Trust in the last 12 months;

...

“Listing Rules” means the listing rules for the time being applicable to the listing of Units on the SEHK, ~~as the same may be modified, amended, supplemented, revised or replaced from time to time~~ (modified as appropriate pursuant to 2.26 of the Code);

...

“notifiable transaction” shall have the meaning given to it in Chapter 14 of the Listing Rules;

...

“Public Float Percentage” shall have the meaning ascribed to it in Clause 9.5;

...

~~“Significant Holder” means a Holder that holds 10% or more of the outstanding Units, for which purpose the following are deemed included as such Holder’s holdings: (i) the holdings of any associate of the Holder where the Holder is an individual; and (ii) the holdings of any director, senior executive, officer, controlling entity, holding company, subsidiary or associated company of the Holder where the Holder is an entity. For the purposes of this definition, “hold” and “holding” means any legal, beneficial or equitable interest in the Units;~~

...

“subsidiary” has the same meaning as defined in the Listing Rules;

“Substantial Holder” means a Holder who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Trust or any subsidiary of the Trust;

...”

2.2.2 The existing Clause 1.2 of the Trust Deed be deleted as follows:

~~“1.2 Holding Company~~

~~The expressions “holding company” and “subsidiary” bear the meanings ascribed thereto respectively in Section 2 of the Companies Ordinance.”~~

2.2.3 A new Clause 1.2 of the Trust Deed be inserted immediately after the existing Clause 1.1 as follows:

“1.2 Gross Asset Value of the Deposited Property

The Gross Asset Value of the Deposited Property shall be determined in accordance with the following formula:

Gross Asset Value of the Deposited Property = GAV – D ± V

Where:

GAV = total assets as shown in the Trust’s latest published accounts;

D = the amount of any distribution proposed in the Trust’s latest published accounts and any distribution declared since the issuance of the Trust’s latest published accounts; and

V = the change (if any) in the Approved Valuer’s (or, where applicable, the JV Valuer’s) determination of the Value of the Trust’s Real Estate, based on its valuation report(s) issued subsequent to the issuance of the Trust’s latest published accounts.”

2.2.4 Clause 3.1 of the Trust Deed be amended as follows:

“3.1 Register of Holders

Holders shall have the right to hold and register Units in their own names. An up-to-date Register shall be kept in Hong Kong by the Trustee or a Registrar where appointed, which may be kept either in written form or by such other means capable of being reproduced in written form (including computer record, microfiche or electronic recording) as the Trustee and the Manager shall from time to time determine...”

2.2.5 Clause 3.6.1 of the Trust Deed be amended as follows:

“3.6 Transfer of Units

3.6.1 Every Holder shall be entitled to transfer the Units or any of the Units held by him as follows:

...

- (iii) all charges in relation to such transfer as may be imposed by the Registrar shall be borne by the person who lodges the instrument of transfer with the Registrar for registration; ~~and~~
- (iv) there are no restrictions as to the number of Units which may be transferred by a transferor to a transferee; and
- (v) transfers and other documents relating to or affecting the title of any Units shall be registered where required,

Provided ~~That~~that no transfer shall be registered if such registration would violate applicable laws or regulations specified in this Deed or in the relevant Offering Circular or, in the opinion of the Trustee or the Manager, either jeopardise the regulatory status of the Trust or be contrary to the best interests of the Trust.”

2.2.6 Clause 5 of the Trust Deed be amended as follows:

“5.1 Issue of Units

5.1.1 The Manager has the exclusive right to effect for the account of the Trust, the creation and issue of Units in accordance with this Deed and subject to the provisions of the Code and any other applicable laws and

regulations (including an initial issue of Units, a rights issue, a capitalisation issue, an issue of new Units otherwise than by a rights issue or any issue pursuant to a re-investment of distribution arrangement or an issue of Units in consideration of the contribution of Real Estate to the Trust, or an issue of Units to the Manager in full or partial satisfaction of the Manager's remuneration pursuant to Clauses 14.1.1, 14.1.2 and 14.2.1. Units shall be issued free from any restriction on the right of transfer (except as permitted by the SFC) and shall be free from any lien.

...

5.1.7 Any issue, grant or offer of Units or Convertible Instruments to a Connected Person will require specific prior approval of Holders by Ordinary Resolution at a meeting to be convened by the Manager in accordance with Schedule 1, unless such issue, grant or offer is made under the following circumstances (where, for the avoidance of doubt, no Holders' approval will be required):

...

(ii) Units are issued to a Connected Person under Clauses 14.1.1 and 14.1.2 in or towards the satisfaction of the Base Fee and Variable Fees and the aggregate number of Units issued for such purpose in respect of any Financial Year does not exceed 3% (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SFC) of the total number of Units outstanding at the last day of the immediately preceding Financial Year plus the total number of Units (if any) issued in the Financial Year for the purposes of financing any acquisition of Real Estate by the Trust; or

(iii) Units and/or Convertible Instruments are issued to a Connected Person within 14 days after such Connected Person has executed an agreement to reduce its holding in the same class of Units and/or Convertible Instruments by placing such Units or Convertible Instruments to or with any person(s) who is/are not its associate(s) (~~other than any Excluded Associate~~), provided always that (a) the new Units and/or Convertible Instruments must be issued at a price not less than the placing price (which may be adjusted for the expenses of placing); and (b) the number of Units and/or Convertible Instruments issued to the Connected Person must not exceed the number of Units and/or Convertible Instruments placed by it.

...

5.2 Issue Price

...

5.2.2 After the Listing Date, and for so long as the Units are admitted for trading on the SEHK...

- (b) an issue of, or agreement (whether conditional or unconditional) to issue, new Units at an Issue Price or Initial Issue Price (as the case may be) that is otherwise than in accordance with the pricing basis and/or discount allowed in Clauses 5.2.2(a)(i) and 5.2.2(a)(ii) above, or bonus issues and/or capitalisation issues which are not on a pro rata basis, will require specific prior approval of Holders by Ordinary Resolution at a meeting to be convened by the Manager in accordance with Schedule 1, and such approval may be subject to such conditions as the Holders may approve, including without limitation stating the basis of pricing, or authorising the Manager to determine the pricing basis on such terms as are authorised under that Ordinary Resolution.

...

