

SGX-ST Release

APTT REFINANCES OUTSTANDING DEBTS AHEAD OF MATURITY; IMPROVES INTEREST MARGIN AND ARRANGEMENT FEES

Singapore - 26 November 2018

Asian Pay Television Trust (“APTT” or the “Trust”) today announces the successful refinancing of its existing onshore borrowing facilities and the extension of its offshore borrowing facilities, as part of its focused debt management programme.

KEY HIGHLIGHTS

- Lower interest margin and arrangement fees, despite higher debt levels, demonstrate strong lender support and confidence in APTT’s¹ business and its management
- Successful refinancing provides funding certainty and eliminates the need to make significant principal repayments for the next three years
- Interest rate swaps covering over 80% of the outstanding onshore borrowing facilities have already been extended to the end of 2021 to reduce the risk of rising interest rates
- As a result of the successful refinancing and extending out the interest rate swaps, total annual interest costs are expected to be lower by approximately S\$9 million from 2019

The Trust completed the refinancing of its existing NT\$29.0 billion borrowing facilities (“Previous Facilities”) with new seven-year facilities of NT\$31.0 billion (“Onshore Facilities”). The Trust has also extended the maturity date (“Amendment”) of its existing offshore facilities from July 2019 to July 2021 (“Offshore Facilities”). The successful refinancing of the Previous Facilities and the Amendment are collectively referred to as the “Refinancing” in this announcement.

The successful Refinancing ahead of maturity at lower interest margin and arrangement fees, despite higher debt levels, demonstrates strong lender support and confidence in APTT’s business and its management.

More importantly, the Refinancing will enable the Trust to derive substantial savings through lower interest costs. It will also provide funding certainty and eliminate the need to make significant principal repayments for the next three years.

As the Onshore Facilities contain customary change of control provisions, please refer to Appendix I of this announcement for disclosure pursuant to Rule 704(31) of the Listing Manual.

LOWER BORROWING COSTS

The Onshore Facilities bear a floating interest rate of Taiwan’s three-month Taipei Interbank Offered Rate (“TAIBOR”) plus an interest margin.

Following the Refinancing, the interest margin on the Onshore Facilities will decrease from 2.3% to 1.6%, representing total annual interest cost savings of approximately S\$9 million from 2019. Lower arrangement fees of 1.25% compared to the last refinancing in 2016 of 1.60% translates to up-front savings of approximately S\$5 million in 2018.

¹ APTT refers to APTT and its subsidiaries taken as a whole.

Additionally, to reduce the risk of rising interest rates, the Trust has recently extended interest rate swaps on TAIBOR to the end of 2021 to fix over 80% of the outstanding Onshore Facilities. The average fixed rate on these TAIBOR swaps was 0.84%. Interest rate swaps will continue to be gradually entered into until 90% to 95% of outstanding borrowings are hedged through to 2021.

To support the debt management programme, APTT will pay more conservative distributions to Unitholders. As announced on 13 November 2018, the Board has taken a two-year view on the distribution level. The distribution is expected to be 1.20 cents per unit for 2019 and 2020, subject to no material changes in planning assumptions. The new distribution level will be implemented from the fourth quarter of 2018. It is anticipated that the distribution will continue to be paid quarterly. The new distribution level is expected to be 0.30 cents per unit per quarter beginning from the fourth quarter of 2018 through to 2020.

The lower distribution also offers the potential for future unit buybacks. Depending on the Trust's performance in 2019 and 2020, the distribution level could be adjusted after 2020.

Commenting on the Refinancing, Mr Brian McKinley, Chief Executive Officer of the Trustee-Manager, said, "The successful refinancing and extending of the interest rate swaps form an important part of our debt management programme as they will lower our borrowing costs by approximately S\$9 million per year. The revised distribution guidance of 1.20 cents per year for 2019 and 2020 will also result in annual cash savings of over S\$76 million, enabling all capital expenditure to be self-funded and also allowing for small debt repayments."

"While the Board appreciates that the reduction in the distribution from the fourth quarter of 2018 may be more than what Unitholders had expected, it is a necessary move to keep APTT on a more sustainable footing. With the impact of rising debt levels and continued pressures on EBITDA, the gearing ratio needs to be managed in order to mitigate the risk of covenant issues in the future should challenging operating conditions persist. The Board is of the view that decisive actions were necessary to manage our debt levels and to steer APTT forward," added Mr McKinley.

