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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



PROFIT WARNING

This announcement is made by the REIT Manager pursuant to paragraph 10.3 of the Code on Real Estate Investment Trusts.

The Board wishes to inform unitholders of Regal REIT and potential investors that based on the independent valuer's appraisal of Regal REIT's hotel portfolio as at 31st December, 2008, there will be a revaluation deficit arising from the changes in the fair values of the hotel properties. The revaluation deficit is, however, a non-cash item and does not have an immediate impact on the cash flow of Regal REIT. The rental income from the hotel properties is primarily based on fixed base rents and variable rents and is not affected by the revaluation deficit. The net rental income as well as the distributable income of Regal REIT for the year ended 31st December, 2008 was actually higher than the previous year.

Unitholders of Regal REIT and potential investors are advised to exercise caution when dealing in the units of Regal REIT.

This announcement is made by Regal Portfolio Management Limited (the "REIT Manager"), the REIT manager of Regal Real Estate Investment Trust ("Regal REIT"), pursuant to paragraph 10.3 of the Code on Real Estate Investment Trusts.

The Board wishes to inform unitholders of Regal REIT and potential investors that based on the independent valuer's appraisal of Regal REIT's hotel portfolio as at 31st December, 2008, there will be a revaluation deficit arising from the changes in the fair values of the hotel properties. The decrease in the fair values of the hotel properties primarily reflected the significant downturn in the financial and property market conditions in Hong Kong which, in turn, is brought about by the recent global financial crisis. The revaluation deficit is, however, a non-cash item and does not have an immediate impact on the cash flow of Regal REIT.

The rental income from the hotel properties is primarily based on fixed base rents and variable rents and is not affected by the revaluation deficit. The net rental income as well as the distributable income of Regal REIT for the year ended 31st December, 2008 was actually higher than the previous year.

Nevertheless, due to this revaluation deficit arising from the changes in the fair values of the hotel properties, Regal REIT is expecting to record a loss for the financial year ended 31st December, 2008.

This profit warning announcement is only based on the unaudited consolidated management accounts of Regal REIT which audit is currently being conducted by the Regal REIT's independent auditors. The audited consolidated financial statements of Regal REIT for the year ended 31st December, 2008 are still being finalised. The final results announcement of Regal REIT for the year ended 31st December, 2008 is expected to be published on 26th March, 2009.

Unitholders of Regal REIT and potential investors are advised to exercise caution when dealing in the units of Regal REIT.

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, 17th March, 2009

As at the date of this announcement, 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.