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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**



### **SUMMARY OF MARKET RENTAL PACKAGE OF INITIAL HOTEL PROPERTIES IN RESPECT OF THE 2022 FISCAL YEAR**

Reference is made to the announcements dated 29 October 2010, 9 September 2011, 27 August 2012, 26 August 2013, 26 August 2014, 13 March 2015, 14 April 2015, 24 September 2015, 30 September 2016, 4 October 2017, 5 October 2018, 25 September 2019, 29 November 2019, 24 September 2020, 26 November 2020 and 27 September 2021 issued by Regal REIT. In accordance with the Lease Agreements, the Valuer was jointly appointed by the Lessors and the Lessee and was instructed to conduct a rent review to determine the Market Rental Package for 2022, which includes the amount of market rents (including Base Rent and Variable Rent), the Lessee's contribution to the FF&E Reserve for each of the Initial Hotel Properties, the amount of the Security Deposit and the manner of payment.

For reasons as explained in the announcement issued by Regal REIT on 27 September 2021, the REIT Manager (acting on behalf of the Lessors) and the Lessee agreed to allow the Valuer to determine the Market Rental Package for the 2022 Fiscal Year by no later than 30 November 2021. The Valuer issued her report on the determination of the Market Rental Package for 2022 for the Initial Hotel Properties on 19 November 2021.

According to the 2022 Market Rental Package Determination, the aggregate amount payable by the Lessee as Base Rent is HK\$475 million for the 2022 Fiscal Year (an increase of HK\$15 million as compared with the Base Rent of HK\$460 million in the Market Rental Package for 2021). The individual Base Rents determined for the Initial Hotel Properties are equal to or higher than the respective minimum annual rental payments comprised within the aggregate annual Floor Rent of HK\$400 million provided in the Lease Agreements. In addition, the Variable Rent will continue to be based on the same sharing ratio of 50% of the Collective NPI Excess for the 2022 Fiscal Year. The Security Deposit comprised within the 2022 Market Rental Package Determination is HK\$118.75 million (as compared with the Security Deposit of HK\$115.0 million comprised in the Market Rental Package for 2021). Summaries of the 2022 Market Rental Package Determination and the valuation methodologies are set out in this announcement. The manner of payment of each component of the 2022 Market Rental Package Determination will be consistent with that set out in the 2021 Market Rental Package Determination. The existing Security Deposit will expire on 31 December 2021, and the replacement Security Deposit is to be procured and provided to the Lessors within 60 days after the determination of the Market Rental Package under the terms of the Lease Agreements. However, with the deferment of the determination of the Market Rental Package for 2022 to no later than 30 November 2021, as referred to above, the replacement Security Deposit will be procured and provided to the Lessors before 1 January 2022. The replacement Security Deposit, in the form of replacement third party guarantee(s) (or standby letter(s) of credit or other equivalent form(s) of security), will be issued by licensed bank(s) in Hong Kong effective on 1 January 2022.

The Total Distributable Income (“**TDI**”) available for distribution to Unitholders and the distribution per Unit for each financial year are affected by various factors including, most importantly, the total rental and hotel income receivable by Regal REIT from all its hotel properties for such financial year. For the six months ended 30 June 2021, the prorated Base Rent derived from the Initial Hotel Properties amounted to HK\$230 million, which was approximately 78% of the total rental and hotel income of Regal REIT, and no Variable Rent was receivable for the period. Pursuant to the 2022 Market Rental Package Determination, there will be an increase of HK\$15 million in the Base Rent for the 2022 Fiscal Year as compared to that in the Market Rental Package for 2021. The Variable Rent receivable will continue to be based on the same 50% sharing formula, in respect of the Collective NPI Excess over the Base Rent for the 2022 Fiscal Year. The adopted mechanism of having a high proportion of Base Rent, plus a potential upside sharing through Variable Rent, provides assurance of a relatively stable rental income from the Initial Hotel Properties for Regal REIT on a yearly basis. As at 30 June 2021, the valuation of the Initial Hotel Properties was HK\$17,414 million, representing 78.57% of the total valuation of HK\$22,163 million of Regal REIT’s properties portfolio.

