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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; (ii) the Sale and Purchase Agreement; (iii) the SFC Waiver; (iv) the 15th November, 2007 Announcement; (v) the 25th August, 2008 Announcement; and (vi) the 21st November, 2008 Announcement.

Pursuant to the Sale and Purchase Agreement and the agreed extension of the Target Date as referred to in the 21st November, 2008 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 30th April, 2009.

The Authorised Person has further granted extension of time on 3rd April, 2009 for the completion of the second stage of the AEP at Regal Riverside Hotel to 14th June, 2009 due to value enhancing changes to the specifications and room configurations. The changes encompass (a) increase in the total additional number of hotel rooms from 274 to 280; (b) addition of a new Club Lounge; and (c) relocation of 21 city view rooms to facing the Shing Mun River.

The REIT Manager has agreed to those changes as they are likely to create direct economic benefits in the form of additional room occupancy and higher hotel room rates and revenue, thereby enhancing the property value of Regal Riverside Hotel. The cost to Regal REIT of the changes is a delay of 45 days of the completion of the second stage of the AEP. The changes have required additional time for re-design and corresponding statutory approvals and consents as well as time for construction works. Having reviewed the causes for delay, the additional benefits to Regal REIT in the form of value enhancements and the Authorised Person's decision, the REIT Manager has mutually agreed with the Vendor to extend the completion date of 30th April, 2009 for the second stage of the AEP at Regal Riverside Hotel to 14th June, 2009.

In the meanwhile, the AEP Agent has also reported to the REIT Manager other potential cause for delay in the second stage of the AEP at Regal Riverside Hotel due to inclement weather. The AEP Agent has reported that such cause for delay may likely extend the completion of the second stage of the AEP at Regal Riverside Hotel to end of June 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 (the “**Sales 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 (the “**SFC Waiver**”); (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 (the “**15th November, 2007 Announcement**”); (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 “**25th August, 2008 Announcement**”); and (vi) the announcement regarding the further Extension of the Target Date of Completion of the second stage of AEP of Regal REIT issued on 21st November, 2008 (the “**21st November, 2008 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 Target Date as referred to in the 21st November, 2008 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 30th April, 2009.

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 3rd April, 2009 for the completion of the second stage of the AEP at Regal Riverside Hotel to 14th June, 2009 due to value enhancing changes to the specifications and room configurations. The changes encompass (a) increase in the total additional number of hotel rooms from 274 to 280; (b) addition of a new Club Lounge; and (c) relocation of 21 city view rooms to facing the Shing Mun River.

The REIT Manager has agreed to those changes as they are likely to create direct economic benefits in the form of additional room occupancy and higher hotel room rates and revenue, thereby enhancing the property value of Regal Riverside Hotel. The cost to Regal REIT of the changes to the specifications and design is a delay of 45 days, according to the certificate issued by the Authorised Person, of the completion of the second stage of the AEP at Regal Riverside Hotel. The changes have required additional time for re-design and corresponding statutory approvals and consents as well as time for construction works. Having reviewed the causes for delay, the additional benefits to Regal REIT in the form of value enhancements and the Authorised Person’s decision, the REIT Manager has mutually agreed with the Vendor to extend the completion date of 30th April, 2009 for the second stage of the AEP at Regal Riverside Hotel to 14th June, 2009.

However, the further extension of 30th April, 2009 is not likely to impact Regal REIT negatively as 155,679,104 AEP Units (representing approximately 4.94% of 3,152,059,752 Units in issue) would not be entitled to any distribution by Regal REIT 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 14th June, 2009.

In the meanwhile, the AEP Agent has also reported to the REIT Manager on the potential cause for delay in the second stage of the AEP at Regal Riverside Hotel due to inclement weather. The AEP Agent has reported that such cause for delay may likely extend the completion of the second stage of the AEP at Regal Riverside Hotel to end of June 2009.

Any further submission by the Vendor for the extension of the extended completion date of 14th June, 2009 will be subject to scrutiny by the Authorised Person and review by the REIT Manager at the appropriate time.

The granting of possible further extension beyond 14th June, 2009 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 beyond 14th June, 2009 will be subject to liquidated damages in accordance with the Sale and Purchase Agreement. Any impact on Regal REIT and possible further extension 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 completion date of the second stage of the AEP at Regal Riverside Hotel 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, 9th April, 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.