



**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



# 2025

## INTERIM REPORT





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## CORPORATE INFORMATION

### MANAGER OF REGAL REIT

Regal Portfolio Management Limited (the “REIT Manager”)  
Unit No. 2001, 20th Floor,  
68 Yee Wo Street,  
Causeway Bay,  
Hong Kong.  
Tel: 2805-6336  
Fax: 2577-8686  
Email: info@regalreit.com

### BOARD OF DIRECTORS OF THE REIT MANAGER

#### *Non-executive Directors*

Lo Yuk Sui (Chairman)  
Lo Po Man (Vice Chairman)  
Jimmy Lo Chun To  
Kenneth Ng Kwai Kai

#### *Executive Directors*

Johnny Chen Sing Hung  
Simon Lam Man Lim

#### *Independent Non-executive Directors*

Bowen Joseph Leung Po Wing, GBS, JP  
Kai Ole Ringenson  
Abraham Shek Lai Him, GBS, JP

### AUDIT COMMITTEE OF THE REIT MANAGER

Kai Ole Ringenson (Chairman)  
Bowen Joseph Leung Po Wing, GBS, JP  
Abraham Shek Lai Him, GBS, JP  
Kenneth Ng Kwai Kai

### DISCLOSURE COMMITTEE OF THE REIT MANAGER

Kai Ole Ringenson (Chairman)  
Johnny Chen Sing Hung  
Simon Lam Man Lim  
Kenneth Ng Kwai Kai

### NOMINATION COMMITTEE OF THE REIT MANAGER

Lo Yuk Sui (Chairman)  
Bowen Joseph Leung Po Wing, GBS, JP  
Kai Ole Ringenson  
Abraham Shek Lai Him, GBS, JP  
Kenneth Ng Kwai Kai

### RESPONSIBLE OFFICERS OF THE REIT MANAGER

Johnny Chen Sing Hung  
Simon Lam Man Lim  
Peony Choi Ka Ka

### SECRETARY OF THE REIT MANAGER

Peony Choi Ka Ka

### TRUSTEE OF REGAL REIT

DB Trustees (Hong Kong) Limited (the “Trustee”)

### AUDITOR

Ernst & Young  
Registered Public Interest Entity Auditor

### PRINCIPAL VALUER

Knight Frank Petty Limited

### PRINCIPAL BANKERS

Bank of Communication (Hong Kong) Limited  
The Bank of East Asia, Limited  
Cathay United Bank Company, Limited, Hong Kong Branch  
China Construction Bank (Asia) Corporation Limited  
Chong Hing Bank Limited  
Hang Seng Bank Limited  
Hua Xia Bank Co., Limited Hong Kong Branch  
Industrial and Commercial Bank of China (Asia) Limited  
Oversea-Chinese Banking Corporation Limited,  
Hong Kong Branch  
United Overseas Bank Limited

### LEGAL ADVISER

Baker & McKenzie

### UNIT REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor,  
Hopewell Centre,  
183 Queen’s Road East,  
Wan Chai,  
Hong Kong.

### WEBSITE

www.RegalREIT.com

Dear Unitholders,

I am presenting herewith, on behalf of the Board of Directors of Regal Portfolio Management Limited as the REIT Manager, the 2025 Interim Report of Regal Real Estate Investment Trust.

### FINANCIAL RESULTS

For the Interim Period ended 30th June, 2025, Regal REIT recorded a consolidated loss before distribution to Unitholders of HK\$508.1 million, as compared to a loss of HK\$19.8 million for the same period in 2024. In the Interim Period, there was a loss of HK\$517.1 million arising from the decrease in the fair value of Regal REIT's investment property portfolio, based on the market valuations appraised by the principal valuer as of 30th June, 2025, as compared to its last appraised value as of 31st December, 2024. While for the corresponding period last year, a fair value gain of HK\$16.5 million was recorded. If these fair value changes are excluded, Regal REIT would record a core operating profit before distribution to Unitholders for the Interim Period of HK\$9.0 million, as compared to a loss of HK\$36.3 million for the same period in 2024. The profit attained for the Interim Period was mainly attributable to the decrease in financial expenses incurred, which came down to HK\$266.9 million (2024 – HK\$326.1 million), as the Hong Kong Interbank Offered Rates (HIBOR), on which the borrowing costs of most of Regal REIT's bank loans are based, has dropped significantly since mid-May this year.

Total distributable income for the Interim Period, after taking into account various non-cash adjustments, amounted to HK\$15.6 million (equivalent to approximately HK\$0.0048 per Unit), reversing from an adjusted loss of HK\$43.8 million recorded for the comparative period in 2024. However, having considered the relatively modest amount of the available distributable income, the Directors of the REIT Manager have decided not to declare any interim distribution for the six months ended 30th June, 2025 (2024 interim distribution – Nil).

### HOTEL MARKET AND BUSINESS REVIEW

Based on a recent report released by the World Bank Group, global growth is slowing due to a substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment. Growth is expected to weaken to 2.3% in 2025, with deceleration in most economies relative to last year, marking the slowest rate of global growth since 2008. For China, its production and demand grew steadily, while employment was generally stable and household income continued to increase. The Gross Domestic Product (GDP) of China in the first half of 2025 was up by 5.3% year on year at constant prices. Hong Kong economy continued to expand solidly in the second quarter of 2025, supported by strong exports performance and improved domestic demand. Its real GDP grew by 3.1% over a year earlier, picking up slightly from the first quarter growth of 3.0%.

In the first half of 2025, Hong Kong welcomed about 23.6 million visitors, representing an increase of 11.7% year-on-year, of which 17.8 million were visitors from Mainland China. Among all visitor arrivals, 47.7% were overnight visitors, with an average length of stay of 3.2 nights. Apart from the growth in Mainland visitors, there were notable increases in the number of visitors from the traditional long haul and short haul markets, as compared to the same period last year. Although the total number of incoming visitors to Hong Kong during this Interim Period was still behind the peak level of 34.9 million recorded in the first half of 2019, the pace of recovery in the local tourist market during the past few years has been steadily growing.

According to the information published by the Hong Kong Tourism Board, the average hotel room occupancy for all the surveyed hotels under different categories in Hong Kong for the half year ended 30th June was up from 83.0% in 2024 to 85.0% in 2025. However, the average achieved room rate has contracted by 10.8%, resulting in a decrease in the average Revenue per Available Room (RevPAR) of 8.6% year-on-year.

All the five Initial Hotels owned by Regal REIT, operating as full-service hotels under the “Regal” brand, are under lease to a wholly-owned subsidiary of Regal Hotels International Holdings Limited (“RHIHL”), the immediate listed holding company of Regal REIT. These five hotels continued to perform steadily during the Interim Period, with their combined average room rate and combined average RevPAR both having improved year-on-year. As the aggregate net property income of these five hotels for the Interim Period was below the pro-rated aggregate base rent of HK\$275.0 million, no variable rent was earned.

Regal REIT also owns four other select-service hotel properties in Hong Kong, all under the “iclub” brand name. The iclub Wan Chai Hotel was the first iclub hotel in Hong Kong and has been self-operated by Regal REIT since 2011. Although the hotel business at this self-operated hotel remained stable, the total net property income from this property in the first six months fell short of the same period in 2024, as the upper floor non-hotel commercial portions, which were previously leased to a third-party tenant, are temporarily vacant after the lease termination.

The other three iclub hotels, namely, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel have also been leased to the same RHIHL lessee. During the Interim Period, these three iclub Hotels have overall managed to achieve satisfactory increases in their combined average occupancy, their combined average room rate and, consequently, their combined average RevPAR and such increases were all above the industry averages. However, as the net property income of these three iclub Hotels was still below their respective base rents, which amounted to a total of HK\$61.5 million for the Interim Period, no variable rent was earned.

Further details on the hotel properties owned by Regal REIT, including their detailed lease terms and their operating data for the first half of 2025, are contained in the section “Management Discussion and Analysis” in this Interim Report.

## BUSINESS OUTLOOK

Against a complex and uncertain macroeconomic backdrop and escalating geopolitical tensions, the overall business outlook for Hong Kong remains very challenging.

With regards to the tourist industry in Hong Kong, although the total number of incoming visitors has been steadily increasing, the travel and consumption habits of the Mainland visitors, which represent the most significant market segment accounting for more than 75% of the total number, have changed towards cultural and in-depth experiences. This has, in turn, resulted in the decline in their average per capita spending.

To cope with the changing travel and spending patterns of the visitors, the Hong Kong Tourism Board is actively pursuing the “tourism is everywhere” concept and the implementation of the Development Blueprint for Hong Kong’s Tourism Industry 2.0 in the 2025/26 budget. In May this year, the Hong Kong Government also introduced nine new tourist attractions, designed to cater to a wide range of interests, including eco-tourism, popular photo spots and cultural experiences. In addition, with the opening of the Kai Tak Sports Park and Stadium, Hong Kong has been hosting a series of mega events, which could solidify its position as Asia’s premier events and entertainment hub.