5.2.6 In addition to the Manager's obligations under Clauses 5.2.2 and 5.2.3, where any Units are issued for non-cash consideration in the nature of Real Estate, the value of such non-cash consideration in the nature of Real Estate shall be determined by the Manager on an arm's length basis which is fair and reasonable to Holders ~~in accordance with a report provided by an Approved Valuer prior to such issuance of Units.~~

..."

2.2.7 Clause 6.4 of the Trust Deed be amended as follows:

“6.4 Basis of Valuation

The Manager shall ensure that all valuations made by Approved Valuers pursuant to this Clause 6 shall be carried out in good faith in accordance with market practice on such basis as the Approved Valuers respectively may determine to be appropriate, subject always to the terms of this Deed and the provisions of the Code. The valuation methodology for valuation of Real Estate shall follow the “HKIS Valuation Standards on Properties” published from time to time by the Hong Kong Institute of Surveyors or the International Valuation Standards issued from time to time by the International Valuation Standards Committee. Once adopted, the same valuation standards shall be applied consistently to all valuations of ~~properties of the Trust~~ Real Estate.

In relation to any Investment which is not in the nature of Real Estate, the Manager when making any recommendations to the Trustee as to the valuer thereof shall have regard to the particular nature of such Investment which is the subject of the valuation.”

2.2.8 Clause 6.5 of the Trust Deed be amended as follows:

“6.5 Frequency of Valuation of Real Estate Investments

The Manager shall ensure that a full valuation of each of the Trust’s Real Estate in the form of land... (ii) ~~on non-cash consideration in the nature of Real Estate which is to be received for the issue of Units in accordance with Clause 5.2.6 or~~ (iii) in any other circumstance prescribed by the Code.”

2.2.9 Clause 7.2 of the Trust Deed be amended as follows:

“7.2 Repurchase and Redemption of Units by Manager

The Manager must not repurchase or redeem any Units unless and until permitted to do so by the relevant codes and guidelines issued by the SFC from time to time. In the event that such codes and guidelines are issued by the SFC, any and applicable law. Any repurchase or redemption of Units by the manager must be effected in accordance with such codes and guidelines and applicable law.”

2.2.10 Clause 9 of the Trust Deed be amended as follows by inserting a new Clause 9.5 immediately after the existing Clause 9.4 of the Trust Deed:

“9. Listing of Trust

...

9.5 Public Float Requirement

The Manager shall use its best efforts to ensure that a minimum of 25% (or any other percentage specified or permitted by the SFC from time to time) (the “Public Float Percentage”) of the outstanding Units are held in public hands. In the event that the Manager becomes aware that the percentage of the outstanding Units in the public hands has fallen below the Public Float Percentage, the Manager shall use its best efforts to restore the percentage of Units held in public hands to at least the Public Float Percentage of the outstanding Units as soon as practicable. The Manager shall adopt proper internal procedures for monitoring the public float and shall notify the Trustee and the SFC promptly if such percentage falls below the Public Float Percentage of the outstanding Units and issue an announcement regarding the same.”

2.2.11 Clause 10.3 of the Trust Deed be amended as follows by inserting a new Clause 10.3.7 immediately after the existing Clause 10.3.6 and a new Clause 10.3.11 immediately after the new Clauses 10.3.9 (if the Relevant Investments Special Resolution is passed) and 10.3.10:

“10.3 Investment Restrictions

Subject to the restrictions and requirements of the Code, the Manager shall ensure that the following investment restrictions are complied with:

...

10.3.7 save as may be permitted under the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, at least 75% of the Gross Asset Value of the Deposited Property shall be invested in Real Estate that generates recurrent rental income at all times;

...

10.3.11 save as may be permitted under the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, the Value of the Trust’s holding of all other ancillary investments (as defined in the Code and/or other published guidelines, policies, practice statements or other guidance issued by the SFC) shall not exceed 10% of the Gross Asset Value of the Deposited Property at any time.

...”

2.2.12 Clause 10.5.2 be amended as follows:

“10.5 Ownership of Special Purpose Vehicle

...

~~10.5.2 As and to the extent allowed by the Code or the SFC, the Manager shall ensure that the Trust shall incorporate or acquire no more than two layers of Special Purpose Vehicles in respect of any Investment. In the case of two layers of Special Purpose Vehicles, the top layer Special Purpose Vehicle shall be incorporated solely for the purpose of holding the legal and beneficial interests in one or more Special Purpose Vehicles established for the sole purpose of directly or indirectly holding Real Estate and/or arranging financing for the Trust.~~The Special Purpose Vehicles shall be incorporated in jurisdictions which have established laws and corporate governance standards which are commensurate with those observed by companies incorporated in Hong Kong, and the Special Purpose Vehicles shall be established for the sole purpose of

holding Real Estate for the Trust and/or arranging financing for the Trust. Notwithstanding the above, the Special Purpose Vehicles may be used for other purposes incidental to the Trust's investments subject to the prior consultation with the SFC.

...”

2.2.13 Clause 10.12.2 of the Trust Deed be amended as follows:

“10.12 Manager May Require Trustee to Borrow or Raise Money

...

10.12.2 No new borrowing or money raising shall be requisitioned by the Manager under Clause 10.12.1 or made by the Trustee at the instruction of the Manager under Clause 10.12.1 if upon the effecting of such borrowing or raising the amount thereof together with the aggregated amount of all other raisings or borrowings made by the Trustee at the requisition of the Manager under Clause 10.12.1 or made by the Trustee at the instruction of the Manager under Clause 10.12.1 (in each case, whether directly through Special Purpose Vehicles, and still remaining to be repaid) would thereupon in the aggregate exceed ~~45~~50% (or such other higher or lower percentage as may be permitted by the Code or as may be specifically permitted by the relevant authorities) of the ~~total gross asset value~~Gross Asset Value of the Deposited Property ~~as set out in the Trust's latest published audited accounts immediately prior to such borrowing being effected (as adjusted by (i) the amount of any distribution proposed by the Manager in such audited accounts and any distribution declared by the Manager since the publication of such accounts; and (ii) where appropriate the latest published valuation of the assets of the Trust if such valuation is published after the publication of such accounts).~~

...”

