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REGAL REIT
富豪產業信託

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

富豪資產管理有限公司
Regal Portfolio Management Limited

DISCLOSEABLE TRANSACTION
LETTER OF INTENT IN RELATION TO EXTENSION OF SUB-LEASE FOR REGAL AIRPORT HOTEL

The Board is pleased to announce that, on 12 December 2025, Bauhinia Hotels Limited (being a wholly-owned subsidiary of Regal REIT) entered into a binding Letter of Intent with the Airport Authority Hong Kong in relation to the extension of the Sub-Lease in respect of the Regal Airport Hotel for a further term of three years from 31 December 2028.

The annual rent payable under the Extended Sub-Lease shall be the higher of the fixed annual rent and the annual turnover rent. Since the right-of-use asset will be recognised under the Extended Sub-Lease pursuant to HKFRS 16, the Extended Sub-Lease will be regarded as an acquisition of asset by Regal REIT under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio calculated based on the net present value of the fixed annual rental payments under the Extended Sub-Lease exceeds 5% but is less than 25%, the Letter of Intent and the transactions contemplated thereunder (including the entering into of the Second Supplemental Lease) constitute a discloseable transaction of Regal REIT, and are subject to the reporting and announcement requirements, but exempt from the Unitholders' approval requirement, under Chapter 10 of the REIT Code and Chapter 14 of the Listing Rules.

The Board (including the independent non-executive Directors) is satisfied that: (i) the terms of the Letter of Intent and the transactions contemplated thereunder (including the entering into of the Second Supplemental Lease) are on arm's length basis and on normal commercial terms which are fair and reasonable and in the best interests of the Unitholders as a whole; (ii) the Letter of Intent and the transactions contemplated thereunder (including the entering into of the Second Supplemental Lease) are consistent with Regal REIT's investment policy and objectives and in compliance with the REIT Code and the Trust Deed.

The Trustee has no objection to the Transaction on the bases set out in this announcement.

This announcement is made by the REIT Manager pursuant to 10.3 and 10.5A of the REIT Code.

A. BACKGROUND

As disclosed in the Offering Circular, one of Regal REIT's properties, the Regal Airport Hotel, is held by Bauhinia Hotels Limited (a wholly-owned subsidiary of Regal REIT) pursuant to the Sub-Lease granted by the Airport Authority Hong Kong. The Sub-Lease was for a term of 25 years from 31 December 2003 and will expire on 30 December 2028. The Sub-Lease did not provide for any right of renewal or extension after its expiry. For further details of the terms of the Sub-Lease, please refer to the Offering Circular.

For further information about Regal Airport Hotel, please refer to the 2024 annual report of Regal REIT published on 24 April 2025.

B. LETTER OF INTENT IN RELATION TO THE EXTENSION OF THE SUB-LEASE

In light of the expiry of the Sub-Lease in 2028, the REIT Manager has commenced discussions with the Airport Authority Hong Kong in relation to the extension of the Sub-Lease.

The Board is pleased to announce that, on 12 December 2025, Bauhinia Hotels Limited and the Airport Authority Hong Kong entered into a binding Letter of Intent pursuant to which the Parties have agreed to extend the Sub-Lease for a further term of three years from 31 December 2028 (the "**Extended Term**") (the "**Transaction**").

The key terms of the Letter of Intent are set out below:

Date	:	12 December 2025
Parties	:	(1) Airport Authority Hong Kong (as lessor) (2) Bauhinia Hotels Limited (as lessee)
Property	:	Regal Airport Hotel at 9 Cheong Tat Road, Hong Kong International Airport, Chek Lap Kok, Hong Kong
Extended Term	:	Three years commencing from 31 December 2028 and ending on 30 December 2031
Rent	:	Throughout the Extended Term, Bauhinia Hotels Limited shall pay to the Airport Authority Hong Kong the higher of the fixed annual rent and the annual turnover rent. Notes: (a) The net present value of the fixed annual rent payments under the Extended Sub-Lease is approximately HK$144.67 million as discounted using Regal REIT's incremental borrowing rate at the effective date of the Extended Sub-Lease. (b) The fixed annual rent and the annual turnover rent have been arrived at after arm's length negotiations, and the REIT Manager is satisfied that the basis for determining such is fair and reasonable and in the interests of Regal REIT and its Unitholders as a whole.
Non-Competition	:	With effect from the date of the Letter of Intent, any non-competition provisions in the Sub-Lease will be void and unenforceable.
Second supplemental lease	:	Subject to the Airport Authority Hong Kong's corporate and internal requirements, the Parties intend to enter into a formal second supplemental lease (the "**Second Supplemental Lease**") to give effect to the terms under the Letter of Intent.
Stamp duty and registration fee	:	The stamp duty and registration fees payable on the Second Supplemental Lease shall be borne and paid by Bauhinia Hotels Limited.
Binding effect	:	The Letter of Intent constitutes a binding agreement between the Parties.