From a broader perspective, Hong Kong has a clear path to actively integrate and align with the national development strategies under its functional role as a “super connector” and a “super value-adder”. Benefiting from its close ties with China, Hong Kong will be able to overcome the macro challenges and enhance its unique position in the Greater Bay Area as a world class financial centre, major travel hub and key regional service centre.

The HIBOR in the past two months has stayed at a relatively lower level than that encountered in the past few years. It is now also widely expected that the United States Federal Reserve may have certain interest rate cuts in the second half of this year, which could bring forth positive impact on the interest rate environment in Hong Kong. In the meanwhile, the Directors of the REIT Manager will closely watch out for any appropriate deleveraging opportunities as the investment sentiment gradually revives.

Barring any unforeseen circumstances, the Directors are hopeful that the core operating profit of Regal REIT in the second half of 2025 will continue to improve, as the financial expenses to be incurred are anticipated to be further reduced, and that the distribution to Unitholders could be resumed.

Finally, on behalf of the Directors, I would like to express our deepest sorrow for the passing away of Mr. John William Crawford, our former Independent Non-executive Director, in May 2025 and to extend our sincerest gratitude for his past invaluable contribution to the REIT Manager.

**Lo Yuk Sui**

*Chairman*

**Regal Portfolio Management Limited**

(as the REIT Manager of Regal REIT)

Hong Kong, 27th August, 2025

## MANAGEMENT DISCUSSION AND ANALYSIS

The Directors of the REIT Manager herein report the unaudited interim results of Regal Real Estate Investment Trust ("Regal REIT") and its subsidiaries (collectively, the "Group") for the six-month period from 1st January, 2025 to 30th June, 2025 (the "Interim Period").

### LONG-TERM OBJECTIVES AND VISION OF REGAL REIT

The primary objectives of Regal REIT and the REIT Manager are to provide long-term stable, growing distributions and capital growth for the unitholders of Regal REIT (the "Unitholders") through active ownership of hotels and strategic investments in hotels, serviced apartments and/or commercial properties (including office and retail properties).

The vision of Regal REIT and the REIT Manager is to build up the existing portfolio of hotel properties in Hong Kong comprised of: (a) the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Kowloon Hotel, the Regal Oriental Hotel and the Regal Riverside Hotel (collectively, the "Initial Hotels"); and (b) the iclub Wan Chai Hotel, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel (collectively, the "iclub Hotels"), and to be a pre-eminent owner of quality international hotels and other properties with a primary focus in Hong Kong as well as to reinforce Regal REIT's status as a growing attractive option for investors.

### THE REIT MANAGER AND THE TRUSTEE

The REIT Manager is licenced by the Securities and Futures Commission in Hong Kong (the "SFC") to undertake the regulated activities of asset management. The REIT Manager does not manage the five Initial Hotels or the four iclub Hotels directly.

The Trustee is DB Trustees (Hong Kong) Limited, a wholly-owned subsidiary of Deutsche Bank AG. The Trustee is qualified to act as a trustee for collective investment schemes authorised under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). In this role, the Trustee holds the assets of Regal REIT in trust for the benefit of the Unitholders as a whole and oversees the activities of the REIT Manager for compliance with the trust deed constituting Regal REIT (the "Trust Deed") and all regulatory requirements.

### THE RHIHL LESSEE AND THE HOTEL MANAGER

The Initial Hotels are leased to Favour Link International Limited (the "RHIHL Lessee"), a wholly-owned subsidiary of Regal Hotels International Holdings Limited ("RHIHL", together with its relevant subsidiaries, collectively, the "RHIHL Group"), with lease terms expiring on 27th December, 2028 (for Regal Airport Hotel) and 31st December, 2030 (for each of the Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel) under the relevant lease agreements and supplemental lease agreements (together, the "Initial Hotels Lease Agreements"). The market rental packages for each of the Initial Hotels will be determined annually by a jointly appointed independent professional property valuer.



Regal Hotels International Limited, a wholly-owned subsidiary of RHIHL, was appointed as the hotel manager (the “Hotel Manager”) under long-term hotel management agreements to operate the Initial Hotels (the “Initial Hotels Management Agreements”) for a term of twenty years from 16th March, 2007. On 20th December, 2019, Regal REIT entered into a hotel management agreement with the Hotel Manager for the operation of the hotel portion of the iclub Wan Chai Hotel for a term of ten years from 1st January, 2021 to 31st December, 2030 (the “Wan Chai Hotel Management Agreement”) and the iclub Wan Chai Hotel is self-operated and not leased out by Regal REIT.

The iclub Sheung Wan Hotel is leased to the RHIHL Lessee with the lease term expired on 31st December, 2024 under a lease agreement (the “SW Lease Agreement”). The Hotel Manager was appointed as the hotel manager of the iclub Sheung Wan Hotel under a 10-year hotel management agreement (the “SW Hotel Management Agreement”) commencing on 10th February, 2014. On 11th January, 2024, Regal REIT and the RHIHL Lessee entered into supplemental deeds amending (a) the SW Lease Agreement to extend the lease term of ten years from 1st January, 2025 to 31st December, 2034; and (b) the SW Hotel Management Agreement to extend its original expiry date (i.e., 9th February, 2024) to 31st December, 2034 with the inclusion of a new non-fault based early termination provision exercisable only by the lessor, respectively. The market rental packages for the extended lease term of the iclub Sheung Wan Hotel continues to be determined annually by a jointly appointed independent professional property valuer. Such extended terms for the SW Lease Agreement and the SW Hotel Management Agreement were approved by the independent Unitholders at the extraordinary general meeting of Regal REIT held on 31st January, 2024.

The iclub Fortress Hill Hotel is leased to the RHIHL Lessee with the lease term expired on 31st December, 2024 under a lease agreement (the “FH Lease Agreement”). The Hotel Manager was also appointed as the hotel manager of the iclub Fortress Hill Hotel under a 10-year hotel management agreement (the “FH Hotel Management Agreement”) commencing on 28th July, 2014. On 11th January, 2024, Regal REIT and the RHIHL Lessee entered into supplemental deeds amending (a) the FH Lease Agreement to extend the lease term of ten years from 1st January, 2025 to 31st December, 2034; and (b) the FH Hotel Management Agreement to extend its original expiry date (i.e., 27th July, 2024) to 31st December, 2034 with the inclusion of a new non-fault based early termination provision exercisable only by the lessor, respectively. The market rental packages for the extended lease term of the iclub Fortress Hill Hotel continues to be determined annually by a jointly appointed independent professional property valuer. Such extended terms for the FH Lease Agreement and the FH Hotel Management Agreement were approved by the independent Unitholders at the extraordinary general meeting of Regal REIT held on 31st January, 2024.

The iclub To Kwa Wan Hotel is leased to the RHIHL Lessee with the lease term expiring on 31st December, 2027 under a lease agreement (the “TKW Lease Agreement”). The Hotel Manager was appointed as the hotel manager of the iclub To Kwa Wan Hotel under a 10-year hotel management agreement (the “TKW Hotel Management Agreement”) commencing on 4th September, 2017.

## HOTEL PORTFOLIO

The portfolio of nine hotel properties of Regal REIT are strategically located in different districts in Hong Kong, enabling hotel guests to have easy and convenient access to the mass transit network and other public transportation networks. The Regal REIT's hotel portfolio is comprised of two hotel types, namely, full-service hotels, which offer a wide range of services including food and beverage outlets and other facilities, and select-service hotels, which offer contemporary design and are equipped with tech-savvy facilities.

Hotel Types	District Location	No. of Rooms	Operations Mode
<i>Full-service hotels:</i>			
Regal Airport Hotel	Chek Lap Kok	1,171	Under Lease
Regal Hongkong Hotel	Causeway Bay	481	Under Lease
Regal Kowloon Hotel	Tsim Sha Tsui	600	Under Lease
Regal Oriental Hotel	Kowloon City	494	Under Lease
Regal Riverside Hotel	Shatin	1,147	Under Lease
		<hr/>	
		3,893	
<i>Select-service hotels:</i>			
iclub Wan Chai Hotel	Wan Chai	99	Self-operated
iclub Sheung Wan Hotel	Sheung Wan	248	Under Lease
iclub Fortress Hill Hotel	Fortress Hill	338	Under Lease
iclub To Kwa Wan Hotel	To Kwa Wan	340	Under Lease
		<hr/>	
		1,025	
		<hr/>	
<b>Total</b>		<b>4,918</b>	

## RENTAL AND REVENUE STRUCTURE

### Initial Hotels - Rental Structure and Market Rental Packages

Pursuant to the Initial Hotels Lease Agreements, for the years 2011 to 2028 (for the Regal Airport Hotel) and 2030 (for the other four Initial Hotels), respectively, the rental packages in respect of the Initial Hotels are determined on a yearly basis by a jointly appointed independent professional property valuer. The determinations comprise the amount of market rents (inclusive of the amount of base rent for each Initial Hotel, the variable rent sharing percentage and the RHIHL Lessee's contributions to the furniture, fixtures and equipment (the "FF&E") reserve calculated as a percentage of total hotel revenue) to be applied for each of the Initial Hotels for the relevant respective years from 2011 to 2028 (for the Regal Airport Hotel) and 2030 (for the other four Initial Hotels), respectively, together with the amount of the security deposit required (collectively, the "IH Market Rental Package").

