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Prosperity Real Estate Investment Trust

(a 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

REFINANCING OF EXISTING FACILITIES

AND

NEW TERM LOAN AND REVOLVING CREDIT FACILITIES

The board of directors of ARA Asset Management (Prosperity) Limited (the “**REIT Manager**”) is pleased to announce that Prosperity Real Estate Investment Trust (“**Prosperity REIT**”), has on 14 November 2014, through a special purpose vehicle, entered into facility agreements with respect to term loan and revolving credit facilities. The new facilities will be used for the purposes of refinancing Prosperity REIT’s existing facilities and funding the general corporate purposes of Prosperity REIT and its subsidiaries.

Introduction

On 16 August 2010, Prosperity REIT, through its wholly-owned subsidiary, Progain Group Limited, entered into syndicated facility agreements with respect to term loan and revolving credit facilities in an aggregate principal amount of HK\$2,200 million (the “**Existing Facilities**”), comprising a HK\$1,770 million term loan facility and a HK\$430 million revolving credit facility. The Existing Facilities will mature and become payable on 16 August 2015.

New Banking Facilities

On 14 November 2014, Progain Group Limited entered into facility agreements (the “**Facility Agreements**”) with respect to term loan and revolving credit facilities with four banks as lenders (collectively, the “**Lenders**”). The Facility Agreements relate to the provision of a Hong Kong Dollar 5-year term loan and revolving credit facilities of up to an aggregate principal amount of HK\$2,500 million (the “**New Facilities**”) comprising a HK\$2,070 million term loan facility and a HK\$430 million revolving credit facility. The New Facilities will bear interest at a floating interest rate of HIBOR plus 1.35% per annum and will mature and become payable on 14 November 2019.

The New Facilities will be secured by a mortgage over certain properties held by Prosperity REIT, including Prosperity Place, various portions in Prosperity Center and the office accommodation of The Metropolis Tower (the “**Secured Properties**”), an assignment of rents and leases, an assignment of insurance policies, an assignment of the property management agreements of the Secured Properties, share mortgages over the shares of the property holding companies (including their intermediate holding companies, if any) of Prosperity REIT (the “**Property Holding Companies**”) and Progain Group Limited, and a deed of subordination in respect of the indebtedness owing by the Property Holding Companies and Progain Group Limited to Prosperity REIT. Also, the Property Holding Companies and HSBC Institutional Trust Services (Asia) Limited (in its capacity as the trustee of Prosperity REIT) will, jointly and severally, provide an unconditional and irrevocable guarantee in favour of the Lenders.

After completion of the refinancing of the Existing Facilities, all the security granted in respect of the Existing Facilities will be released and discharged. The existing interest rate swap arrangements which expire on 16 June 2015 (details of which has been disclosed in the announcement issued by Prosperity REIT dated 11 November 2010 and the relevant annual reports and interim reports of Prosperity REIT) will not be affected by completion of the refinancing of the Existing Facilities. As of the date of this Announcement, Prosperity REIT has not entered into any additional interest rate swap arrangements in respect of the unhedged portion of the New Facilities, or extended the existing interest rate swap arrangements. The REIT Manager will closely monitor the interest rate movements and may, depending on market conditions, consider putting in place additional interest rate swap arrangement(s) in respect of the outstanding loan of Prosperity REIT.

The Lenders are independent third parties and are not connected persons (as defined in the Code on Real Estate Investment Trusts (the “**REIT Code**”)) of Prosperity REIT. Therefore, the New Facilities and the entering into of the Facility Agreements by Prosperity REIT do not constitute connected party transaction for Prosperity REIT.

Use of Proceeds

The New Facilities will be used for the purposes of refinancing the Existing Facilities and funding the general corporate purposes of Prosperity REIT and its subsidiaries. It is expected that the New Facilities or a part thereof will be drawn on or before 28 November 2014 to refinance the Existing Facilities.

Assuming that the New Facilities are drawn down in full on 28 November 2014, the gearing ratio of the REIT will increase from 28.9% (as disclosed in the latest unaudited financial statements of Prosperity REIT as at 30 June 2014) to approximately 33.9%.

It is expected that the New Facilities will not have a material impact on the financial position of Prosperity REIT with respect to the latest unaudited financial statements of Prosperity REIT as at 30 June 2014.

The final maturity of the outstanding loan of Prosperity REIT which amounts to HK\$3,284 million (assuming that the New Facilities is drawn down in full) will fall due in 2017 (in respect of the amount of HK\$380 million) and 2019 (in respect of the amount of HK\$2,904 million) respectively.

This announcement is made pursuant to paragraph 10.3 of the REIT Code.

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

Hong Kong, 14 November 2014

The directors of the REIT Manager as at the date of this announcement 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.