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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



**CONNECTED PARTY TRANSACTION —
HOTEL MANAGEMENT AGREEMENT**

Reference is made to the announcement dated 10 December 2010 in which the Board announced, among other things, that the PHL Lease would expire on 31 December 2010 and that the REIT Manager was in the process of negotiating the terms of a new hotel management agreement to be entered into with the Hotel Manager, being Regal Hotels International Limited.

The Board is pleased to announce that, on 23 December 2010, the Owner (a 75% owned subsidiary of Regal REIT) has entered into the Hotel Management Agreement with the Hotel Manager in respect of the management of the business of the Hotel, operating under the name of Regal iClub Hotel.

The Hotel Manager is entitled to payment by the Owner of a hotel management fee comprising of (a) a base fee which is equal to 2% of Gross Revenues, with respect to each Fiscal Year of the Operating Term, and (b) an incentive fee which is equal to 5% of the excess of the Gross Operating Profit over (1) the base fee and (2) the Fixed Charges, with respect to each Fiscal Year of the Operating Term.

Pursuant to 8.9 of the REIT Code, as the aggregate amount of the hotel management fees and marketing fees payable under the Hotel Management Agreement will be less than 5% of the latest net asset value of Regal REIT (as disclosed in the latest published audited accounts of Regal REIT), the connected party transaction contemplated under the Hotel Management Agreement is only subject to the reporting and announcement requirements but exempt from the Unitholders' approval requirements under Chapters 8 and 10 of the REIT Code.

THE TRANSACTION

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A. KEY TERMS OF THE HOTEL MANAGEMENT AGREEMENT

1. General

The Owner has entered into the Hotel Management Agreement with the Hotel Manager in respect of the management of the business of the Hotel. Pursuant to this agreement, the Hotel Manager will be engaged to act as the exclusive operator and manager for the Hotel to supervise, direct and control the management, operation and promotion of the business of the Hotel.

2. Operating Term

The term of the appointment of the Hotel Manager is 10 years, from 1 January 2011 to 31 December 2020.

In addition, if the Hotel Manager fails to meet the Performance Test in any two consecutive Fiscal Years during the Operating Term commencing from the first Fiscal Year, the Owner shall have the right to terminate the Hotel Management Agreement by giving at least three months' written notice.

In assessing whether the Performance Test is achieved in a Fiscal Year, the threshold of 80% of the approved Gross Operating Profit shall be reduced proportionately by reference to the number of day(s) on which certain events occurred, and these include epidemics, pandemics or other infectious diseases, force majeure and the Owner itself being in default of material obligations. The Hotel Manager however has one chance to cure the non-performance by paying to the Owner an amount equal to the difference between: (a) the actual Gross Operating Profit of each of the two Fiscal Years and (b) 80% of the Gross Operating Profit in the approved operating budgets for each of the corresponding Fiscal Years before the expiry of the three months' notice period.

3. Operation of the Hotel

The Hotel Manager is required under the Hotel Management Agreement to operate the Hotel solely under the "Regal iClub Hotel" brand name and to act in good faith, to exercise due care and diligence and with full control and discretion, to operate, manage and promote the business of the Hotel, to provide all services lawfully or properly provided by a hotel of comparable standard as the Hotel and to act in the best interests of the Owner with a view to optimizing profit of the Hotel.

All hotel employees are to be employees of the Hotel Manager, and it has sole discretion and authority in the selection and employment of all hotel employees necessary for the proper operation of the Hotel. However, the Hotel Manager shall obtain the Owner's approval (which shall not be unreasonably withheld) prior to selecting and employing the general manager and the financial controller of the Hotel. All costs and expenses shall form part of the Hotel Operating Expenses.

The Hotel Manager is also required to maintain all licences (other than the hotel licence and some other licences set out in paragraph A.12 below) in respect of the operation and management of the Hotel.

The Hotel Manager is required to submit to the Owner an annual operating budget for the Owner's approval. If any part of the operating budget cannot be agreed by the Owner and the Hotel Manager, the items in dispute shall be referred to an independent expert for resolution and such resolution shall be final and binding upon the Owner and the Hotel Manager. The Hotel Manager shall operate the Hotel in accordance with the approved operating budget and shall not deviate materially from the approved operating budget without the Owner's prior written consent.