C. REASONS FOR AND BENEFITS OF THE LETTER OF INTENT AND THE EXTENSION OF THE SUB-LEASE

The REIT Manager considers the extension of the Sub-Lease for the Extended Term is beneficial to Regal REIT to upkeep the size and market diversities of its hotel assets portfolio. The Regal Airport Hotel has a unique competitive advantage with its direct linkage to Terminal 1 of the Hong Kong International Airport and its proximity to AsiaWorld Expo and other major attractions. Although the non-competition covenants previously provided by the Airport Authority Hong Kong will become void and unenforceable, the Board considers the Letter of Intent and the transactions contemplated thereunder (including the entering into of the Second Supplemental Lease) to be consistent with Regal REIT's investment policy and objectives and in the best interests of Regal REIT and its Unitholders.

In forming such view, the Board has considered the alternative scenario where the Sub-Lease were to expire in 2028 without extension, in which case Regal REIT will no longer be able to lease out the Regal Airport Hotel. Compared to that scenario, the extension of the Sub-Lease for the Extended Term is more advantageous as it will enable Regal REIT to continue receiving a positive income stream from the leasing and operations of the Regal Airport Hotel. Based on the latest published interim results of Regal REIT for the six months' period ended 30 June 2025, the Board expects that the Regal Airport Hotel will generate a positive net operating income after payment of annual rent under the Extended Sub-Lease and contribute positively to the distributable income of Regal REIT. Therefore, the Board considers the extension of the Sub-Lease will have a positive impact on the distribution per unit of Regal REIT during the Extended Term compared to if the Sub-Lease were to expire.

D. REGULATORY IMPLICATIONS

Pursuant to HKFRS 16, the right-of-use asset will be recognised under the Extended Sub-Lease. Accordingly, the Extended Sub-Lease will be regarded as an acquisition of asset by Regal REIT under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio calculated based on the net present value of the fixed annual rental payments under the Extended Sub-Lease exceeds 5% but is less than 25%, the Letter of Intent and the transactions contemplated thereunder (including the entering into of the Second Supplemental Lease) constitute a discloseable transaction of Regal REIT, and are subject to the reporting and announcement requirements, but exempt from the Unitholders' approval requirement, under Chapter 10 of the REIT Code and Chapter 14 of the Listing Rules.

E. OPINIONS

Board

The Board (including the independent non-executive Directors), having taken into account the REIT Manager's duties under the Trust Deed and the REIT Code, is satisfied that: (i) the terms of the Letter of Intent and the transactions contemplated thereunder (including the entering into of the Second Supplemental Lease) are on arm's length basis and on normal commercial terms which are fair and reasonable and in the best interests of the Unitholders as a whole; (ii) the Letter of Intent and the transactions contemplated thereunder (including the entering into of the Second Supplemental Lease) are consistent with Regal REIT's investment policy and objectives and in compliance with the REIT Code and the Trust Deed; and (iii) no Unitholders' approval is required under the REIT Code and the Trust Deed for Bauhinia Hotels Limited to enter into the Letter of Intent and the transactions contemplated thereunder (including the entering into of the Second Supplemental Lease).

Independent Property Valuer

The REIT Manager has also obtained an opinion from Knight Frank Petty Limited, an independent property valuer and the principal valuer of Regal REIT (the "**Independent Property Valuer**"), that the rental under the Extended Sub-Lease is at the prevailing market level and is considered as fair and reasonable, having taken into account the rental structure, typical turnover rent percentages observed in income-generating properties, and prevailing market conditions.

Trustee

Based and in sole reliance on: (i) the information and assurances provided by the REIT Manager; (ii) the opinion and recommendation of the Board; and (iii) the opinion of the Independent Property Valuer, and having taken into account its duties set out in the Trust Deed and the REIT Code, the Trustee:

(a) has no objection to the Transaction;

(b) is of the view that the Transaction is consistent with Regal REIT's investment policy and in compliance with the REIT Code and the Trust Deed; and

(c) confirms that Unitholders' approval is not required under the REIT Code or the Trust Deed for the Transaction.

The Trustee's view is being furnished for the sole purpose of complying with 10.5 of the REIT Code, and is not to be taken as a recommendation or representation by the Trustee of the merits of the Transaction or of any statements or information made or disclosed in this announcement. The Trustee has not made any assessment of the merits or impact of the Transaction, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who have any doubts as to the merits or impact of the Transaction, to consider the opinions of the Independent Property Valuer addressed to them and to seek their own additional financial or other professional advice.