Due to the additional borrowings in 2018 to fund capital expenditure and the payment of Refinancing fees, as well as the lower EBITDA for 2018, the gearing ratio is expected to peak at nearly 8 times net debt to EBITDA by 31 December 2018.

"With the debt management programme, comprising the Refinancing and a lower distribution, we expect our debt levels and gearing ratio to gradually decline starting from 2019," added Mr McKinley.

OUTLOOK AND STRATEGY

The growing popularity of online TV and internet retailing will continue to put pressure on cable TV revenue, while the unlimited wireless data offerings from mobile operators necessitate that we continue to offer higher speeds at competitive prices to attract and retain subscribers to our fixed-line Broadband services. ARPUs are expected to remain under pressure in this economic and operating environment.

Mr McKinley added, "The Trustee-Manager is fully committed to navigating the challenges that APTT and the industry are facing. A key focus is to strengthen our balance sheet and cash flows to not only support our operations, but to have the flexibility to effectively compete in this economic and operating environment. Already, efforts in lowering operating and financing costs have been yielding results. At the same time, we will closely monitor our capital expenditure to focus on areas that will have the best potential in generating growth and sustainability for the long-term."

The Trustee-Manager has outlined its strategy to strengthen the business:

- **A focused debt management programme to reduce dependence on borrowings and strengthen the balance sheet**
 - It has successfully refinanced existing borrowing facilities with improved margins and arrangement fees

- It has extended existing interest swaps to the end of 2021 to reduce risk of rising interest rate
- It will no longer use borrowings to fund capital expenditure starting from 2019
- **Two-year view on distribution level (2019 and 2020)**
 - Pay more conservative distributions to Unitholders and use operating cash flows to self-fund all capital expenditure
- **Stronger cost and cash flow management**
 - Manage operating expenses to preserve EBITDA margins with ARPUs under pressure
 - Lower interest and other finance costs will further improve operating cash flows by approximately S\$9 million annually beginning in 2019
- **Manage cable TV churn**
 - Continue to offer superior content at competitive pricing to manage cable TV churn
 - Leverage strong Basic cable TV subscriber base, as well as new and attractively priced product offerings to improve up-selling and cross-selling of services across subscriber base
- **Drive growth in Broadband business for long-term sustainability**
 - The number of Broadband subscribers has been steadily increasing in 2018. The Trust remains focused on growing its market share for Broadband by increasing RGUs through attractively priced packages to acquire new subscribers from competitors and to retain existing ones
 - Supporting wireless operators with their network development: the Trust, through TBC's² network is already beginning to provide data backhaul to some of Taiwan's major wireless operators. With 5G network development, data backhaul through TBC's network is expected to become a material part of the Broadband business within five years as wireless carriers tap into TBC's network for their 5G rollout
 - Develop new market segments, including enterprise clients
 - Continue to introduce value-added solutions (e.g. IoT, smart home devices) that will leverage the Android gateway that many subscribers are now including in their broadband plans (52 thousand BandOTT boxes deployed as at 30 September 2018 compared to 13 thousand boxes as at 30 September 2017)
- **Continue with key network and Broadband investment over 2018 and 2019**
 - Continue to deploy fibre deeper into the network to increase network capacity and support the Broadband business initiatives

² TBC refers to Taiwan Broadband Communications group.

ABOUT APTT

APTT is the first listed business trust in Asia focused on pay-TV businesses. APTT has an investment mandate to acquire controlling interests in and to own, operate and maintain mature, cash generative pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore. APTT is managed by its Trustee-Manager, APTT Management Pte. Limited. The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders and managing the business conducted by APTT. The Trustee-Manager manages APTT's business with an objective of providing Unitholders with stable and sustainable distributions.

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APPENDIX I – DISCLOSURE PURSUANT TO RULE 704(31) OF THE LISTING MANUAL**THE DETAILS OF THE CONDITION(S) MAKING REFERENCE TO THE SHAREHOLDING INTERESTS OF SUCH CONTROLLING SHAREHOLDER IN THE ISSUER OR RESTRICTIONS PLACED ON ANY CHANGE IN CONTROL OF THE ISSUER**

The facility agreement dated 26 November 2018 (the “Onshore Facilities”) provides that it constitutes an event of default if the continuous ownership requirements thereunder, including the requirements set out below (the “Continuous Ownership Requirements”), are breached:

- (a) the Debtors shall cause the Trustee-Manager to remain a wholly-owned direct or indirect subsidiary of a Sponsor Shareholder Controlled Entity (as defined below) and cause the shareholder of the Trustee-Manager to maintain the right at all times to directly or indirectly appoint all directors of the Trustee-Manager; and
- (b) except for (i) in a Review Event (as defined below) (and, prior to the occurrence of a Review Event where an involuntary removal of the Trustee-Manager has occurred but it has been replaced with a replacement or substitute trustee-manager meeting the Replacement Trustee-Manager Requirements (as defined below)) or (ii) in the event of a replacement by a wholly-owned direct or indirect subsidiary of a Sponsor Shareholder Controlled Entity following the voluntary resignation by the Trustee-Manager, the Debtors shall cause the Trustee-Manager to, at all times, remain the trustee-manager of APTT.

The Debtors (as defined below) have also covenanted and agreed to cause the Trustee-Manager (or any subsequent trustee-manager of APTT) not to voluntarily resign as trustee-manager of APTT except in circumstances where the Trustee-Manager (or any subsequent trustee-manager of APTT) is replaced as trustee-manager of APTT by a wholly owned direct or indirect subsidiary of a Sponsor Shareholder Controlled Entity (the “Relevant Covenant”). A breach of the Relevant Covenant constitutes an event of default under the Onshore Facilities. It is an event of default under the Onshore Facilities if there is a default in the due observance or performance of any covenant or agreement and such default (if curable) is not cured within 30 days after the facility agent’s written notice thereof.

The Onshore Facilities provide that it is a review event if the Trustee-Manager (or any subsequent trustee-manager of APTT) is involuntarily removed as trustee-manager of APTT and there has not within 60 days after the date of removal been appointed a replacement or substitute trustee-manager which either (a) is approved by the facility agent (acting on the instructions of the majority banks) or (b) is a wholly-owned (directly or indirectly) subsidiary of a Sponsor Shareholder Controlled Entity (the “Replacement Trustee Manager Requirements”).

A “Sponsor Shareholder Controlled Entity” means each of (i) Dynami Vision Pte. Ltd. and (ii) an entity directly or indirectly owned (individually or jointly with others) and controlled (individually or jointly with others) by Mr Lu Fang-Ming.

The “Borrowers” means Taiwan Broadband Communications Co., Ltd., Jie Guang Co., Ltd., Jia Guang Co., Ltd., Wo Jun Co., Ltd., Best Cable TV Co., Ltd., Shin Ho Cable TV Co., Ltd., Chun Chien Cable TV Co., Ltd., Nan Taoyuan Cable TV Co., Ltd., Chi Yuan Cable TV Co., Ltd, Tai Luo Tze Co., Ltd. and Tau Luen Co., Ltd. The guarantors are TBC Holdings B.V. and Harvest Cable Holdings B.V. and together with the Borrowers, and any additional guarantors acceding to the Onshore Facilities pursuant to the terms therein, are the “Debtors”.

If an event of default occurs and is continuing, the obligations of the banks to make advances under the Onshore Facilities shall immediately cease and the facility agent may, among other actions permitted to be taken by law or contract, (a) declare the entire unpaid principal amount of the advances, all accrued and unpaid interest, fees and all other sums payable under the Onshore Facilities to be immediately due and payable whereupon the sum shall become immediately due and payable and/or (b) declare the aggregate commitment to be cancelled and/or (c) present the promissory note(s) provided under the Onshore Facilities for payment and/or (d) foreclose on the collateral interests and/or (e) exercise right to set-off.

If the facility agent notifies the Debtors that a Review Event is unacceptable pursuant to the terms of the Onshore Facilities, the Borrowers shall repay the outstanding advances in full by the later of the date falling 60 days after the date of such notification from the facility agent and the last day of the then current interest period and the facility agent may (at its discretion), on and after such date declare that all commitments are immediately cancelled.

As at the date of this announcement, no event of default or Review Event has occurred under the Onshore Facilities. The occurrence of an event of default or Review Event under the Onshore Facilities may trigger cross default provisions of other banking/credit facilities available to members of the group and, as a possible consequence, outstanding loans and other accrued amounts under those other facilities may be declared to be immediately due and payable. Assuming that the full amount of the Onshore Facilities is drawn down, the aggregate level of all banking/credit facilities (including the Onshore Facilities) which are outstanding as at the date of this announcement and which may be affected by the occurrence of an event of default or Review Event under the Onshore Facilities (assuming that such event of default or Review Event breach results in a cross defaults under all other banking/credit facilities available to the group) amounts to approximately S\$1.6 billion (excluding interest).