2.2.14 Clause 11 of the Trust Deed be amended as follows:

“11.6 Distribution of Entitlement

11.6.1 The Manager shall, as soon as practicable, inform the Trustee of its calculation under this Clause 11 of the ~~Distribution Entitlement of each Holder~~amount of distribution per Unit in respect of each Distribution Period in writing and instruct the Trustee to pay each Holder accordingly. The Manager shall also arrange for the Auditors to review and check its calculation under this Clause 11 of the ~~Distribution Entitlement of each Holder~~amount of distribution per Unit in respect of each Distribution Period and shall issue a confirmation letter to the Trustee. If so requested by the Trustee, the Manager shall provide the

relevant information to the Trustee so as to enable the Trustee to check the Manager's computation of the ~~Distribution Entitlement of any Holder~~ amount of distribution per Unit.

...

11.6.3 For the purpose of determining the entitlement to the Distribution Entitlement for a Distribution Period, the persons who are Holders on the Record Date for that Distribution Period have an absolute, vested and indefeasible interest in the Distributable Amount of that Distribution Period. For the avoidance of doubt, in the event that the Trust does not have sufficient cashflow to meet payments of Holders' Distribution Entitlement, such unpaid Distribution Entitlement shall be accrued and shall be paid to the persons entitled thereto as soon as practicable after the Trust has sufficient cashflow to meet the payment obligations and Holders shall be notified of the suspension of payments by way of announcement.

...

11.6.6 For the avoidance of doubt, upon the declaration of any distribution per Unit made by the Manager on behalf of the Trust, the Trust shall be obliged to pay such distribution per Unit to Holders regardless of the number of Units in issue as at the Record Date for the relevant period, provided that appropriate adjustments shall be made to take into account any consolidation or subdivision of Units which may have occurred between the date of declaration of the distribution and the Record Date.

...

11.8 Composition of Distribution

~~Following the end of each Financial Year, the Manager must notify each Holder.~~ The Manager must notify Holders through the annual and interim reports of the Trust and the results announcements of the Trust for the relevant periods of:

..."

2.2.15 Clause 12 of the Trust Deed be amended as follows by inserting a new Clause 12.5 immediately after the existing Clause 12.4:

“12. Place and Condition of Payment

...

12.5 Uncashed Cheques

Without prejudice to the rights of the Trustee under Clause 12.4, the Manager may cease or procure to cease sending cheques for Distribution Entitlements by post if such cheques have been left uncashed for six months on two consecutive occasions. However, the Manager may exercise the power to cease sending cheques for Distribution Entitlements after the first occasion on which such a cheque is returned undelivered.”

2.2.16 Clause 15 of the Trust Deed be amended as follows:

“15.1 Subject to Clause ~~17.17.2(x)~~17.16.2(x), any Connected Party Transaction shall be carried out in accordance with the provisions of the Code, the Listing Rules (to the extent appropriate and practicable) and any conditions (including any conditions of waivers and exemptions from the operation of the Code granted by the SFC from time to time) imposed by the SFC from time to time provided that no Connected Party Transaction shall be void or voidable if it is entered into in breach of such provisions.

15.2 All transactions carried out by or on behalf of the Trust by the Manager or the Trustee shall be:

15.2.1 carried out at arm’s length and on normal commercial terms;

...

15.2.4 on terms that are fair and reasonable and in the best interests of the Holders; and

...

15.2.5 (where required) properly disclosed to the Holders.

...

15.3 Where cash forming part of the Trust’s assets is deposited with, or the Trust (or any Special Purpose Vehicle) borrows from:

(a) the Trustee;

(b) the Manager; or

~~(e) the Approved Valuer; or~~

(c) ~~(d)~~ any Connected Person (each being licensed to accept deposits or lend money, where required, as the case may be),

interest shall be paid on the deposit or the borrowing, as the case may be, at a rate not lower in the case of deposits, and not higher in the case of borrowings, than the prevailing commercial rate for a deposit or borrowing, as the case may be, of that size and term.

15.4 As and to the extent required by the Code or any conditions of waivers and exemptions from the operation of the Code granted by the SFC from time to time or upon request in writing by the Manager, the Trustee shall take actions or commence proceedings on behalf of the Trust as necessary, including against any Connected Persons of the Trustee in relation to any transactions or agreements entered into by the Trustee for and on behalf of the Trust with such persons, provided that in the event of any actions or proceedings against any Connected Persons of the Trustee, the Trustee shall act upon the Manager's request and instructions."

2.2.17 Clause 16.5 of the Trust Deed be amended as follows:

"**16.5 Saving Clause as to Indemnities**

Any indemnity expressly given to the Trustee or the Manager in this Deed is in addition to and without prejudice to any indemnity allowed by law; **PROVIDED NEVERTHELESS THAT** any provision of this Deed shall be void insofar as it would have the effect of exempting the Trustee or the Manager from or indemnifying it by the Holders or at the Trust's expense against any liability for breach of this Deed or breach to Holders imposed under any applicable law or attributable to breaches of trust (in the case of the Trustee) or any liability which by virtue of any rule of law would otherwise attach to it in respect of any through fraud, negligence or wilful default of which it may be guilty in relation to its duties, or breaches of this Deed or any constitutive documents to which the Trustee or the Manager (as the case may be) is a party, or breaches of the Code or other applicable law or regulations by the Trustee or the Manager (as the case may be). For so long as the Trust is authorized by the SFC under section 104 of the SFO, section 41O of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) shall not apply to the extent that it is inconsistent with Clause 17.16.2(iii) of this Deed reflecting 4.2(a)(iii) of the Code, and. No provision of this Deed shall not in any way operate to exempt or diminish any liability and duties of the Trustee or the Manager under as set out in this clause reflecting 9.5 of the Code."

2.2.18 Clause 17.15 (re-numbered as Clause 17.14) of the Trust Deed be amended as follows:

"**17.14 Powers of Trustee and the Manager**

...

~~17.14.14~~ ~~17.15.14~~ where the Trustee or the Manager believes that a Holder may be a ~~Significant~~Substantial Holder, requiring the Holder to promptly disclose to the Trustee and the Manager all of the legal, beneficial and equitable interests in Units held by the Holder ~~and such other persons whose holdings of Units would be taken into account in determining whether the Holder is a Significant Holder under the definition of “Significant Holder” in Clause 1.1;~~

...”

2.2.19 Clause 18.1.4 of the Trust Deed be amended as follows:

“18.1 Manager’s Duties

...

18.1.4 ensure that the financial and economic aspects of Deposited Property are professionally managed in the sole interest of the Holders, including:

...

