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If you have sold or transferred all your units in **Regal REIT**, you should at once hand this Circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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



CIRCULAR TO UNITHOLDERS IN RELATION TO
(A) PROPOSED MODIFICATION TO DISTRIBUTION POLICY
(B) PROPOSED TRUST DEED AMENDMENTS
(C) PROPOSED GENERAL MANDATE TO REPURCHASE UNITS
AND
(D) NOTICE OF AGM

A letter from the Board is set out on pages 6 to 19 of this Circular.

A notice convening the AGM of Regal REIT to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 8th May, 2009 at 11:00 a.m. is appended to this Circular. Whether or not you are able to attend and vote at the AGM in person, please complete and return the accompanying form of proxy to the Unit Registrar of Regal REIT, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

7th April, 2009

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CORPORATE INFORMATION

Regal REIT	Regal Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time, or Regal Real Estate Investment Trust and the companies controlled by it, as the context requires
REIT Manager	Regal Portfolio Management Limited Unit No. 1504, 15th Floor 68 Yee Wo Street Causeway Bay Hong Kong
Directors of the REIT Manager	
<i>Non-executive Directors</i>	Mr. Lo Yuk Sui (<i>Chairman</i>) Mr. Donald Fan Tung Mr. Jimmy Lo Chun To
<i>Executive Director and Chief Executive Officer</i>	Mr. Kai Ole Ringenson
<i>Independent Non-executive Directors</i>	Mr. John William Crawford, J.P. Mr. Alvin Leslie Lam Kwing Wai Hon. Abraham Shek Lai Him, J.P.
Trustee	DB Trustees (Hong Kong) Limited Level 48, Cheung Kong Centre 2 Queen's Road Central Hong Kong
Unit Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Legal Advisers to the REIT Manager	Baker & McKenzie 14th Floor, Hutchison House 10 Harcourt Road Central Hong Kong
Legal Advisers to the Trustee	Simmons & Simmons 35th Floor, Cheung Kong Centre 2 Queen's Road Central Hong Kong

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

AGM	The annual general meeting of Unitholders convened by and referred to in the AGM Notice.
AGM Notice	The notice included in this Circular in respect of the AGM to consider and, if thought fit, approve the Proposals.
associate	Has the meaning ascribed to it in the SFO.
Auditors	The auditors of Regal REIT.
Board	The board of Directors of the REIT Manager.
Business Day	Any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong.
Capital Additions	Has the meaning ascribed to it in the Trust Deed.
Convertible Instruments	Has the meaning ascribed to it in the Trust Deed.
Directors	The directors of the REIT Manager.
Explanatory Statement	The explanatory statement set out in the appendix to this Circular.
Hong Kong	The Hong Kong Special Administrative Region of the People’s Republic of China.
Initial Hotel Properties	Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.
Issue Price	Has the meaning ascribed to it in the Trust Deed.
Latest Practicable Date	1st April, 2009, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein.
Listing Rules	The Rules Governing the Listing of Securities on the SEHK, as amended, supplemented and/or otherwise modified from time to time.

DEFINITIONS

Offering Circular	The offering circular issued by the REIT Manager dated 19th March, 2007.
Ordinary Resolution	A resolution of Unitholders passed by a simple majority of votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 10% of the Units in issue.
Percentage Threshold	Such percentage of the outstanding Units that may be issued, or agreed (conditionally or unconditionally) to be issued, in any Financial Year (whether directly or pursuant to any Convertible Instruments), otherwise than on a pro rata basis to all existing Holders, without the approval of Holders, in accordance with the general mandate provisions of the Trust Deed, being 20% (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SFC).
Pro Rata Issue	The issue or offer of Units and/or Convertible Instruments on a pro rata basis to existing Unitholders including, without limitation, by way of rights issue or open offer.
Proposals	Collectively, (a) the proposed modification to distribution policy of Regal REIT; (b) the proposed Trust Deed Amendments; and (c) the proposed Repurchase Mandate.
Regal REIT	Regal Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time, or Regal Real Estate Investment Trust and the companies controlled by it, as the context requires.
Register	The register of Unitholders.
REITs	Real estate investment trusts.
REIT Code	The Code on Real Estate Investment Trusts issued by the SFC as amended, supplemented and/or otherwise modified from time to time.
REIT Manager	Regal Portfolio Management Limited, as manager of Regal REIT.
REIT Manager Fees	The fees payable to the REIT Manager pursuant to the Trust Deed.

DEFINITIONS

Repurchase Mandate	The general mandate to allow Regal REIT to repurchase the on-market Units on the terms and conditions of which are set out in the Ordinary Resolution (4)(B) as contained in the AGM Notice.
SEHK	The Stock Exchange of Hong Kong Limited.
SFC	The Securities and Futures Commission of Hong Kong.
SFC Repurchase Circular	The “Circular to Management Companies of SFC-authorized Real Estate Investment Trusts, issued by the SFC on 31st January, 2008.
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being.
Special Resolution	A resolution of Unitholders passed by a majority consisting of 75% or more of the votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 25% of the Units in issue.
Total Distributable Income	The amount calculated by the REIT Manager (based on the audited financial statements of Regal REIT for that Financial Year) as representing the consolidated audited net profit after tax of the Regal REIT and the Special Purpose Vehicles (as defined in the Trust Deed) for that Financial Year, as adjusted for the Adjustment (as defined in the Trust Deed).
Trust Deed	The trust deed constituting Regal REIT dated 11th December, 2006, as supplemented by a first supplemental deed dated 2nd March, 2007 and a second supplemental deed dated 15th May, 2008, entered into between the Trustee and the REIT Manager, as the same may be supplemented or amended from time to time.
Trust Deed Amendments	The proposed amendments to the Trust Deed which are described in section B headed “Proposed Trust Deed Amendments”.
Trustee	DB Trustees (Hong Kong) Limited, as trustee of Regal REIT.
Unit	One undivided unit in Regal REIT.

DEFINITIONS

Unit Registrar	Computershare Hong Kong Investor Services Limited, as unit registrar of Regal REIT.
Unitholder	Any person registered as holding a Unit.
%	Per centum or percentage.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Hong Kong time unless otherwise stated.

LETTER FROM THE BOARD



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



Directors of the REIT Manager:

Non-executive Directors

Mr. Lo Yuk Sui (*Chairman*)
Mr. Donald Fan Tung
Mr. Jimmy Lo Chun To

Executive Director and Chief Executive Officer

Mr. Kai Ole Ringenson

Independent Non-Executive Directors

Mr. John William Crawford, J.P.
Mr. Alvin Leslie Lam Kwing Wai
Hon. Abraham Shek Lai Him, J.P.

Registered Office:

Unit No. 1504
15th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

7th April, 2009

To: Unitholders of Regal REIT

Dear Sir/Madam,

**CIRCULAR TO UNITHOLDERS IN RELATION TO
(A) PROPOSED MODIFICATION TO DISTRIBUTION POLICY
(B) PROPOSED TRUST DEED AMENDMENTS
(C) PROPOSED GENERAL MANDATE TO REPURCHASE UNITS
AND
(D) NOTICE OF AGM**

LETTER FROM THE BOARD

Reference is made to (i) the announcement dated 26th March, 2009; and (ii) the announcement dated 7th April, 2009, by the REIT Manager in relation to the Proposals. The purpose of this Circular is: (a) to provide you with further information in respect of the Proposals; and (b) to serve the AGM Notice.

A. PROPOSED MODIFICATION TO DISTRIBUTION POLICY

1. Existing Distribution Policy of Regal REIT

As set out in the Offering Circular, the REIT Manager's current distribution policy is to distribute to Unitholders an amount equal to 100% of Regal REIT's Total Distributable Income for each financial year.