**Given the variables involved in the determination of the Base Rent and the Variable Rent from year to year, investors should exercise caution in dealing in the units of Regal REIT.**

Pursuant to 5.2(f) of the REIT Code, the Valuer's report on the Market Rental Package for 2022 is available for inspection by the public during normal office hours at the REIT Manager's place of business at Unit No. 2001, 20th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.

The INEDs confirm that the rent review in respect of the 2022 Market Rental Package Determination has been conducted in accordance with the terms of the Lease Agreements.

#### **A. BACKGROUND INFORMATION ON THE LEASE TERM AND RENTAL INCOME STRUCTURE**

Reference is made to the announcements dated 29 October 2010, 9 September 2011, 27 August 2012, 26 August 2013, 26 August 2014, 13 March 2015, 14 April 2015, 24 September 2015, 30 September 2016, 4 October 2017, 5 October 2018, 25 September 2019, 29 November 2019, 24 September 2020, 26 November 2020 and 27 September 2021 issued by Regal REIT. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings ascribed to them in the announcement dated 29 October 2010.

#### **B. APPOINTMENT OF VALUER**

In accordance with the Lease Agreements, Ms. Stella Ho was jointly appointed as an independent professional property valuer (the "**Valuer**") and was instructed on 29 June 2021 to conduct a rent review to determine the Market Rental Package in respect of the 2022 Fiscal Year for the Initial Hotel Properties (the "**Market Rental Package for 2022**"), based on the assumptions and disregards provided in the Lease Agreements. Ms. Ho was also jointly appointed as the Valuer to determine the market rental packages for the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel for the 2022 Fiscal Year, which are both held by Regal REIT, and for which separate announcements are made on this same date. Ms. Ho is a Chartered Surveyor with over 20 years' experience in the valuation of properties of similar magnitude and nature in Hong Kong, and is currently a senior director at Colliers International (Hong Kong) Limited.

## C. DEFERMENT OF 2022 MARKET RENTAL PACKAGE DETERMINATION

For reasons as explained in the announcement issued by Regal REIT on 27 September 2021, the REIT Manager (acting on behalf of the Lessors) and the Lessee agreed to allow the Valuer to determine the Market Rental Package for the 2022 Fiscal Year for the Initial Hotel Properties (the “**2022 Market Rental Package Determination**”) by no later than 30 November 2021.

Ms. Ho issued her report (the “**Report**”) on the 2022 Market Rental Package Determination on 19 November 2021.

## D. THE 2022 MARKET RENTAL PACKAGE DETERMINATION

### 1. Summary of the 2022 Market Rental Package Determination

A summary of the 2022 Market Rental Package Determination, together with the corresponding components in respect of the Market Rental Package for 2021, are as follows:

<u>Market Rental Package Component</u>	<u>Market Rental Package for 2022</u>	<u>Market Rental Package for 2021</u>
(a) Base Rent for Regal Airport Hotel <sup>(1)</sup>	HK\$175 million	HK\$176 million
(b) Base Rent for Regal Hongkong Hotel <sup>(1)</sup>	HK\$66 million	HK\$61 million
(c) Base Rent for Regal Kowloon Hotel <sup>(1)</sup>	HK\$96 million	HK\$93 million
(d) Base Rent for Regal Oriental Hotel <sup>(1)</sup>	HK\$37 million	HK\$35 million
(e) Base Rent for Regal Riverside Hotel <sup>(1)</sup>	<u>HK\$101 million</u>	<u>HK\$95 million</u>
Aggregate amount payable by Lessee as Base Rent <sup>(2) &amp; (3)</sup>	<u><b>HK\$475 million</b></u>	<u><b>HK\$460 million</b></u>
Variable Rent for the Initial Hotel Properties (receivable by the Relevant Lessors) <sup>(3) &amp; (4)</sup>	50% of Collective NPI Excess	50% of Collective NPI Excess
Lessee’s contribution to the FF&E Reserve <sup>(5)</sup>	No contribution by the Lessee	No contribution by the Lessee
Amount of Security Deposit <sup>(6)</sup>	HK\$118.75 million	HK\$115.0 million