(xxi) prepare and publish: (a) annual reports and accounts to be distributed to Holders and filed with the SFC within four months of the end of the relevant Financial Year; and (b) semi annual reports to be distributed to Holders and filed with the SFC within ~~two~~three months of the end of the period they cover, in each case complying with the provisions of the Code and this Deed;

(xxii) ensure that all Constitutive Documents (including those in relation to the listing of Units on the SEHK, but excluding such documents containing commercially sensitive information as determined at the discretion of the Manager) are made available for inspection by the public in Hong Kong, free of charge, at all times on the Website or during Business Hours at the place of business of the Manager in Hong Kong; and ensure that copies of such documents are available upon request by any person upon the payment of a reasonable fee;

...

(xxix) disclose to Holders of the name of any ~~Significant~~Substantial Holder with which it has a relationship, and the nature of such relationship.”

2.2.20 Clause 18.8.5 of the Trust Deed be amended as follows:

“18.8.5 Notwithstanding the foregoing, the Manager shall be fully liable to the Trustee (in its capacity as trustee of the Trust), for all losses, liabilities, damages, costs and expenses suffered or incurred by the Trust arising from all the acts and omissions of its delegates and agents (including delegates or agents appointed by the Trustee at the direction of the Manager) as if the relevant act or omission had been performed by the Manager itself.”

2.2.21 Clause 23.4 of the Trust Deed be amended as follows and by inserting a new Clause 23.4.6 immediately after the existing Clause 23.4.5 and re-numbering the existing Clauses 23.4.6 and 23.4.7 accordingly:

“23.4 The Manager shall serve on the Holders, within ~~21 days~~ 15 Business Days of the announcement referred to in Clause 23.2, a circular convening an extraordinary general meeting containing the following information:

...

23.4.6 the alternatives available to investors (including, if possible, a right to switch without charge into another authorised scheme);

...”

2.2.22 Clause 24.2 of the Trust Deed be amended as follows:

“24.2 The Manager shall serve on the Holders within ~~21 days~~ 15 Business Days of the announcement referred to in Clause 24.1, a circular convening an extraordinary general meeting containing the following information...”

2.2.23 Clause 25 of the Trust Deed be amended as follows:

“**25. Announcements, ~~Circulars and Notices~~ Corporate Communications**

...

25.2 Approval of Announcements, Circular and Notices

Save as otherwise provided from time to time by the Code or any other published guidelines, policies, practice statements or other guidance issued by the SFC, all ~~All~~ announcements, circulars and notices relating to the Trust shall be submitted to the SFC for prior approval. Upon such approval, they shall be disseminated to Holders as soon as reasonably practicable.

...

25.3 Announcements

...

25.3.4 requires Holders' approval.

The Manager shall issue an announcement to Holders in respect of a Connected Party Transaction or a notifiable transaction in accordance with Chapter 8 or 10.10B of the Code (as the case may be) where applicable...

25.4 Circulars

25.4.1 The Manager shall issue a circular to Holders in respect of transactions that, pursuant to the Code (or in the reasonable opinion of the Trustee or the Manager), require Holders' approval, including:

(i) the issuance of new Units (other than Units issued pursuant to a dividend reinvestment plan) that requires Holders' approval pursuant to Clause 5;

(ii) entering into a merger or ~~acquisition~~ takeover;

...

(vi) changing the level of fees and charges of the Trust only if such alteration requires the approval of Holders; and

~~(vii) entering into a Connected Party Transaction which requires Holders' approval pursuant to Clause 15; and~~

(vii) ~~(viii)~~ requesting the de-authorisation or de-listing of the Trust.

25.4.2 The Manager shall issue a circular to Holders in respect of material information in relation to the Trust, including:

~~(i) a transaction (other than a Connected Party Transaction) the value of which exceeds 15% of the gross asset value of the Trust;~~

~~(ii) a transaction (other than a Connected Party Transaction) for services performed in relation to the Real Estate of the Trust the value of which exceeds 15% of the aggregate value that the Trust committed to spend or has spent on services relating to Real Estate of the Trust during the twelve months preceding the relevant transaction;~~

- (i) ~~(iii)~~ a material change in the Trust’s financial forecast made in any Offering Circular previously issued by the Trust; and
- ~~(iv) an issue of new Units (other than Units issued pursuant to a dividend reinvestment plan) that does not require Holders’ approval under the Code; and~~
- (ii) ~~(v)~~ a valuation of the Real Estate of the Trust, conducted upon request by the Trustee under Clause ~~17.17.2(vi)~~17.16.2(vi).

25.4.3 ~~The~~ The Manager shall issue a circular to Holders in respect of a Connected Party Transaction or a notifiable transaction in accordance with Chapter 8 or 10.10B of the Code (as the case may be) where applicable.

25.4.4 ~~25.4.3~~ ~~The~~ In general, the Manager shall send out a circular to Holders within ~~21 days~~15 Business Days after the issuance of an announcement referred to in Clause 23.2 or 24.1. Where a general meeting is to be held, the relevant circular shall be sent to Holders; at the same time as or before the notice of the general meeting is given to Holders.

- ~~(i) 21 days prior to the day of such meeting for a Special Resolution; and~~
- ~~(ii) 14 days prior to the day of such meeting for an Ordinary Resolution.~~

...”

2.2.24 Clause 26 of the Trust Deed be amended as follows:

“26. Modification of Trust Deed

The Trustee and the Manager shall be entitled by deed supplemental hereto and with the prior approval of the SFC to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose PROVIDED THAT unless the Trustee shall certify in writing that in its opinion such modification, alteration or addition: (i) does not materially prejudice the interests of the Holders, if so required, and does not operate to release to any material extent the Trustee or the Manager from any ~~responsibility~~liability to the Holders and does not increase the costs and charges payable from the Deposited Property...”

2.2.25 Clause 29.1 of the Trust Deed be amended as follows:

“29. Code and Listing Rules

29.1 Nothing in this Deed shall diminish or exempt any of the Manager or the Trustee from its duties and liabilities under the Code. The Manager and the Trustee shall in the performance of their respective duties under this Deed with respect to the Trust at all times comply with applicable provisions of the Code as if the same were set out in this Deed, subject to compliance with any applicable waiver or exemption given by the SFC in respect of the Code. In the event of any conflict or inconsistency between the provisions of the Code and any such waivers or exemptions, and the provisions of this Deed in relation to the Trust, then to the extent of such conflict or inconsistency, the provisions of the Code and any such waivers or exemptions shall prevail.”

