REGAL REIT
富豪產業信託

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

富豪資產管理有限公司
Regal Portfolio Management Limited

2009 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL AND BUSINESS HIGHLIGHTS

For the year ended 31st December, 2009

	2009 HK$ million	2008 HK$ million
Gross rental revenue	**763.4**	762.0
Net rental income	**754.0**	750.0
Profit/(loss) for the year, before distributions to Unitholders	**626.8** [2]	(2,150.2) [1]
Distributable income for the year attributable to Unitholders	**558.2**	501.9
Total assets	**14,563.9**	13,916.1
Net assets attributable to Unitholders	**8,308.7**	8,156.8
Final distribution per Unit	**HK$0.085**	HK$0.08461
Total distributions per Unit	**HK$0.170**	HK$0.16761
Net Asset Value per Unit attributable to Unitholders	**HK$2.593**	HK$2.596
Proforma Net Asset Value per Unit attributable to Unitholders [3]	**HK$2.913**	HK$2.903

- **Total distributable income increased by 11.2% over the prior year**
- **Total distributions for the year increased to HK$0.17 per Unit**
- **Completed the acquisition of 75% interest in Regal iClub Building in October 2009**
- **Regal REIT's hotel portfolio in Hong Kong now boasts a total of 3,880 quality guestrooms**
- **Positive outlook for the Hong Kong hotel market in 2010**

1 *Included a revaluation deficit of HK$3,133.7 million that arose from the changes in the fair values of the portfolio of investment properties based on the independent valuer's appraisal as at 31st December, 2008*

2 *Included a revaluation gain of HK$272.0 million that arose from the changes in the fair values of the portfolio of investment properties based on the independent valuer's appraisal as at 31st December, 2009*

3 *Compiled on the basis that the deferred tax liabilities provided in the consolidated financial statements with regard to the revaluation surplus of the investment properties are added back*

GENERAL BUSINESS REVIEW

For the year ended 31st December, 2009, Regal Real Estate Investment Trust ("Regal REIT") achieved a consolidated net profit before distributions to unitholders of Regal REIT (the "Unitholders") of approximately HK$626.8 million, as compared to the loss before distributions to Unitholders of approximately HK$2,150.2 million recorded for the year 2008. The profit achieved during the year under review included a gain of approximately HK$272.0 million arising from the changes in the fair values of Regal REIT's portfolio of investment properties, while for the preceding year a loss of approximately HK$3,133.7 million was incurred on such fair value changes.

Total distributable income for the year under review amounted to approximately HK$558.2 million, as compared to HK$501.9 million for the year ended 31st December, 2008. The directors (the "Directors") of Regal Portfolio Management Limited (the "REIT Manager") have resolved to declare a final distribution of HK$0.085 per unit of Regal REIT ("Unit") for the year ended 31st December, 2009, bringing the total distributions per Unit for 2009 to HK$0.17, which exceed the HK$0.16761 distributed for 2008. The total amount of distributions for the year, including both the interim and final distributions, will be approximately HK$532.6 million and represent a payout ratio of approximately 95.4% of the total distributable income for 2009.

The worldwide travel market plummeted in early 2009 due to the aftermath of the financial tsunami that started off in late 2008. The overall situation was worsened by the H1N1 swine flu pandemic around the globe during the second quarter, which deterred many long haul travellers from visiting Hong Kong in 2009. As a result, Hong Kong's industry-wide room occupancy rate dropped to approximately 78% in 2009 from 85% in 2008. Amidst such adverse situation, the average RevPAR (Revenue per Available Room) of Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel (collectively, the "Initial Hotels") has likewise declined generally in line with the market.

In 2009, subsequent to the 2008 approved amount of approximately HK$85.0 million, Regal REIT committed a further amount of approximately HK$24.2 million in capital additions projects in the Initial Hotels so as to further increase their market competitiveness and with a view to improving efficiency of spatial utilization and to rejuvenating the asset life cycle. In 2008 and 2009, Regal REIT expended a total amount of approximately HK$107.7 million against the total approved sum of HK$109.2 million in capital additions projects.

In October 2009, Regal REIT completed the acquisition of 75% equity interests in Twentyfold Investments Limited which directly holds Sonnix Limited that, in turn, owns major portions of the commercial building at No. 211 Johnston Road, located in the commercial district in Wanchai, Hong Kong from a wholly-owned subsidiary of Paliburg Holdings Limited ("PHL") (the "Acquisition"). Concurrent with the Acquisition, the property was leased to a wholly-owned subsidiary of PHL as the lessee (the "PHL Lessee") for the property leasing and hotel operation business for the period from 21st October, 2009 to 31st December, 2010 under a lease agreement (the "PHL Lease Agreement"). The PHL Lessee has also appointed Regal Hotels International Limited as the hotel manager for the operation and management of Regal iClub Hotel. Pursuant to the terms of the Acquisition, Regal REIT has, at its own discretion, the option to purchase the remaining 25% of the equity interests in Twentyfold Investments Limited based on certain pre-agreed terms.

Part of the building has since been converted into 50 hotel rooms for the establishment of "Regal iClub Hotel" and the building renamed as "Regal iClub Building". Since the commencement of business operations in December 2009, the Regal iClub Hotel has been well received. In view of the hotel's encouraging performance, an application was made for the conversion of the remaining 10 office floors into 49 additional guestrooms and suites and the requisite approval has recently been obtained. Regal REIT is presently formulating plans to implement this new conversion programme.