2. Reasons for Proposed Modification to Distribution Policy

The current distribution policy was adopted at the time of the initial public offering of Regal REIT. The calculation formula for determining the Total Distributable Income under the Trust Deed does not take into account the possibility of certain types of non-recurring expenditures which may be essential to the Initial Hotel Properties from time to time, such as expenditures on Capital Additions projects and asset enhancement projects ("**Non-recurring Expenditures**"), or expenditures on potential acquisition opportunities, which would benefit Unitholders in the long term.

Regal REIT may from time to time undertake to fund Capital Additions projects with the objective of maintaining or improving the competitiveness and the profitability of the hotel business and the rental payment capacity of the Initial Hotel Properties. Other Capital Additions projects may be necessary to comply with licensing requirements or to conform with enactments. Since the initial public offering of Regal REIT, the opportunities for Capital Additions and/or asset enhancement projects for the Initial Hotel Properties have increased, which in turn has increased the amount of Non-recurring Expenditures of Regal REIT. Even though the scope and opportunity for profitable internal growth from Capital Additions projects are significant, the current distribution policy does not permit the REIT Manager to provide sufficient financial allowance for other unforeseen Non-recurring Expenditures whilst undertaking such Capital Additions projects.

In addition, the REIT Manager may also consider suitable acquisition opportunities on the market that fit the investment profile of Regal REIT and benefit the Unitholders as a whole. Although the REIT Manager has no current plans to make any such acquisitions, the modified distribution policy will place Regal REIT in a stronger position to take advantage of suitable acquisition opportunities that may arise.

By definition, the current distribution policy does not allow Regal REIT any financial flexibility to make Non-recurring Expenditures or take advantage of acquisition opportunities as described above. The modified distribution policy will alleviate such concerns and also provide Regal REIT with the increased financial flexibility that it needs to respond to volatile and competitive market conditions. In addition, a less rigid distribution policy is necessary for the REIT Manager to manage the current and anticipated financial requirements of Regal REIT, focusing on internal growth projects with a view to maintain or increase the competitiveness of the Initial Hotel Properties for the benefit of Unitholders.

LETTER FROM THE BOARD

3. Proposed Modification to Distribution Policy

The REIT Manager now proposes to modify the current distribution policy in order to allow the REIT Manager greater flexibility in managing Regal REIT's financial affairs, such that it will distribute to Unitholders an amount not less than 90% of Regal REIT's Total Distributable Income for each Financial Year. Such a modification will not affect Regal REIT's ability to distribute to Unitholders amounts in excess of 90% of the Total Distributable Income for any Financial Year, if so determined appropriate by the REIT Manager after taking into account the fiscal requirements of Regal REIT. The modified distribution policy is also consistent with the distribution requirements under the REIT Code and the Trust Deed.

The REIT Manager believes that the modification to Regal REIT's distribution policy is necessary and ultimately beneficial to the Unitholders. With Regal REIT's current distribution policy allowing the REIT Manager no room for any financial management flexibility, any Non-recurring Expenditures or the taking up of acquisition opportunities may have to be funded by additional borrowings. By allowing the REIT Manager the flexibility to distribute 90% to 100% of Regal REIT's Total Distributable Income as it thinks fit, the REIT Manager will be able to utilise up to 10% of Regal REIT's Total Distributable Income when required for the purpose of paying for Non-recurring Expenditures, acquisition opportunities or for any other purpose as the REIT Manager may deem fit, thus greatly reducing the need to obtain any additional financing and incurring further finance costs.

The modification to the distribution policy shall apply to the Financial Year commencing from 1st January, 2009 and to all subsequent Financial Years until further notice, and shall not affect the amount of distribution to Unitholders for the year ended 31st December, 2008.

4. Approval Sought

The modified distribution policy of Regal REIT will be consistent with the REIT Code and the Trust Deed. Accordingly, the modification to Regal REIT's distribution policy does not require Unitholders' approval under the REIT Code, the Trust Deed, or applicable Hong Kong laws and regulations. Nonetheless, in the interests of good corporate governance, the REIT Manager proposes to seek Unitholders' approval by way of an Ordinary Resolution at the AGM, on a voluntary basis, to approve the modification to the distribution policy of Regal REIT. In the future, the REIT Manager may change its distribution policy without seeking Unitholders' approval subject to compliance with the REIT Code and the Trust Deed.

Pursuant to Paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. The Ordinary Resolution in relation to the modification to the distribution policy will be decided on a poll at the AGM.

LETTER FROM THE BOARD

With respect to the Ordinary Resolution in relation to the modification to the distribution policy, any Unitholder who has a material interest in such resolution and that interest is different from that of all other Unitholders shall abstain from voting in respect of such resolution. As at the date of this Circular, the REIT Manager is unaware of any Unitholders that are required to abstain from voting in respect of such Ordinary Resolution.

5. Recommendation

The Board is of the opinion that the modification to Regal REIT's distribution policy is in the interests of Regal REIT and the Unitholders as a whole and accordingly recommends the Unitholders to vote in favour of the Ordinary Resolution relating to the modification to the distribution policy to be proposed at the AGM.

(See Resolution number (4)(A) in the AGM Notice)

B. PROPOSED TRUST DEED AMENDMENTS

1. Reasons for the Proposed Trust Deed Amendments

1.1 *Distributions*

Currently, under Clause 11.1 of the Trust Deed, the REIT Manager has to make distributions to Unitholders at least once in respect of each Financial Year or more frequent intervals as the REIT Manager shall decide in its absolute discretion, provided that the REIT Manager has to make distributions to Unitholders at least twice in respect of each Financial Year ending on or before 31st December, 2010. The REIT Manager currently makes annual and interim distributions to Unitholders in respect of each Financial Year.

The proposed amendments to Clause 1 and Clause 11.1 of the Trust Deed seek to facilitate and clarify the requirements applicable to the making by the REIT Manager of special distribution(s) to Unitholders, from time to time, and at times other than the current annual and interim distributions, at the REIT Manager's discretion depending on the financial position of Regal REIT. To illustrate, following the amendments, the REIT Manager will have the discretion to declare the payment of a special distribution to Unitholders shortly before a placement of Units to eliminate or alleviate the dilution effect of the new Unit placement of the distribution per Unit for the existing Unitholders. Special distributions could also be declared and paid upon the disposal of assets or when strong cash flow is building distributable cash reserves, which may not be profitably invested due to low prevailing deposit interest rates and the restrictions on investment options imposed by the Trust Deed and the REIT Code.

The proposed amendments also clarify that special distributions will effectively be subject to the same payment and calculation procedures as regular distributions, except for the Auditors' review requirements under Clause 11.6.1 of the Trust Deed, which are not necessary or appropriate for special distributions since the amount of such special distributions is determined by the REIT Manager without reference to Regal REIT's annual or interim income. In addition, the proposed amendments clarify that special distributions are to be taken into account by the

LETTER FROM THE BOARD

REIT Manager in calculating the amount of the regular distribution(s) payable for the relevant distribution period(s), to avoid duplication. More particularly, the amount of the regular distribution for a distribution period in which a special distribution has been made may be, depending on the composition of the special distributions, reduced by amounts that have already been distributed to Unitholders under the special distribution. As a result, the making of a special distribution will not necessarily result in distribution of amounts in addition to those that would otherwise have been distributed to Unitholders in respect of the relevant Financial Year under the current provisions of the Trust Deed. However, notwithstanding the proposed amendments to Clause 11 of the Trust Deed, the REIT Manager must continue to distribute to Unitholders in each relevant Financial Year an amount not less than 90% of Regal REIT's Total Distributable Income, as required by the REIT Code.