2.2.26 Schedule 1 to the Trust Deed be amended as follows:

“1. Convening of Meetings and Conduct of Meetings

1.1 The Manager shall at least once in every calendar year convene a general meeting of the Holders as the Annual General Meeting thereof in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it. The Annual General Meeting shall be held at such time and place as the Manager shall appoint and not less than 20 clear Business Days’ notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in writing thereof shall be given to the Holders. The following provisions of this Schedule shall apply as well to the Annual General Meeting as to other meetings unless the context otherwise requires.

...

2 Notice of Meetings

...

2.2 Without prejudice to the requirements mentioned in paragraph 1.1 of this Schedule 1, ~~at least the longer of: (i) 14 days’, and (ii) not less than 10 clear Business Days’ notice (in both cases, exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given)~~ of every meeting (other than an annual general meeting) shall be given to the Holders in the manner provided in this Deed, except that 21 days’ notice at the least (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of the meeting in writing thereof shall be given to the Holders where a Special Resolution is proposed for consideration

~~at such meeting~~ in accordance with the Code and, where applicable, the Listing Rules and in the manner provided in this Deed. The notice shall specify the place, day and hour of meeting and the terms of any resolution to be proposed thereat. A copy of the notice shall be sent by post to the Trustee, unless the meeting is convened by the Trustee in which case a copy of the notice shall be sent by post to the Manager. The accidental omission to give notice to or the non-receipt of notice by any of the Holders shall not invalidate the proceedings at any meeting. In this paragraph 2.2, “**Holders**” means the persons who were shown as Holders on the Register as at the close of business on the last Business Day before the notice under this paragraph 2 was sent. Where a meeting is adjourned, this paragraph applies as if the reference to the notice given under this paragraph 2.2 was a reference to the notice of the adjourned meeting given under paragraph 4.1 below.

...

- 3.9 Any Holder being a corporation may by resolution of its directors (or other governing body) authorise any person to act as its representative at any meeting of Holders and execute a form of proxy under the hand of a duly authorised officer and a person so authorised shall at such meeting be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Holder.

...”

2.3 Miscellaneous Amendments

2.3.1 Clause 1.1 of the Trust Deed be amended as follows:

“**1.1 Definitions**

...

“**Approved Valuer**” means a company or firm appointed in writing by the Trustee on behalf of the Trust to provide a valuation of any Authorised Investment in accordance with ~~Clause 6.2~~this Deed;

...

“**Authorised Investments**” means:

...

(e) ~~(d)~~ Cash and Cash Equivalent Items;

...

(g) any other assets or investments as permitted by the Code or any published guidelines, policies, practice statements or other guidance issued by the SFC from time to time; and

(h) (f) investments in relation to arrangements for the purposes of enhancing the return on, or reducing the risks associated with, the Authorised Investments contemplated by paragraphs (a), (b), (c), (d) and, (e), (f) and (g) of this definition, or of other Investments, or in respect of the Trust generally, including investments in the form of derivatives instruments for the purposes of hedging only...

...

~~“Bank” means a bank or other financial institution recognised or licensed as such by banking authorities in any relevant jurisdiction, and any reference to “Banker” shall be construed accordingly;~~

...

~~“Business Day” means any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9.00 a.m. and 5.00 p.m.) on which licensed banks are open for general business in Hong Kong~~has the same meaning as defined in the SFO;

...

~~“Charge-Out Collections” in relation to a Real Estate, whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle, and in relation to any Financial Year or part thereof, means all items of air-conditioning charges, management fees, promotional charges, government rates, government rents, utility charges, and cleaning and other charges payable by the tenants and licensees to the Trustee or the relevant Special Purpose Vehicle (as the case may be);~~

...

~~“Code” means the Code on Real Estate Investment Trusts issued by the SFC, as the same may be modified, amended, supplemented, revised or replaced from time to time;~~

...

~~“Companies Ordinance” means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);~~

...

“Gross Revenue” in relation to a Real Estate, ~~whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle,~~ held by the Trust (whether directly or indirectly) and in relation to any Financial Year or part thereof, means all income accruing or resulting from the operation of such Real Estate for that Financial Year or part thereof, including but not limited to its base rental income, turnover rent, licence fees, Charge-Out Collections and other sums (after deduction for all rebates, refunds, credits or discounts and rebates for rent free periods) due from tenants, licensees and concessionaires, business interruption insurance payments, car park income, atrium income, interest income, advertising and other income attributable to the operation of such Real Estate, but shall exclude the following:

...

- (iv) all ~~goods and services or value added taxes~~ GST (whether in force at present or in the future), charged to tenants, licensees and users of the Real Estate for the sale or supply of services or goods, which ~~taxes~~ are accountable by the ~~Trustee or the relevant Special Purpose Vehicle (as the case may be)~~ Trust to the tax authorities;

...

“Liabilities” means all the liabilities of the Trust ~~whether incurred directly by the Trustee or indirectly through a Special Purpose Vehicle~~ (including, in each case, liabilities accrued but not yet paid) and any provision which the Trustee or the Manager decides in consultation with the Auditors should be taken into account in determining the liabilities of the Trust in accordance with accounting principles generally accepted in Hong Kong;

...

“Net Property Income” in relation to a Real Estate, ~~whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle,~~ held by the Trust (whether directly or indirectly) and in relation to any Financial Year or part thereof, means its Gross Revenue less Property Operating Expenses for such Real Estate for that Financial Year or part thereof;

...

“Offering Circular” means any offering circular prepared and issued by the Manager in connection with any issue of Units, ~~as amended, supplemented and updated from time to time;~~

“**Operating Equipment**” in relation to a Real Estate, ~~whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle,~~ means the equipment, items or things used in the operation of such Real Estate, pursuant to the approved annual business plan and budget for such Real Estate;

...

“**Property Operating Expenses**” in relation to a Real Estate, ~~whether directly held by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle,~~ held by the Trust (whether directly or indirectly) and in relation to any Financial Year or part thereof, means all costs and expenses incurred by the Trust ~~or the relevant Special Purpose Vehicle~~ in the operation, maintenance, management and marketing of such Real Estate, including but not limited to the following:

...

but, shall not include the following:

...

(c) interest on loans taken up by the ~~Trustee or the relevant Special Purpose Vehicle~~ Trust;

...

“**Takeovers Code**” means ~~the~~ The Codes on Takeovers and Mergers and Share ~~Repurchases~~ Buy-backs issued by the SFC ~~(as amended from time to time)~~;

...