*Notes:*

- (1) According to the Lease Agreements, during the Second Lease Period and the extended lease period commencing from 1 January 2016 to 27 December 2028 (for Regal Airport Hotel) and 31 December 2030 (for the other four Initial Hotel Properties) (the “**Extended Period**”), the Floor Rent will be HK\$400 million per annum, such amount being an aggregate of the respective minimum annual rental payments in respect of Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel, which are, respectively, HK\$175 million, HK\$60 million, HK\$65 million, HK\$30 million and HK\$70 million.
- (2) According to the Lease Agreements, during the Second Lease Period and the Extended Period, the Lessee will pay to the Lessors, on a monthly basis, the higher of one-twelfth of the Floor Rent of HK\$400 million and the monthly base rent comprised within the Market Rental Package Determination for the year, in such manner that the monthly lease income of the Lessors will not be less than one-twelfth of the Floor Rent.
- (3) The base rent of the Initial Hotel Properties comprised within the 2022 Market Rental Package Determination is HK\$475 million, being the aggregate of the base rents set out in the table above which, in each case, is equal to or higher than the respective minimum annual rental payments in respect of each of the Initial Hotel Properties as stated in Note (1). The aggregate amount payable by the Lessee as Base Rent for the 2022 Fiscal Year represents an increase of HK\$15 million as compared with the Base Rent of HK\$460 million for the 2021 Fiscal Year. The Variable Rent receivable for the 2022 Fiscal Year will continue to be based on the same 50% sharing formula, in respect of the Collective NPI Excess for the 2022 Fiscal Year.
- (4) For the six months ended 30 June 2021, as the NPI from hotel operations of the Initial Hotel Properties amounted to approximately HK\$11.7 million, which was below the prorated Base Rent amount of HK\$230 million, no Variable Rent was receivable for the period.
- (5) According to the Lease Agreements, the Lessee was required to contribute monthly to the FF&E Reserve an amount equal to 2% of the Total Hotel Revenue for each Fiscal Year in the First Lease Period. According to the Report, as a general practice of the hotel industry in Hong Kong, the owner of the hotel (equivalent to the Lessor in each Lease Agreement) is responsible for contributing funds which are set aside and applied to meet the costs of investments in the replacement of furniture, fixtures and equipment at the relevant hotel premises, for the purposes of maintaining such premises at the applicable operating standards and operating capacity. The Valuer is, therefore, of the opinion that the obligation to contribute to the FF&E Reserve could be transferred from the Lessee to the Lessors based on local practice and, consistent with the 2021 Market Rental Package Determination, concluded in the 2022 Market Rental Package Determination that none of the Total Hotel Revenue shall be contributed by the Lessee to the FF&E Reserve for the 2022 Fiscal Year.

- (6) Pursuant to the Lease Guarantees, Regal, as guarantor, procured the Initial Security Deposit in favour of the Lessors and the Trustee in the form of a letter of credit to cover its payment obligations and that of the Lessee for the period up to 30 June 2011. Regal has further undertaken that, unless the Lease Agreements are terminated, the same or other equivalent arrangement (the “**Security Deposit**”, as further described in paragraph D.2 of this announcement) shall, at the sole cost and expense of Regal, remain in place and effective until the end of the term of the Lease Agreements, upon the same terms as the Initial Security Deposit. In accordance with the amendments to Lease Guarantee, the Security Deposit for the Extended Period is to be at an amount equal to the highest of: (a) the amount which the Valuer determines to be the market rate for security deposit; (b) 25% of the annual base rent as determined by the Valuer upon each annual rent review; and (c) 25% of the Floor Rent. Regal is required, within 60 days after the determination of an annual rent review, to arrange for such bank guarantee to be topped up or adjusted or replaced to an amount equal to such resulting highest amount. According to the 2022 Market Rental Package Determination, the security deposit payable for renting an en bloc hotel of comparable scale to the Initial Hotel Properties is normally three months base rent, which is determined by the Valuer to be the market rate for security deposit. The Valuer therefore determined the security deposit shall be three months base rent, which in the case of the Initial Hotel Properties is HK\$118.75 million, equivalent to 25% of the determined annual base rent comprised within the 2022 Market Rental Package Determination, such amount being the highest of (a), (b) and (c).