### ***IH Market Rental Package for 2025***

An independent professional property valuer, Mr. Alnwick Chan, was jointly appointed by the lessors and the RHIHL Lessee in June 2024 to conduct rent reviews for the Initial Hotels for 2025. According to the determination of the IH Market Rental Package for 2025, the aggregate amount payable by the RHIHL Lessee as annual base rent was determined to be HK\$550.0 million, with variable rent continuing to be based on sharing 50% of the excess of the aggregate net property income ("NPI") from the operations of the Initial Hotels over the aggregate annual base rent thereof in 2025. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessors.

The RHIHL Lessee has provided third party guarantees as security deposits for an aggregate amount of HK\$137.5 million, which is equivalent to three months' aggregate base rent of the Initial Hotels for 2025. Details of the IH Market Rental Package for 2025 can be referred to in an announcement published by the REIT Manager on 25th September, 2024.

### ***IH Market Rental Package for 2026***

The market rental review for the Initial Hotels for 2026 is to be conducted by Ms. Stella Ho, a newly appointed independent professional property valuer, and the IH Market Rental Package for 2026 will be determined and reported before the end of September 2025.

## **iclub Wan Chai Hotel - Revenue Structure**

### ***Hotel Portion***

The hotel portion of the iclub Wan Chai Hotel, which is under an owner-operate mode, is managed by the Hotel Manager under the Wan Chai Hotel Management Agreement. Gross hotel revenue and the associated operating costs and expenses are accounted for directly by Regal REIT.

### ***Non-hotel Portions***

iclub Wan Chai Hotel - non-hotel portions, comprised of a portion of the ground floor and the 27th to 29th floors of the premises, the latter of which are in a transition period for renting out to generate monthly rental income.

## **iclub Sheung Wan Hotel - Rental Structure and Market Rental Package**

Pursuant to the SW Lease Agreement and its supplemental deed, the RHIHL Lessee is obligated to pay rentals in respect of the iclub Sheung Wan Hotel to Regal REIT for the period from 10th February, 2014 to 31st December, 2034, with fixed rentals for the first three years of the lease term.

After the lapse of the three initial lease years, market rental reviews by a jointly appointed independent professional property valuer take place annually for each of the remaining periods of the lease term to determine the market rental components (comprising the base rent, variable rent and lessee's contribution to the FF&E reserve) together with the amount of the security deposit required (collectively, the "SW Market Rental Package").

### ***SW Market Rental Package for 2025***

Mr. Alnwick Chan, was jointly appointed by the lessor and the RHIHL Lessee in June 2024 to conduct a rent review for the iclub Sheung Wan Hotel for 2025. According to the determination of the SW Market Rental Package for 2025, the annual base rent payable by the RHIHL Lessee is HK\$44.0 million, with variable rent to be based on 50% of the excess of the NPI over the annual base rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor.

The RHIHL Lessee has provided a third party guarantee as a security deposit for an amount of HK\$11.1 million, which is equivalent to three months' base rent together with rates and Government rent of the iclub Sheung Wan Hotel for 2025. Details of the SW Market Rental Package for 2025 can be referred to in an announcement published by the REIT Manager on 25th September, 2024.

### ***SW Market Rental Package for 2026***

The market rental review for the iclub Sheung Wan Hotel for 2026 is to be conducted by Ms. Stella Ho, the newly appointed independent professional property valuer, and the SW Market Rental Package for 2026 will be determined and reported before the end of September 2025.

## **iclub Fortress Hill Hotel - Rental Structure and Market Rental Package**

Pursuant to the FH Lease Agreement and its supplemental deed, the RHIHL Lessee is obligated to pay rentals in respect of the iclub Fortress Hill Hotel to Regal REIT for the period from 28th July, 2014 to 31st December, 2034, with fixed rentals for the first three years of the lease term.

After the lapse of the three initial lease years, market rental reviews by a jointly appointed independent professional property valuer take place annually for each of the remaining periods of the lease term to determine the market rental components (comprising the base rent, variable rent and lessee's contribution to the FF&E reserve) together with the amount of the security deposit required (collectively, the "FH Market Rental Package").

### ***FH Market Rental Package for 2025***

Mr. Alnwick Chan, was jointly appointed by the lessor and the RHIHL Lessee in June 2024 to conduct a rent review for the iclub Fortress Hill Hotel for 2025. According to the determination of the FH Market Rental Package for 2025, the annual base rent payable by the RHIHL Lessee is HK\$42.0 million, with variable rent to be based on 50% of the excess of the NPI over the annual base rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor.

The RHIHL Lessee has provided a third party guarantee as a security deposit for an amount of HK\$10.8 million, which is equivalent to three months' base rent together with rates and Government rent of the iclub Fortress Hill Hotel for 2025. Details of the FH Market Rental Package for 2025 can be referred to in an announcement published by the REIT Manager on 25th September, 2024.

### ***FH Market Rental Package for 2026***

The market rental review for the iclub Fortress Hill Hotel for 2026 is to be conducted by Ms. Stella Ho, the newly appointed independent professional property valuer, and the FH Market Rental Package for 2026 will be determined and reported before the end of September 2025.



## **iclub To Kwa Wan Hotel - Rental Structure and Market Rental Package**

Pursuant to the TKW Lease Agreement and its supplemental deed, the RHIHL Lessee is obligated to pay rentals in respect of the iclub To Kwa Wan Hotel to Regal REIT for the period from 4th September, 2017 to 31st December, 2027, with fixed rentals for the first five years of the lease term.

After the lapse of the five initial lease years, market rent reviews by a jointly appointed independent professional property valuer take place annually for each of the remaining periods of the lease term to determine the market rental components (comprising the base rent, variable rent and the lessee's contribution to the FF&E reserve) together with the amounts of security deposits required (collectively, the "TKW Market Rental Package").

### ***TKW Market Rental Package for 2025***

Mr. Alnwick Chan, was jointly appointed by the lessor and the RHIHL Lessee in June 2024 to conduct a rent review for the iclub To Kwa Wan Hotel for 2025. According to the determination of the TKW Market Rental Package for 2025, the annual base rent payable by the RHIHL Lessee is HK\$37.0 million, with variable rent to be based on 50% of the excess of the NPI over the annual base rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor.

The RHIHL Lessee has provided a third party guarantee as a security deposit for an amount of HK\$9.25 million, which is equivalent to three months' base rent of the iclub To Kwa Wan Hotel for 2025. Details of the TKW Market Rental Package for 2025 can be referred to in an announcement published by the REIT Manager on 25th September, 2024.

### ***TKW Market Rental Package for 2026***

The market rental review for the iclub To Kwa Wan Hotel for 2026 is to be conducted by Ms. Stella Ho, the newly appointed independent professional property valuer, and the TKW Market Rental Package for 2026 will be determined and reported before the end of September 2025.

## **Furniture, Fixtures & Equipment Reserve**

Regal REIT is obligated under the respective Initial Hotels Lease Agreements, the Wan Chai Hotel Management Agreement, the SW Lease Agreement and its supplemental deed, the FH Lease Agreement and its supplemental deed and the TKW Lease Agreement and its supplemental deed to maintain a reserve to fund expenditures for replacements of FF&E in the respective hotels during the Interim Period.

During the Interim Period, Regal REIT contributed amounts equal to 2% of the total hotel revenue (i.e., the total of room revenue, food and beverage revenue and/or other income of the hotel properties) for each month and, as a result, HK\$13.7 million was contributed to the FF&E reserve with corresponding expenditures of HK\$12.1 million being recorded for the purposes intended.

## **Capital Additions Projects**

As an ongoing initiative, Regal REIT invests in capital addition projects for continuous upgrade on the quality and standards of the rooms and facilities for its hotel properties. Regal REIT undertakes, in addition to the FF&E reserve, the funding of capital addition projects with the objective of improving portfolio competitiveness and product offerings to enhance income generating capabilities, profitability of the hotel property portfolio and enable special utilisations. Other enhancement projects may also be conducted to comply with updated licensing and building requirements or to conform to legislation enactments and standards from time to time.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The results of the Group for the Interim Period are set out in the condensed consolidated financial statements.

