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(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)



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 16 November 2017, through a special purpose vehicle, entered into a facility agreement with respect to unsecured term loan and revolving credit facilities. It is expected that HK\$1,540 million of the new facilities (being the amount of the term loan facility thereunder) will be drawn on or before 30 November 2017 to repay part of HK\$2,070 million under the Existing Facilities (as defined below) (with the remaining HK\$530 million to be repaid from internal resources).

Introduction

On 14 November 2014, Prosperity REIT, through its wholly-owned subsidiary, Progain Group Limited, entered into facility agreements with respect to term loan and revolving credit facilities of up to an aggregate principal amount of HK\$2,500 million (the “**Existing Facilities**”), comprising a HK\$2,070 million term loan facility and a HK\$430 million revolving credit facility, which will mature and become payable on 14 November 2019.

New Banking Facilities

On 16 November 2017, Progain Group Limited entered into a facility agreement (the “**Facility Agreement**”) with respect to unsecured term loan and revolving credit facilities with banks as lenders. The Facility Agreement relates to the provision of term loan and revolving credit facilities of up to an aggregate principal amount of HK\$1,970 million (the “**New Facilities**”), comprising a HK\$1,540 million term loan facility and a HK\$430 million revolving credit facility. The New Facilities will bear interest at a margin of 0.82% per annum over HIBOR and will mature and become payable five years from the date of drawdown.

The New Facilities will be on an unsecured basis. HSBC Institutional Trust Services (Asia) Limited (in its capacity as the trustee of Prosperity REIT) will provide an unconditional and irrevocable guarantee in favour of the lenders, mandated lead arrangers, bookrunner, underwriter and facility agent (the "**Finance Parties**") with recourse limited to the assets of Prosperity REIT.

The Finance Parties 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 Agreement by Prosperity REIT do not constitute connected party transactions for Prosperity REIT.

The REIT Manager will closely monitor interest rate movements in respect of its borrowings and manage its overall hedging position, having regard to market conditions. Details of the existing hedging arrangements have been disclosed in the interim results announcement of Prosperity REIT published on 11 August 2017.

Use of Proceeds

It is expected that HK\$1,540 million of the New Facilities (being the amount of the term loan facility thereunder) will be drawn on or before 30 November 2017 to repay part of HK\$2,070 million under the Existing Facilities (with the remaining HK\$530 million to be repaid from internal resources). After the Existing Facilities have been fully repaid, all the security granted in respect of the Existing Facilities will be released and discharged.

Immediately after such drawdown under the New Facilities and the full repayment of the Existing Facilities, the gearing ratio of Prosperity REIT is expected to decrease from 25.4% (as disclosed in the latest unaudited interim financial statements of Prosperity REIT as at 30 June 2017) to approximately 21.8%. For illustrative purposes only, assuming that the New Facilities are drawn down in full on 30 November 2017 and the outstanding balance under the Existing Facilities are fully repaid, the gearing ratio would be approximately 24.8%.

As the New Facilities will be primarily used for refinancing purposes, the REIT Manager does not expect the New Facilities to have a material impact on the financial position of Prosperity REIT with respect to the latest unaudited interim financial statements of Prosperity REIT as at 30 June 2017.

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, 16 November 2017

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.