“**Variable Fees**” means the variable fees payable to the Manager pursuant to Clause 14.1.2;

...”

2.3.2 Clause 1.4 of the Trust Deed be amended as follows:

“1.4 Sale and Purchase

References herein to the sale or purchase of ~~Authorised~~ Investments include any acquisition, disposal, subscription for or discounting of, dealing in, or entering into, writing of or fulfilment of obligations under, any contract relating to ~~Authorised~~ Investments for the account of the Trust.”

2.3.3 Clause 1.5 of the Trust Deed be amended as follows:

“1.5 Statutes etc.

Any reference herein to any enactment shall be deemed also to refer to any statutory modification, codification or re-enactment thereof. Any reference herein to any instrument, agreement or other document shall be deemed to refer to such instrument, agreement or other document as from time to time amended, restated or otherwise modified or supplemented.”

2.3.4 Clause 3.5 of the Trust Deed be amended as follows:

“3.5 Closure of Register

Subject to applicable laws and regulations, the Register may be closed at such times and for such periods as the Registrar may from time to time determine PROVIDED THAT it shall not be closed for more than 30 days in total in any one Year. The Registrar shall give not less than 14 days’ prior notice to the SEHK and the Holders in the event that the Register is closed during any Business Day. Such notice may be given by way of ~~public advertisement in at least one English language newspaper in Hong Kong and one Chinese language newspaper in Hong Kong or by~~ publication on the SEHK’s website in accordance with the Listing Rules or such other publication method as may be required or permitted by the Code or the SFC from time to time.”

2.3.5 Clause 6.1 of the Trust Deed be amended as follows:

“6.1 Valuation of Investments

The Value of an ~~Authorised~~ Investment at any given date means:

6.1.2 ~~6.1.4~~ (in the case of Investments falling within any paragraph of the definition of “Authorised Investment” which is not in the nature of a Real Estate and subject to Clauses 6.1.3, 6.1.4 and 6.1.5) the Acquisition Cost thereof on its Acquisition Date, or its depreciated value as reflected in the books of the Trust or any ~~Special Purpose Vehicle~~ vehicle through which such Investment is held, whichever is the lower;

...

6.1.5 (in the case of Investments falling within any paragraph of the definition of “Authorised Investment” which is in the nature of Cash or Cash Equivalent Items) such ~~an~~ Investments shall be valued at its face value (together with accrued interest), if it is in the form of cash, deposits or similar assets, or its market value (together with accrued interest if default on an ex interest basis) unless, in the opinion of the Manager (after consultation with the Trustee), any adjustment should be made to reflect the value thereof...”

2.3.6 Clause 6.2 of the Trust Deed be amended as follows:

“6.2 Appointment of Approved Valuer

The Manager shall select and recommend one or more property valuers to the Trustee and the Trustee will appoint at its discretion a property valuer as ~~the~~an Approved Valuer recommended by the Manager to make a valuation of Real Estate, subject to the Code...Thereafter, the remuneration of ~~the~~any Approved Valuer (which shall be payable out of the Deposited Property) shall be determined by the Manager with the approval of the Trustee and disclosed in the annual financial statements of the Trust. The Trustee shall not be liable for the acts or omissions of such Approved Valuer provided that the Trustee has acted in good faith and without negligence or wilful default in the appointment of such Approved Valuer.”

2.3.7 Clause 6.5 of the Trust Deed be amended as follows:

“6.5 Frequency of Valuation of Real Estate Investments

The Manager shall ensure that a full valuation of each of the Trust’s Real Estate in the form of land (~~whether held directly by the Trustee or indirectly through a Special Purpose Vehicle~~) shall be conducted by an Approved Valuer at least once a year, and may require the Approved Valuer to carry out additional valuations or inspections at such other dates as the Manager may determine in its sole discretion, except that the next valuation of the Trust’s Real Estate in the form of land following the establishment of the Trust will be effected as at the end of the relevant Financial Year (the first valuation to be effected at the end of the Financial Year in which the Initial Public Offering is completed). The Manager shall also ensure that, unless otherwise permitted by the SFC or by the Code or any other published guidelines, policies, practice statements or other guidance issued by the SFC from time to time, an Approved Valuer shall produce a valuation report...in any other circumstance prescribed by the Code or any published guidelines, policies, practice statements or other guidance issued by the SFC from time to time.”

2.3.8 Clause 6.10.1 of the Trust Deed be amended as follows:

“6.10 Retirement and Removal of the Approved Valuer

6.10.1 The terms of appointment of the Approved Valuer shall provide that after the Approved Valuer has conducted valuations of the Real Estate of the Trust for three consecutive years such Approved Valuer shall retire and may only be re-appointed after a period of at least ~~3~~three years thereafter.”

2.3.9 Clause 10.2.6 of the Trust Deed be amended as follows:

“10.2 Investment of the Trust

Subject to the provisions of this Deed, the Manager’s investment policy and objective of the Trust is the following:

...

~~10.2.6~~ ~~10.2.4~~ subject to compliance with the Code, and the Listing Rules ~~and the Listing Agreement~~, the Manager may from time to time change its investment policies/strategy(ies) for the Trust as stated in the Offering Circular provided that (i) it has notified the Holders of the change by way of circular in accordance with the requirements of the Code and (ii) the change has been approved by Holders by Special Resolution at a meeting convened by the Manager in accordance with Schedule 1.”

2.3.10 Clause 10.3 of the Trust Deed be amended as follows:

“10.3 Investment Restrictions

Subject to the restrictions and requirements of the Code, the Manager shall ensure that the following investment restrictions are complied with:

10.3.1 subject as provided herein, no investment shall be made by the Trust which would result in non-compliance with the Code (unless waived by the SFC), and applicable investment restrictions in the Listing Rules (if any), applicable laws and regulations and this Deed;

10.3.2 the Trust may only invest in Authorised Investments or other Investments permitted by the Code and/or published guidelines, policies, practice statements or other guidance issued by the SFC from time to time;

...

10.3.5 the Trust shall not acquire any Investment which involves the assumption of any liability that is unlimited; ~~and~~

...”