4. Hotel Management Fee

The Hotel Manager is entitled to payment by the Owner of a hotel management fee comprising of:

- (a) a base fee which is equal to 2% of Gross Revenues, with respect to each Fiscal Year of the Operating Term; and
- (b) an incentive fee which is equal to 5% of the excess of the Gross Operating Profit over (1) the base fee and (2) the Fixed Charges, with respect to each Fiscal Year of the Operating Term.

At all times during the Operating Term, the management fee is to be paid monthly in arrears.

5. Marketing Fee and Reimbursable Marketing Expenses

The Hotel Manager is entitled to charge a marketing fee at no more than 1% of the Total Hotel Revenue for each Fiscal Year for the purposes of participating in national and international advertising and mandatory corporate marketing programs approved by the Owner in the operating budget. The Hotel Manager is also entitled to produce promotions and participate in trade shows and other sales activities for the Hotel and all such costs (which are budgeted for and approved) shall be reimbursed to the Hotel Manager.

6. Routine Repairs and Maintenance

Routine repairs and maintenance are to be carried out by the Hotel Manager in accordance with an annual repairs and maintenance estimate to be approved by the Owner. The structural maintenance and repair of the Hotel shall be the responsibility of the Hotel Manager and the costs shall form part of the Hotel Operating Expenses for the Hotel.

7. Furniture, Fixtures and Equipment Reserve

The Owner is required to maintain the FF&E Reserve which is to be contributed monthly in an amount equivalent to 2% of the Total Hotel Revenue for the preceding calendar month as set out in the Profit and Loss Statement. The contribution to FF&E Reserve will be adjusted annually after the receipt by the Owner of the applicable Audited Report. On or before 31 October in each Fiscal Year, the Hotel Manager shall submit to the Owner for approval, a proposed estimate of expenditure for the ensuing year for the necessary additions to and replacement of the Hotel's FF&E.

The Hotel Manager may, in accordance with an FF&E budget approved by the Owner, withdraw money from the FF&E Reserve to pay for additions to, and replacement of the FF&E. The final decision as to whether or not to approve the FF&E budget shall be made by the Owner.

Failure of the Owner to disapprove shall be deemed to constitute its approval. In the event the aggregate estimates proposed in respect of the Hotel shall exceed the aggregate accumulated balance of all the FF&E Reserves of the Hotel, the final decision as to whether or not to approve the FF&E budget shall be made by the Owner.

Any amount remaining in the FF&E Reserve at the close of each Fiscal Year shall be carried forward and be retained in the FF&E Reserve for the subsequent Fiscal Year(s), but shall not be taken into account when calculating the contribution to the FF&E Reserve for the subsequent Fiscal Year(s).

8. Capital Additions

The Hotel Manager is required to submit a budget in respect of planned capital expenditure for the Owner's approval. The final decision as to whether or not to approve the capital budget or any changes thereto shall be made by the Owner.

Once approved, the Hotel Manager shall carry out Capital Additions in accordance with the approval of the Owner as to the design, construction standard, and other material aspects of the proposed capital alterations or additions. All costs relating to Capital Additions required to conform with legal requirements shall be borne by the Owner. All other costs and expenses of Capital Additions shall be borne by the Owner in the manner agreed from its own funds and shall not be paid from the Hotel Operating Expenses or from the FF&E Reserve.

9. Insurances

The Owner is required to maintain property insurance on the Hotel including all FF&E and the Operating Equipment at not less than 100% of replacement costs. The Owner is also required to maintain business interruption insurance covering loss of profit for the Owner for a minimum period of 12 months resulting from interruption or cessation of operation of the Hotel. The insurance premiums are treated as the Hotel Operating Expenses.

The Hotel Manager is required to maintain third party liability insurance and other insurances against items like theft or damage to guests' properties with a combined single limit for each occurrence of not less than HK\$100,000,000 as well as workman compensation insurance, employers' liability insurance, insurances required by law and other insurances as the Hotel Manager shall deem necessary. The insurance premiums are treated as Hotel Operating Expenses. The Owner will be included as an additional insured.

If the Hotel Manager or the Owner hires an outside contractor for any repair or maintenance work for the Hotel, the Hotel Manager or the Owner shall provide comprehensive general liability insurance insuring the contractor for the work being done. The Hotel Manager or the Owner will be included as an additional insured.

All insurance proceeds in respect of property damage shall be deposited into a bank account of the Owner, operated by the joint signatories designated by the Owner and the Hotel Manager. All monies withdrawn from such accounts shall be applied for repairs or replacement of the Hotel, together with replacing any FF&E and operating equipment.