## **2. Manner of Payment**

The manner of payment of the Base Rent, Variable Rent, Security Deposit and the Lessee’s contribution to the FF&E Reserve according to the 2022 Market Rental Package Determination will be consistent with that set out in the 2021 Market Rental Package Determination. The existing Security Deposit will expire on 31 December 2021, and the replacement Security Deposit is to be procured and provided to the Lessors within 60 days after the determination of the Market Rental Package under the terms of the Lease Agreements. However, with the deferment of the determination of the Market Rental Package for 2022 to no later than 30 November 2021, as referred to above, the replacement Security Deposit will be procured and provided to the Lessors before 1 January 2022. The replacement Security Deposit, in the form of replacement third party guarantee(s) (or standby letter(s) of credit or other equivalent form(s) of security), will be issued by licensed bank(s) in Hong Kong effective on 1 January 2022.

## **E. SUMMARY OF ASSUMPTIONS AND OUTLINE OF VALUATION METHODOLOGIES**

### **1. Assumptions Contained in the 2022 Market Rental Package Determination**

The 2022 Market Rental Package Determination was based on the assumptions and disregards set out in the Lease Agreements, including the following:

- (a) that the rental payable by the Lessee shall be exclusive of rates, government rent, utility charges and all other outgoings payable by the Lessee;
- (b) that each of the Initial Hotel Properties is available to let on the open market by a willing landlord to a willing tenant without a premium and with vacant possession having regard to similar premises having similar characteristics and attributes;
- (c) that the length of the lease would be in line with other leases in the market with similar nature;
- (d) that each of the Initial Hotel Properties is fit for immediate occupation and use and incorporates fixtures and fittings which are of a standard and description commensurate with the nature of the premises and which are suitable for the use and occupation of the willing tenant;
- (e) that in case any part of the Initial Hotel Properties has been damaged or destroyed, it has been fully restored;
- (f) that no reduction is to be made to take account of any inducements;
- (g) disregarding any effect on rent of the fact that the Lessee has been or is in occupation of the Initial Hotel Properties or any part thereof; and
- (h) disregarding any goodwill attributable to the Lessee's business carried on at the Initial Hotel Properties.



## **2. Outline of Valuation Methodologies**

The Valuer adopted a reasonable percentage of gross revenue as her primary approach in her valuation to determine the Base Rent comprised within the 2022 Market Rental Package Determination. The Valuer also analysed similar sales transactions in Hong Kong to assess the market values of the Initial Hotel Properties, and the Base Rent was then derived from the adoption of what the Valuer determined to be appropriate yields on such market values. As the Valuer was of the view that rental transactions for hotels are rare in Hong Kong, rental transactions of upper commercial premises were also analysed as a cross-check and benchmark for the purposes of the 2022 Market Rental Package Determination.

## **F. CONSIDERATIONS IN RESPECT OF THE MARKET RENTAL PACKAGE FOR 2022**

### **1. General Hotel Market Conditions**

The hotel business is cyclical and sensitive to changes in the global, regional or local economies generally; and since demand for hotel services in Hong Kong is affected by economic growth, a global, regional or local change could affect the overall performance of the local hotel industry.

Based on a research report released by the World Bank Group in June 2021, the global economy is set to expand strongly in 2021. The recovery is, however, uneven and largely reflects the sharp rebounds in some major economies, most notably the United States, owing to substantial fiscal support. Global manufacturing activity has strengthened, with industrial production surpassing its pre-pandemic level, while the services sector activity, especially travel and tourism, remained soft.

Based on information published by the National Bureau of Statistics of China, the Gross Domestic Product (GDP) of China for the first half of 2021 increased by 12.7% year-on-year, which is 5.6 percentage points lower than that of the first quarter of 2021. As the macro policies of the central government of China have been shifting from supporting activity to reducing financial stability risks, future economic growth of China may further moderate.



Benefiting from the improving global economic conditions, there were notable increases in both domestic and external demands for Hong Kong during the period. Based on information published by the Census and Statistics Department, the seasonally adjusted unemployment rate decreased from 6% in the period from March to May to 5.5% in the period from April to June 2021, which is the fourth consecutive moving three-month period that registered a decline. The underemployment rate also decreased from 2.8% to 2.5% over the same comparative period. Hong Kong's GDP in real terms in the first half of 2021 grew by 7.8% year-on-year, compared with the increase of 8.0% in the first quarter.