In future announcements relating to any special distribution, the REIT Manager will disclose (i) the composition of the special distribution in accordance with the REIT Code and relevant guidelines issued by the SFC, including whether or not the amount distributed under the special distribution (the "**Special Distribution Amount**") is included in the calculation of Total Distributable Income or represents an additional amount (including capital) which the REIT Manager has determined to be distributed; and (ii) in the event that all or part of the Special Distribution Amount is included in the calculation of Total Distributable Income, then a statement to the effect that the amount of the next interim or annual distribution, as the case may be, may be reduced by amounts that have already been distributed to Unitholders under the special distribution.

(See Resolution number (3)(A) in the AGM Notice)

1.2 *Pro Rata Issue*

The current Clause 5.1.6 of the Trust Deed in relation to the issue of Units on a pro rata basis does not provide sufficient detail on the mechanism for executing a Pro Rata Issue. The proposed amendments to Clause 5.1.6 of the Trust Deed seeks to provide clarity and detail in relation to the manner in which the REIT Manager should undertake a Pro Rata Issue.

1.2.1 Pricing of new Units

Among others, the proposed amendments will direct that the newly-issued Units (and/or Convertible Instruments) pursuant to a Pro Rata Issue may be priced at the discretion of the REIT Manager and need not be priced in accordance with Clause 5.2 of the Trust Deed. Such approach is in line with the practice adopted by companies listed on the SEHK undertaking a Pro Rata Issue.

1.2.2 Units (and/or Convertible Instruments) that are not accepted by the Unitholders

To the extent that the Units (and/or Convertible Instruments) offered under a Pro Rata Issue are not accepted by the Unitholders, the proposed amendments provide that the REIT Manager shall have the discretion to offer, or make available, such Units (and/or Convertible Instruments) to any other persons in conjunction with the Pro Rata Issue (for

LETTER FROM THE BOARD

example, other Unitholders, the underwriter(s) of the Pro Rata Issue or other persons to whom such Units (and/or Convertible Instruments) are offered through the underwriter(s) of the Pro Rata Issue), subject to compliance with applicable legal and regulatory requirements.

1.2.3 Increase in the total number of issued Units of Regal REIT by more than 50%

The proposed amendments provide that approval by Unitholders by way of Ordinary Resolution is required for a Pro Rata Issue (on its own or when aggregated with any other Pro Rata Issue of Units within the preceding 12 months) that increases the total number of issued Units of Regal REIT by more than 50%. Such amendments are in accordance with the requirements under the REIT Code.

1.2.4 Consequential amendments

Consequential amendments are proposed to be made to Clauses 5.1.7 and 5.1.8 of the Trust Deed in relation to the proposed amendments to Clause 5.1.6 of the Trust Deed regarding the issue of Units pursuant to a Pro Rata Issue. The purpose of the proposed amendment to Clause 5.1.7 of the Trust Deed is to provide that any new Units issued in a Financial Year pursuant to any pro rata offer made in that Financial Year in accordance with Clause 5.1.6 of the Trust Deed shall not be taken into account for the purpose of calculating the Percentage Threshold for that Financial Year. The purpose of the proposed amendment to Clause 5.1.8 of the Trust Deed is to provide that any issue of Units or Convertible Instruments to a Connected Person shall not require specific prior approval of Unitholders in the case of excess application and taking up of pro rata entitlements by the Connected Person in respect of a Pro Rata Issue under Clause 5.1.6 of the Trust Deed.

A minor drafting amendment is also proposed to be made Clause 5.2.5 of the Trust Deed as a result of the proposed amendments to Clause 5.1.6 of the Trust Deed.

(See Special Resolution number (3)(B) in the AGM Notice)

1.3 *Underwriting of issue of Units*

The current Clause 5.1 of the Trust Deed in relation to the issue of Units does not contain provisions regarding the underwriting of issues of Units and/or Convertible Instruments. The proposed amendment to Clause 5.1 of the Trust Deed seeks to provide more clarity with respect to the underwriting arrangement of any offer for sale, subscription or issue of Units and/or Convertible Instruments.

1.3.1 Appointment of underwriter

The proposed amendment to Clause 5.1 of the Trust Deed provides that the REIT Manager may arrange for any offer for sale, subscription or issue of Units or Convertible Instruments to be underwritten by an underwriter on terms determined by the REIT Manager.

LETTER FROM THE BOARD

1.3.2 Issue Price of underwritten Units

The proposed amendment to Clause 5.1 of the Trust Deed also provides that, where any Units and/or Convertible Instruments are to be subscribed for or purchased by any underwriter or sub-underwriter pursuant to any underwriting arrangement, the REIT Manager may issue such Units and/or Convertible Instruments to the underwriter at an Issue Price equal to the Issue Price that the Units or Convertible Instruments are intended to be issued to persons other than the underwriter(s) or sub-underwriter(s).

1.3.3 Connected Persons acting as underwriter

Clause 5.1.8 of the Trust Deed currently provides that, an issue, grant or offer of Units or Convertible Instruments to a Connected Person will require specific prior approval of Unitholders by an Ordinary Resolution except where, among other things, the Connected Person receives a pro rata entitlement to Units and/or Convertible Instruments in its capacity as a Unitholder, or Units are issued to the REIT Manager pursuant to Clauses 14.1.1 and 14.1.2 of the Trust Deed, or Units and/or Convertible Instruments are issued to a Connected Person within 14 days after such Connected Person has executed an agreement to reduce its holding in the same class of Units and/or Convertible Instruments by placing such Units and/or Convertible Instruments to or with any person(s) who is/are not its associate(s) (other than any Excluded Associate (as defined in the Trust Deed)).

In connection with the proposed amendment to Clause 5.1 of the Trust Deed in relation to underwriting of issue of Units or Convertible Instruments, Clause 5.1.8 of the Trust Deed will be amended to allow a Connected Person to act as an underwriter or sub-underwriter of an issue or offer of Units or other securities by or on behalf of Regal REIT without the need to obtain specific prior approval of Unitholders, provided that such issuance or offer complies with any applicable provisions of the Listing Rules where a connected person is acting as an underwriter or sub-underwriter of an offer of shares or other securities by a listed company, with necessary changes being made, as if the provisions therein are applicable to REITs.

The REIT Manager has applied to the SFC for a waiver from strict compliance with paragraph 6.2, Chapter 8, Paragraph 10.7(b)(iv) and Paragraph 12.2 of the REIT Code so as to allow the issue of Units and/or Convertible Instruments to a Connected Person acting as an underwriter or sub-underwriter of an issue or offer of Units or other securities by or on behalf of Regal REIT without the need for compliance with any reporting, announcement, disclosure or Unitholders' approval requirements under Chapter 8, Paragraph 10.7(b)(iv) or Paragraph 12.2 of the REIT Code, or any valuation requirement under Paragraph 6.2 of the REIT Code, in circumstances where the issuance complies with the terms of the proposed new Clause 5.1.8(iv) of the Trust Deed. The REIT Manager, shall, notwithstanding such waiver, issue an announcement(s) at the relevant time(s) in relation to the issuance of new Units or Convertible Instruments pursuant to Paragraph 10.4 of the REIT Code.

(See Special Resolution number (3)(C) in the AGM Notice)

LETTER FROM THE BOARD

1.4 *Distribution reinvestment arrangements*

The current Clauses 5.1.7 and 5.1.8 of the Trust Deed in relation to the issue of Units does not set out clearly the treatment for Units issued pursuant to a distribution reinvestment arrangement for the purposes of the calculation of the Percentage Threshold and the requirement of approval by Unitholders for the issue of Units to a Connected Persons.