The Owner assumes all risks in connection with the adequacy of all insurance policies and all loss and damages in excess of the insurance coverage. The Hotel Manager shall be released from all claims and liabilities arising out of any damages or destruction of the Hotel save for loss or damages caused by default, wilful misconduct, fraud, or negligence of the Hotel Manager or its associated companies.

10. Brand Name

The Hotel Manager is required to maintain and to operate the Hotel under the "Regal iClub Hotel" brand name.

11. Default and Termination

Upon the occurrence of certain events, the non-defaulting party may terminate the Hotel Management Agreement by giving three months' written notice. Such events include: (i) failure of the Hotel Manager to operate the Hotel in accordance with the prescribed operating standards; and (ii) failure to perform any other covenant which has a material adverse impact on the operation of the Hotel or the rights or duties of the parties under the Hotel Management Agreement and not cured within 30 days after a written notice giving particulars of the breach is received by the defaulting party.

Upon the occurrence of certain events, the non-defaulting party may terminate the Hotel Management Agreement immediately by serving a written notice of termination. Such events include: (i) failure by the Owner or the Hotel Manager to pay sums due for over 30 days; (ii) bankruptcy, insolvency, a petition for reorganization, appointment of a receiver or entering into of a judgment for bankruptcy against either the Owner or the Hotel Manager; (iii) any party to the Hotel Management Agreement ceasing to carry on business; and (iv) any change in the shareholding of the Hotel Manager which would result in the Hotel Manager ceasing to be a member of the Regal Group (unless as a result of reorganization of the Regal Group, a member of the Regal Group becomes listed on The Stock Exchange of Hong Kong Limited and the Hotel Manager becomes a member of a group controlled by such listed company and Regal retains not less than 30% of such listed company).

12. Owner Obligation to Maintain Hotel Licence and Other Licences

The Owner is required to maintain and renew a licence under the Hotel and Guesthouse Accommodation Ordinance (Chapter 349 of the Laws of Hong Kong) and other licences (including a general restaurant licence) to enable the Owner or the Hotel Manager to operate a hotel business at the Hotel. However, the Owner shall not be liable for any failure to renew such licences unless the failure is caused by the default of the Owner. All costs and expenses in relation to the maintenance and renewal for such licences shall be treated as Hotel Operating Expenses save and except any such costs and expenses which constitute Capital Additions shall be borne by the Owner. The Hotel Manager shall comply with all the conditions under the licence as may be imposed by the relevant licensing authority from time to time and shall keep the Owner indemnified in respect of any breach of the conditions and associated liabilities caused by the default of the Hotel Manager.

13. Modification to the Hotel Management Agreement

Any modification to the Hotel Management Agreement shall only be valid if signed by both the Owner and the Hotel Manager.

B. REASONS FOR ENTERING INTO THE HOTEL MANAGEMENT AGREEMENT

The REIT Manager considered the following key considerations in its decision to procure the Owner to enter into the Hotel Management Agreement with the Hotel Manager instead of renewing the PHL Lease or negotiating with a new operator or hotel manager:

- (a) **Economies of Scale and Operating Efficiency:** It would not be cost-efficient for Regal REIT to deal with more than one “branded operator”, as Regal REIT may not be able to benefit from the economies of scale and operational efficiency with the five hotels already in its property portfolio. In view of the additional costs involved, the REIT Manager considers that a direct hotel management agreement with the Hotel Manager is the more cost-efficient option;
- (b) **Proportion of Room Inventory:** The relatively smaller scale of the Hotel (as a 99-room hotel) as compared with the portfolio of 3,929 rooms (i.e. just 2.52% of the total rooms inventory carried by Regal REIT) suggests against the conduct of lease operations as compared with the five hotels already in Regal REIT’s property portfolio;
- (c) **Upside Potential Retained, with Positive Business Outlook:** The REIT Manager notes that the location of the Hotel is in the proximity of the Hong Kong Convention and Exhibition Center, and that there is projected growing number of MICE (Meetings, Incentives, Conferences, and Exhibitions) market visitors to Hong Kong, together with an increasing number of PRC visitors coming to Hong Kong through the Individual Visit Scheme. As such, the REIT Manager considers that Regal REIT would be in a better position to gain the benefit of any potential upside profit and potential increase in average daily rate in future years if the Hotel is under the management of the hotel management agreement signed directly with the Hotel Manager; and
- (d) **Branding and Acceptance:** The Hotel has been branded as “Regal iClub” since December 2009 at the time of its trial run, then operating as a 50-room hotel. Regal iClub is a relatively young and chic brand in the process of being developed and targeted at a specific market segment and clientele. The REIT Manager considers that switching to a new brand or new lease for the expanded 99-room hotel to a new operator or new lessee could potentially confuse its clientele and the market, and would therefore not be in the interest of Regal REIT.