Based on information published by the Hong Kong Tourism Board (the "HKTB"), total visitors to Hong Kong during the first nine months of 2021 amounted to 63,105, representing a decrease of 98.2% year-on-year, of which 46,056 were visitors from Mainland China, a decrease of 98.3% year-on-year. Of the total arrivals, overnight visitors accounted for 62,259, which posted a drop of 95.4% year-on-year. The number of visitors from other short-haul markets (excluding Mainland China) had a drop of 98.0% and those from the long-haul markets also recorded a decrease of 98.0% year-on-year.

Nevertheless, the HKTB's statistics indicated that the average hotel room occupancy level for all the surveyed hotels under different categories in Hong Kong for the nine months ended 30th September was up from 43% in 2020 to 60% in 2021, while the average achieved room rate shrank by 5.9%, resulting in a growth in the Revenue per Available Room (RevPAR) of 31.5% year-on-year.

## **2. Performance of Initial Hotel Properties for the six months ended 30 June 2021**

For the six months ended 30 June 2021, the average room rate for the Initial Hotel Properties was HK\$458.75 (representing a decrease of 32.0% from HK\$674.87 for the same period in 2020) and the average occupancy rate was 47.5% as compared to 37.4% for the same period in 2020, resulting in a drop of 13.7% in the combined average RevPAR as compared to the same period in the 2020 Fiscal Year.

For the six months ended 30 June 2021, the aggregate NPI from hotel operations of the Initial Hotel Properties amounted to approximately HK\$11.7 million. As this amount was below the prorated Base Rent of HK\$230 million, no Variable Rent was earned by Regal REIT for such period.

### **3. Market Rental Package for 2022**

In respect of the Market Rental Package for 2022, the aggregate amount of HK\$475 million payable by the Lessee as Base Rent for the 2022 Fiscal Year represents an increase of HK\$15 million as compared with the Base Rent of HK\$460 million for the 2021 Fiscal Year. The individual Base Rents determined for the Initial Hotel Properties are equal to or higher than the respective minimum annual rental payments (as stated in Note (3) set out in paragraph D.1 above) provided in the Lease Agreements. The Base Rent for each of the Initial Hotel Properties comprised within the 2022 Market Rental Package Determination has been based on the Valuer's professional assessment on the market environment for 2022 (including the assumptions and disregards set out in paragraph E.1 above) and on certain factors relating to each of the Initial Hotel Properties, and taking into consideration the current market conditions of the hotel and tourism industry in Hong Kong.

Pursuant to the 2022 Market Rental Package Determination, the Variable Rent receivable for the 2022 Fiscal Year will be based on the same 50% sharing, in respect of the Collective NPI Excess for the 2022 Fiscal Year, which is a reasonable and fair proportion to both the Lessor and the Lessee.

### **4. Impact on Total Distributable Income and Distribution per Unit**

The TDI available for distribution to Unitholders and the distribution per Unit for each financial year are affected by various factors including, most importantly, the total rental and hotel income receivable by Regal REIT from all its hotel properties for such financial year. For the six months ended 30 June 2021, the prorated Base Rent derived from the Initial Hotel Properties amounted to HK\$230 million, which was approximately 78% of the total rental and hotel income of Regal REIT, and no Variable Rent was receivable for the period. Pursuant to the 2022 Market Rental Package Determination, there will be an increase of HK\$15 million in the Base Rent for the 2022 Fiscal Year as compared to that in the Market Rental Package for 2021. The Variable Rent receivable will continue to be based on the same 50% sharing formula, in respect of the Collective NPI Excess for the 2022 Fiscal Year. The adopted mechanism of having a high proportion of Base Rent, plus potential upside sharing through Variable Rent, provides assurance of a relatively stable rental income from the Initial Hotel Properties for Regal REIT on a yearly basis. As at 30 June 2021, the valuation of the Initial Hotel Properties was HK\$17,414 million, representing 78.57% of the total valuation of HK\$22,163 million of Regal REIT's properties portfolio.

**Given the variables involved in the determination of the Base Rent and the Variable Rent from year to year, investors should exercise caution in dealing in the units of Regal REIT.**

## **G. INSPECTION OF VALUER'S REPORT**

Pursuant to 5.2(f) of the REIT Code, the Valuer's report on the Market Rental Package for 2022 is available for inspection by the public during normal office hours at the REIT Manager's place of business at Unit No. 2001, 20th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.