2.3.11 Clause 10.7 of the Trust Deed be amended as follows:

“10.7 Realisation of Investments

If any Investment forming part of the Deposited Property is not or at any time ceases to be an Authorised Investment, it shall be realised by the Manager ~~and the net proceeds of realisation shall be applied as aforesaid~~ but the Manager may postpone the realisation of any such Investment for such

period as it may determine to be in the interest of the Holders unless the Trustee shall require the same to be realised. Without prejudice to the foregoing provisions and subject to the provisions of Clauses 10.3.6 and 10.12 and in particular to the requirements therein mentioned, any Investment comprised in the Deposited Property may at any time be realised at the discretion of the Manager ~~either in order to invest the~~ The net proceeds of sale ~~the realisation of any Investment (including those which ceased to be an Authorised Investment) may be invested in other Authorised Investments or used to provide Cash required to be paid out of the Deposited Property for the purpose of any provision of this Deed or in order to retain the proceeds of sale in~~ retained as Cash or on deposit as aforesaid or partly one and partly the other.”

2.3.12 Clause 14.1.2 of the Trust Deed be amended as follows:

“14.1.2 Variable Fee

(i) The Manager shall be entitled to receive for its own account out of the Deposited Property a Variable Fee for each Financial Year in respect of each Real Estate ~~held directly by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle~~. The Variable Fee payable to the Manager in respect of each Real Estate ~~(whether held directly by the Trustee or indirectly held by the Trustee through a Special Purpose Vehicle)~~ shall be an annual amount equal to 3.0% per annum of the Net Property Income of that Real Estate (before deduction therefrom of the Variable Fee). Any increase in the Variable Fees payable to the Manager above the rate aforesaid or any change in the structure of the Variable Fees shall be subject to the approval of the Holders by a Special Resolution.

...

(iii) The amount of the Variable Fees payable to the Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Hong Kong or elsewhere.

...”

2.3.13 Clause 14.2.4 of the Trust Deed be amended as follows:

“14.2.4 Any payment to third party agents or brokers in connection with the acquisition or divestment of any Real Estate for the Trust shall be paid by the Manager to such persons out of the Acquisition Fee or the Divestment Fee received by the Manager, and not additionally out of the Trust ~~or the assets of the relevant Special Purpose Vehicle~~.”

2.3.14 Clause 17 of the Trust Deed be amended as follows by deleting the existing Clause 17.3 and re-numbering the existing Clauses 17.4 to 17.18 accordingly:

“17. Concerning the Trustee

...

~~**17.3 Certificates as to Value may be Accepted**~~

~~The Trustee may accept as sufficient evidence of the Value of any Investment or the cost price or sale price thereof or of any quotation from the SEHK or any other Specified Stock Exchange, a certificate by an Approved Valuer, a licensed securities dealer or other professional person, firm or association approved by the Trustee as qualified to value such Investment.~~

...”

2.3.15 Clause 17.7.2 (re-numbered as 17.16.2) of the Trust Deed be amended as follows:

“17.16.2 ~~17.17.2~~ The Trustee shall:

...

(v) appoint from time to time an Approved Valuer who, where applicable, meets the qualification requirements set out in the Code;

...

(ix) take all reasonable care to ensure that, unless otherwise permitted by the SFC from time to time by the Code or any published guidelines, policies, practice statements or other guidance issued by the SFC, no Real Estate is acquired or disposed of by or on behalf of the Trust until the Trustee has obtained a recent valuation report of the Approved Valuer where:

...”

2.3.16 Clause 18.1 of the Trust Deed be amended as follows:

“18.1 Manager’s Duties

The Manager shall carry out all activities as the Manager may deem necessary for the management of the Trust and its business in accordance with the Code or any published guidelines, policies, practice statements or other guidance issued by the SFC from time to time. Without limiting the generality of the foregoing, the Manager shall...”

2.3.17 Clause 23.6 of the Trust Deed be amended as follows:

“23.6 Upon approval of the proposal to terminate the Trust, the Trustee shall oversee the realisation of the Investments by the Manager (which the Manager shall effect as soon as practicable) and shall ensure that the Manager shall repay any outstanding borrowings effected by or for the account of the Trust (together with any interest thereon but remaining unpaid) and shall ensure the proper discharge of all other obligations and Liabilities of the Trust. ~~At~~Unless otherwise permitted by the Code or the SFC, all Investments shall be disposed of through public auction or any form of open tender. The disposal shall be conducted at arm’s length and conducted in the best interests of the Holders. The disposal price shall be the best available price obtained through public auction or open tender or such other method as may be permitted by the Code or the SFC. Subject as aforesaid, such sale and repayment shall be carried out and completed in such manner and within such period after the termination of the Trust as the Manager in its absolute discretion deems advisable provided that, unless otherwise permitted by the Code or the SFC...”

2.3.18 Clause 25.6A of the Trust Deed be amended as follows:

“25.6A Service of Corporate Communication

To the extent permitted or required by the applicable laws and regulations and the ~~REIT~~-Code or the SFC from time to time...

...

(iv) by such other means as may be permitted or required by the applicable laws and regulations and the ~~REIT~~-Code or by the SFC from time to time.”

3. Unclaimed Moneys Amendments

(Please refer to Special Resolution No. 3)

3.1 Clause 12.4 of the Trust Deed be amended as follows:

“12.4 Unclaimed Moneys

Any moneys payable to a Holder under this Deed which remain unclaimed after a period of 12 months shall be accumulated in a special account (the “**Unclaimed Moneys Account**”) from which the Trustee may from time to time make payments to a Holder claiming any such moneys and, subject to Clauses 23 and 24, the ~~Trustee shall cause such~~ sums which represent moneys remaining in the Unclaimed Moneys Account for seven years after the date for payment of such moneys into the Unclaimed Moneys Account and interest, if any, earned thereon shall be forfeited and transferred to the Deposited Property and thereafter such

Holder and any other person otherwise entitled thereto shall not have any right or claim to the forfeited sumsto be paid into Court after deducting all fees, costs and expenses incurred in relation to such payment into Court from such sums thereof ~~PROVIDED THAT if the said moneys are insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the Deposited Property.~~”

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 1,529,288,611 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 152,928,861 Units. The number of Units in issue as at the date of passing such Ordinary Resolution is expected to be larger than the number of Units in issue as at the Latest Practicable Date, as a result of the Units expected to be issued to the REIT Manager as payment of part of the base fee and variable fees for the period from 1 January 2021 to 31 March 2021 to the REIT Manager by way of Units. 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 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. 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 (as defined in the REIT Code) 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 (as defined in the REIT Code) have notified the REIT Manager of a present intention to sell Units to Prosperity REIT and no such persons have 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 have undertaken to the SFC to 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 Takeovers Code and the guidelines issued by the SFC from time to time.