C. OPINION OF THE BOARD

The Board (including all independent non-executive directors of the REIT Manager) confirms that (a) the Hotel Management Agreement has been entered into in the ordinary and usual course of business of the Owner, and on terms which are normal commercial terms and are fair and reasonable and in the interests of the Unitholders as a whole, and (b) no Unitholder approval is required to approve the transactions contemplated under the Hotel Management Agreement.

D. TRUSTEE'S OPINION

After taking into consideration the reasons for, terms of and other information provided to the Trustee by the REIT Manager in relation to the Hotel Management Agreement, the Trustee confirms that the Hotel Management Agreement complies with the relevant provisions under the Trust Deed and is consistent with Regal REIT's established investment policy and has given its consent for the REIT Manager to proceed with the Hotel Management Agreement. The Trustee further confirms that no Unitholder approval is required to approve the transactions contemplated under the Hotel Management Agreement.

E. IMPLICATIONS UNDER THE REIT CODE

Under 8.1 of the REIT Code, connected persons of Regal REIT include, amongst others, a significant holder (that is, a holder of 10% or more of the outstanding Units) and its controlling entities, holding companies, subsidiaries or associated companies. As at the date of this Announcement, the Hotel Manager is a wholly-owned subsidiary of Regal, a significant Unitholder of Regal REIT holding approximately 74.41% of the outstanding Units. Therefore, the Hotel Manager is regarded as a connected person of Regal REIT under the REIT Code. The Hotel Management Agreement constitutes a connected party transaction for Regal REIT. Pursuant to 8.9 of the REIT Code, as the aggregate amount of the hotel management fees and marketing fees payable under the Hotel Management Agreement will be less than 5% of the latest net asset value of the Regal REIT (as disclosed in the latest published audited accounts of Regal REIT), the connected party transaction contemplated under the Hotel Management Agreement is only subject to the reporting and announcement requirements but exempt from the Unitholders' approval requirements under Chapters 8 and 10 of the REIT Code. Regal REIT will comply with all reporting and disclosure requirements applicable to the Hotel Management Agreement under the REIT Code, and will also disclose particulars of the connected party transactions and include a summary disclosure of the total value of the connected party transactions, their nature and the identities of the connected parties in Regal REIT's next published semi-annual and annual reports, as required by 8.14, 8.15 and 8.16 of the REIT Code.

In addition, Regal REIT will notify the Unitholders by way of an announcement (subject to other reporting and Unitholder approval requirements under the REIT Code, if applicable) if and when there is any material variation or modification of the Hotel Management Agreement.

In view of the fact that certain directors of the Hotel Manager are also members of the board of the REIT Manager, the REIT Manager will take steps to ensure compliance at all times with the provisions of the REIT Code, the Trust Deed and the compliance manual of Regal REIT relating to corporate governance and avoidance of conflict of interest in connection with the deliberations and decisions of the board in relation to the Hotel Management Agreement and the on-going implementation of the terms thereof.

The auditors of Regal REIT are required to perform certain review procedures, on an annual basis at the end of each financial year, in respect of all connected party transactions of Regal REIT for the relevant financial period. Such auditors' review procedures will apply to the connected party transactions entered into in connection with the Hotel Management Agreement. For details of the auditors' review procedures, please refer to the section headed "Structure and Management — Connected Party Transactions — Waivers for Certain Transactions and Persons — Waiver Conditions — (vi) Auditors' review procedures" in the Offering Circular.

The independent non-executive directors of the REIT Manager are required to review the connected party transactions of the Regal REIT annually and give their confirmation in Regal REIT's annual report for the relevant financial period. This review will apply to the connected party transactions entered into in connection with the Hotel Management Agreement. For details of the review by the independent non-executive directors, please refer to the section headed "Structure and Management — Connected Party Transactions — Waivers for Certain Transactions and Persons — Waiver Conditions — (vii) Review by the INEDs" in the Offering Circular.