### Hotel Industry Conditions in Hong Kong

#### Visitor Arrivals to Hong Kong, 1H 2025 versus 1H 2024<sup>1</sup>

Visitors to Hong Kong by Geographical Regions	1H 2025 (% of total visitors)	1H 2025 (No. of visitors)	1H 2024 (No. of visitors)	Variance (No. of visitors)	Variance (%)
Mainland China	75.3%	17,793,754	16,150,492*	1,643,262	10.2%
South & Southeast Asia	8.0%	1,885,346	1,664,295*	221,051	13.3%
North Asia	3.7%	874,770	688,608*	186,162	27.0%
Taiwan	3.1%	743,320	592,340*	150,980	25.5%
Europe, Africa & the Middle East	3.3%	772,358	658,756*	113,602	17.2%
The Americas	3.2%	747,214	655,433*	91,781	14.0%
Australia, New Zealand & South Pacific	1.1%	270,070	203,236*	66,834	32.9%
Macau SAR/Not identified	2.3%	549,268	538,075*	11,193	2.1%
Totals	100%	23,636,100	21,151,235	2,484,865	11.7%
Overnight-staying visitors included in above	47.7%	11,284,306	10,542,278	742,028	7.0%

\* Revised figures by the Hong Kong Tourism Board

During the first half of 2025, the visitor arrival numbers reported an increase of about 2.5 million, mainly due to the continuous recovery of the local tourism market, representing an increase of 11.7% year-on-year.

Mainland China visitors increased by 10.2%, reaching 17.8 million and accounting for 75.3% of the total arrivals to Hong Kong during the period.

Arrivals from short-haul markets comprising other Asian regions (including North Asia, South & Southeast Asia, Taiwan and Macau SAR), recorded an increase of 16.3%, aggregating to 4.1 million and representing 17.1% of the total visitor arrivals to Hong Kong.

Similarly, visitors from long-haul markets also recorded growth of similar magnitude. Visitor arrivals increased by 17.9%, with total arrivals aggregating to 1.8 million. Visitors from the Americas recorded an increase of 14.0% to about 0.7 million, and, thereby, taking up 3.2% of total visitors. Arrivals from the Europe, Africa and the Middle East markets also recorded an increase of 17.2%, with the visitor numbers reaching approximately 0.8 million or 3.3% of total arrivals.

During the period, overnight staying visitors accounted to about 11.3 million, representing 47.7% of total arrivals, with an increase of 7.0% as compared to the same period last year.

<sup>1</sup> Source: Research, Hong Kong Tourism Board, "Visitor Arrival Statistics – Jun 2025", July 2025; "Visitor Arrival Statistics – Jun 2024", July 2024; the REIT Manager.

### Review of Hotel Rooms Supply in Hong Kong

During the first quarter of 2025, the hotel room supply in Hong Kong reported a decrease of 15 units as compared to 2024 year-end, reflecting a mild adjustment of 0.02% from 92,922 to 92,907 rooms. During the period, no new hotel was opened. The number of hotel properties maintained at 330. By the end of 2025, it is estimated that the number of hotel properties will increase by 1 to 331 or a growth of 0.3% and the hotel room supply will reach 93,077 (FY2024: 92,922 units), for an anticipated growth of around 0.2% over the previous year.<sup>2</sup>

### Industry Performance

Room Occupancy Rates, Average Room Rates and RevPAR (Revenue per available room) of the different categories of hotels are summarized below.

Category	Hong Kong Hotel Market Performance (1H 2025 versus 1H 2024) <sup>3</sup>					
	Room Occupancy Rates		Average Room Rates		RevPAR	
	1H 2025	1H 2024	1H 2025	1H 2024	1H 2025	1H 2024
	%	%	HK\$	HK\$	HK\$	HK\$
High Tariff A	77	76	2,111	2,322	1,625	1,765
High Tariff B	87	85	974	1,067	847	907
Medium Tariff	90	86	573	715	516	615
All Hotels	85	83	1,220	1,368	1,037	1,135

During the first half of 2025, the number of visitor arrivals continued to improve. The overall hotel occupancy rate improved to 85.0%, which was up by 2.0 percentage points year-on-year, however, the industry-wide average room rate has contracted by 10.8% to HK\$1,220 per night. As a result, the hotel industry's RevPAR decreased by about HK\$98 or 8.6% year-on-year.

### Performance Highlights of Regal REIT

Regal REIT currently has an aggregate of 4,918 guestrooms and suites in nine hotel properties, with a total gross floor area of approximately 236,763 square meters, that are strategically located in Hong Kong.

The financial performance of Regal REIT with regard to operating results and net asset value rely on the underlying performance of the respective hotel businesses operated by the RHIHL Lessee and the self-operated iclub Wan Chai Hotel, all under the management of the Hotel Manager. The lease rentals provide stable income protection from the base rents determined under the respective market rental packages while Regal REIT will still be eligible to earn variable rent for the Initial Hotels, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel from sharing of the respective excess NPIs over the base rents.

<sup>2</sup> Source: Research, Hong Kong Tourism Board, "Hotel Supply Situation – as at Mar 2025", June 2025; the REIT Manager.

<sup>3</sup> Source: Research, Hong Kong Tourism Board, "Hotel Room Occupancy Report – Jun 2025", July 2025; the REIT Manager.

During the period under review, the five Initial Hotels achieved growth of 4.3% and 4.5% in total hotel revenue and NPI, respectively, as compared to the first six months in 2024. However, there was still a lack of long-haul customers as the source filling up the Regal Airport Hotel which attributes almost 24% of the aggregate room quantities of Regal REIT's portfolio.

The three iclub hotels, namely, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel, operating under leases have all performed satisfactorily in hotel revenue, NPI and RevPAR, as compared to the same period last year. Remarkably, the iclub Wan Chai Hotel, a self-operated hotel without lease, achieved an average occupancy of almost 96% which surpassed the industry average.

More details on the hotel performances will be discussed in the following section.

### ***Performance of the Initial Hotels***

Total hotel revenue, gross operating profit and NPI and statistics for the combined Initial Hotels for 1H 2025 versus 1H 2024 are set out below.

	1H 2025 HK\$'million	1H 2024 HK\$'million	Variance HK\$'million	Variance %
<b>Operating Results</b>				
Room revenue	432.7	410.0	22.7	5.5%
Food and beverage revenue	133.4	132.2	1.2	0.9%
Other income	9.0	9.0	—	—
Total hotel revenue	575.1	551.2	23.9	4.3%
Operating expenses	(396.5)	(384.0)	(12.5)	(3.3%)
Gross operating profit	178.6	167.2	11.4	6.8%
Other expenses	(23.1)	(19.8)	(3.3)	(16.7%)
Net rental income	16.9	17.5	(0.6)	(3.4%)
Net property income	172.4	164.9	7.5	4.5%
<b>Statistics</b>				
Average room rate	HK\$894.32	HK\$882.24	HK\$12.08	1.4%
Occupancy rate	68.7%	65.6%	3.1%	4.7%
RevPAR	HK\$614.08	HK\$578.71	HK\$35.37	6.1%
Total available rooms nights	704,633	708,526	(3,893)	(0.5%)
Occupied room nights	483,831	464,761	19,070	4.1%



Total hotel revenue for the Initial Hotels recorded a combined result of HK\$575.1 million, as compared to the HK\$551.2 million for the same period last year, posting an increase of HK\$23.9 million or 4.3%. Gross operating profit was HK\$178.6 million as compared to HK\$167.2 million for the same period last year. As a result, the NPI was HK\$172.4 million, representing an increase of HK\$7.5 million.

For the period under review, the combined average occupancy rate of the Initial Hotels was 68.7% (1H2024: 65.6%). Their combined average room rate recorded an increase of 1.4% to HK\$894.32 (1H2024: HK\$882.24). As a result, their combined average RevPAR has risen to HK\$614.08 (1H2024: HK\$578.71) or an increase of 6.1% year-on-year.

#### **Base Rent**

According to the IH Market Rental Package for 2025, the prevailing aggregate base rent for 2025 was HK\$550.0 million. Regal REIT received base rent in the form of cash for each Initial Hotel on a monthly basis. During the Interim Period, Regal REIT received aggregate base rent of HK\$275.0 million.

#### **Variable Rent**

Regal REIT is entitled to receive variable rent through the sharing of the excess of the aggregate NPI from the Initial Hotels' operations over the base rent. For the period under review, as the aggregate NPI of HK\$172.4 million from hotel operations of the Initial Hotels was below the pro-rated base rent of HK\$275.0 million, no variable rent was earned.

#### ***Performance of iclub Wan Chai Hotel***

During the Interim Period, the average occupancy rate of the hotel portion of the iclub Wan Chai Hotel was 95.6% (1H2024: 91.9%). Its average room rate recorded an increase of 1.4% to HK\$869.24 (1H2024: HK\$857.48). As a result, its average RevPAR has risen by 5.5% year-on-year to HK\$831.16 (1H2024: HK\$787.66). Meanwhile, the non-hotel portions of the iclub Wan Chai Hotel comprised the portion of the ground floor and 27th to 29th floors, of which the portion of the ground floor was leased to a third-party tenant.