F. INFORMATION ON THE PARTIES

Regal REIT is a collective investment scheme authorised by the SFC and listed on the main board of The Stock Exchange of Hong Kong Limited. Regal REIT is a real estate investment trust with DB Trustees (Hong Kong) Limited as its trustee. It invests primarily in real estate that wholly or primarily comprises hotels, other hospitality related properties or commercial properties and uses the income arising from such properties to provide stable returns to the Unitholders. As at the date of this announcement, Regal REIT owns a total of nine properties which are located across different districts in Hong Kong.

Bauhinia Hotels Limited is a wholly-owned subsidiary of Regal REIT incorporated in Hong Kong and is principally engaged in property investment.

The Airport Authority Hong Kong is a statutory body established under the Airport Authority Ordinance (Chapter 483 of the Laws of Hong Kong) and is responsible for the operations of the Hong Kong International Airport. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Airport Authority Hong Kong is an Independent Third Party.

G. GENERAL

This announcement is made by the REIT Manager pursuant to 10.3 and 10.5A of the REIT Code.

H. DEFINITIONS

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

"Airport Authority Hong Kong"	means the statutory body established under the Airport Authority Ordinance (Chapter 483 of the Laws of Hong Kong);
"Board"	means the board of Directors of the REIT Manager;
"Directors"	means the directors of the REIT Manager;
"Extended Sub-Lease"	means the Sub-Lease as extended by the Second Supplemental Lease;
"Extended Term"	has the meaning given to this term in section B of this announcement;
"HKFRS"	means the Hong Kong Financial Reporting Standards;
"Independent Property Valuer"	has the meaning given to this term in section E of this announcement;
"Independent Third Party"	a third party who is independent of Regal REIT and its connected persons (as defined in the REIT Code);
"Letter of Intent"	means the letter of intent dated 12 December 2025 entered into between the Airport Authority Hong Kong and Bauhinia Hotels Limited in relation to the extension of the Sub-Lease;
"Listing Rules"	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented and/or modified from time to time (modified as appropriate pursuant to paragraph 2.26 of the REIT Code);
"Offering Circular"	means the offering circular of Regal REIT dated 19 March 2007;
"Parties"	means, collectively, the Airport Authority Hong Kong and Bauhinia Hotels Limited;

"Regal Airport Hotel"	means the hotel situated at 9 Cheong Tat Road, Hong Kong International Airport, Chek Lap Kok, Hong Kong comprising a 14-storey, including a basement floor, hotel completed in 1999;
"Regal REIT"	means Regal Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO (Stock Code: 1881);
"REIT Code"	means The Code on Real Estate Investment Trusts issued by the SFC, as amended, supplemented and/or otherwise modified from time to time;
"REIT Manager"	means Regal Portfolio Management Limited, in its capacity as the manager of Regal REIT;
"Second Supplemental Lease"	has the meaning given to this term in section B of this announcement;
"SFC"	means the Securities and Futures Commission of Hong Kong;
"SFO"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time;
"Sub-Lease"	means the sub-lease dated 12 August 2004 (and as modified by a Supplemental Lease dated 8 November 2006) made between the Airport Authority Hong Kong and Bauhinia Hotels Limited in respect of an area of approximately 10,866.15 square metres and the premises and other buildings and other structures now or hereafter to be constructed thereon;
"Supplemental Lease"	means the supplemental lease dated 8 November 2006 entered into between Bauhinia Hotels Limited and the Airport Authority Hong Kong which supplemented the Sub-Lease;
"Transaction"	has the meaning given to this term in section B of this announcement;

"Trust Deed"	means the trust deed constituting Regal REIT dated 11 December 2006 (as amended and restated by a second amending and restating deed dated 31 January 2024), entered into between the Trustee and the REIT Manager, as amended, supplemented and/or otherwise modified from time to time;
"Trustee"	means DB Trustees (Hong Kong) Limited, in its capacity as trustee of Regal REIT; and
"Unitholders"	means any person(s) registered as holding unit(s) 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 December 2025

As at the date of this announcement, the Board comprises Mr. LO Yuk Sui as Chairman and Non-executive Director; Ms. 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. Jimmy LO Chun To and Mr. Kenneth NG Kwai Kai as Non-executive Directors; and Mr. Bowen Joseph LEUNG Po Wing, GBS, JP, Mr. Kai Ole RINGENSON and Mr. Abraham SHEK Lai Him, GBS, JP as Independent Non-executive Directors