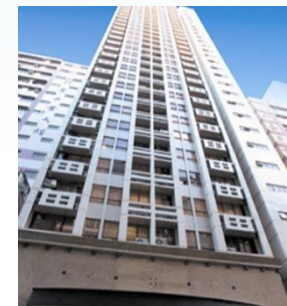


# Prosperity REIT

## 2010 Final Results



For the year ended 31 December 2010

<b>Portfolio Map</b>	<b>3</b>
<b>Economic Outlook for Hong Kong</b>	<b>4-5</b>
<b>Results Highlights</b>	<b>6</b>
<b>Gearing Ratio</b>	<b>7</b>
<b>Consolidated Statement of comprehensive income</b>	<b>8</b>
<b>Consolidated Statement of financial position</b>	<b>9</b>
<b>Portfolio Valuation</b>	<b>10</b>
<b>Debt Management</b>	<b>11</b>
<b>Asset Enhancements</b>	<b>12</b>
<b>Property Management</b>	<b>13</b>
<b>Growth Strategies</b>	<b>14</b>
<b>Key Facts</b>	<b>15</b>
<b>Disclaimer</b>	<b>16</b>



- 1** The Metropolis Tower  
都會大廈
- 2** Prosperity Millennia Plaza  
泓富產業千禧廣場
- 3** Harbourfront Landmark\*  
海名軒物業\*
- 4** Prosperity Place  
泓富廣場
- 5** Trendy Centre  
潮流工貿中心
- 6** Prosperity Center\*  
創富中心\*
- 7** New Treasure Centre\*  
新寶中心\*