With the addition of this new Regal iClub Hotel, Regal REIT's hotel portfolio in Hong Kong now commands a total of 3,880 quality guestrooms and when the new conversion programme at the Regal iClub Hotel is completed, will boast a total of approximately 3,930 guestrooms.

As at 31st December, 2009, the portfolio of hotel and investment properties of Regal REIT comprised the Initial Hotels and Regal iClub Building.

The Directors continue to be confident on the competitive strength of the Initial Hotels and the newly added Regal iClub Hotel in Hong Kong, as well as the capability of Regal REIT to grow the long term value of its investment portfolio with dedication under appropriate investment strategies.

CLOSURE OF REGISTER OF UNITHOLDERS

The Register of Unitholders will be closed from Thursday, 6th May, 2010 to Monday, 10th May, 2010, both days inclusive, during which period no transfers of Units will be effected. In order to qualify for the distribution, all Unit certificates with completed transfer forms must be lodged with Regal REIT's Unit registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 5th May, 2010. The relevant distribution warrants are expected to be despatched on or about 20th May, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

During the year, Regal REIT received in aggregate HK$757.8 million in cash base rent and additional base rent from Favour Link International Limited (the "RHIHL Lessee") for the leasing of the Initial Hotels. On 12th February, 2010, Regal REIT, through the Initial Hotels owning companies (the "RHIHL Lessors"), entered into supplemental agreements to adjust the amount of the annual base rent payable by the RHIHL Lessee for the years 2009 and 2010, respectively, for each Initial Hotel pursuant to the relevant lease agreements (the "Base Rent Reallocations"), in order to better reflect the earning capacity of each of the Initial Hotels based on the 2008 year end valuation which included an updated assessment of market conditions, but without affecting (i) the aggregate annual amount of the base rents payable by the RHIHL Lessee; (ii) the basis for the calculation of the variable rent, which will remain unchanged on an aggregate annual basis; and (iii) the total guaranteed variable rent of HK$220.0 million payable by the RHIHL Lessee. The Base Rent Reallocations will take effect as of 1st January, 2009 and 1st January, 2010, respectively[1]. During the year, as the net property income from hotel operations of the Initial Hotels was approximately HK$504.5 million, which is below the cash base rent, no variable rent was payable to Regal REIT.

Regal REIT received an aggregate HK$4.7 million rent from the PHL Lessee for the leasing of the Regal iClub Building pursuant to the terms of the PHL Lease Agreement for the period from 21st October, 2009 to 31st December, 2009.

Gross rental revenue for the year was approximately HK$763.4 million and after the deduction of property operating expenses, the net rental income was approximately HK$754.0 million, which represented approximately 98.8% of gross rental revenue. The property management of Regal REIT is handled by the hotel manager under the hotel management agreements with respect to the Initial Hotels and by the PHL Lessee under the PHL Lease Agreement for the Regal iClub Building. Accordingly, the related expenses are borne by the RHIHL Lessee with respect to the Initial Hotels and by the PHL Lessee for the Regal iClub Building, as opposed to being absorbed by Regal REIT directly.

[1] The estimated impact from the Base Rent Reallocations on the total distributions per Unit ("DPU") is approximately HK$0.002 per Unit or approximately 1.2% of the DPU of 2009.

In 2009, the weakened tourist arrival pattern, the increase in hotel room supply and the effects from the H1N1 pandemic, all hit the Hong Kong hotel market severely. As compared with 2008, the 2009 room occupancy rate in the Initial Hotels decreased by 7.5 percentage points. The drop in room occupancy at Regal Airport Hotel was caused by a reduction in demand from long haul overseas tourists and in the case of Regal Riverside Hotel, it added 280 new hotel rooms and raised its room inventory by approximately 33%. In December 2009, part of the available rooms in Regal Hongkong Hotel were temporarily taken out of the room inventory for a capital additions project that may last until June 2010.

In the fourth quarter of 2009, Regal Oriental Hotel and Regal Riverside Hotel, in particular, were able to benefit from the strong rebound in visitor arrivals from Mainland China. To offset the effects of the weakened hotel demand in Hong Kong, a volume strategy was implemented in the Initial Hotels and across all market segments. As expected, and although successful, this strategy negatively impacted the average room rates on Regal Hongkong Hotel and Regal Kowloon Hotel, both of which cater to higher price segments.

Despite all these factors, the Initial Hotels continued to receive good recognition awards from various trade partners. Regal Airport Hotel was recognized as "Best Airport Hotel in the World" by Business Traveller UK Magazine for two consecutive years since 2008 and "Best Airport Hotel in Asia-Pacific" awarded by Business Traveller Asia-Pacific Magazine and TTG Asia Media Pte Limited for several consecutive years since 2001 and 2005, respectively, as well as "Five Star Golden Diamond Award - Global Best Airport Hotel by Global Hotel Forum in 2009". Regal Palace, the Chinese restaurant in Regal Hongkong Hotel has been endorsed with the one-star Honour in the Michelin Guide on Hong Kong & Macau for two consecutive years since 2009 edition. Regal Riverside Hotel was also awarded "Best Convention & Exhibition Hotel in China" in the 9th China Hotel Forum & 2009 Annual Meeting of China Hotel Industry.

Following the completion of the second stage of the asset enhancement programme (the "AEP") at Regal Riverside Hotel on 26th June, 2009, 280 new Regal iClub rooms were added to its room inventory, which increased the total available rooms from 858 to 1,138. The AEP encompassing 50 guestrooms and a coffee shop/restaurant in Regal iClub Building was also completed and became operational in December 2009.