For the six months ended 30th June, 2025, iclub Wan Chai Hotel - hotel portion contributed gross hotel revenue of HK\$15.2 million and incurred operating costs and expenses amounting to HK\$9.1 million. For the non-hotel portions comprising retail and commercial premises, rental income of HK\$0.8 million only was generated for the period under review, as the lease for the commercial premises had been terminated.

### ***Performance of iclub Sheung Wan Hotel***

During the Interim Period, the iclub Sheung Wan Hotel achieved an overall average occupancy rate of 83.9% (1H2024: 85.9%). As its average room rate of HK\$843.39 (1H2024: HK\$858.54) decreased by 1.8% over the same period last year, its average RevPAR has contracted by 4.0% year-on-year to HK\$707.66 (1H2024: HK\$737.51).

#### **Base Rent**

According to the SW Market Rental Package for 2025, Regal REIT received base rent in the form of cash on a monthly basis and in the Interim Period, thereby earned and received HK\$22.0 million.

#### **Variable Rent**

Regal REIT is entitled to receive variable rent through the sharing of the excess NPI from the iclub Sheung Wan Hotel's operations over the base rent. During the Interim Period, as the NPI from hotel operations was HK\$16.8 million which fell short of the base rent amount, no variable rent was earned.

### ***Performance of iclub Fortress Hill Hotel***

During the Interim Period, the iclub Fortress Hill Hotel achieved an overall average occupancy rate of 90.1% (1H2024: 82.4%). As its average room rate of HK\$603.09 (1H2024: HK\$561.97) increased by 7.3% over the same period last year, its average RevPAR has risen by 17.4% year-on-year to HK\$543.60 (1H2024: HK\$462.90).

#### **Base Rent**

According to the FH Market Rental Package for 2025, Regal REIT received base rent in the form of cash on a monthly basis and in the Interim Period, thereby earned and received HK\$21.0 million.

#### **Variable Rent**

Regal REIT is entitled to receive variable rent through the sharing of the excess NPI from the iclub Fortress Hill Hotel's operations over the base rent. During the Interim Period, as the NPI from hotel operations was HK\$15.1 million which fell short of the base rent amount, no variable rent was earned.

### ***Performance of iclub To Kwa Wan Hotel***

During the Interim Period, the iclub To Kwa Wan Hotel achieved an overall average occupancy rate of 81.7% (1H2024: 75.2%). As its average room rate of HK\$608.15 (1H2024: HK\$562.37) increased by 8.1% over the same period last year, its average RevPAR has risen by 17.4% year-on-year to HK\$496.54 (1H2024: HK\$422.90).

#### **Base Rent**

According to the TKW Market Rental Package for 2025, Regal REIT received base rent in the form of cash on a monthly basis. During the Interim Period, Regal REIT earned and received base rent of HK\$18.5 million.

#### **Variable Rent**

Regal REIT is entitled to receive variable rent through the sharing of the excess NPI from the iclub To Kwa Wan Hotel's operations over the base rent. During the Interim Period, as the NPI from hotel operations was HK\$13.6 million which fell short of the base rent amount, no variable rent was earned.

## Net Rental and Hotel Income

An analysis of the net rental and hotel income for the Interim Period compared to the corresponding period in 2024 is set out below.

	Six months ended 30th June, 2025		Six months ended 30th June, 2024	
	HK\$'million	%	HK\$'million	%
Initial Hotels				
Base Rent	275.0	77.6	272.0	77.6
Variable Rent	—	—	—	—
Other income	1.9	0.5	1.3	0.4
iclub Sheung Wan Hotel				
Rental income	22.0	6.2	21.0	6.0
iclub Fortress Hill Hotel				
Rental income	21.0	5.9	20.0	5.7
iclub To Kwa Wan Hotel				
Rental income	18.5	5.2	18.0	5.1
iclub Wan Chai Hotel				
Gross hotel revenue	15.2	4.3	14.5	4.1
Rental income	0.8	0.3	3.5	1.1
Gross rental and hotel income	354.4	100.0	350.3	100.0
Property operating expenses	(2.5)	(0.7)	(1.9)	(0.5)
Hotel operating expenses	(9.1)	(2.6)	(8.2)	(2.3)
Net rental and hotel income	342.8	96.7	340.2	97.2

During the Interim Period, net rental and hotel income represented 96.7% of the gross rental and hotel income after the deduction of property and hotel operating expenses. The management services of the hotel properties are provided by the Hotel Manager under the relevant hotel management agreements with respect to the Initial Hotels, the iclub Wan Chai Hotel, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel.

## Net Assets Attributable to Unitholders

As at 30th June, 2025, net assets attributable to Unitholders amounted to HK\$12,348.0 million (31st December, 2024: HK\$12,907.5 million), representing a net asset value ("NAV") per Unit attributable to Unitholders of HK\$3.791, as compared to the NAV of HK\$3.962 per Unit as at 31st December, 2024, mainly due to the decrease in the fair value of the property portfolio.

## Valuation of the Property Portfolio

As at 30th June, 2025, Regal REIT's overall property portfolio was valued at HK\$23,429.0 million (31st December, 2024: HK\$23,943.0 million). The property portfolio is comprised of (i) the five Initial Hotels, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel, the iclub To Kwa Wan Hotel and the non-hotel portions of the iclub Wan Chai Hotel that are classified as investment properties; and (ii) the owner-operated hotel portion of the iclub Wan Chai Hotel which is classified as property, plant and equipment.

Valuations of the properties as at 30th June, 2025 and 31st December, 2024 are tabulated below.

Property	Location	30 Jun 2025 Valuation HK\$ million	31 Dec 2024 Valuation HK\$ million	% Change
<i>Initial Hotels:</i>				
Regal Airport Hotel	Lantau Island	961	1,134	-15.3%
Regal Hongkong Hotel	HK Island	4,291	4,356	-1.5%
Regal Kowloon Hotel	Kowloon	5,916	6,012	-1.6%
Regal Oriental Hotel	Kowloon	1,785	1,815	-1.7%
Regal Riverside Hotel	New Territories	5,086	5,181	-1.8%
		<b>18,039</b>	18,498	-2.5%
<i>iclub Hotels:</i>				
iclub Wan Chai Hotel	HK Island	847	858	-1.3%
iclub Sheung Wan Hotel	HK Island	1,614	1,636	-1.3%
iclub Fortress Hill Hotel	HK Island	1,557	1,579	-1.4%
iclub To Kwa Wan Hotel	Kowloon	1,372	1,372	—
<b>Overall property portfolio</b>		<b>23,429</b>	23,943	-2.1%

The valuations of the property portfolio as at 30th June, 2025 were conducted by Knight Frank Petty Limited ("Knight Frank"), the principal valuer of Regal REIT appointed by the Trustee for a term of three years commencing from December 2024 pursuant to the provisions of the Code on Real Estate Investment Trusts (the "REIT Code").

Knight Frank, as the independent professional property valuer, assessed the market values of the property portfolio subject to the lease agreements, hotel operations and the hotel management agreements and in accordance with the current edition of "The HKIS Valuation Standards", the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the REIT Code. Knight Frank 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 approach was also used as a check on the valuation derived from the DCF method.



## DISTRIBUTABLE INCOME AND DISTRIBUTION POLICY

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 its total distributable income for each financial year and the current policy of the REIT Manager is to comply with such requirement. The amount of distribution, if any, for the interim period of each financial year is at the discretion of the REIT Manager.

### Interim Distribution for 2025

Total distributable income for the Interim Period, after taking into account various non-cash adjustments, amounted to HK\$15.6 million (equivalent to approximately HK\$0.0048 per Unit), reversing from an adjusted loss of HK\$43.8 million recorded for the comparative period in 2024. However, having considered the relatively modest amount of the available distributable income, the Board of Directors of the REIT Manager has therefore decided not to declare any interim distribution for the six months ended 30th June, 2025 (2024 interim distribution – Nil).

## FINANCIAL REVIEW AND FINANCING STRATEGY

The REIT Manager has continued to adopt a prudent approach to ensure that the leverage ratios do not exceed thresholds prescribed under the REIT Code and the financial covenants of the respective loan facility agreements.

### Loan Financing

As at 30th June, 2025, Regal REIT's loan facilities aggregating HK\$10,371.0 million, with varying maturity terms, were comprised of: (a) term and revolving loan facilities of up to HK\$5,000.0 million secured by four of the five Initial Hotels; (b) a term loan facility of HK\$2,800.0 million secured by the Regal Kowloon Hotel; (c) a term loan facility of HK\$416.5 million secured by the iclub Wan Chai Hotel; (d) a term loan facility of HK\$749.5 million secured by the iclub Sheung Wan Hotel; (e) a term loan facility of HK\$755.0 million secured by the iclub Fortress Hill Hotel; and (f) a term loan facility of HK\$650.0 million secured by the iclub To Kwa Wan Hotel.