F. INFORMATION ON REGAL REIT, REGAL AND THE HOTEL MANAGER

Regal REIT

Regal REIT is a collective investment scheme authorised by the Securities and Futures Commission and listed on the Main Board of The Stock Exchange of Hong Kong Limited. Regal REIT is a real estate investment trust with DB Trustees (Hong Kong) Limited as its trustee. It invests primarily in real estate that wholly or primarily comprises hotel or other hospitality-related properties and uses the income arising from such properties to provide stable returns to its Unitholders. As at 30 June

2010, the value of Regal REIT's total investment property portfolio was approximately HK\$14,435 million. As at the date of this Announcement, Regal REIT owns a total of 6 properties (five wholly-owned and one majority-owned) which are located across different districts in Hong Kong.

Regal and the Hotel Manager

Regal is a company incorporated in Bermuda with limited liability, whose shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 78). The principal activity of Regal is that of a holding company. The principal activities of its subsidiaries are hotel operation and management, investment in Regal REIT, asset management of Regal REIT, property development and investment, and other investments.

The Hotel Manager is incorporated in Hong Kong and is a wholly-owned subsidiary of Regal. The principal activity of the Hotel Manager is that of hotel management.

This Announcement is made pursuant to Chapter 10 of the REIT Code.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Audited Report” means the report of the Auditors on their audit of the books and records of the Hotel and their audit of the financial information under the “Actual Year to Date” column of the Profit and Loss Statements for the relevant Fiscal Year prepared in accordance with the generally accepted accounting principles adopted in Hong Kong and such professional standards deemed appropriate by the Auditors for this purpose, and by reference to the terms of the Hotel Management Agreement;

“Auditors”

means an internationally recognised accounting firm experienced in hotel audits as may be mutually agreed between by the Owner and the Hotel Manager and engaged by the Owner to audit the books and accounting records of the Hotel for any Fiscal Year, and to review the financial statement of the operation of the Hotel prepared and submitted by the Hotel Manager for each Fiscal Year pursuant to the Hotel Management Agreement;

“Board”

means the board of directors of the REIT Manager;

“Capital Additions”

means all investments (save and except those investments falling within the definition of FF&E under the Hotel Management Agreement) the cost of which constitutes a capital expenditure in nature in accordance with the generally accepted accounting principles adopted in Hong Kong, including but not limited to:

- (a) all investments in increased capacity of productive assets at the Hotel (or any part thereof), such as addition of hotel rooms, restaurants, meeting and banquet spaces and other additions and extensions to the structure of the Hotel;
- (b) all investments in all-embracing projects to reposition and to develop new concepts for existing productive assets of the Hotel; and
- (c) all investments in major replacements of plant and machinery (including major replacements of entire lift system, air-conditioning system and boiler) for the operation of the Hotel;

“FF&E Reserve”

means all investments in the replacement of furniture, fixtures and equipment at the Hotel which are required to maintain the Hotel at the operating standards and at the operating capacity of the Hotel, and for the purpose of this definition:

- (a) **“furniture”** includes all loose furniture, furnishings, decorations and appliances in restaurants, bars, hotel rooms, offices, kitchens and workshops throughout the Hotel;
- (b) **“fixtures”** includes all fixed furniture such as stationary bar counters and reception desks, fixed carpets, marble and hardwood floors, wall coverings and walk-in freezers and fridges;
- (c) **“equipment”** includes kitchen equipment, ranges, workshop machinery, cleaning equipment, telecommunications equipment, computer equipment and vehicles;

but the term **“FF&E”** shall exclude (i) items which are included as part of the fixtures of the building in which the Hotel is located; and (ii) Operating Equipment except for those Operating Equipment owned by the Owner on 1 January 2011 and any additional Operating Equipment capitalized under the circumstances of a Capital Addition;

“Fiscal Year”

means 1 January in one year to 31 December of the same year for all purposes, and the first Fiscal Year shall commence on 1 January 2011 and end on 31 December of the same year and the last Fiscal Year shall end on the date of the expiration of the Operating Term;

“Fixed Charges”

means expenses which constitute a non-operating expense in nature in accordance with the Uniform System including but not limited to government rent and rates, property tax and other similar taxes, government charges in respect of the Hotel and other sundry fixed charges;

“Gross Operating Profit”

means the Total Hotel Revenue less the Hotel Operating Expenses during the same period;