6. Units Bought Back

No buy-back of Units have been made by Prosperity REIT in the past six months prior to the Latest Practicable Date.

7. 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 Holdings Limited ("**CK Asset**") (being the largest Unitholder of Prosperity REIT) has an approximately 18.00% interest in Prosperity REIT. In the event of full exercise of the Buy-back Mandate and assuming: (i) no Units are acquired by and/or bought back from CK Asset; and (ii) no Units are issued by Prosperity REIT, CK Asset's interest in Prosperity REIT would increase to approximately 20.00%. 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.

8. Unit Prices

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

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
April 2020	2.54	2.27
May 2020	2.50	2.11
June 2020	2.38	2.17
July 2020	2.45	2.26
August 2020	2.49	2.27
September 2020	2.36	2.25
October 2020	2.31	2.19
November 2020	2.46	2.17
December 2020	2.49	2.40
January 2021	2.47	2.34
February 2021	2.62	2.36
March 2021	2.74	2.51
1 April 2021 to the date preceding the Latest Practicable Date	2.64	2.57

Mr. Wong Kwai Lam, aged 71, is an Independent Non-executive Director and a member of each of the Audit Committee and Designated (Finance) Committee of the REIT Manager. He is an Independent Non-executive Director of CK Hutchison Holdings Limited (listed in Hong Kong), K. Wah International Holdings Limited (listed in Hong Kong), Langham Hospitality Investments Limited (a company which together with Langham Hospitality Investments listed in Hong Kong) and LHIL Manager Ltd. as the trustee-manager of Langham Hospitality Investments, and Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust (listed in Singapore). Mr. Wong is currently the Chairman of The Chamber of Hong Kong Listed Companies, Vice Chairman of the Board of Trustees and a member of the Investment Committee of the Board of Trustees of New Asia College of the Chinese University of Hong Kong, a member of the Board of Directors of CUHK Medical Centre Ltd and a member of the Advisory Board of Continuing and Professional Studies of The Chinese University of Hong Kong. He was formerly a member of each of the Advisory Committee and Real Estate Investment Trust (REIT) Committee of the Securities and Futures Commission in Hong Kong and a member of the China Committee of the Hong Kong Trade Development Council. He was an Independent Non-executive Director of China Merchants Bank Co., Ltd. (listed in Hong Kong and Shanghai) from 2011 to 2018. Save as disclosed above, Mr. Wong has not held any other directorship in any listed public companies in the last three years.

Mr. Wong has over 30 years of experience in the commercial and investment banking industry. Mr. Wong worked with Merrill Lynch (Asia Pacific) Ltd. from May 1993 to August 2009 where he served as a Managing Director in the Asia investment banking division since January 1995. He was appointed as a Senior Client Advisor to Merrill Lynch (Asia Pacific) Ltd. in September 2009 and served in that position for one year. Prior to joining Merrill Lynch (Asia Pacific) Ltd., Mr. Wong had been a Director in the investment banking division of CS First Boston (Hong Kong) Ltd. and a Director and the Head of Primary Market in Standard Chartered Asia Limited.

Mr. Wong holds a Bachelor of Arts degree from the Chinese University of Hong Kong and a Ph. D from Leicester University, England. He was conferred with honorary fellowship by the Chinese University of Hong Kong.

Mr. Wong has entered into a service contract with the REIT Manager for a term of 12 months from 6 July 2011, which has been and will be automatically renewed for the same term unless otherwise terminated prior to the expiry of the term. Mr. Wong'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 Mr. Wong will be paid and borne by the REIT Manager out of its own resources.

As at the date of this Circular, Mr. Wong is not interested in any 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. Mr. Wong 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 Mr. Wong'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.

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



ARA 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, Hunghom, Kowloon, Hong Kong on Friday, 21 May 2021 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 2020;
- (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 20 April 2021 (the “**Circular**”).

SPECIAL RESOLUTION

No. 1

1. THAT:

- (a) pursuant to clause 10.2.4 of the Trust Deed, the expansion of the scope of Prosperity REIT’s investment policy to include engaging in Property Development and Related Activities as more fully described in the Circular be and is hereby approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) subject to paragraph (a) of this resolution and pursuant to clause 26 of the Trust Deed, the Property Development Amendments as set out in Appendix I to the Circular be and are hereby approved; and
- (c) 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 the First Amending and Restating Deed and 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 paragraphs (a) and (b) of this resolution.

SPECIAL RESOLUTION

No. 2

2. THAT:

- (a) pursuant to clause 10.2.4 of the Trust Deed, the expansion of the scope of Prosperity REIT's investment policy to include Relevant Investments as more fully described in the Circular be and is hereby approved;
- (b) subject to paragraph (a) of this resolution and pursuant to clause 26 of the Trust Deed, the Relevant Investments Amendments as set out in Appendix I to the Circular be and are hereby approved; and
- (c) 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 the First Amending and Restating Deed and 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 paragraphs (a) and (b) of this resolution.

SPECIAL RESOLUTION

No. 3

3. THAT:

- (a) pursuant to clause 26 of the Trust Deed, the Unclaimed Moneys Amendments as set out in Appendix I to the Circular be and are hereby approved; 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 the First Amending and Restating Deed and 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

NOTICE OF ANNUAL GENERAL MEETING

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. 1

1. 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.

ORDINARY RESOLUTION

No. 2

2. THAT:

- (a) approval (where relevant, shall include approval by way of ratification) be and is hereby given for the continual service of Mr. Wong Kwai Lam 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

NOTICE OF ANNUAL GENERAL MEETING

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
ARA Asset Management (Prosperity) Limited
(as manager of Prosperity Real Estate Investment Trust)
Wong Lai Hung
Executive Director and Chief Executive Officer

Hong Kong, 20 April 2021

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 Monday, 17 May 2021 to Friday, 21 May 2021, 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 Friday, 14 May 2021.

NOTICE OF ANNUAL GENERAL MEETING

- (e) If a black rainstorm warning, signal or a tropical cyclone warning signal no.8 or above is in force in Hong Kong at 11:30 a.m. on Friday, 21 May 2021, 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) and Mr. Wong Kwai Lam as Independent Non-executive Directors.