#### *Financing for the Initial Hotels*

The facility agreement for a term loan facility of HK\$4,500.0 million and a revolving loan facility of up to HK\$500.0 million (the "2021 IH Facilities"), concluded on 10th August, 2021 through Regal REIT's wholly-owned subsidiaries, were secured by four of the five Initial Hotels, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Oriental Hotel and the Regal Riverside Hotel. The 2021 IH Facilities have a term of five years to August 2026 and carry interest based on Hong Kong Interbank Offered Rate (HIBOR). As at 30th June, 2025, the 2021 IH Facilities had an outstanding amount of HK\$4,999.5 million, representing the full amount of the term loan facility and an amount of HK\$499.5 million under the revolving loan facility.

On 24th June, 2022, Regal REIT arranged, through a wholly-owned subsidiary, a term loan facility of HK\$2,950.0 million (the "2022 RKH Facility"), secured by a mortgage over the Regal Kowloon Hotel. This facility bears HIBOR-based interest and has a term of five years to June 2027. As at 30th June, 2025, the outstanding amount of the 2022 RKH Facility was HK\$2,800.0 million, after instalment repayment of HK\$50.0 million each in June 2023, June 2024 and June 2025, respectively, representing the full amount of the outstanding term loan facility.

#### ***Financing for iclub Wan Chai Hotel***

On 18th July, 2024, a new term loan facility of HK\$416.5 million (the “2024 WC Facility”) was arranged with a new lender, similarly secured by the iclub Wan Chai Hotel, which was used primarily to refinance the previous term loan facility of HK\$405.0 million that matured in July 2024. The 2024 WC Facility carries interest based on HIBOR and has a loan maturity of December 2027. As at 30th June, 2025, the outstanding facility amount of the 2024 WC Facility was HK\$416.5 million, representing full amount of the term loan facility.

#### ***Financing for iclub Sheung Wan Hotel***

On 17th October, 2023, Regal REIT arranged, through a wholly-owned subsidiary, a bilateral term loan facility of HK\$749.5 million secured by the iclub Sheung Wan Hotel (the “2023 SW Facility”). The 2023 SW Facility bears HIBOR-based interest with a four-year term to October 2027. As at 30th June, 2025, the outstanding amount of the 2023 SW Facility was HK\$749.5 million, representing the full amount of the term loan facility.

#### ***Financing for iclub Fortress Hill Hotel***

On 27th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, another bilateral term loan facility of HK\$755.0 million secured by the iclub Fortress Hill Hotel (the “2023 FH Facilities”). The 2023 FH Facility bears HIBOR-based interest and has a term of five years to November 2028. As at 30th June, 2025, the outstanding amount of the 2023 FH Facility was HK\$755.0 million, representing the full amount of the term loan facility.

#### ***Financing for iclub To Kwa Wan Hotel***

On 15th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, a term loan facility of HK\$650.0 million, secured by the iclub To Kwa Wan Hotel (the “2023 TKW Facility”) with a term of two years to November 2025 and bearing HIBOR-based interest. As at 30th June, 2025, the outstanding amount of the 2023 TKW Facility was HK\$650.0 million, representing the full amount of the term loan facility.

## Managing Fluctuations in Interest Rates

During the Interim Period, the HIBOR rates stayed at a relatively high level for the first 4 months but went down significantly since mid-May, with 1-month HIBOR rate fluctuating within a range of about 4.18% per annum (in the beginning of the year) to about 0.52% per annum on 17th June, 2025, and stayed at about 0.73% per annum as of 30th June, 2025<sup>4</sup>.

With a view to managing the financial expenses in the near term and hedging against any unexpected reversionary movements in the interest rates, Regal REIT further entered into several interest rate swap ("IRS") transactions with a total notional amount of HK\$971.5 million during the Interim Period, to swap the interest expenses on certain of its outstanding bank loans from floating rates to fixed rates.

As at this reporting date, the committed notional amount of the fixed rates IRS transactions was HK\$2,821.0 million or 27.2% of Regal REIT's total outstanding bank borrowings, at fixed rates of 2.77% per annum to 3.66% per annum and with terms ranging from 2.0 years to 3.6 years. The REIT Manager will continue to monitor the interest rates environment and to assess from time to time its strategies on hedging and cashflow management, in order to contain its exposure to interest rate fluctuations.

Mainly benefiting from the significant drop in HIBOR since mid-May this year, the financial expenses incurred during the Interim Period amounted to HK\$266.9 million, which was a reduction of HK\$59.2 million from HK\$326.1 million in the same period last year.

## Gearing and Cash

As at 30th June, 2025, the gearing ratio of Regal REIT was 43.8% (30th June, 2024: 42.6%), being the gross amount of the outstanding loans aggregating HK\$10,370.5 million, which took into account: (a) the 2021 IH Facilities of HK\$4,999.5 million; (b) the 2022 RKH Facility of HK\$2,800.0 million; (c) the 2024 WC Facility of HK\$416.5 million; (d) the 2023 SW Facility of HK\$749.5 million; (e) the 2023 FH Facility of HK\$755.0 million; and (f) the 2023 TKW Facility of HK\$650.0 million, as compared to the total gross assets of Regal REIT of HK\$23,685.0 million. The gearing ratio is below the maximum 50% permitted under the REIT Code.

As at 30th June, 2025, Regal REIT had a total of HK\$12.5 million in unrestricted and HK\$218.5 million in restricted cash balances and bank deposits, and unutilised revolving loan facilities of HK\$0.5 million. Regal REIT maintains adequate cash reserves and revolving loan facilities and receives timely payments of rental income to satisfy its financial commitments as well as working capital requirements on an on-going basis.

## Pledged Assets

As at 30th June, 2025, all nine Regal REIT's properties with an aggregate carrying value of HK\$23,429.0 million were pledged to secure bank loan facilities granted to Regal REIT.

<sup>4</sup> Source: Bloomberg, Hong Kong Dollar HIBOR Fixings 1-Month: 2025.01.01 to 2025.06.30.

## OTHER INFORMATION AND DISCLOSURES

### PUBLIC FLOAT

As at 30th June, 2025, there were 3,257,431,189 Units in issue.

Based on 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 Units were held by independent public Unitholders as at 30th June, 2025.

### NEW UNITS ISSUED

There were no new Units allotted and issued during the Interim Period.

### 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.

### BUY-BACK, SALE OR REDEMPTION OF UNITS

There were no buy-backs, sales or redemptions of Units during the Interim Period.

### MATERIAL ACQUISITIONS OR DISPOSALS OF REAL ESTATE

Regal REIT did not enter into any real estate acquisition or disposal transactions during the Interim Period.

### OTHER INVESTMENTS

Regal REIT did not engage or participate in any Property Development and Related Activities (as defined in the REIT Code) nor invest in any Relevant Investments (as defined in the REIT Code) and any real estate other than Non-qualified Minority-owned Properties (as defined in the REIT Code), including in all Qualified Minority-owned Properties (as defined in the REIT Code), during the Interim Period.



The REIT Manager seeks to ensure good corporate governance through high levels of transparency, equal treatment of Unitholders, compliance with applicable laws and regulations and by appointing independent and well-qualified board members.

The REIT Manager has adopted a compliance manual for use in relation to the management and operation of Regal REIT (the “Compliance Manual”) (as may be amended from time to time) which sets out the key processes, internal control and 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.

During the Interim Period, Regal REIT and the REIT Manager have in material terms complied with the provisions of the Compliance Manual and, where applicable, the code provisions in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules.

### AUTHORISATION STRUCTURE

Regal REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code and constituted by the Trust Deed.

The REIT Manager is licensed by the SFC under the SFO to conduct regulated activities related to asset management. During the period under review, Mr. Johnny Chen Sing Hung, Mr. Simon Lam Man Lim and Ms. Peony Choi Ka Ka acted as the Responsible Officers of the REIT Manager.

The Trustee is registered as a trust company and is qualified to act as a trustee for collective investment schemes authorised under the SFO pursuant to the REIT Code.

### BOARD OF DIRECTORS OF THE REIT MANAGER

The board of directors of the REIT Manager (the “Board”) is responsible for overseeing the overall corporate governance of the REIT Manager and the day-to-day management of the REIT Manager’s affairs and the conduct of its business. The Board has established a framework for the management of Regal REIT, including systems of internal control and business risk management processes. The Board currently comprises two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. The Board has established three Board Committees with terms of reference, each of which is to assist the Board in supervising specific issues and functions of Regal REIT and the REIT Manager, and to report back to the Board their findings, decisions and recommendations.

### DEALINGS IN SECURITIES OF REGAL REIT BY DIRECTORS OR THE REIT MANAGER

The REIT Manager has adopted the “Code Governing Dealings in Units by Directors or the REIT Manager” (the “Units Dealings Code”) governing dealings in the securities of Regal REIT by the Directors and the REIT Manager as set out in the Compliance Manual, on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “Model Code”). The Units Dealings Code may be extended to senior executives, officers and other employees of the REIT Manager as the Board may determine. Following specific enquiries by the REIT Manager, the Directors of the REIT Manager and the REIT Manager have confirmed that they have complied with the required standards under the Model Code and the Units Dealings Code during the Interim Period.