## **H. CONFIRMATION BY THE INEDs**

The INEDs confirm the following:

- (a) the Board (with the approval of all of the INEDs) at the time of the IPO, had confirmed that the terms of the agreements/deed (including tenure of the Lease Agreements together with the Hotel Management Agreements) referred to in the section headed "Connected Party Transactions" of the Offering Circular were in line with normal business practices for contracts of the relevant type, and that for transactions which are to be entered into after the Listing Date, each such transaction shall be entered into in the ordinary and usual course of business of Regal REIT group, and on terms which are normal commercial terms and are fair and reasonable and in the interests of the Unitholders as a whole;
- (b) the Board (including all of the INEDs) (other than Mr. LO Yuk Sui, Miss LO Po Man, Mr. Donald FAN Tung, Mr. Jimmy LO Chun To, Mr. Kenneth NG Kwai Kai, Mr. Bowen Joseph LEUNG Po Wing, GBS, JP and Hon. Abraham SHEK Lai Him, GBS, JP, who were deemed to have interests in the Lease Agreements) further confirmed that the Lease Agreements continue to be conducted in the ordinary and usual course of business and the terms of the Lease Agreements are at arm's length, on normal commercial terms and are fair and reasonable and in the best interests of Unitholders as a whole;
- (c) the appointment of Ms. Stella Ho as the independent professional property valuer for the 2022 Market Rental Package Determination has been reviewed, considered and endorsed by the Audit Committee of the REIT Manager; and
- (d) the rent review in respect of the 2022 Market Rental Package Determination has been conducted in accordance with the terms of the Lease Agreements.

A summary of the 2022 Market Rental Package Determination will be disclosed in the interim and annual reports of Regal REIT for the financial period ending 30 June 2022 and the financial year ending 31 December 2022, respectively.

This announcement is made pursuant to Chapter 10 of the REIT Code.

## DEFINITIONS

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

- “Fiscal Year” means the period from 1 January to 31 December (both days inclusive) in each year and the last Fiscal Year shall be the period from 1 January in the last year of the term to the date of expiration or earlier determination of the term of the Lease Agreements (both days inclusive);
- “INEDs” means the independent non-executive directors of the REIT Manager;
- “IPO” means the initial public offering of the units of Regal REIT in Hong Kong;
- “Lease Agreements” means (a) Lease Agreement No. 1 for Regal Airport Hotel entered into between Bauhinia Hotels Limited and the Lessee; (b) Lease Agreement No. 2 for Regal Hongkong Hotel entered into between Cityabily Limited and the Lessee; (c) Lease Agreement No. 3 for Regal Kowloon Hotel entered into between Ricobem Limited and the Lessee; (d) Lease Agreement No. 4 for Regal Oriental Hotel entered into between Gala Hotels Limited and the Lessee; and (e) Lease Agreement No. 5 for Regal Riverside Hotel entered into between Regal Riverside Hotel Limited and the Lessee, on 16 March 2007, as amended, supplemented and/or otherwise modified from time to time;
- “Lessee” means Favour Link International Limited, a wholly-owned subsidiary of Regal;

- “Lessors” means the respective direct owners of the Initial Hotel Properties (being (a) Bauhinia Hotels Limited, in relation to Regal Airport Hotel; (b) Cityability Limited, in relation to Regal Hongkong Hotel; (c) Ricobem Limited, in relation to Regal Kowloon Hotel; (d) Gala Hotels Limited, in relation to Regal Oriental Hotel; and (e) Regal Riverside Hotel Limited, in relation to Regal Riverside Hotel) and “Lessor” means any one of them;
- “NPI Excess” means NPI or Net Property Income (as defined in the Offering Circular) in excess of Base Rent in respect of each of the Initial Hotel Properties for any relevant period, and “Collective NPI Excess” means the aggregate of the NPI Excess of the Initial Hotel Properties for any relevant period, and any negative NPI shall also be taken into account; and
- “Regal” means Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 78).

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, 26 November 2021

*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. Bowen Joseph LEUNG Po Wing, GBS, JP, Mr. Kai Ole RINGENSON and Hon. Abraham SHEK Lai Him, GBS, JP as Independent Non-executive Directors.*