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## **REGAL 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: 1881)**

**Managed by**



### **NEW TERM AND REVOLVING LOAN FACILITIES**

The Board announces that, on 12 September 2016, Regal REIT has entered into the New Facility Agreement in respect of the granting of the New Facilities. The New Facilities comprise a term loan of HK\$4,500.0 million and a revolving loan of HK\$1,000.0 million, which are both for a term of 5 years. The term loan will be wholly used for early refinancing the Existing Term Loan Facility that will mature on 20 July 2018 and the revolving loan will be used for general corporate funding purposes of Regal REIT. It is expected that the drawdown of the New Term Loan Facility will take place on or before 30 September 2016.

### **BACKGROUND**

Regal REIT, through its special purpose vehicles, namely, Bauhinia Hotels Limited and Rich Day Investments Limited as the Borrowers, has currently in place a term loan facility of HK\$4,500.0 million (the “**Existing Term Loan Facility**”) which is secured by, among others, three of the Initial Hotel Properties. The Existing Term Loan Facility, together with a revolving loan facility of HK\$300.0 million that was

voluntarily cancelled by Regal REIT on 23 July 2015, were arranged in July 2013 and will mature on 20 July 2018. The Existing Term Loan Facility bears interest at HIBOR plus 162 basis points per annum with other material terms disclosed in the announcement dated 23 July 2013 made by Regal REIT.

## **NEW TERM AND NEW REVOLVING LOAN FACILITIES**

On 12 September 2016, Regal REIT, through the Borrowers, entered into the New Facility Agreement with the New Lenders. Under the New Facility Agreement, the New Lenders will provide to the Borrowers a term loan facility of up to HK\$4,500.0 million (the “**New Term Loan Facility**”) and a revolving loan facility of up to HK\$1,000.0 million (the “**New Revolving Loan Facility**”) (together, the “**New Facilities**”). The New Facilities will bear interest at HIBOR plus 115 basis points per annum, while an interest payment period of one-month, two-month, three-month or, subject to the availability to all New Lenders, a six-month period may be selected by the Borrowers from time to time. The final maturity of the New Facilities is on 10 September 2021, which is five years from the date of execution of the New Facility Agreement.

The New Facilities will be subject to the granting of security by Regal REIT and its relevant special purpose vehicles including a debenture incorporating a legal charge or a mortgage and assignment of rights over four of the five Initial Hotel Properties in Hong Kong, namely, Regal Airport Hotel, Regal Hongkong Hotel, Regal Oriental Hotel and Regal Riverside Hotel, charges over the bank accounts of the four property companies holding these hotels, a guarantee given by DB Trustees (Hong Kong) Limited (in its capacity as the trustee for and on behalf of Regal REIT) and other security usual and customary for similar financing transactions.

The interest rate swap arrangements for the Existing Term Loan Facility had expired in March 2015. As at the date of this announcement, there is no interest rate swap arrangement for the New Facilities. The REIT Manager will monitor interest rate movements and may, depending on market conditions, consider putting in place interest rate swap arrangement(s) in respect of the New Facilities.

As the term loan portion of the New Facilities will be wholly used to repay the Existing Term Loan Facility in the same principal amount, entering into the New Facility Agreement with the additional New Revolving Loan Facility will not have any significant impact on the gearing ratio of Regal REIT, which is below the maximum 45% permitted under the REIT Code. Assuming the full drawdown of the New Facilities of HK\$5,500.0 million, the gearing ratio of Regal REIT will be approximately 39.8%, representing the gross amount of outstanding loans and notes of approximately HK\$9,260.9 million, as compared to the total gross assets of approximately HK\$23,280.4 million, which includes the total gross assets of

HK\$22,280.4 million as at 30 June 2016. It is also expected that the New Facilities will not have any material impact on the financial position of Regal REIT with respect to its latest unaudited financial statements as at 30 June 2016, and Regal Kowloon Hotel, the remaining Initial Hotel Property not included as security for the New Facilities, will continue to be free of mortgages and held on an un-encumbered basis.