1.4.1 Calculation of Percentage Threshold

The proposed amendment to Clause 5.1.7 of the Trust Deed provides that any new Units issued in a Financial Year pursuant to any reinvestment of distribution made in that Financial Year in accordance with Clause 11.10 of the Trust Deed shall not be taken into account for the purpose of calculating the Percentage Threshold for that Financial Year.

1.4.2 Calculation of Market Price

Currently, Clause 11.10 of the Trust Deed provides that the issue price of each Unit for the purposes of the distribution reinvestment arrangement shall be determined by the REIT Manager in accordance with the normal price determination mechanism set out in Clause 5.2.2 of the Trust Deed. However, the Issue Price of the Units is compared against the Market Price (as defined in the Trust Deed) and the current provisions do not provide for a determination of the Market Price with reference to the Record Date (as defined in the Trust Deed) which is the date of the determination of the Distribution Entitlement (as defined in the Trust Deed).

The proposed amendments provide that the definition of “Market Price” for the purpose of price determination of Units issued under the distribution reinvestment arrangement shall mean the average closing price of the Units in the ten trading days immediately preceding the relevant Record Date.

(See Special Resolution number (3)(D) in the AGM Notice)

1.4.3 Issue of Units to a Connected Person

Further to paragraph 1.2.4 above, the proposed amendment to Clause 5.1.8 of the Trust Deed is to allow Units to be issued to a Connected Person pursuant to a reinvestment of distribution in accordance with Clause 11.10 of the Trust Deed without the need to obtain specific prior approval of Unitholders. The proposed amendment is set out in Special Resolution number (3)(C)(a)(iv).

(See Special Resolution number (3)(C) in the AGM Notice)

1.5 *Production of valuation report*

The current Clause 6.5 provides that a valuation report shall be carried out in any circumstances that are prescribed by the REIT Code. The proposed amendment to Clause 6.5 provides that the production of a valuation report by an Approved Valuer (as defined in the Trust Deed) shall not be required where Units are issued in cases permitted by the SFC by published guidelines, policies, practice statements, other guidance or waiver issued by the SFC.

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(See Special Resolution number (3)(E) in the AGM Notice)

1.6 *Items to be excluded for calculation of leverage ratio*

Clause 10.11.2 of the Trust Deed currently provides that no new borrowing or “money raising” should be requisitioned by the REIT Manager if upon the effecting of such borrowing or raising the amount thereof, together with the aggregated amount of all other raising or borrowings and still remaining to be repaid would thereupon in the aggregate exceed 45% (or such other higher or lower percentage as may be permitted by the REIT Code or as may be specifically permitted by the relevant authorities) of the total gross asset value of the Deposited Property (as defined in the Trust Deed). The objective of Clause 10.11.2 is to ensure that the leverage ratio of Regal REIT is not more than 45% (or such other higher or lower percentage as may be permitted by the REIT Code or as may be specifically permitted by the relevant authorities) in the event of any additional borrowing. However the term “money raising” in Clause 10.11.2 of the Trust Deed is ambiguous and may include funding from issuance of additional Units.

The amendments to Clause 10.11.2 of the Trust Deed aim to: (a) properly define the calculation of leverage ratio (in accordance with market practice), i.e. total borrowings against total assets; and (b) clarify that funding from issuance of Units, which will be directly accounted for under “net assets attributable to Unitholders”, is not part of total borrowing and hence need not be taken into account in the calculation of Regal REIT’s leverage ratio.

(See Special Resolution number (3)(F) in the AGM Notice)

1.7 *Insurance of real estate*

Currently, Clause 10.14(a) of the Trust Deed prescribes the arrangement of insurance in relation to real estate Investments (as defined in the Trust Deed) to the full insurable value against fire, loss of rent and such other risks as the REIT Manager or the Trustee may deem prudent. This may or may not reflect: (i) that such Investments may not be of a nature or kind capable of being so insured; or (ii) the market practice with respect to the effecting of insurance in relation to that type of Investment in the jurisdiction in which such Investment is located. The REIT Manager proposes to amend Clause 10.14(a) of the Trust Deed so that in the case of Investments which are of a nature or kind capable of being so insured, insurance to a value in accordance with local market practice shall be arranged.

(See Special Resolution number (3)(G) in the AGM Notice)

1.8 *Use of electronic means*

The SEHK has recently introduced various changes to the Listing Rules, most of which came into effect on 1st January, 2009. One of these changes includes new Rule 2.07A(2A) of the Listing Rules, which provides that a shareholder is taken to have agreed that the listed issuer may send or supply corporate communications to such shareholder by making them available on the listed issuer’s own website, provided that the listed issuer’s constitutional documents contain a provision to such effect and that certain other conditions are met. These conditions include,

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among others, that (i) the holder has been asked individually by the listed issuer to agree that the listed issuer may send or supply corporate communications to him by means of the listed issuer's own website, and (ii) the listed issuer has not received a response indicating any objection by the holder within the period of 28 days beginning with the date on which the listed issuer's request was sent. Unitholders should refer to Rule 2.07A of the Listing Rules for further details regarding the applicable conditions.

On 16th March, 2009, the SFC issued a circular to management companies of SFC-authorised REITs providing clarification on the application of the recent amendments to the Listing Rules. In this circular, the SFC had stated that the managers of SFC-authorised REITs are expected to comply with the enhanced corporate governance practices and disclosure requirements under the revised Listing Rules, with necessary changes, as if they were applicable to REITs.

Accordingly, the REIT Manager proposes to amend the Trust Deed in order to provide that corporate communications may be sent or supplied to Unitholders or holders of Convertible Instruments by making them available on the website of Regal REIT, provided that they are made available in accordance with the provisions of the Listing Rules, as if they were applicable to REITs. The REIT Manager also proposes to amend the Trust Deed to provide that corporate communications may be sent or otherwise made available using other electronic means, also in accordance with the provisions of the Listing Rules.

The proposed amendments will also provide that where the corporate communication is made available using electronic means, the communication shall be taken to be sent (and any notice given by electronic means shall be deemed to have been served) on the day on which it was transmitted by or on behalf of Regal REIT, or if made available on the website of Regal REIT, on the later of: (i) the date on which a notification is sent to the intended recipient of the presence of the corporate communication on the website; (ii) the date on which the corporate communication first appears on the website after that notification was sent; or (iii) such other time as may be prescribed by the Listing Rules or any applicable laws or regulations.

The proposed amendments further define "corporate communication" in a manner consistent with the Listing Rules, to include interim and annual reports, notice of meetings, proxy forms, Offering Circulars (as defined in the Trust Deed), and other circulars.

(See Special Resolution number (3)(H) in the AGM Notice)

2. Approval Required

Clause 26 of the Trust Deed, read with Paragraph 2.2 of Schedule 1 to the Trust Deed, provides that, save for certain limited exceptions as certified by the Trustee in writing, any modification, alteration or addition to the Trust Deed must be made with the sanction of a Special Resolution obtained at a meeting of Unitholders duly convened in accordance with Schedule 1 to the Trust Deed.

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The REIT Manager and the Trustee are only entitled to modify, alter or add to the Trust Deed by a supplemental deed after the requisite approval of the Unitholders and the prior approval of the SFC are obtained.

Pursuant to Paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. The Special Resolutions will be decided on a poll at the AGM.

With respect to each of the Special Resolutions to be proposed at the AGM, any Unitholder who has a material interest in such resolution and that interest is different from that of all other Unitholders, shall abstain from voting in respect of such resolution. As at the date of this Circular, the REIT Manager is unaware of any Unitholders that are required to abstain from voting in respect of the proposed resolutions contained in the AGM Notice.