## CHANGE OF INFORMATION OF DIRECTOR

Subsequent to publication of the 2024 annual report of Regal REIT, the REIT Manager was informed of the following change of a Director's information:

Name of Director	Details of changes
Mr. John William Crawford, JP	– Passed away on 13th May, 2025.
Mr. Kai Ole Ringenson	– Appointed as the chairman of the Audit Committee and Disclosure Committee of the REIT Manager, respectively, with effect from 12th June, 2025.
Mr. Abraham Shek Lai Him, GBS, JP	– Appointed as the chairman and a non-executive director of JY Grandmark Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited, with effect from 6th June, 2025.

## REVIEW OF INTERIM RESULTS

The Disclosure Committee and the Audit Committee of the REIT Manager have reviewed Regal REIT's condensed consolidated financial statements for the six months ended 30th June, 2025, including the accounting principles and practices adopted by Regal REIT, in conjunction with Regal REIT's external auditor. The review report of the external auditor is set out in the section "Report on Review of Interim Financial Information" contained in this Interim Report.

During the period under review, Regal REIT and the other companies or entities held or controlled by Regal REIT (collectively, the “Regal REIT Group”) entered into a number of continuing transactions with its connected persons (defined in paragraph 8.1 of the REIT Code), as listed below, which constitute connected party transactions of Regal REIT within the meaning of the REIT Code:

- (i) the REIT Manager and the other companies or entities held or controlled by Regal Hotels International Holdings Limited (“RHIHL”) (collectively, the “RHIHL Connected Persons Group”); and
- (ii) the Trustee and companies within the same group or otherwise “associated” with the Trustee (collectively, the “Trustee Connected Persons Group”).

### RHIHL CONNECTED PERSONS GROUP

#### (a) Initial Hotels Lease Agreements

Regal REIT (via Bauhinia Hotels Limited, Cityability Limited, Gala Hotels Limited, Regal Riverside Hotel Limited and Ricobem Limited, the direct owners of the Initial Hotels, respectively, (collectively, the “Initial Hotel – Property Companies” and each referred to as the “Initial Hotel – Property Company”)) entered into separate Initial Hotels Lease Agreements with Favour Link International Limited (the “RHIHL Lessee”) in relation to the leasing of the Initial Hotels on 16th March, 2007 (as may be amended from time to time) with lease terms expired on 31st December, 2020. On 20th December, 2019, each of the Initial Hotel – Property Companies entered into the supplemental lease agreement with the RHIHL Lessee to extend the leases (the “IH Lease Extensions”) for the Regal Airport Hotel to 27th December, 2028 and the other four Initial Hotels, namely, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel, to 31st December, 2030, (together, the “IH Extended Period”), with the market rental packages for the IH Extended Period continuing to be determined annually by a jointly appointed independent professional property valuer. As a result, the total lease term of each Initial Hotels Lease Agreement is now from 30th March, 2007 to 27th December, 2028 (for the Regal Airport Hotel) and 31st December, 2030 (for the other four Initial Hotels). The abovementioned supplemental lease agreements were approved by the independent Unitholders at the extraordinary general meeting held on 15th January, 2020. References can be made to the related announcements dated 20th December, 2019 and 15th January, 2020 and the related circular to Unitholders dated 20th December, 2019, as published by the REIT Manager for further details of the IH Lease Extensions. The RHIHL Lessee is a member of the RHIHL Connected Persons Group.

During the Interim Period, the cash market rental income and other income under the Initial Hotels Lease Agreements amounted to approximately HK\$275.0 million.

#### (b) Initial Hotels Management Agreements

Under the terms of each Initial Hotels Lease Agreement, the RHIHL Lessee has delegated the operation and management of the relevant Initial Hotel to Regal Hotels International Limited (the “Hotel Manager”) by entering into the Initial Hotels Management Agreement with the Hotel Manager for a term of twenty years from 16th March, 2007. The RHIHL Lessee and the Hotel Manager are both members of the RHIHL Connected Persons Group.

Each Initial Hotel – Property Company is also a party to the Initial Hotels Management Agreement on terms including that, upon the expiry or termination of any Initial Hotels Lease Agreement, the Hotel Manager will continue to manage the relevant Initial Hotel in accordance with the Initial Hotels Management Agreement.

### **(c) Initial Hotels Lease Guarantees**

RHIHL, a member of the RHIHL Connected Persons Group, has guaranteed to pay all amounts from time to time owing or payable by the RHIHL Lessee to the Initial Hotel – Property Companies under the Initial Hotels Lease Agreements by entering into the lease guarantees (as may be amended from time to time) (the “Initial Hotels Lease Guarantees”). The Initial Hotels Lease Guarantees also contain indemnities in respect of all guaranteed liabilities. On 20th December, 2019, the supplemental lease guarantees in respect of each Initial Hotels were entered into with the Trustee and RHIHL to make consequential amendments in light of the IH Lease Extensions, so that RHIHL’s obligation to maintain a third party guarantee can cover the IH Extended Period.

### **(d) Initial Hotels Deed of Trade Mark Licence**

Regal International Limited, a member of the RHIHL Connected Persons Group, entered into a deed of trade mark licence with the REIT Manager and Regal REIT Group on 2nd March, 2007. Regal International Limited granted to the REIT Manager and each Initial Hotel – Property Company, inter alia, a non-exclusive and non-transferable licence to use its registered trade marks or service marks, in any jurisdiction where such marks are registered and free of any royalty, for the purpose of describing the ownership of each Initial Hotel and/or uses in connection with the business of each Initial Hotel.

### **(e) Wan Chai Hotel Management Agreement**

On 20th December, 2019, Regal REIT (via Sonnix Limited (the “iclub Wan Chai Hotel – Property Company”)) entered into the Wan Chai Hotel Management Agreement with the Hotel Manager, a member of the RHIHL Connected Persons Group, in respect of the management of the business of the iclub Wan Chai Hotel for a term of ten years from 1st January, 2021 and expiring on 31st December, 2030 with a non-fault based early termination provision. The Wan Chai Hotel Management Agreement was approved by the independent Unitholders at the extraordinary general meeting held on 15th January, 2020. References can be made to the related announcements dated 20th December, 2019 and 15th January, 2020 and the related circular to Unitholders dated 20th December, 2019, as published by the REIT Manager for further details of the Wan Chai Hotel Management Agreement.

During the Interim Period, total management fees under the Wan Chai Hotel Management Agreement amounted to approximately HK\$0.63 million.

### **(f) SW Lease Agreement**

Regal REIT (via Tristan Limited (the “iclub Sheung Wan Hotel – Property Company”)) entered into the SW Lease Agreement in relation to the leasing of the iclub Sheung Wan Hotel with the RHIHL Lessee, a member of the RHIHL Connected Persons Group, on 10th February, 2014 with lease term expired on 31st December, 2024. On 11th January, 2024, Regal REIT and the RHIHL Lessee entered into a supplemental deed amending the SW Lease Agreement to extend the lease term of ten years from 1st January, 2025 to 31st December, 2034 (the “SW Extended Period”), with the market rental packages for the extended lease term continuing to be determined annually by a jointly appointed independent professional property valuer (the “SW Lease Extension”). As a result, the total lease term of the SW Lease Agreement is now from 10th February, 2014 to 31st December, 2034. This supplemental lease agreement was approved by the independent Unitholders at the extraordinary general meeting held on 31st January, 2024. References can be made to the related announcements dated 11th January, 2024 and 31st January, 2024 and the related circular to Unitholders dated 11th January, 2024, as published by the REIT Manager for further details of the SW Lease Extension.

During the Interim Period, the market rental income under the SW Lease Agreement amounted to HK\$22.0 million.

#### **(g) SW Lease Guarantee**

RHIHL, a member of the RHIHL Connected Persons Group, has guaranteed to pay all amounts from time to time owing or payable by the RHIHL Lessee to the iclub Sheung Wan Hotel – Property Company under the SW Lease Agreement by entering into the lease guarantee (as may be amended from time to time) (the “SW Lease Guarantee”). On 11th January, 2024, a supplemental deed amending the SW Lease Guarantee was entered into with the Trustee and RHIHL to make consequential amendments in light of the SW Lease Extension, so that RHIHL’s obligation to maintain a third party guarantee can cover the SW Extended Period.