\* Portion  
部份

Source: Prosperity REIT

## GDP YoY growth (Quarterly)

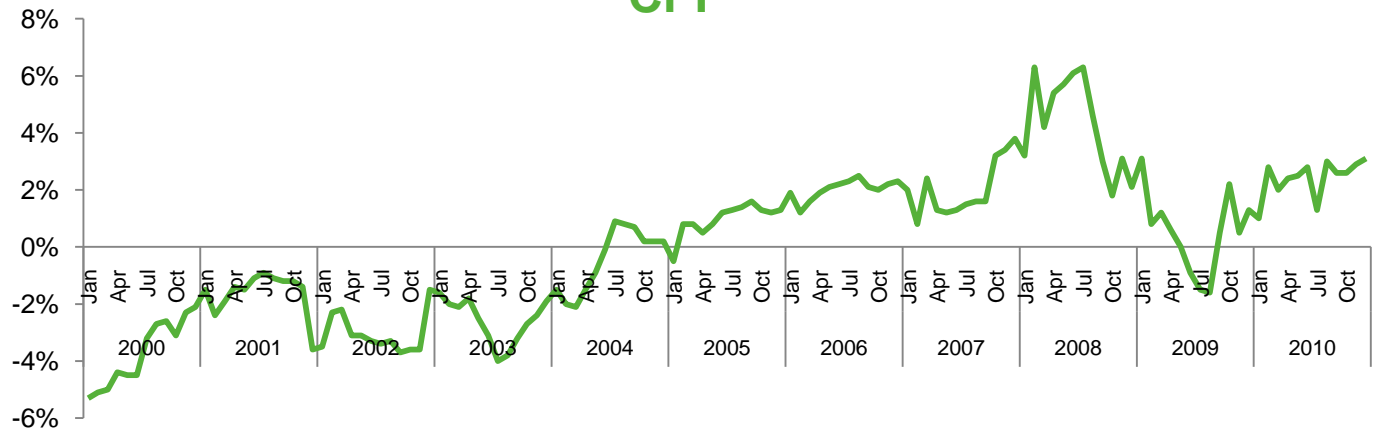


GDP grew 8.1% Y-o-Y in Q4 2010

Source: Census and Statistics Department

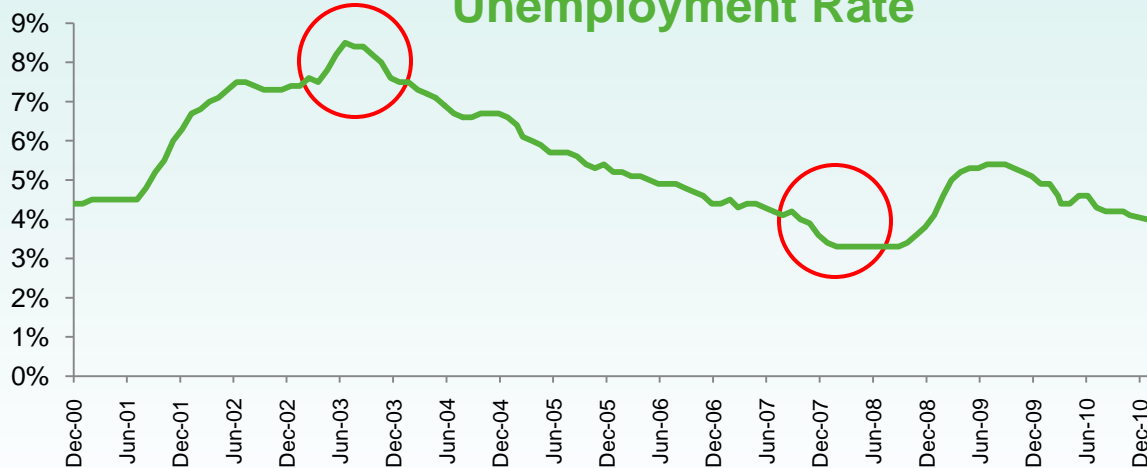
Consumer Price Index grew 3.1% Y-o-Y in December 2010

## CPI



Source: Census and Statistics Department

## Unemployment Rate

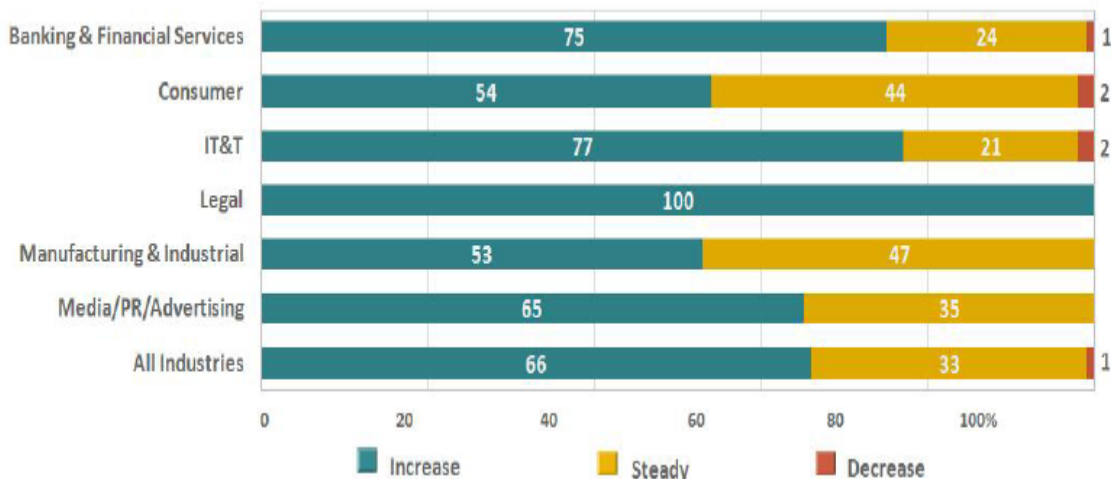


The unemployment rate trended down during the last 6 months. It was 4.0% for the 3 months ended 31 Dec 10.

Source: Census and Statistics Department

Overall net hiring expectations rose further to 66% for Q1 2011 from 65% for Q4 2010.