The Trustee has confirmed to the REIT Manager that the Trust Deed Amendments require the sanction of a Special Resolution in accordance with Clause 26 of the Trust Deed. The Trustee has also confirmed that the Trust Deed Amendments will not impose upon any Unitholder any obligation to make further payment in respect of his outstanding Units or to accept any further liability in respect of his outstanding Units.

Furthermore, if approved by Unitholders with the sanction of a Special Resolution, the Trustee has no objection to the Trust Deed Amendments proposed by the REIT Manager and accordingly, subject to the SFC's prior approval, the Trustee will enter into a supplemental deed effecting the Trust Deed Amendments.

3. Recommendation

The Board considers that the Trust Deed Amendments are in the best interests of Regal REIT and the Unitholders as a whole, and accordingly, recommends all Unitholders to vote in favour of all the Special Resolutions relating to the Trust Deed Amendments to be proposed at the AGM.

C. PROPOSED GENERAL MANDATE TO REPURCHASE UNITS

1. Repurchase Mandate

The REIT Manager wishes to seek the approval of the Unitholders at the AGM to grant the Repurchase Mandate to the REIT Manager for the repurchase of Units on behalf of Regal REIT pursuant to the SFC Repurchase Circular.

The Repurchase Mandate will, if granted, commence as at the date of the passing of the resolution approving the Repurchase Mandate and remain effective until the earlier of:

- (a) the conclusion of the next annual general meeting of Regal REIT following the passing of the resolution to approve the grant of the Repurchase Mandate unless by ordinary resolution passed at that meeting the Repurchase Mandate is renewed, either unconditionally or subject to conditions;

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- (b) the expiration of the period within which the meeting referred to in (a) above is required to be held under the Trust Deed, the REIT Code or any applicable laws; and
- (c) its revocation or variation by an ordinary resolution of the Unitholders at a general meeting of the Unitholders.

Regal REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on a stock exchange under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to REITs. These include, but are not limited to, the dealing restrictions, the restrictions on subsequent issues, the reporting requirements and status of purchased shares.

2. Explanatory Statement

The explanatory statement in connection to the Repurchase Mandate is set out in the Appendix to this Circular, which contains all information on the Repurchase Mandate and sets out the terms and conditions on which the REIT Manager may exercise its power under the Repurchase Mandate, if granted, to repurchase Units on the market on behalf of Regal REIT.

3. Maximum number of Units that may be repurchased

Subject to the passing of the proposed ordinary resolution for the grant of the Repurchase Mandate and on the basis that (except for certain Units to be issued to the REIT Manager as the REIT Manager Fees) no Units will be issued prior to the date of the AGM, the number of Units which may be repurchased pursuant to the Repurchase Mandate are up to 10% of the total number of Units in issue of Regal REIT on the date passing the resolution approving the Repurchase Mandate.

4. Reasons for the proposed Repurchase Mandate

The REIT Manager believes that it is in the best interests of Regal REIT and the Unitholders as a whole to seek the Repurchase Mandate. Unit repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Unit and/or earnings per Unit and will only be made when the REIT Manager believes that such repurchase will benefit Regal REIT and the Unitholders as a whole.

5. Funding of repurchases

For purposes of any repurchases, the REIT Manager will only use funds legally available for such purposes in accordance with the Trust Deed, the REIT Code, the guidelines issued by the SFC from time to time and the laws of Hong Kong.

The REIT Manager does not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have any material adverse impact on the working capital or gearing position of Regal REIT (as compared with the position disclosed in its most recent published audited accounts).

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6. Approval Required

Pursuant to Paragraph 3.3 of Schedule 1 to the Trust Deed, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. The Ordinary Resolution in relation to the grant of Repurchase Mandate to the REIT Manager will be decided on a poll at the AGM and the result of the poll shall be deemed to be the resolution of the meeting.

With respect to the Ordinary Resolution relating to the Repurchase Mandate, any Unitholder who has a material interest in such resolution and that interest is different from that of all other Unitholders shall abstain from voting in respect of such resolution. As at the Latest Practicable Date, the REIT Manager is unaware of any Unitholders that are required to abstain from voting in respect of such Ordinary Resolution.

7. Recommendation

The Directors are of the opinion that the Repurchase Mandate is in the interests of Regal REIT and the Unitholders as a whole and accordingly recommend the Unitholders to vote in favour of the Ordinary Resolution (4)(B) to be proposed at the AGM.

(See Resolution number (4)(B) in the AGM Notice)

D. ANNUAL GENERAL MEETING

The AGM will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 8th May, 2009 at 11:00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions and the Special Resolutions set out in the AGM Notice, which is set out on pages N-1 to N-13 of this Circular.

For the purposes of determining entitlements to vote at the AGM, the Register will be closed from Wednesday, 6th May, 2009 to Friday, 8th May, 2009, both days inclusive, during which period no transfers of Units will be effected. For those Unitholders who are not already on the Register, in order to qualify to attend and vote at the AGM, all Unit certificates accompanied by the duly completed transfer documents must be lodged with the Unit Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 5th May, 2009.

You can vote at the AGM if you are a Unitholder on Friday, 8th May, 2009. You will find enclosed with this Circular the AGM Notice (see pages N-1 to N-13 of this Circular) and a form of proxy for use for the AGM. Your attention is also drawn to the additional information set out in the Explanatory Statement set out as an appendix to this Circular.

Please complete, sign and date the enclosed form of proxy, whether or not you plan to attend the AGM in person, in accordance with the instructions printed on the form of proxy, and return it to the Unit Registrar of Regal REIT, Computershare Hong Kong Investor Services Limited of

LETTER FROM THE BOARD

Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The form of proxy should be completed and returned as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you wish.

E. MISCELLANEOUS

The REIT Manager and the Directors, collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

A copy of the Trust Deed is available for inspection at the offices of the REIT Manager at all times from 9:00 a.m. to 5:00 p.m. on Business Days in accordance with the provisions of the Trust Deed. A copy of the proposed form of the supplemental deed to effect the Trust Deed Amendments will be available for inspection at the offices of the REIT Manager from 9:00 a.m. to 5:00 p.m. on Business Days from the date of this Circular up to and including the date of the AGM.

Yours faithfully,

By Order of the Board

REGAL PORTFOLIO MANAGEMENT LIMITED

(as manager of Regal Real Estate Investment Trust)

Kai Ole Ringenson

Chief Executive Officer

This is the explanatory statement to provide requisite information to enable you to make an informed decision on whether to vote for or against the Ordinary Resolution to approve the grant of the Repurchase Mandate to the REIT Manager.

(1) Issued Units

As at the Latest Practicable Date, 3,152,059,752 Units have been issued. Subject to the passing of the Ordinary Resolution (4)(B) as referred to in the Letter from the Board preceding this appendix and as set out in the AGM Notice, and on the basis that no Units will be issued prior to the AGM (except for certain Units to be issued to the REIT Manager as the REIT Manager Fees), the REIT Manager will be allowed under the Repurchase Mandate to repurchase up to 10% of the number of Units issued as at the date of the resolution granting the Repurchase Mandate, which is equivalent to a maximum of 315,205,975 Units.

(2) Reasons for the Repurchases

The REIT Manager believes that it is in the best interests of Regal REIT and the Unitholders as a whole to seek the Repurchase Mandate. Unit repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Unit and/or earnings per Unit and will only be made when the REIT Manager believes that such repurchase will benefit Regal REIT and the Unitholders as a whole.