## **USE OF PROCEEDS**

The New Term Loan Facility will be wholly used to early refinance the outstanding principal amount of HK\$4,500.0 million under the Existing Term Loan Facility that will mature on 20 July 2018. The full drawdown of the New Term Loan Facility is expected to take place on or before 30 September 2016 for the repayment of the Existing Term Loan Facility. The New Revolving Loan Facility will be used for general corporate funding purposes of Regal REIT including, but not limited to, new acquisitions (if appropriate opportunities are available) and the continuing upgrading of Regal REIT's existing property portfolio.

## **THE BOARD'S VIEW**

After due consideration of the terms of the New Facilities and other relevant factors in connection with the refinancing of the Existing Term Loan Facility, the Board considers that the New Facilities as summarized above, are carried out at arm's length on normal commercial terms, are fair and reasonable and are in the interests of the unitholders of Regal REIT as a whole.

The New Lenders are independent third parties and are not connected persons (as defined in the REIT Code) of Regal REIT. Therefore, the New Facilities and entering into the New Facility Agreement by the Borrowers do not constitute connected party transactions for Regal REIT.

This announcement is made by Regal REIT on a voluntary basis.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of directors of the REIT Manager;
“Borrowers”	Bauhinia Hotels Limited and Rich Day Investments Limited, both wholly-owned subsidiaries of Regal REIT;
“Existing Term Loan Facility”	the term loan facility in an aggregate principal amount of HK\$4,500.0 million made available to the Borrowers pursuant to a facility agreement dated 23 July 2013;
“Initial Hotel Properties” or “Initial Hotel Property”	any one or all of Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel which are indirectly wholly-owned by Regal REIT;
“New Facility Agreement”	the facility agreement dated 12 September 2016 entered into among the Borrowers, the New Lenders and Hang Seng Bank Limited as agent and security trustee in respect of the granting of the New Facilities;
“New Facilities”	the term loan facility of up to HK\$4,500.0 million and the revolving loan facility of up to HK\$1,000.0 million to be granted under the New Facility Agreement;
“New Lenders”	Hang Seng Bank Limited, The Bank of East Asia, Limited, China Construction Bank (Asia) Corporation Limited, Industrial and Commercial Bank of China (Asia) Limited, Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited, Sumitomo Mitsui Banking Corporation, Australia and New Zealand Banking Group Limited and Crédit Agricole Corporate and Investment Bank, Hong Kong Branch;
“Regal REIT”	Regal 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 Code”	the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission, as amended, supplemented and/or otherwise modified from time to time;
“REIT Manager”	Regal Portfolio Management Limited, as the manager of Regal REIT;
“Trust Deed”	the trust deed constituting Regal REIT dated 11 December 2006 made between the REIT Manager and the Trustee, as amended, supplemented and/or otherwise modified from time to time; and
“Trustee”	DB Trustees (Hong Kong) Limited, as the trustee of Regal REIT.

By Order of the Board  
**Regal Portfolio Management Limited**  
**(as manager of Regal Real Estate Investment Trust)**  
**Simon LAM Man Lim**  
*Executive Director*

Hong Kong, 12 September 2016

*As at the date of this announcement, the Board comprises Mr. LO Yuk Sui as Chairman and Non-executive Director; Miss LO Po Man as Vice Chairman and Non-executive Director; Mr. Johnny CHEN Sing Hung and Mr. Simon LAM Man Lim as Executive Directors; Mr. Donald FAN Tung, Mr. Jimmy LO Chun To and Mr. Kenneth NG Kwai Kai as Non-executive Directors; and Mr. John William CRAWFORD, JP, Mr. Kai Ole RINGENSON and Hon. Abraham SHEK Lai Him, GBS, JP as Independent Non-executive Directors.*