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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



### **EXTENSION OF THE TARGET DATE OF COMPLETION OF ASSET ENHANCEMENT PROGRAMME**

Reference is made to (i) the offering circular dated 19th March, 2007 issued by the REIT Manager in connection with the initial public offering of the units of Regal Real Estate Investment Trust; (ii) the Sale and Purchase Agreement entered into between Regal International (BVI) Holdings Limited (the "Vendor") (a wholly-owned subsidiary of Regal Hotels International Holdings Limited ("Regal")), the Trustee, the REIT Manager (also a wholly-owned subsidiary of Regal) and Regal on 2nd March, 2007; (iii) the waiver conditions in relation to any extension of the target completion dates (as specified in the Sale and Purchase Agreement) or delay in delivery of the Asset Enhancement Programme ("AEP") granted by the SFC; (iv) the announcement regarding the Extension of the Target Date of Completion of the first stage of AEP of Regal REIT issued on 15th November, 2007; and (v) the announcement regarding the Extension of the Target Date of Completion of the second stage of AEP of Regal REIT issued on 25th August, 2008 (the "Second Stage Extension Announcement").

Pursuant to the Sale and Purchase Agreement and the agreed extension of the 2008 Target Date as referred to in the Second Stage Extension Announcement, the Vendor undertook to complete, and to procure the completion of, the second stage of the AEP at its full and own cost, under which three additional stories comprising 274 additional rooms are to be added on top of the existing building of Regal Riverside Hotel and handed over to the REIT Manager and the relevant Property Company on or before 19th February, 2009 (the "Target Date").

Due to (a) suspension of concreting works as a result of the suspension of hoisting activities as required by the Transport Department to match with special traffic arrangement during the Olympic Equestrian Events; and (b) inclement weather, the Authorised Person has further granted extension of time for the completion of the second stage of the AEP following which, the Vendor and the REIT Manager have mutually agreed to extend the Target Date for the second stage of the AEP at Regal Riverside Hotel to 30th April, 2009 (the "Extended Target Date").

In the meanwhile, the AEP Agent has also reported to the REIT Manager other potential causes for delay in the second stage of the AEP at Regal Riverside Hotel due to (1) agreed changes to the room configurations and specifications introduced to enhance property value and future revenue, which required additional time for design changes and corresponding statutory approvals; and (2) inclement weather. The AEP Agent has reported that such causes for delay may likely extend the completion of the second stage of the AEP at Regal Riverside Hotel to approximately mid-2009.

Reference is made to (i) the offering circular dated 19th March, 2007 issued by the REIT Manager in connection with the initial public offering of the units of Regal Real Estate Investment Trust (the "Offering Circular"); (ii) the Sale and Purchase Agreement entered into between the Vendor (a wholly-owned subsidiary of Regal), the Trustee, the REIT Manager (also a wholly-owned subsidiary of Regal) and Regal on 2nd March, 2007; (iii) the waiver conditions in relation to any extension of the target completion dates (as specified in the Sale and Purchase Agreement) or delay in delivery of the AEP granted by the SFC; (iv) the announcement regarding the Extension of the Target Date of Completion of the first stage of AEP of Regal REIT issued on 15th November, 2007; and (v) the Second Stage Extension Announcement. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Offering Circular.

Pursuant to the Sale and Purchase Agreement and the agreed extension of the 2008 Target Date as referred to in the Second Stage Extension Announcement, the Vendor undertook to complete, and to procure the completion of, the second stage of the AEP at its full and own cost, including any costs overruns and land premium payable, under which three additional stories comprising 274 rooms are to be added on top of the existing building of Regal Riverside Hotel and handed over to the REIT Manager and the relevant Property Company on or before the Target Date.

In accordance with the terms of the Sale and Purchase Agreement, the Authorised Person (as defined in the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)) in relation to the AEP has further granted extension of time on 7th November, 2008 for the completion of the second stage of the AEP at Regal Riverside Hotel to 30th April, 2009 due to (a) suspension of concreting works as a result of the suspension of hoisting activities as required by the Transport Department to match with the special traffic arrangement during the Olympic Equestrian Events; and (b) inclement weather. Having reviewed the causes for delay and the Authorised Person's decision, the REIT Manager has mutually agreed with the Vendor to extend the Target Date for the second stage of the AEP at Regal Riverside Hotel to 30th April, 2009.

However, the further extension of the Target Date to 30th April, 2009 is not likely to impact Regal REIT negatively as 155,679,104 AEP Units (representing approximately 4.97% of 3,133,122,352 Units in issue) would not be entitled to any distribution pending completion of the second stage of the AEP at Regal Riverside Hotel.

No liquidated damages are required to be paid by the Vendor under the terms of the Sale and Purchase Agreement for the extension of the completion date of the second stage of the AEP at Regal Riverside Hotel to 30th April, 2009.

In the meanwhile, the AEP Agent has also reported to the REIT Manager other potential causes for delay in the second stage of the AEP at Regal Riverside Hotel due to (1) agreed changes to the room configurations and specifications introduced to enhance property value and future revenue, which required additional time for design changes and corresponding statutory approvals; and (2) inclement weather. The AEP Agent has reported that such causes for delay may likely extend the completion of the second stage of the AEP at Regal Riverside Hotel to approximately mid-2009.

Any further submission by the Vendor for the extension of the Extended Target Date will be subject to scrutiny by the Authorised Person and review by the REIT Manager at the appropriate time.

The granting of possible further extensions of the Extended Target Date will be kept under close review by the REIT Manager. Causes for delay not accepted by the Authorised Person as valid reasons for the extension of the Extended Target Date will be subject to liquidated damages in accordance with the Sale and Purchase Agreement. Any impact on Regal REIT and possible further extension of the Extended Target Date will be announced, as necessary, once the actual delay is confirmed by the Authorised Person and agreed between Regal and the REIT Manager in accordance with the terms of the Sale and Purchase Agreement.

The extension of the Target Date as disclosed herein is in accordance with the terms of the Sale and Purchase Agreement.

Save for the above, all the other terms of the Sale and Purchase Agreement remain unchanged and continue in full force and effect.

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

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, 21st November, 2008

*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 LAM Kwing Wai and Hon Abraham SHEK Lai Him, J.P. as Independent Non-executive Directors.*