(3) Funding of Repurchases

For purposes of any repurchases, the REIT Manager will only use funds legally available for such purposes in accordance with the Trust Deed, the REIT Code, the guidelines issued by the SFC from time to time and the laws of Hong Kong.

The REIT Manager does not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have any material adverse impact on the working capital or gearing position of Regal REIT (as compared with the position disclosed in its most recent published audited accounts).

(4) Unit Prices

The highest and lowest prices at which the Units have traded on the SEHK in each of the previous twelve months and in April 2009 (up to the Latest Practicable Date) were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
April 2008	1.95	1.79
May 2008	1.95	1.61
June 2008	1.68	1.53
July 2008	1.62	1.54
August 2008	1.59	1.52
September 2008	2.01	1.07
October 2008	1.17	0.66
November 2008	0.89	0.71
December 2008	0.97	0.70
January 2009	1.09	0.91
February 2009	0.98	0.93
March 2009	1.03	0.84
From 1st April, 2009 up to the Latest Practicable Date	1.02	0.99

(5) Units Purchased

The REIT Manager has not purchased any Units (whether on the SEHK or otherwise) in the six months preceding the date of this Circular.

(6) Status of Repurchased Units

The listing of all Units which are repurchased by the REIT Manager shall be automatically cancelled upon purchase. The REIT Manager will ensure that the documents of title of purchased Units are cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase.

(7) Directors' Undertaking

The Directors have undertaken to the SFC that, so far as the same may be applicable, they will exercise the power of the REIT Manager to make purchases of the Units pursuant to the Repurchase Mandate, the terms and conditions set out in this Explanatory Statement, the Trust Deed, the laws of Hong Kong, the REIT Code and the guidelines issued by the SFC from time to time.

(8) Disclosure of Interests

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention to sell to the REIT Manager any of the Units if the Repurchase Mandate is approved at the AGM.

As at the Latest Practicable Date, no connected person of Regal REIT has notified the REIT Manager that he/she/it has a present intention to sell any Units nor has such connected person undertaken not to sell any of the Units held by him/her/it to the REIT Manager in the event that the Repurchase Mandate is granted.

(9) Trustee's Opinion and Consent

DB Trustees (Hong Kong) Limited, the Trustee of Regal REIT, is of the opinion that the granting of the Repurchase Mandate complies with the Trust Deed, and has given its consent to the REIT Manager to proceed with any proposed repurchases pursuant to the Repurchase Mandate.

(10) Rule 10.06 of the Listing Rule

Regal REIT shall comply with the restrictions and notification requirements applicable to listed companies purchasing their own shares on the SEHK under Rule 10.06 of the Listing Rules, with necessary changes being made, as if the provisions therein were applicable to REITs. These include, but are not limited to, the dealing restrictions on subsequent issues, the reporting requirements and status of purchased units.

(11) Recommendation

The Directors are of the opinion that the Repurchase Mandate is in the interests of Regal REIT and the Unitholders as a whole and accordingly recommend the Unitholders to vote in favour of the Ordinary Resolution relating to the Repurchase Mandate to be proposed at the AGM.

(12) Responsibility Statement

The REIT Manager and the Directors, collectively and individually, accept full responsibility for the accuracy of the information contained in this Explanatory Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

NOTICE OF ANNUAL GENERAL MEETING



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



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the unitholders (the “**Unitholders**”) of Regal Real Estate Investment Trust (“**Regal REIT**”) will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 8th May, 2009 at 11:00 a.m. for the following purposes:

- (1) To note the Audited Financial Statements of Regal REIT together with the Auditor’s Report for the year ended 31st December, 2008;
- (2) To note the appointment of Auditors of Regal REIT and the fixing of their remuneration;

SPECIAL RESOLUTIONS

- (3) To consider and, if thought fit, pass the following resolutions as Special Resolutions:

(A) “**THAT:**

- (a) pursuant to Clause 26 of the trust deed dated 11th December, 2006 (as amended by a first supplemental deed dated 2nd March, 2007 and a second supplemental deed dated 15th May, 2008) constituting Regal REIT (collectively, the “**Trust Deed**”) entered into between DB Trustees (Hong Kong) Limited, in its capacity as the trustee of Regal REIT (the “**Trustee**”), and Regal Portfolio Management Limited, in its capacity as the REIT Manager of Regal REIT (the “**REIT Manager**”), approval be and is hereby given for:
 - (i) the amendment of Clause 1.1 of the Trust Deed by inserting the following definitions immediately after the definition of “**Significant Holder**”:

““**Special Distributions**” has the meaning set out in Clause 11.1.2;”

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““**Special Distribution Record Date**” means the record date in respect of each Special Distribution determined by the REIT Manager for the purpose of determining the distribution entitlement to the Special Distribution of the Holders;”;

- (ii) Clause 11.1 of the Trust Deed to be deleted in its entirety and be replaced with the text below:

“11.1 Regular and Special Distributions

11.1.1 (a) Subject to this Clause 11, the REIT Manager shall make regular distributions to Holders in respect of each Financial Year at yearly or more frequent intervals as the REIT Manager shall decide in its absolute discretion, provided that the REIT Manager shall make distributions to Holders at least twice in respect of each Financial Year ending on 31 December 2010.

- (b) Upon declaration of any distribution per Unit made by the REIT Manager on behalf of Regal REIT, Regal REIT shall be obliged to pay such distribution per Unit regardless of the number of Units in issue as at the Record Date for the relevant period, provided that appropriate adjustments shall be made to take into account any consolidation or sub-division of Units which may have occurred between the date of declaration of the distribution and the Record Date.

11.1.2 Subject to this Clause 11, the REIT Manager may make special distributions to Holders at such time or times and in such amounts as the REIT Manager shall decide in its absolute discretion (“**Special Distributions**”).

In respect of each Special Distribution:

- (a) Clauses 11.3, 11.4 and 11.5 shall not apply;
- (b) each Holder’s entitlement to the Special Distribution is to be determined in accordance with the following formula:

$$SD \times \frac{UHSD}{UISD}$$

NOTICE OF ANNUAL GENERAL MEETING

where:

SD is the amount of the Special Distribution;

UHSD is the number of Units held by the Holder at the close of business on the Special Distribution Record Date for that Special Distribution; and

UISD is the number of Units in issue in the Trust at the close of business on the Special Distribution Record Date for that Special Distribution;

- (c) Clauses 11.6, 11.9 and 11.10 shall apply, *mutatis mutandis*, provided that (i) the Auditors' review requirement under Clause 11.6.1 shall not apply and (ii) both references to the terms "Total Distributable Amount" and "Distribution Period" shall be construed as a reference to the term "Special Distribution", the reference to the term "Distribution Date" shall be construed as a reference to such distribution date as the REIT Manager determines for the Special Distribution, the reference to the term "Distribution Entitlement" shall be construed as a reference to the Holders' entitlement to the Special Distribution and references to the term "Record Date" shall be construed as a reference to the term "Special Distribution Record Date";
- (d) the REIT Manager shall, taking into account the composition of the Special Distribution, make such adjustments as are necessary in its opinion in order to ensure that no amounts comprising the Special Distribution are included in the calculation of the Total Distribution Amount for the Distribution Period during which such Special Distribution is made; and
- (e) reference to the term "Record Date" in Clause 12.1 shall be construed to include reference to the term "Special Distribution Record Date"; and
- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.";

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(B) “THAT:

(a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for:

- (i) Clause 5.1.6 of the Trust Deed to be deleted in its entirety and be replaced with the text below:

“5.1.6 After the Listing Date:

- (i) the REIT Manager may issue and offer Units and/or Convertible Instruments on a pro rata basis to all persons who were Holders (on a particular day prior to the date of the relevant issue of Units as determined by the REIT Manager) subject to the terms of this Clause 5.1.6;
- (ii) Units and/or Convertible Instruments offered or issued under this Clause 5.1.6 will be offered and issued at an Issue Price as determined by the REIT Manager which may (for the avoidance of doubt) be a price different from any other Issue Price falling to be calculated in accordance with Clause 5.2;
- (iii) any offer of Units and/or Convertible Instruments pursuant to this Clause 5.1.6 shall require specific prior approval of Holders by Ordinary Resolution at a meeting to be convened by the REIT Manager in accordance with Schedule 1 if such issue of Units, and/or Convertible Instruments (assuming full conversion), would increase the total number of issued Units by more than 50% (on its own or when aggregated with any other pro rata issue of Units under this Clause 5.1.6 or open offers announced by the Trust (a) within the 12-month period immediately preceding the announcement of such pro rata issue or (b) prior to such 12-month period where dealing in respect of Units issued pursuant thereto commenced within such 12-month period, together with any Convertible Instruments (assuming full conversion) offered for subscription by the Holders as part of such pro rata issues or open offers). For the purposes of this Clause 5.1.6(iii), the effect on the total number of issued Units of any relevant issue under this Clause 5.1.6 (and the relevance and effect of any other issue within the relevant preceding 12-month period) shall be estimated and determined by the REIT Manager in good faith and using its best endeavours, having regard to the terms and conditions of the relevant offer(s) or issue(s) under this Clause 5.1.6; and
- (iv) an offer of Units and/or Convertible Instruments shall be considered and deemed for the purposes of this Clause 5.1.6 to be made on a pro rata basis notwithstanding that (i) the REIT Manager may, after making due enquiry regarding the applicable jurisdiction, determine

NOTICE OF ANNUAL GENERAL MEETING

that Units and/or Convertible Instruments are not to be offered to persons whose addresses are outside Hong Kong, and/or offer the Units and/or Convertible Instruments on a basis, or contain such other terms, providing for any such other exclusions or adjustments determined by the REIT Manager, if the REIT Manager considers such exclusions or adjustments to be necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, or under the requirements of any recognised regulatory body or stock exchange, of any territory or jurisdiction outside Hong Kong; and/or (ii) where and to the extent that Holders do not accept any offer of Units and/or Convertible Instruments within the applicable period for acceptance (as determined by the REIT Manager), such Units and/or Convertible Instruments may be offered or made available to, and may or may not be taken up by, other persons as determined by the REIT Manager, subject to compliance with all applicable laws and regulations (including the Code).”;

(ii) Clause 5.1.7(i)(a)(3) of the Trust Deed to be amended by deleting the words “and/or” after “;”;

(iii) Clause 5.1.7(i)(a)(4) of the Trust Deed to be amended by replacing the “,” at the end of the clause with a “;”;

(iv) Clause 5.1.7(i)(a) of the Trust Deed to be amended by inserting the following new paragraph immediately after Clause 5.1.7(i)(a)(4) of the Trust Deed as the new Clause 5.1.7(i)(a)(5):

“(5) any new Units issued or issuable (whether directly or pursuant to any Convertible Instruments) in that Financial Year pursuant to any pro rata offer made in that Financial Year in accordance with Clause 5.1.6; and/or”; and

(v) Clause 5.2.5 of the Trust Deed to be amended by inserting the words “pursuant to Clause 5.1.6” immediately after the words “In relation to any rights issue”; and

(b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”;

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(C) **“THAT:**

(a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for:

(i) Clause 5.1 of the Trust Deed to be amended by inserting the following new clause immediately after Clause 5.1.11 of the Trust Deed:

“5.1.12 (i) The REIT Manager may arrange for:

(a) any offer for sale, subscription or issue of Units or Convertible Instruments; or

(b) the exercise of Convertible Instruments;

to be underwritten by an underwriter or underwriters on terms determined by the REIT Manager, subject to the Code and other applicable laws and regulations.

(ii) An underwriter or sub-underwriter of any offer of Units and/or Convertible Instruments may:

(a) subject to the Code and other applicable laws and regulations, and subject to the remaining provisions of Clauses 5.1.8 and this 5.1.12, be a Connected Person;

(b) where applicable, take up any Units or Convertible Instruments for resale under or in connection with the offer; or

(c) take up any Units or Convertible Instruments not subscribed for or otherwise taken by other investors.

(iii) Without limiting the power of the REIT Manager and the Trustee under Clause 9.2, the Trustee (only upon the instruction of the REIT Manager) may, and the REIT Manager is authorised to:

(a) negotiate, enter into and perform any agreement required to be entered into on behalf of the Trust in connection with any underwriting contemplated in Clause 5.1.12(i);

(b) to the extent permitted under this Deed and by the Code, agree to pay and to procure payment of, on behalf of the Trust (and from the Deposited Property), any underwriting commissions and similar or related fees, and all relevant costs and expenses, as stipulated or contemplated in any Underwriting Agreement; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) give representations, warranties and undertakings, and grant guarantees and/or indemnities, on behalf of the Trust (and so as to bind and to be payable from the Deposited Property) including specifically (but without limitation) any representations, warranties, undertakings and/or indemnities under or in connection with any underwriting agreement and/or any agreements contemplated by this Clause 5.1.12 (and, for the avoidance of doubt, subject to Clauses 17.6 and 18.9, such indemnity or indemnities may indemnify third parties for the acts and omissions of the REIT Manager or the Trustee on behalf of the Trust).

Nothing in this Clause 5.1.12(iii) shall be construed as obliging the Trustee to exercise these powers or requiring the Trustee to be a party to any underwriting agreement or any other agreements which the Trustee considers, in its discretion after consultation with the REIT Manager, that it shall not be a party to.

- (iv) Where any Units and/or Convertible Instruments are to be subscribed for or purchased by any underwriter or sub-underwriter pursuant to or in connection with any underwriting arrangement under this Clause 5.1.12 in connection with any offer of Units and/or Convertible Instruments, the REIT Manager may issue or sell such Units and/or Convertible Instruments to the underwriter or sub-underwriter at an Issue Price that is equal to the Issue Price that the Units or Convertible Instruments are intended to be, or were or would have been, issued to persons other than the underwriter(s) or sub-underwriter(s) under the offer.”;

- (ii) Clause 5.1.7(iii) of the Trust Deed to be amended by deleting the words “For the purposes of this Clause 5.1.7, 5.1.8, 5.2.2 and 5.2.3:” and replacing the same with the text below:

“For the purposes of Clauses 5.1.6, 5.1.7, 5.1.8, 5.1.12, 5.2.2 and 5.2.3:”;

- (iii) Clause 5.1.8 of the Trust Deed to be amended by deleting the full stop at the end of Clause 5.1.8(iii) and replacing the same with “;or”; and

- (iv) Clause 5.1.8 of the Trust Deed to be amended by inserting the following new paragraphs after Clause 5.1.8(iii), as the new Clauses 5.1.8(iv), 5.1.8(v) and 5.1.8(vi):

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“(iv) the Connected Person is acting as underwriter or sub-underwriter of an issue or offer of Units or other securities by or on behalf of the Trust or any Special Purpose Vehicle, provided that:

(a) the issue or offer is made under and in accordance with Clause 5.1.6; and

(b) the issue or offer is in compliance with any applicable provisions of the Listing Rules where a connected person is acting as an underwriter or sub-underwriter of an offer of shares or other securities by a listed company, with necessary changes being made, as if the provisions therein are applicable to real estate investment trusts; or

(v) the excess application and the taking up of pro rata entitlements by the Connected Person in respect of a pro rata issue of Units and/or Convertible Instruments under Clause 5.1.6 or an open offer by the Trust on a pro rata basis; or