## Permanent Hiring Expectations



Source: Hudson, The Hudson Report-HK, 1Q 2011

## Full year ended 31 December 2010 (Y-o-Y Comparisons)

<b>Total Revenue</b>	<b>HK\$270.1 mil</b>	<b>↑</b>	<b>2.5%</b>
<b>Net Property Income</b>	<b>HK\$212.5 mil</b>	<b>↑</b>	<b>2.7%</b>
<b>Cost-to-revenue Ratio</b>	<b>21.3%</b>	<b>↓</b>	<b>(0.2%)<sup>1</sup></b>
<b>Average Effective Unit Rent</b>	<b>HK\$14.67 psf</b>	<b>↓</b>	<b>(1.7%)</b>
<b>Occupancy Rate (as at 31 Dec 10)</b>	<b>99.5%</b>	<b>↑</b>	<b>2.1%<sup>1</sup></b>
<b>Rental Reversion Rate</b>	<b>(0.8%)<sup>2</sup></b>	<b>↓</b>	<b>(5.1%)<sup>1</sup></b>
<b>Property Valuation</b>	<b>HK\$5,934 mil</b>	<b>↑</b>	<b>12.9%</b>
<b>Gearing Ratio</b>	<b>30.1%</b>	<b>↓</b>	<b>(3.2%)<sup>1</sup></b>
<b>Distribution Per Unit</b>	<b>HK\$0.1101</b>	<b>↑</b>	<b>0.3%</b>

Notes:

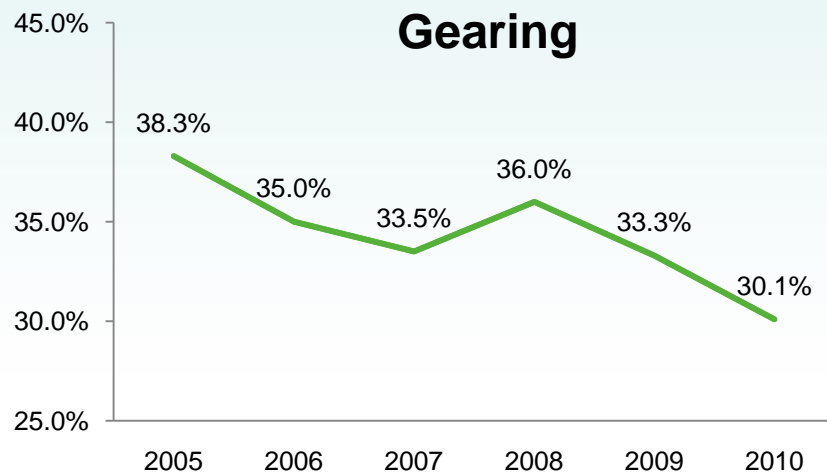
<sup>1</sup> absolute value

<sup>2</sup> For all renewal leases from 1 Jan 2010 to 31 Dec 2010

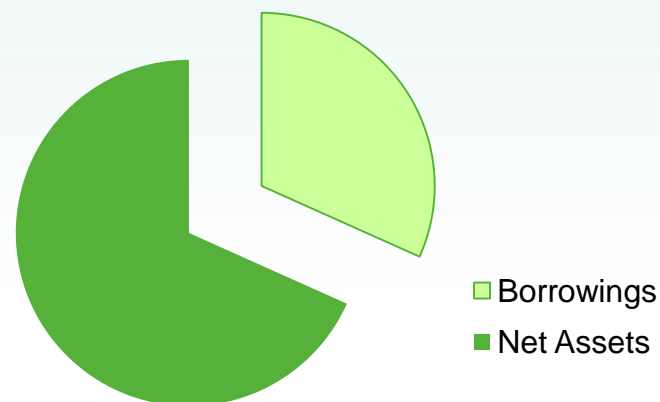
**Gearing Ratio**

**30.1%**

**Improved by 3.2%<sup>1</sup>**  
(Compared to 31 Dec 09)



**Gearing ratio (as at 31 Dec 10): 30.1%**



- **Gearing improved to 30.1%, recording the lowest level since IPO**
- **Well below the SFC gearing ceiling of 45%**
- **Debt-financing opportunity for acquisitions**

Note:

<sup>1</sup> absolute value

# Consolidated Statement of Comprehensive Income

	<b>2010</b> <b>(HK\$'000)</b>	<b>2009</b> <b>(HK\$'000)</b>
<b>Revenue</b>	<b>270,094</b>	<b>263,624</b>
Total property operating expenses	(57,563)	(56,724)
<b>Net property income</b>	<b>212,531</b>	<b>206,900</b>
Interest income	30	148
Manager's fee	(28,631)	(26,080)
Trust and other expenses	(6,801)	(7,344)
Increase in fair value of investment properties	670,207	405,160
Finance costs	(65,497)	(81,518)
<b>Profit before taxation</b>	<b>781,839</b>	<b>497,266</b>
Taxation	(129,282)	(75,439)
Profit for the year	652,557	421,827
<b>Distributable income<sup>1</sup></b>	<b>147,831</b>	<b>145,365</b>
<b>DPU (HK\$)</b>	<b>0.1101</b>	<b>0.1098</b>

Note:

<sup>1</sup> After adjustments of HK\$504.7 million for (i) increase in fair value of investment properties; (ii) manager's fee; (iii) finance costs; and (iv) deferred tax

# Consolidated Statement of Financial Position

<b>Assets &amp; Liabilities as at 31 Dec 2010</b>	<b>Audited (HK\$'000)</b>
Investment properties	5,934,000
Bank balances and cash	29,832
Other assets	8,263
<b>Total Assets</b>	<b>5,972,095</b>
Borrowings	(1,749,933)
Other liabilities	(628,039)
<b>Total Liabilities</b>	<b>(2,377,972)</b>
<b>Net assets attributable to unitholders</b>	<b>3,594,123</b>
<b>Units in issue ('000)</b>	<b>1,342,637</b>

<b>Property Valuation</b>	<b>HK\$5,934 mil</b>
-------------------------------	----------------------

<b>Gearing Ratio<sup>1</sup></b>	<b>30.1%</b>
----------------------------------	--------------

<b>NAV per unit</b>	<b>HK\$2.70</b>
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Note:

<sup>1</sup> Total borrowings of \$1,796 million (excludes the origination fees) over total assets

# Portfolio Valuation

<i>Valuation</i>	GRA (sq.ft.)	Car park spaces	As at 31 Dec 10 (HK\$ mil)	Diff. with 31 Dec 09 + / (-)
<i>Office</i>				
1. The Metropolis Tower	271,418	98	2,225	+15.2%
2. Prosperity Millennia Plaza	217,955	43	1,276	+14.1%
3. Harbourfront Landmark <sup>1</sup>	77,021	N/A	344	+8.2%
<i>Industrial / Office</i>				
4. Prosperity Place	240,000	60	767	+14.5%
5. Trendy Centre	173,764	79	623	+11.1%
6. Prosperity Center <sup>1</sup>	149,253	105	504	+4.8%
<i>Industrial</i>				
7. New Treasure Centre <sup>1</sup>	86,168	22	195	+10.2%
<b>Portfolio Total</b>	<b>1,215,579</b>	<b>407</b>	<b>5,934</b>	<b>+12.9%</b>

Note:

<sup>1</sup> Portion

Valuation by Savills Valuation and Professional Services Limited

# Debt Management

<b>Total Debt <sup>1</sup></b>	<b>HK\$1,796 mil</b>
<b>Gearing</b>	<b>30.1%</b>
<b>Weighted Average Cash Finance Cost <sup>2</sup></b>	<b>2.92%</b>

➤ **Term Loan due on 16 August 2015**

➤ **Free from financial engineering<sup>3</sup>**

## Financing Details

<b>Tenure</b>	<b>5 years<sup>4</sup></b>
<b>Term Loan</b>	<b>\$1,770 million</b>
<b>Revolving Credit Facility</b>	<b>\$430 million</b>
<b>Floating Interest Rate (per annum)</b>	<b>HIBOR + 0.81%</b>

### Notes:

- <sup>1</sup> Excludes the origination fee. HK\$26 million of the revolving loan facility has been utilized as at 31 Dec 2010.
- <sup>2</sup> The weighted average cash finance cost for the year ended 2010 was 2.92% including the interest spread.
- <sup>3</sup> As at 31 Dec 2010, \$1.416 million was hedged at 1.335% (excluding the interest spread of 81 bps) with plain vanilla swaps until 16 June 2015.
- <sup>4</sup> The borrowings will mature and become payable on 16 August 2015.