In 2009, capital additions projects for the Initial Hotels included the renovation of approximately 15,000 sq. ft. of dining area, the renewal of some of the engineering facilities and the conversion programmes in respect of 9 guestrooms and suites in the Regal Royale luxurious Club Floor on the 34th floor of Regal Hongkong Hotel and 51 deluxe Club Floor guestrooms located on the 12th floor of Regal Kowloon Hotel.

Financial Review

At 31st December, 2009, Regal REIT had loan facilities aggregating HK$4,711.0 million comprised of a term loan of HK$4,500.0 million secured by the Initial Hotels and a loan facility of HK$211.0 million secured by Regal iClub Building.

The term loan facility of HK$4,500.0 million secured by the Initial Hotels bears interest at a floating rate of 60 basis points above three-month Hong Kong Interbank Offered Rates ("HIBOR"). In order to hedge against the floating interest rate, Regal REIT, through its subsidiaries, entered into interest rate hedging arrangements for an aggregate notional principal amount of HK$4,350.0 million. Under such arrangements, the interest rates effectively borne by Regal REIT with regard to HK$4,350.0 million of the term loan are subject to a cap of 7.15% and a floor of 3.80% per annum to 18th January, 2012. The HK$150.0 million balance of this HK$4,500.0 million term loan is not hedged.

A loan agreement, secured by the Regal iClub Building, was entered into in October 2009 by a subsidiary of Regal REIT (as the borrower) for loan facilities aggregating HK$211.0 million comprised of a term loan of HK$141.0 million and a revolving credit facility of HK$70.0 million. The term loan was fully drawn down in October 2009 and is subject to eleven consecutive quarterly repayments of HK$1.5 million and a final repayment of HK$124.5 million at the end of the 12th quarter period. The revolving credit facility is for a term of 3 years. At 31st December, 2009, the outstanding balance of the term loan was HK$141.0 million and the revolving credit facility is currently not utilised.

At 31st December, 2009, the gearing ratio was 31.9%, being the gross amount of the outstanding loans of HK$4,641.0 million as compared to the total gross assets of Regal REIT of approximately HK$14,563.9 million, which is below the maximum 45% permitted under the Code on Real Estate Investment Trusts (the "REIT Code").

Regal REIT had a total of approximately HK$68.3 million in unrestricted and HK$56.5 million in restricted cash balances and bank deposits at 31st December, 2009 and, therefore, in the opinion of the Directors of the REIT Manager, has sufficient financial resources to satisfy its short and medium term financial commitments and working capital requirements.

At 31st December, 2009, Regal REIT's investment properties, with an aggregate carrying value of HK$14,290.0 million, were pledged to secure bank loan facilities granted to Regal REIT.

Hotel Industry Outlook

For the year 2010, it is expected that the hotel business environment in Hong Kong will gradually improve. The hotel market in Hong Kong has shown remarkable resilience over the years and is currently bouncing back from a disappointing 2009. The competitive position of Hong Kong as a tourism destination and commercial centre is strong and will continue to be strengthened through promulgated policies such as multiple entry permits for Shenzhen residents, the Individual Visit Schemes for major Mainland cities, CEPA VI and visa free entry for Russian citizens entering Hong Kong. Increased tourist business is also expected to be generated by the World Expo to be staged in Shanghai this year.

The Hong Kong SAR Government began expediting investment in major infrastructure projects in 2009. These include the Hong Kong-Zhuhai-Macao Bridge, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and Liantang/Heung Yuen Wai Boundary Control Point, all aimed at integrating Hong Kong with the Pearl River Delta economy and logistics circulation. It is anticipated that they will result in increased employment opportunities and economic growth.

With China's RMB 4 trillion stimulus plan initiated in early 2009, economic growth in China has been able to sustain and, indeed, create a positive impact on the demand for travel and lodging for transient visitors to Hong Kong for both leisure travel and business engagement purposes. All these positive effects are estimated to partially offset the increase in the overall room supply in Hong Kong and the future outlook of the hotel market in Hong Kong remains positive.

The growth in the middle class in Mainland China, the relaxation of travel restrictions and Macao's gaming and tourism attractions should also contribute to resilience in the tourism market and room demand in Hong Kong in the coming years.

Growth Strategy

The REIT Manager's primary strategy is to maintain and grow a strong and balanced investment portfolio of hotels and hospitality-related properties. The REIT Manager intends to achieve its objective of long-term growth in distributions and in the net asset value ("NAV") per Unit through a combination of pro-active asset management and selective acquisitions of additional hotels and hospitality-related properties that meet the REIT Manager's investment criteria.

Given the weak hotel demand in the region and overbuilding in key cities in Mainland China in recent years, the REIT Manager has taken a cautious and prudent attitude with regard to expansion in the near term. However, the REIT Manager continues to actively monitor target markets for opportunities, while remaining committed to the set investment criteria.

Net Asset Value

The NAV per Unit attributable to Unitholders amounted to HK$2.593 as at 31st December, 2009, as compared to HK$2.596 per Unit as at 31st December, 2008.

If the deferred tax liabilities provided in the consolidated financial statements with regard to the revaluation surplus of the investment properties are added back, the proforma NAV compiled on such basis would be HK$2.913 per Unit as at 31st December, 2009 (HK$2.903 per Unit as at 31st December, 2008).

