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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**



### **PROPOSED EXPANSION OF THE SCOPE OF REGAL REIT'S INVESTMENT STRATEGY, PROPOSED GENERAL MANDATE TO REPURCHASE UNITS AND PROPOSED AMENDMENTS TO THE TRUST DEED**

The Board wishes to announce that the REIT Manager is proposing to (A) expand the scope of Regal REIT's investment strategy; (B) obtain a general mandate for the REIT Manager to repurchase Units on-market; and (C) make certain amendments to the Trust Deed.

Further details will be set out in a circular to the Unitholders expected to be despatched in mid-April 2008, together with an Explanatory Statement, the notice of EGM and the form of proxy for the EGM. The implementation of each of the Proposals are subject to approval by Unitholders at the EGM.

The board of directors (the “**Board**”) of Regal Portfolio Management Limited, as the manager (the “**REIT Manager**”) of Regal Real Estate Investment Trust (“**Regal REIT**”), wishes to announce that the REIT Manager is proposing to (A) expand the scope of Regal REIT’s investment strategy; (B) obtain a general mandate for the REIT Manager to repurchase units of Regal REIT (“**Units**”) on-market (the “**Repurchase Mandate**”) pursuant to the “Circular to Management Companies of SFC-authorized Real Estate Investment Trusts (“**REITs**”)” issued by the Securities and Futures Commission on 31st January, 2008 (the “**SFC Repurchase Circular**”); and (C) make certain amendments to the trust deed dated 11th December, 2006 (as amended by a First Supplemental Deed dated 2nd March, 2007) constituting Regal REIT (the “**Trust Deed**”) entered into between DB Trustees (Hong Kong) Limited, in its capacity as the trustee of Regal REIT, and the REIT Manager (collectively, the “**Proposals**”).

The REIT Manager proposes to expand the scope of Regal REIT’s existing investment strategy so that Regal REIT may invest in hotels, serviced apartments and commercial properties (including office properties) located anywhere in the world (whether in Hong Kong, Mainland China, Macau, Taiwan or elsewhere). The reasons for the proposed change, include, among other things, the REIT Manager’s desire to maintain and improve Regal REIT’s competitiveness and to enhance Regal REIT’s ability to take advantage of investment opportunities in suitable property markets. The REIT Manager proposes to make the necessary amendment to the Trust Deed to reflect such expansion in Regal REIT’s investment strategy.

With regard to the Repurchase Mandate, although the REIT Manager has no present intention of repurchasing Units, it believes that it is in the best interests of Regal REIT and the unitholders of Regal REIT (the “**Unitholders**”) as a whole to seek the Repurchase Mandate from the Unitholders to enable Regal REIT to make on-market repurchases of Units (if any) when suitable opportunities and market conditions arise. 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 required by the SFC Repurchase Circular, an explanatory statement (the “**Explanatory Statement**”) will be sent to Unitholders at the same time as the notice of EGM (as defined herein). The Explanatory Statement will contain information reasonably necessary to enable Unitholders to make an informed decision on whether or not to approve the proposed Ordinary Resolution (as defined in the Trust Deed) for the Repurchase Mandate.

In addition to the proposed amendment to the Trust Deed to reflect the change in Regal REIT's investment strategy, the REIT Manager also intends to propose certain amendments to the Trust Deed in light of recent comparable amendments by other Hong Kong listed real estate investment trusts, which are expected to include amendments (i) to allow the REIT Manager to issue Units or Convertible Instruments (as defined in the Trust Deed) to Connected Persons (as defined in the Trust Deed), without requiring Unitholders' approval, in certain specified circumstances including in connection with placing and top-up subscription transactions; and (ii) to allow the REIT Manager greater flexibility in determining the pricing basis of new Units or Convertible Instruments (as defined in the Trust Deed) to be issued under the Trust Deed. The implementation of each amendment to the Trust Deed is subject to the appropriate Special Resolution (as defined in the Trust Deed) being passed by the Unitholders at the EGM.

Further details of the Proposals will be set in a circular to the Unitholders expected to be despatched in mid-April 2008, together with the Explanatory Statement, the notice of an extraordinary general meeting of the Unitholders (the "EGM") to be convened for the purpose of considering resolutions relating to the Proposals, and the form of proxy for the EGM. The implementation of each of the Proposals is subject to approval by Unitholders at the EGM. With respect to each of the resolutions to be proposed at the EGM, any Unitholders 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 announcement, the REIT Manager is unaware of any Unitholders that are required to abstain from voting in respect of the proposed resolutions specifically mentioned in this announcement.

Further announcement(s) pertaining to the Proposals and/or the EGM will be made as and when appropriate.

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, 26th March, 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.*