## Prosperity Place – Washrooms



Before



After



- Courteous & professional property management staff
- Good Tenant Relations - Rent Delinquency trending to zero

## Friendly Concierge Services



## Tenant Gatherings



## Chinese New Year Lion Dance



## Golf Putting

## *Growth Focused Strategies*



### Organic Growth

- ✓ Proactive leasing efforts
- ✓ “Tip top” building management
- ✓ Close business relationships with tenants



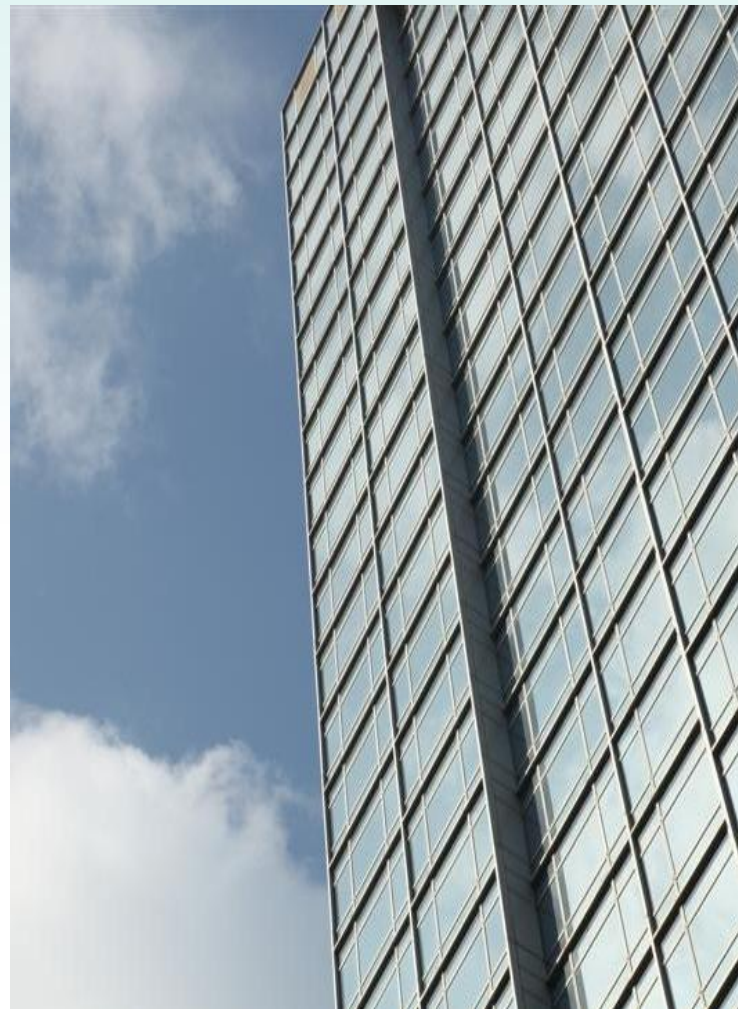
### Asset Enhancement Growth

- ✓ Aesthetic enhancements and upgrades
- ✓ Energy efficiency
- ✓ Prudent payback periods



### Yield Accretive Acquisitions

- ✓ Strong relationships with sponsor and estate agents



*Prosperity Millennia Plaza*

KEY FACTS	As at 31 Dec 2010
IPO	16 December 2005
Indicative Yield	6.3% at \$1.76 as at 31 Dec 2010 (based on \$0.1101 DPU for FY10)
Total number of units	1,342,636,682
Market Capitalization	HK\$2.36 billion
Average daily trading volume	1.7 million units
Free Float	79.5%
Portfolio Size	1,215,579 sq.ft. (gross)
No. of Tenants	550
No. of Carpark spaces	407
Financial Engineering	Nil



*Harbourfront Landmark*

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