Valuation of Investment Properties

As at 31st December, 2009, Regal REIT's investment property portfolio was valued at HK$14,290.0 million (including the Regal iClub Building acquired in October 2009), as compared with the valuation as at 31st December, 2008 of HK$13,490.0 million (including the value of AEP at Regal Riverside Hotel completed on 26th June, 2009).

The valuation of the portfolio of investment properties as at 31st December, 2009 was conducted by Colliers International (Hong Kong) Limited ("Colliers"). Colliers is the new principal valuer of Regal REIT appointed by the Trustee to succeed CB Richard Ellis Limited on its retirement pursuant to the provisions of the REIT Code.

Colliers, an independent professional property valuer, assessed the market values of the portfolio of investment properties subject to the lease agreements and the hotel management agreements and in accordance with the "HKIS Valuation Standards on Properties (First Edition 2005)", the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the REIT Code. Colliers used the discounted cash flow ("DCF") method based on key assumptions such as hotel room occupancies, hotel average room rates, terminal capitalisation rates and discount rates. The direct comparison method has been used as a check on the valuation arrived at from the DCF method.

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December, 2009

	Notes	2009 HK$'000	2008 HK$'000
Gross rental revenue	5	**763,408**	761,963
Property operating expenses		**(9,404)**	(11,924)
Net rental income		**754,004**	750,039
Other income	5	**329**	4,452
Fair value changes on investment properties	10	**271,982**	(3,133,715)
REIT Manager fees	6	**(70,801)**	(66,694)
Trust and other expenses		**(9,981)**	(12,836)
Fair value changes of derivative financial instruments		**8,951**	(23,920)
Net interest expense on derivative financial instruments		**(169)**	(22,558)
Finance costs – excluding distributions to Unitholders	7	**(176,967)**	(179,709)
Profit/(loss) before tax and distributions to Unitholders		**777,348**	(2,684,941)
Income tax credit/(expense)	8	**(151,698)**	534,770
Profit/(loss) for the year, before minority interest and distributions to Unitholders		**625,650**	(2,150,171)
Minority interest		**1,154**	–
Profit/(loss) for the year, before distributions to Unitholders		**626,804**	(2,150,171)
Finance costs – distributions to Unitholders		**(514,328)**	(511,441)
Profit/(loss) for the year, after distributions to Unitholders		**112,476**	(2,661,612)
Earnings/(loss) per Unit attributable to Unitholders			
Basic and diluted	9	**HK$0.197**	HK$(0.688)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2009

	2009	2008
	HK$'000	HK$'000
Profit/(loss) for the year, before minority interest and distributions to Unitholders	**625,650**	(2,150,171)
Other comprehensive income for the year:		
Cash flow hedges:		
Changes in fair values of cash flow hedges	**(134,407)**	(179,086)
Transfer from hedging reserve to income statement	**108,678**	30,801
	(25,729)	(148,285)
Total comprehensive income/(loss) for the year, before minority interest and distributions to Unitholders	**599,921**	(2,298,456)
Represented by:		
Unitholders	**601,075**	(2,298,456)
Minority interest	**(1,154)**	–
	599,921	(2,298,456)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties	10	**14,290,000**	13,020,000
Prepaid construction costs		**–**	430,000
Construction in progress		**–**	16,743
Goodwill		**5,940**	–
Deferred tax assets	15	**64,433**	116,455
Total non-current assets		**14,360,373**	13,583,198
Current assets			
Accounts receivable	11	**63,370**	96,144
Prepayments, deposits and other receivables		**2,496**	10,272
Tax recoverable		**12,855**	5,062
Restricted cash		**56,454**	47,673
Cash and cash equivalents		**68,305**	173,789
Total current assets		**203,480**	332,940
Total assets		**14,563,853**	13,916,138
Current liabilities			
Accounts payable	12	**7,595**	6,887
Deposits received		**5,855**	–
Other payables and accruals		**46,448**	57,370
Interest-bearing bank borrowings		**5,413**	–
Tax payable		**8,564**	–
Total current liabilities		**73,875**	64,257
Net current assets		**129,605**	268,683
Total assets less current liabilities		**14,489,978**	13,851,881
Non-current liabilities, excluding net assets			
Interest-bearing bank borrowings		**4,614,033**	4,321,866
Derivative financial instruments		**213,365**	196,587
Deposits received		**540**	–
Due to a related company		**64,429**	–
Deferred tax liabilities	15	**1,272,941**	1,176,651
Total non-current liabilities		**6,165,308**	5,695,104
Total liabilities, excluding net assets		**6,239,183**	5,759,361
Net assets		**8,324,670**	8,156,777
Represented by:			
Net assets attributable to Unitholders		**8,308,731**	8,156,777
Minority interest		**15,939**	–
		8,324,670	8,156,777
Number of Units in issue	13	**3,204,394,184**	3,142,196,102
Net asset value per Unit attributable to Unitholders	14	**HK$2.593**	HK$2.596

DISTRIBUTION STATEMENT
For the year ended 31st December, 2009

	Notes	2009 HK$'000	2008 HK$'000
Profit/(loss) for the year, before distributions to Unitholders		**626,804**	(2,150,171)
Adjustments:			
Difference in accounting Base Rent and actual contractual cash Base Rent		**30,660**	(21,310)
Amount set aside on account for the furniture, fixtures and equipment reserve		**(24,115)**	(29,011)
REIT Manager fees paid/payable in the form of Units		**65,207**	72,867
Amortisation of debt establishment costs		**8,311**	7,844
Fair value changes on investment properties		**(271,732)**	3,133,715
Fair value changes of derivative financial instruments		**(8,951)**	23,920
Deferred tax charge/(credit)		**131,982**	(535,924)
Distributable income for the year attributable to Unitholders	(a) & (b)	**558,166**	501,930
		HK$	HK$
Distribution per Unit:			
Interim	(a)	**0.085**	0.08300
Final	(b), (c) & (d)	**0.085**	0.08461
		0.170	0.16761

