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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)

Managed by



ARA Asset Management (Prosperity) Limited

REFINANCING OF EXISTING 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 11 August 2016, through a special purpose vehicle, entered into a facility agreement with respect to a term loan facility. The new facility will be used for the purposes of refinancing the Existing Facilities (as defined below) and funding the general corporate purposes of Prosperity REIT and its subsidiaries.

Introduction

On 16 January 2014, Prosperity REIT, through its wholly-owned subsidiary, Vital Vision Enterprises Limited, entered into term loan facility agreements with respect to term loan facilities in an aggregate principal amount of HK\$784 million (the “**Existing Facilities**”), comprising a HK\$404 million secured term loan (maturing and becoming payable on 16 January 2019) and a HK\$380 million unsecured term loan (maturing and becoming payable on 16 January 2017).

New Banking Facilities

On 11 August 2016, Vital Vision Enterprises Limited entered into a facility agreement (the “**Facility Agreement**”) with respect to a term loan facility with banks as lenders. The Facility Agreement relates to the provision of a term loan of an aggregate principal amount of HK\$800 million (the “**New Facility**”). The New Facility will bear interest at a margin of 1.05% per annum over HIBOR and will mature and become payable five years from the date of drawdown.

The New Facility will be unsecured. 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, the arrangers and the facility agent (collectively, 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 Facility 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 2016.

Use of Proceeds

It is expected that the entire New Facility will be drawn on or before 31 August 2016 to refinance the Existing Facilities and fund the general corporate purposes of Prosperity REIT and its subsidiaries. After completion of the refinancing of the Existing Facilities, all the security granted in respect of the Existing Facilities will be released and discharged.

Assuming that the New Facility is drawn down in full on 31 August 2016 to refinance the Existing Facilities, the gearing ratio of Prosperity REIT will increase from 26.5% (as disclosed in the latest interim financial statements of Prosperity REIT as at 30 June 2016) to approximately 26.6%.

As the New Facility will be primarily used for refinancing purposes, the REIT Manager does not expect the New Facility to have a material impact on the financial position of Prosperity REIT with respect to the latest interim financial statements of Prosperity REIT as at 30 June 2016.

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, 11 August 2016

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.