(vi) Units are issued to a Connected Person pursuant to a reinvestment of distribution in accordance with Clause 11.10.”; and

(b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”;

(D) **“THAT:**

(a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for:

(i) Clause 5.1.7 of the Trust Deed to be amended by inserting the following new paragraph immediately after the new Clause 5.1.7(i)(a)(5) of the Trust Deed as the new Clause 5.1.7(i)(a)(6):

“(6) any new Units issued or issuable in that Financial Year pursuant to any reinvestment of distributions made in accordance with Clause 11.10,”; and

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- (ii) Clause 11.10 of the Trust Deed to be amended by inserting the following words immediately after “specified in Clause 5.2.2”:

“, provided that, for the purposes of determining such Issue Price, notwithstanding Clause 5.2.3, “Market Price” shall mean the average closing price of the Units in the ten trading days immediately preceding the relevant Record Date”; and

- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”;

(E) **“THAT:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for Clause 6.5 of the Trust Deed to be amended by inserting the following new paragraph immediately after “in any other circumstance prescribed by the Code.”:

“The production of a valuation report by an Approved Valuer shall not be required for any issue of Units in cases permitted by the SFC from time to time either by published guidelines, policies, practice statements, other guidance or waiver issued by the SFC, or in any particular case, by specific written guidance or waiver issued by the SFC in response to a specific request by the REIT Manager and/or the Trustee.”; and

- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”; and

(F) **“THAT:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for Clause 10.11.2 of the Trust Deed to be amended by:
 - (i) inserting the phrase “(excluding net assets attributable to Holders)” immediately after the words “under Clause 10.11.1(b) if such borrowing or raising”; and

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(ii) inserting the phrase “excluding net assets attributable to Holders, “immediately after the words “in each case,”; and

- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”;

(G) **“THAT:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for Clause 10.14(a) of the Trust Deed to be amended by deleting the words “the full insurable value” and replacing the same with “such value in accordance with local market practice”; and
- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution.”;

(H) **“THAT:**

- (a) pursuant to Clause 26 of the Trust Deed, approval be and is hereby given for the Trust Deed to be amended by inserting the following new paragraph immediately after Clause 25.6 as the new Clause 25.6A:

“25.6A Use of Electronic Means

25.6A.1 Any requirement in this Deed to send, mail, dispatch, issue, publish or otherwise make available any corporate communication (as hereinafter defined) by or on behalf of the Trust (including any notice to be served under Clause 25.6) may, to the extent permitted under all applicable laws and regulations, be satisfied by making available the corporate communication on the Trust’s website, or by sending or otherwise making available the corporate communication to such relevant Unitholders or holders of Convertible Instrument using other electronic means (which term includes sending or otherwise making available the corporate communication to the holder in electronic format), provided that the corporate communication is made available in accordance with the Code and any applicable provisions of the Listing Rules as if the provisions therein are applicable to real estate investment trusts.

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25.6A.2 Where the corporate communication is made available to the relevant holders of Units or Convertible Instruments using electronic means, the corporate communication shall be taken to be sent (and any notice given by electronic means shall be deemed to have been served) on the day on which it is transmitted by or on behalf of the Trust or, if made available on the Trust's website, on the later of:

- (i) the date on which a notification is sent to the intended recipient of the presence of the corporate communication on the website;
- (ii) the date on which the corporate communication first appears on the website after that notification was sent; or
- (iii) such other time as may be prescribed by the Listing Rules as if the provisions therein are applicable to real estate investment trusts or any applicable laws or regulations.

25.6A.3 For the purposes of Clauses 25.6A.1 and 25.6A.2, "corporate communication" means any document issued or to be issued by or on behalf of the Trust for the information or action of the relevant holders of Units or Convertible Instruments including but not limited to:

- (i) the directors' report, its Accounts together with a copy of the Auditors' report and, where applicable, its summary financial report;
 - (ii) the interim report and, where applicable, its summary interim report;
 - (iii) a notice of meeting;
 - (iv) an Offering Circular, a circular and any equivalent document issued or proposed to be issued in connection with an application for listing;
 - (v) a circular; and
 - (vi) a proxy form."; and
- (b) the REIT Manager, any director of the REIT Manager and the Trustee each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager or the Trustee, as the case may be, may consider expedient or necessary or in the interests of Regal REIT to give effect to the matters resolved upon in sub-paragraph (a) of this resolution."; and

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ORDINARY RESOLUTIONS

- (4) To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:
- (A) “**THAT** approval be and is hereby given for the modification to the distribution policy of Regal REIT such that the REIT Manager may distribute to Unitholders an amount of not less than 90% of Regal REIT’s Total Distributable Income (as defined in the Trust Deed) for each Financial Year (as defined in the Trust Deed) commencing from 1st January, 2009 and for all subsequent financial years until further notices”; and
- (B) “**THAT** a mandate to purchase Units be given to the REIT Manager:
- (a) subject to the “Circular to Management Companies of SFC-authorized Real Estate Investment Trusts” issued by the SFC on 31st January, 2008 and paragraph (b) below, the exercise by the REIT Manager during the Relevant Period (as defined in paragraph (c) below) of all powers of the REIT Manager to purchase units in Regal REIT (the “**Units**”) on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) in accordance with applicable rules and regulations and the Trust Deed (as may be amended from time to time), the Code on Real Estate Investment Trusts (the “**REIT Code**”), the guidelines issued by the SFC from time to time, applicable rules and regulations and the laws of Hong Kong, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Units which may be purchased or agreed to be purchased by the REIT Manager pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate number of issued Units as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of Regal REIT;
- (ii) the expiration of the period within which the next annual general meeting as referred to in (i) above is required to be held by the Trust Deed, the Code on Real Estate Investment Trusts or any applicable laws; and
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the Unitholders in general meeting.”

By Order of the Board
REGAL PORTFOLIO MANAGEMENT LIMITED
(as manager of Regal Real Estate Investment Trust)
Kai Ole Ringenson
Chief Executive Officer

Hong Kong, 7th April, 2009

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Notes:

1. A Unitholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. The person appointed to act as proxy need not be a Unitholder.
2. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the unit registrar of Regal REIT, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "Unit Registrar"), not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the proxy will not preclude you from attending and voting in person should you so wish. In the event that you attend the meeting or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
3. Where there are joint registered Unitholders of a Unit, any one of such Unitholders may vote at the meeting either personally or by proxy in respect of such Unit as if he/she were solely entitled thereto, but if more than one of such Unitholders is present at the meeting personally or by proxy, that one of such Unitholders so present whose name stands first on the Register of Unitholders of Regal REIT (the "Register of Unitholders") in respect of such Unit shall alone be entitled to vote in respect thereof.
4. The Register of Unitholders will be closed from Wednesday, 6th May, 2009 to Friday, 8th May, 2009, both days inclusive, during which period no transfers of Units will be effected. In order to qualify to attend and vote at the AGM, all Unit certificates accompanied by the duly completed transfer documents must be lodged with the Unit Registrar not later than 4:30 p.m. on Tuesday, 5th May, 2009.

As at the date of this notice, the Board comprises Mr. LO Yuk Sui as Chairman and Non-executive Director; Mr. Kai Ole RINGENSON as Chief Executive Officer and Executive Director; Mr. Donald FAN Tung and Mr. Jimmy LO Chun To as Non-executive Directors; and Mr. John William CRAWFORD, J.P., Mr. Alvin Leslie LAM Kwing Wai and Hon. Abraham SHEK Lai Him, J.P. as Independent Non-executive Directors.