Notes:

(a) Pursuant to the Trust Deed, Regal REIT is required to ensure that the total amount distributed to Unitholders shall not be less than 90% of Regal REIT's total distributable income for each financial year. The current policy of the REIT Manager is to distribute to Unitholders the minimum amount of no less than 90% of Regal REIT's total distributable income for each financial year. The amount of any distribution for the interim period of each financial year is at the discretion of the REIT Manager. The REIT Manager resolved to make an interim distribution of HK$0.085 per Unit for the interim period ended 30th June, 2009, resulting in a total amount of interim distribution of approximately HK$258.3 million.

(b) Pursuant to the Trust Deed, the REIT Manager determines the date (the “Record Date”) in respect of each distribution period for the purpose of establishing Unitholder entitlements to distributions. The Record Date has been set as 10th May, 2010 in respect of the final distribution for the period from 1st July, 2009 to 31st December, 2009. The final distribution will be paid out to Unitholders on or about 20th May, 2010. The total amount of final distribution to be paid to Unitholders of approximately HK$274.3 million is arrived at based on the final distribution per Unit of HK$0.085 and the number of Units expected to be in issue at the Record Date that are entitled to distribution as detailed in note (c) below. The total amount of distribution to Unitholders for the year, being the total of the interim distribution of approximately HK$258.3 million and the final distribution of approximately HK$274.3 million, amounted to HK$532.6 million or approximately 95.4% of the total distributable income for the year.

(c) Pursuant to the distribution deed dated 2nd March, 2007, Great Prestige Investments Limited, a wholly-owned subsidiary of Regal Hotels International Holdings Limited (“RHIHL”), agreed to waive its distribution entitlements with respect to 373,134,326 Units held (the “AEP Units”) pending completion of the AEP at the relevant Initial Hotels. Following the completion and hand over of the 280 additional rooms in Regal Riverside Hotel to Regal REIT on 26th June, 2009, all AEP was completed and, accordingly, all AEP Units became entitled to any distributions for periods commencing from 1st July, 2009. The number of Units expected to be entitled to distribution for the period from 1st July, 2009 to 31st December, 2009 is calculated as follows:

	Number of Units
In issue as at 31st December, 2009	3,204,394,184
Issued on 29th January, 2010 to the REIT Manager for the REIT Manager Base Fees for November 2009	2,257,484
Issued on 26th February, 2010 to the REIT Manager for the REIT Manager Base Fees for December 2009	2,148,942
To be issued to the REIT Manager for the REIT Manager Variable Fees for the year ended 31st December, 2009	14,217,185
To be issued to the REIT Manager for the REIT Manager Base Fees for January 2010 and February 2010	3,908,643
Units expected to be in issue and entitled to distribution at the Record Date	3,226,926,438

The above calculation does not take into consideration any Units which may be repurchased and cancelled subsequent to the approval of the consolidated financial statements but before the Record Date.

(d) The final distribution of HK$0.085 per Unit for the period from 1st July, 2009 to 31st December, 2009, involving a total amount of final distribution of approximately HK$274.3 million, was resolved and declared by the REIT Manager on 18th March, 2010. Accordingly, the distribution is not reflected as a distribution payable in the consolidated financial statements and will be reflected in the consolidated financial statements for the year ending 31st December, 2010. The final distribution for the period from 1st July, 2008 to 31st December, 2008 of approximately HK$256.0 million was included in the amount of distributions paid during the year as reported in the current year’s consolidated financial statements.

Notes to Consolidated Financial Statements:

1. GENERAL

Regal REIT is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its Units were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30th March, 2007. Regal REIT is governed by the trust deed dated 11th December, 2006 (as amended by first supplemental deed dated 2nd March, 2007, second supplemental deed dated 15th May, 2008 and third supplemental deed dated 8th May, 2009) constituting Regal REIT (the "Trust Deed") and the REIT Code.

The principal activity of Regal REIT and its subsidiaries (collectively, the "Group") is to own and invest in income-producing hotels, hospitality-related properties and other commercial properties with the objectives of producing stable and growing distributions to Unitholders and to achieve long-term growth in the NAV per Unit attributable to Unitholders.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the REIT Code. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair values. These consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of Regal REIT.

The basis of preparation and accounting policies adopted in the financial statements are consistent with these adopted in the Group's annual financial statements for the year ended 31st December, 2008 except for the new adoption of the new and revised HKFRSs as disclosed in note 3 below.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year consolidated financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*
HK(IFRIC) – Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC) – Int 18	*Transfers of Assets from Customers* (adopted from 1st July, 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009)

Other than as further explained below, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements. The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments based on information about the components of the entity that is available to the chief operating decision-maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. In prior years, as all of the Group's operations are located and carried out in Hong Kong, and the sole principal activity of the Group is investing in hotel properties, no segment information by business and geographical segment was presented under HKAS 14. In the current year, the Group adopted HKFRS 8 and the segment information is set out in the financial statements.

