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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 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 in respect of 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 and the wavier 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.

Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to complete, and to procure the completion of, the AEP at its full and own cost, under which a total of 468 hotel rooms are to be added to Regal Airport Hotel, Regal Hongkong Hotel, Regal Oriental Hotel and Regal Riverside Hotel in stages by the end of 2008. In the first stage, a total of 194 hotel rooms and a swimming pool are to be added and handed over to the REIT Manager and the relevant Property Companies on or before 30th September, 2007 (the "2007 Target Date"). By the 2007 Target Date, 120 hotel rooms were completed and handed over. To-date, an additional 73 rooms have been completed and handed over. Except for 1 hotel room and the swimming pool at Regal Hongkong Hotel to be completed by no later than 31st December, 2007, all AEP works to be delivered by the 2007 Target Date have been completed and handed over to the REIT Manager and the relevant Property Companies.

Due to variations to the hotel room configurations and specifications as agreed by the REIT Manager, the Vendor and the REIT Manager have mutually agreed to extend the 2007 Target Date for the AEP to (i) 22nd October, 2007 for 2 hotel rooms at Regal Airport Hotel; (ii) 9th November, 2007 for 43 hotel rooms at Regal Hongkong Hotel; and (iii) 31st December, 2007 for 1 hotel room at Regal Hongkong Hotel.

Liquidated damages has been paid for four days by the Vendor on 13th November, 2007 in accordance with the terms of the Sale and Purchase Agreement for the late delivery and handover of the relevant AEP at Regal Riverside Hotel on 4th October, 2007.

Reference is made to 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”) in respect of 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 and the wavier 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. Unless otherwise defined herein, capitalised term used in this announcement shall have the same meanings as those defined in the Offering Circular.

Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to complete, and to procure the completion of, the AEP at its full and own cost, including any costs overruns and land premium payable, under which a total of 468 hotel rooms are to be added to Regal Airport Hotel, Regal Hongkong Hotel, Regal Oriental Hotel and Regal Riverside Hotel in stages by the end of 2008. In the first stage, a total of 194 hotel rooms are to be added and handed over to the REIT Manager and the relevant Property Companies on or before the 2007 Target Date.

By the 2007 Target Date, 120 hotel rooms were completed and handed over. To-date, an additional 73 rooms have been completed and handed over as detailed in the table below. The remaining 1 hotel room at Regal Hongkong Hotel is to be completed and handed over to the REIT Manager and the relevant Property Company no later than 31st December, 2007. The outdoor swimming pool on the top portion of Regal Hongkong Hotel has been substantially completed and is expected to be ready for use no later than 31st December, 2007.

#### **AEP Completion Schedule – First Stage**

<b>Hotel</b>	<b>Completed Rooms by the 2007 Target Date</b>	<b>Completed Rooms by 4th October, 2007</b>	<b>Completed Rooms by 22nd October, 2007</b>	<b>Completed Rooms by 9th November, 2007</b>	<b>To be completed by 31st December, 2007</b>	<b>Total Additional Hotel Rooms and Facility in First Stage</b>
Regal Airport Hotel	65	-	2	-	-	67 rooms
Regal Hongkong Hotel	6	-	-	43	1 room plus swimming pool	50 rooms plus swimming pool
Regal Oriental Hotel	49	-	-	-	-	49 rooms
Regal Riverside Hotel	-	28	-	-	-	28 rooms
<b>Total</b>	<b>120</b>	<b>28</b>	<b>2</b>	<b>43</b>	<b>1 room plus swimming pool</b>	<b>194 rooms plus swimming pool</b>

In accordance with the terms of the Sale & Purchase Agreement, the Authorised Person (as defined in the Building Ordinance (Chapter 123 of the Laws of Hong Kong)) in relation to the AEP has granted extension of time on 10th November, 2007 to (i) 22nd October, 2007 for the completion of 2 rooms at Regal Airport Hotel; (ii) 9th November, 2007 for the completion of 43 rooms at Regal Hongkong Hotel; and (iii) 31st December, 2007 for the completion of the 1 remaining room at Regal Hongkong Hotel due to variations to the hotel room configurations and specifications as agreed by the REIT Manager. Accordingly, the Vendor and the REIT Manager have mutually agreed to extend the 2007 Target Date for the respective hotel's AEP as detailed above.

To-date, except for 1 hotel room and the swimming pool at Regal Hongkong Hotel, all AEP works to be delivered by the 2007 Target Date have been completed and handed over to the REIT Manager and the relevant Property Companies. The completion of the 1 remaining room and the swimming pool at the Regal Hongkong Hotel remains the obligation of the Vendor and the Vendor is expecting that they will be completed and handed over according to the agreed specification by no later than 31st December, 2007. There is only minor short-term negative financial impact on Regal REIT caused by the delay in handing over of the hotel rooms. However, the change in room configuration and specifications are essentially improvements to the design, which will have a longer-term positive financial impact on Regal REIT as well as the marketability of the hotel rooms.

There was no extension of the 2007 Target Date for the 28 additional rooms at Regal Riverside Hotel and the swimming pool at Regal Hongkong Hotel. Liquidated damages totalling HK\$5,040 has been paid for four days by the Vendor on 13th November, 2007 for the late delivery and handover of the AEP with respect to these 28 additional rooms at Regal Riverside Hotel on 4th October, 2007. There is no liquidated damages obligated to be paid by the Vendor in accordance with the terms of the Sale and Purchase Agreement for the late delivery and handover of the swimming pool at Regal Hongkong Hotel on 31st December, 2007.

The extension of the 2007 Target Date granted by the Authorised Person and agreed by the REIT Manager and the payment of liquidated damages as disclosed herein are 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, 15th November, 2007

*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.*