“Gross Revenues”	means all revenue derived from the Hotel, including the Total Hotel Revenue and all subsidy payments, governmental allowances and awards, and any other form of incentive payments or awards which are attributable to the operation of the Hotel, but excluding (a) hotel accommodation tax or other similar government charges, (b) income derived from securities and other property investments; (c) receipts from expropriation awards or sales under the threat of expropriation, (d) proceeds of any insurance other than business interruption, (e) rebates, discounts or credits of a similar nature, (f) gratuities paid to hotel employees, (g) payments received at the Hotel for accommodation, goods or services to be provided at other hotels;
“Hotel”	means the hotel portion where the hotel business (including without limitation businesses that are complimentary or ancillary to the hotel business) is operated within the Hotel Premises from time to time and other part(s) of the Hotel Premises approved by the Owner and to be operated under the name of Regal iClub Hotel (富豪薈酒店);
“Hotel Management Agreement”	means the hotel management agreement dated 23 December 2010 entered into among the Owner and the Hotel Manager in relation to management of the Hotel;
“Hotel Manager”	means Regal Hotels International Limited;
“Hotel Operating Expenses”	means the expenses which constitute an operating expense in nature in accordance with the Uniform System, including but not limited to (a) cost of sales, (b) payroll and related expenses by hotel rooms, food and beverage, administrative and general, sales and marketing, and repair and maintenance departments, (c) expenses for Operating Equipment, (d) other departmental expenses, (e) administrative and general expenses, (f) sales and marketing expense, (g) repair and maintenance expenses, (h) energy and utility expenses, and (i) premiums of business interruption insurance, third party liability insurance and other insurances against items like theft or damage to hotel guests’ properties;

“Hotel Premises”	means the hotel portion located on No. 211 Johnston Road, Wanchai, Hong Kong, which shall include all the Hotel licensed areas and shop(s) on the ground floor (subject to change from time to time) of the building in which the Hotel is located;
“Offering Circular”	means the offering circular dated 19 March 2007 issued by the REIT Manager, in connection with the initial public offering of the units of Regal REIT;
“Operating Equipment”	means supply items which may be consumed in the operation of a hotel including chinaware, glassware, linens, towels, silverware, tools, kitchen utensils, miscellaneous serving equipment, uniforms, engineering and housekeeping tools and utensils, and similar items, as more fully described in the Hotel Management Agreement;
“Operating Term”	means the period from 1 January 2011 to 31 December 2020;
“Owner”	means Sonnix Limited, a 75% owned subsidiary of Regal REIT;
“Performance Test”	means the requirement for the Hotel Manager to achieve at least 80% of the approved Gross Operating Profit in respect of the operations of the Hotel;
“PHL Lease”	means the lease for the Hotel (with exception of a few units which are not subject to the PHL Lease) entered into between the Owner and Real Charm Investment Limited, upon completion of the sale and purchase of the 75 ordinary shares of US\$1.00 each in the capital of Twentyfold Investments Limited, as announced by the REIT Manager on 10 September 2009;
“Profit and Loss Statement”	means the profit and loss statement on the operation of the Hotel for the relevant calendar month and the Fiscal Year to date prepared and delivered by the Hotel Manager to the Owner pursuant to the terms of the Hotel Management Agreement;

- “Regal”** means Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 78);
- “Regal Group”** means Regal Hotels International Holdings Limited and any company or entity directly or indirectly controlled by it;
- “REIT Manager”** means Regal Portfolio Management Limited, a wholly-owned subsidiary of Regal;
- “Total Hotel Revenue”** means revenue derived from (a) the Hotel in relation to (i) all hotel rooms and suites rented for any period; (ii) food and beverage sales; (iii) catering operations conducted outside of the Hotel; (iv) miscellaneous banquet and meeting room income; (v) rental of audio/video equipment, use of telephone, internet and other telecommunication devices in the Hotel; (vi) laundry and dry cleaning services rendered (b) other miscellaneous operated departments in the Hotel; and (c) service charge levied by the Hotel on all hotel room revenue and food and beverage revenue (excluding in-hotel-room mini-bar revenue), as more fully described in the Hotel Management Agreement; and
- “Uniform System”** means the Tenth Revised Edition of the Uniform System of Accounts for the Lodging Industry published by the American Hotel & Lodging Association, 2113 N. High Street, Lansing, Michigan 48906, or such later edition adopted by the Hotel Manager for implementation by the Hotel from time to time.

By order of the Board
Regal Portfolio Management Limited
as manager of **Regal Real Estate Investment Trust**
Francis CHIU
Executive Director

Hong Kong, 23 December 2010

As at the date of this announcement, the Board comprises Mr. LO Yuk Sui as Chairman and Non-executive Director; Mr. Francis CHIU as Executive Director; 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.