(c) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The statement of changes in net assets includes only details of transactions with owners, with all non-owner changes in net assets being presented as a single line. In addition, this standard also introduces the statement of comprehensive income, with all items of profit or loss being recognised in the income statement, together with all other items of recognised income and expense being recognised directly in the statement of changes in net assets, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(d) Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. The HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. The Group has considered that the amendments have no material impact to the accounting treatment for the Units issued to Unitholders as the components of the Units that would be classified as equity is insignificant. Accordingly, the Units continue to be classified as financial liabilities, representing the obligation of Regal REIT to distribute no less than 90% of its distributable income to Unitholders.

(e) In October 2008, HKICPA issued its first *Improvements to HKFRSs* which sets out amendments to a number of HKFRSs. Except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary* which is effective for annual periods beginning on or after 1st July, 2009, the Group adopted all the amendments from 1st January, 2009. Other than the amendments to HKAS 40 *Investment Property*, none of these remaining amendments has had a significant financial impact to the Group.

HKAS 40 revises the scope such that property being constructed or developed for future as an investment property is classified as an investment property. The Group has applied the amendment prospectively from 1st January, 2009. The Group's accounting policy for investment properties is to subsequently state them at fair value with changes in fair values recognised in the income statement. As a result of the amendment, an investment property under construction is carried at fair value at the earlier of when the fair value first becomes reliably determinable and when the construction of the property is completed.

As a result of the adoption of this amendment, the Group reclassified construction in progress of HK$16,743,000 into investment properties. No gain or loss on fair value changes is recognised relating to these properties during the year.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements:

HKFRS 1 (Revised)	*First-time Adoption of HKFRSs* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs – Additional Exemptions for First-time Adopters* [2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [1]
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16 are effective for annual periods beginning on or after 1st July, 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1st January, 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1st July, 2009

2 Effective for annual periods beginning on or after 1st January, 2010

3 Effective for annual periods beginning on or after 1st February, 2010

4 Effective for annual periods beginning on or after 1st July, 2010

5 Effective for annual periods beginning on or after 1st January, 2011

6 Effective for annual periods beginning on or after 1st January, 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

Operating segments of the Group are identified on the basis of internal reports about the components of the Group which are regularly reviewed by the Group's chief operating decision-maker to make decisions about resources to be allocated to segments and assess their performance. Information reported to the Group's chief operating decision-maker, for the above-mentioned purposes, are mainly focused on the segment results related to the nature of investment properties, namely, the hotel properties and the mixed use property. For management purposes, the two reportable operating segments are (i) the hotel properties segment which invests in the Initial Hotels; and (ii) the mixed use property segment which invests in the Regal iClub Building.

During the year ended 31st December, 2008, all of the Group's investment properties were hotel properties which were belonged to the hotel properties segment. Segment results for the year ended 31st December, 2008 represented net rental income for the year.

The operating segments of the Group for the year ended 31st December, 2009 are as follows:

	Hotel Properties HK$'000	**Mixed Use Property HK$'000**	**Total HK$'000**
Segment revenue			
Gross rental revenue from lessees	758,698	4,710	763,408
Segment results	749,379	4,625	754,004
Fair value changes on investment properties	270,982	1,000	271,982
Bank interest income			329
REIT Manager fees			(70,801)
Trust and other expenses			(9,981)
Fair value changes of derivative financial instruments			8,951
Net interest expense on derivative financial instruments			(169)
Finance costs – excluding distributions to Unitholders			(176,967)
Profit before tax and distributions to Unitholders			777,348

Segment assets and liabilities

For the purpose of performance assessment, fair values of investment properties are reviewed by the Group's chief operating decision-maker.

As at 31st December, 2009, the aggregate fair values of investment properties in the hotel properties segment and the mixed use property segment were HK$13,810,000,000 (2008: HK$13,020,000,000) and HK$480,000,000 (2008: Nil), respectively.

Saved as set out above, no other assets and liabilities are included in the measure of the Group's segment reporting.

Other segment information

	Year ended 31st December, 2009		
	Hotel Properties HK$'000	Mixed Use Property HK$'000	Total HK$'000
Capital expenditure*	519,018	479,000	998,018

	Year ended 31st December, 2008		
	Hotel Properties HK$'000	Mixed Use Property HK$'000	Total HK$'000
Capital expenditure*	90,458	–	90,458

* Capital expenditure consists of additions to construction in progress, investment properties including additions from the business combination.

Information about a major customer

Revenue of approximately HK$758,698,000 (2008: HK$761,963,000) was derived from lease of the hotel properties to a single lessee.

Geographical information

The Group's investment properties are all located in Hong Kong.

5. GROSS RENTAL REVENUE AND OTHER INCOME

	Notes	**2009** **HK$'000**	2008 HK$'000
Gross rental revenue			
Rental income			
– Initial Hotels	(a)	**727,171**	723,198
– Regal iClub Building	(b)	**4,710**	–
Other rental-related income	(c)	**24,115**	29,011
Other		**7,412**	9,754
		763,408	761,963
Other income			
Bank interest income		**329**	4,452

Notes:

(a) An analysis of the rental income is as follows:

	2009 **HK$'000**	2008 HK$'000
Base Rent:		
Cash Base Rent	**750,000**	700,000
Cash Additional Base Rent	**7,831**	1,888
Difference in accounting Base Rent and actual contractual cash Base Rent	**(30,660)**	21,310
	727,171	723,198

No Variable Rent was earned in the years ended 31st December, 2008 and 31st December, 2009.

(b) Under the terms of the lease agreement with the lessee with respect to the Regal iClub Building, a subsidiary of Regal REIT receives from the lessee a rent of HK$2 million per calendar month (excluding management expenses, rates, government rent and other sums payable by the lessee under the lease agreement) until 31st December, 2010.

(c) Other rental-related income represents contributions to the furniture, fixtures and equipment reserve (the "FF&E Reserve") which is received from the lessee of the Initial Hotels in accordance with the terms of the lease agreements. The FF&E Reserve contributions are for additions to and replacements of furniture, fixtures and equipment for the Initial Hotels.

6. REIT MANAGER FEES

	2009	2008
	HK$'000	HK$'000
Base Fees:		
In the form of Units	**41,749**	50,940
In the form of cash	**1,943**	(6,839)
Variable Fees:		
In the form of Units	**23,458**	21,927
In the form of cash	**141**	666
Acquisition Fee:		
In the form of cash	**3,510**	–
	70,801	66,694

Total REIT Manager Fees:		
In the form of Units	**65,207**	72,867
In the form of cash	**5,594**	(6,173)
	70,801	66,694

During the year, REIT Manager fees of approximately HK$34.8 million (2008: HK$42.5 million) were settled by 29,729,318 Units (2008: 28,222,178 Units). REIT Manager fees of approximately HK$30.4 million (2008: HK$30.4 million), comprising Base Fees for November 2009 and December 2009 and Variable Fees for the year ended 31st December, 2009, are to be settled in Units subsequent to the end of the reporting period in accordance with the terms of the Trust Deed.

7. FINANCE COSTS – EXCLUDING DISTRIBUTIONS TO UNITHOLDERS

	2009	2008
	HK$'000	HK$'000
Interest expenses on interest-bearing bank borrowings repayable within five years	**59,627**	147,467
Fair value changes of derivative financial instruments - cash flow hedge (transfer from hedging reserve)	**108,678**	23,792
Amortisation of debt establishment costs	**8,340**	7,844
Loan commitment fees	**92**	376
Loan agency fee	**230**	230
	176,967	179,709

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2009	2008
	HK$'000	HK$'000
Charge for the year	**17,832**	1,154
Deferred	**133,866**	(535,924)
Total tax charge/(credit) for the year	**151,698**	(534,770)

9. EARNINGS/(LOSS) PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The calculation of the basic earnings per Unit attributable to Unitholders is based on the profit for the year before distributions to Unitholders of approximately HK$626,804,000 (2008: loss of HK$2,150,171,000) and the weighted average of 3,178,410,420 Units (2008: 3,126,064,726 Units) in issue during the year. The basic earnings per Unit attributable to Unitholders for the year amounted to HK$0.197 (2008: basic loss per Unit of HK$0.688).

The diluted earnings/(loss) per Unit attributable to Unitholders is the same as the basic earnings/(loss) per Unit attributable to Unitholders as there were no dilutive instruments in issue during the year.

10. INVESTMENT PROPERTIES

	Completed	**Properties under renovation**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
At 1st January, 2008	16,080,000	–	16,080,000
Fair value changes	(3,133,715)	–	(3,133,715)
Capital expenditure for the year	73,715	–	73,715
At 31st December, 2008 and 1st January, 2009	13,020,000	–	13,020,000
Transfers from construction in progress upon adoption of the Amendment to HKAS 40 *Investment Property*	–	16,743	16,743
Additions through a business combination	404,000	–	404,000
Fair value changes	271,982	–	271,982
Transfers from prepaid construction costs	505,000	–	505,000
Capital expenditure for the year	54,979	17,296	72,275
Transfers upon completion of construction	34,039	(34,039)	–
At 31st December, 2009	14,290,000	–	14,290,000

The Group's investment properties were valued on 31st December, 2009 by Colliers, an independent professionally qualified valuer and the principal valuer of Regal REIT, at HK$14,290,000,000 on an open market value, existing use basis.

11. ACCOUNTS RECEIVABLE

	2009	2008
	HK$'000	HK$'000
Difference in accounting Base Rent and actual contractual cash Base Rent	**60,660**	91,320
Cash Additional Base Rent receivables	**–**	1,888
FF&E Reserve contribution receivables	**2,710**	2,936
	63,370	96,144

The difference in accounting Base Rent and actual contractual cash Base Rent is recognised as revenue in the income statement on the straight-line basis over the lease term.

The cash Additional Base Rent receivables and FF&E Reserve contribution receivables represent amounts due from a related company. The amounts are unsecured and repayable within one year in accordance with the terms of the respective agreements.

The Group's accounts receivable are neither past due nor impaired and are due from a related company which has no recent history of default.

12. ACCOUNTS PAYABLE

The accounts payable represents amounts due to related companies which are unsecured, interest-free and repayable on demand.

13. NUMBER OF UNITS IN ISSUE

	Number of Units	
	2009	2008
Units in issue:		
At beginning of the year	**3,142,196,102**	3,115,512,324
REIT Manager fees paid in the form of Units	**62,198,082**	40,075,778
	3,204,394,184	3,155,588,102
Units repurchased	**–**	(13,392,000)
At the end of the year	**3,204,394,184**	3,142,196,102

14. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per Unit attributable to Unitholders is calculated by dividing the net assets attributable to Unitholders as at 31st December, 2009 of approximately HK$8,308,731,000 (2008: HK$ 8,156,777,000) by the number of Units in issue of 3,204,394,184 (2008: 3,142,196,102) as at that date.

15. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year were as follows:

	Depreciation allowances in excess of related depreciation HK$'000	**Fair value adjustments arising from revaluations of investment properties HK$'000**	**Losses available for offsetting against future taxable profits HK$'000**	**Total HK$'000**
Gross deferred tax assets/ (liabilities) at 1st January, 2008	(166,547)	(1,571,707)	142,134	(1,596,120)
Deferred tax credited/(charged) to the income statement during the year	(13,455)	606,875	(57,496)	535,924
Gross deferred tax assets/ (liabilities) at 31st December, 2008 and 1st January, 2009	(180,002)	(964,832)	84,638	(1,060,196)
Additions through a business combination	(2,466)	(22,110)	10,130	(14,446)
Deferred tax charged to the income statement during the year	(59,528)	(44,877)	(29,461)	(133,866)
Gross deferred tax assets/ (liabilities) at 31st December, 2009	(241,996)	(1,031,819)	65,307	(1,208,508)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2009 HK$'000	2008 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**64,433**	116,455
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,272,941)**	(1,176,651)
	(1,208,508)	(1,060,196)

The deferred tax liabilities and assets set out above primarily relate to the deferred tax calculated on the revaluation surplus/deficit on the investment properties in accordance with HKAS 12 *Income Tax*. However, based on the current tax legislation in Hong Kong, no capital gains tax is payable upon disposal of the investment properties.

16. BUSINESS COMBINATION

On 20th October, 2009, Regal REIT acquired 75% of the total issued share capital (the "Acquisition") of Twentyfold Investments Limited ("Twentyfold") for a total consideration of approximately HK$198.0 million from Paliburg Development BVI Holdings Limited (the "Vendor"), a wholly-owned subsidiary of PHL. Twentyfold together with its subsidiary (the "Twentyfold Group") holds the Regal iClub Building. Pursuant to the sale and purchase agreement, Regal REIT (at the direction of the REIT Manager) shall, at its own discretion, have the option to purchase the remaining 25% of the issued share capital of Twentyfold. The consideration shall be equal to 25% of the adjusted net asset value (subject to certain agreed adjustments) of the Twentyfold Group.

In addition, the Vendor undertook to complete, at its cost, the asset enhancement programme to convert part of the property to include a hotel and a coffee shop/restaurant on the ground floor (the "PHL AEP") for a consideration of HK$75.0 million. PHL guaranteed this obligation on AEP to Regal REIT.

The fair values of the identifiable assets and liabilities of the Twentyfold Group at the date of completion of the Acquisition are summarised as follows:

	HK$'000
Investment properties	404,000
Prepaid construction costs for the PHL AEP	75,000
Current assets	3,384
Other current liabilities	(1,504)
Other non-current liabilities	(401)
Due to a related company	(46,929)
Deferred tax liabilities	(14,446)
Interest-bearing bank borrowings	(209,945)
Minority interest	(17,093)
	192,066
Goodwill on Acquisition	5,940
Total cost of the Acquisition	198,006

The above acquisition cost was satisfied by cash and included the assumption of 75% of a shareholder's loan due to a related company in the amount of approximately HK$140,786,000 upon completion of the Acquisition together with costs directly attributable to the Acquisition of approximately HK$3,355,000.

EMPLOYEES

Regal REIT is managed by the REIT Manager and the Trustee. By contracting out such services, Regal REIT does not employ any staff in its own right.

NEW UNITS ISSUED

Save for the 62,198,082 new Units allotted and issued to the REIT Manager in payment of base fees and variable fees, no further new Units have been issued during the year.

REPURCHASE, SALE OR REDEMPTION OF UNITS

There were no repurchases, sales or redemptions of Units during the year.

PUBLIC FLOAT

As at 31st December, 2009, based on the information that is publicly available to the REIT Manager and as reported to the Directors of the REIT Manager, more than 25% of the issued and outstanding Units were held by independent public Unitholders.

CORPORATE GOVERNANCE

The REIT Manager has adopted a compliance manual (the "Compliance Manual") which sets out the key processes, systems and policies and procedures to guide operations, and, thereby, set a high standard of corporate governance to ensure the relevant regulations and legislation are adhered to.

For the year ended 31st December, 2009, Regal REIT and the REIT Manager have complied with the provisions of the Compliance Manual.

REVIEW OF RESULTS

The Disclosure Committee and the Audit Committee of the REIT Manager have reviewed Regal REIT's consolidated financial statements for the year ended 31st December, 2009, including the accounting principles and practices adopted by Regal REIT, in conjunction with the external auditors of Regal REIT.

ISSUANCE OF ANNUAL REPORT

The Annual Report of Regal REIT for the year ended 31st December, 2009 is expected to be despatched to Unitholders on or about 1st April, 2010.

ANNUAL GENERAL MEETING

An Annual General Meeting of Regal REIT will be convened on Monday, 10th May, 2010. The Notice of the Annual General Meeting will be published and sent to the Unitholders, together with the 2009 Annual Report of Regal REIT, in due course.

By order of the Board
Regal Portfolio Management Limited
as manager of Regal Real Estate Investment Trust
LO Yuk Sui
Chairman

Hong Kong, 18th March, 2010

As at the date of this announcement, the Board of the REIT Manager comprises Mr. LO Yuk Sui as Chairman and Non-executive Director; Mr. Francis CHIU and Mr. Eric MAN Wai Kong as Executive Directors; Mr. Donald FAN Tung, Mr. Jimmy LO Chun To and Mr. Kai Ole RINGENSON as Non-executive Directors; and Mr. John William CRAWFORD, JP, Mr. Alvin Leslie LAM Kwing Wai and Hon. Abraham SHEK Lai Him, SBS, JP as Independent Non-executive Directors.