#### **(h) SW Hotel Management Agreement**

Regal REIT (via the iclub Sheung Wan Hotel – Property Company) entered into the SW Hotel Management Agreement with the Hotel Manager, a member of the RHIHL Connected Persons Group, in respect of the management of the business of the iclub Sheung Wan Hotel for a 10-year term commencing on 10th February, 2014. On 11th January, 2024, Regal REIT and the Hotel Manager entered into a supplemental deed amending the SW Hotel Management Agreement to extend its original expiry date (i.e., 9th February, 2024) to 31st December, 2034 with the inclusion of a new non-fault based early termination provision exercisable only by the lessor (the “SW HMA Extension”). This supplemental hotel management agreement was approved by the independent Unitholders at the extraordinary general meeting held on 31st January, 2024. References can be made to the related announcements dated 11th January, 2024 and 31st January, 2024 and the related circular to Unitholders dated 11th January, 2024, as published by the REIT Manager for further details of the SW HMA Extension.

#### **(i) FH Lease Agreement**

Regal REIT (via Wise Decade Investments Limited (the “iclub Fortress Hill Hotel – Property Company”)) entered into the FH Lease Agreement in relation to the leasing of the iclub Fortress Hill Hotel with the RHIHL Lessee, a member of the RHIHL Connected Persons Group, on 28th July, 2014 with lease term expired on 31st December, 2024. On 11th January, 2024, Regal REIT and the RHIHL Lessee entered into a supplemental deed amending the FH Lease Agreement to extend the lease term of ten years from 1st January, 2025 to 31st December, 2034 (the “FH Extended Period”), with the market rental packages for the extended lease term continuing to be determined annually by a jointly appointed independent professional property valuer (the “FH Lease Extension”). As a result, the total lease term of the FH Lease Agreement is now from 28th July, 2014 to 31st December, 2034. This supplemental lease agreement was approved by the independent Unitholders at the extraordinary general meeting held on 31st January, 2024. References can be made to the related announcements dated 11th January, 2024 and 31st January, 2024 and the related circular to Unitholders dated 11th January, 2024, as published by the REIT Manager for further details of the FH Lease Extension.

During the Interim Period, the market rental income under the FH Lease Agreement amounted to HK\$21.0 million.

**(j) FH Lease Guarantee**

RHIHL, a member of the RHIHL Connected Persons Group, has guaranteed to pay all amounts from time to time owing or payable by the RHIHL Lessee to the iclub Fortress Hill Hotel – Property Company under the FH Lease Agreement by entering into the lease guarantee (as may be amended from time to time) (the “FH Lease Guarantee”). On 11th January, 2024, a supplemental deed amending the FH Lease Guarantee was entered into with the Trustee and RHIHL to make consequential amendments in light of the FH Lease Extension, so that RHIHL’s obligation to maintain a third party guarantee can cover the FH Extended Period.

**(k) FH Hotel Management Agreement**

Regal REIT (via the iclub Fortress Hill Hotel – Property Company) entered into the FH Hotel Management Agreement with the Hotel Manager, a member of the RHIHL Connected Persons Group, in respect of the management of the business of the iclub Fortress Hill Hotel for a 10-year term commencing on 28th July, 2014. On 11th January, 2024, Regal REIT and the Hotel Manager entered into a supplemental deed amending the FH Hotel Management Agreement to extend its original expiry date (i.e., 27th July, 2024) to 31st December, 2034 with the inclusion of a new non-fault based early termination provision exercisable only by the lessor (the “FH HMA Extension”). This supplemental hotel management agreement was approved by the independent Unitholders at the extraordinary general meeting held on 31st January, 2024. References can be made to the related announcements dated 11th January, 2024 and 31st January, 2024 and the related circular to Unitholders dated 11th January, 2024, as published by the REIT Manager for further details of the FH HMA Extension.

**(l) TKW Lease Agreement**

Regal REIT (via Land Crown International Limited (the “iclub To Kwa Wan Hotel – Property Company”)) entered into the TKW Lease Agreement in relation to the leasing of the iclub To Kwa Wan Hotel with the RHIHL Lessee, a member of the RHIHL Connected Persons Group, on 4th September, 2017. The term of the TKW Lease Agreement expired on 3rd September, 2022, which is extendable at the option of Regal REIT for a further term to 31st December, 2027. On 29th December, 2021, pursuant to the terms of the TKW Lease Agreement, the iclub To Kwa Wan Hotel – Property Company (as the lessor) exercised the option granted to it to extend the lease term for a further term, commencing from 4th September, 2022 and expiring on 31st December, 2027 (both days inclusive). On 8th June, 2022, the iclub To Kwa Wan Hotel – Property Company and the RHIHL Lessee entered into the supplemental deed amending the TKW Lease Agreement to formally effect the extension of the abovementioned lease term. Save for the extension of the lease term as mentioned above, all the other existing terms and conditions of the TKW Lease Agreement remain unchanged.

During the Interim Period, the market rental income under the TKW Lease Agreement amounted to HK\$18.5 million.



#### **(m) TKW Lease Guarantee**

Pursuant to a lease guarantee entered into on 4th September, 2017, RHIHL, a member of the RHIHL Connected Person Group, has guaranteed to pay all amounts from time to time owing or payable by the RHIHL Lessee to the iclub To Kwa Wan Hotel – Property Company under the TKW Lease Agreement.

#### **(n) TKW Hotel Management Agreement**

Regal REIT (via the iclub To Kwa Wan Hotel – Property Company) entered into the TKW Hotel Management Agreement with the Hotel Manager, a member of the RHIHL Connected Persons Group, in respect of the management of the business of the iclub To Kwa Wan Hotel for a 10-year term commencing on 4th September, 2017.

#### **REIT Manager Fees**

Regal Portfolio Management Limited, a member of the RHIHL Connected Persons Group, was appointed as the REIT Manager of Regal REIT. REIT Manager fees aggregating approximately HK\$46.3 million for such services rendered during the Interim Period were settled and/or are to be settled pursuant to the provisions of the Trust Deed.

#### **TRUSTEE CONNECTED PERSONS GROUP**

Both the REIT Manager and the Trustee have confirmed that, other than those banking transactions of which the members of the Trustee Connected Persons Group acted as custodian and/or agent and conducted agency transactions with Regal REIT Group, there were no corporate finance transactions or other connected party transactions with the Trustee Connected Persons Group during the Interim Period.

#### **Trustee Fees**

DB Trustees (Hong Kong) Limited, a member of the Trustee Connected Persons Group, was appointed as the Trustee of Regal REIT. Trustee fees aggregating approximately HK\$1.9 million were recorded during the Interim Period for services rendered in this capacity.

#### **CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Independent Non-executive Directors of the REIT Manager have reviewed all relevant connected party transactions above and were satisfied that those transactions were entered into:

- (a) in the ordinary and usual course of business of Regal REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to assess whether they are on normal commercial terms, on terms no less favourable to Regal REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreements and deeds and the REIT Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the best interests of Unitholders as a whole.

## DISCLOSURE OF INTERESTS

The REIT Code requires Connected Persons (as defined in paragraph 8.1 of the REIT Code) of Regal REIT to disclose their interests in the Units. As well, the provisions of Part XV of the SFO are deemed by the Trust Deed to apply to the REIT Manager, the directors or the chief executives of the REIT Manager, and to persons interested in the Units.

### HOLDINGS OF SUBSTANTIAL UNITHOLDERS

As at 30th June, 2025, the interests of the Substantial Unitholders (as defined in paragraph 8.1 of the REIT Code) (not being a director or chief executive of the REIT Manager) in Units, as recorded in the register (the "Register") required to be kept under the Trust Deed, were as follows:

<b>Names of Substantial Unitholders</b>	<b>Total number of issued Units held (Long position)</b>	<b>Approximate percentage of the issued Units as at 30th June, 2025<sup>(x)</sup></b>
Century City International Holdings Limited ("CCIHL")	2,443,033,102 (Note i)	74.99%
Century City BVI Holdings Limited ("CCBVI")	2,443,033,102 (Notes i & ii)	74.99%
Paliburg Holdings Limited ("PHL")	2,440,346,102 (Notes iii & iv)	74.92%
Paliburg Development BVI Holdings Limited ("PDBVI")	2,440,346,102 (Notes iii & v)	74.92%
Regal Hotels International Holdings Limited ("RHIHL")	2,439,613,739 (Notes vi & vii)	74.89%
Regal International (BVI) Holdings Limited ("RBVI")	2,439,613,739 (Notes vi & viii)	74.89%
Complete Success Investments Limited	1,817,012,072 (Note ix)	55.78%
Great Prestige Investments Limited	373,134,326 (Note ix)	11.45%

Notes:

- (i) The interests in 2,443,033,102 Units held by each of CCIHL and CCBVI were the same parcel of Units, which were directly held by RBVI and wholly-owned subsidiaries of CCBVI, PDBVI and RBVI, respectively.
- (ii) CCBVI is a wholly-owned subsidiary of CCIHL and its interests in Units are deemed to be the same interests held by CCIHL.
- (iii) The interests in 2,440,346,102 Units held by each of PHL and PDBVI were the same parcel of Units, which were directly held by RBVI and wholly-owned subsidiaries of PDBVI and RBVI, respectively.

- (iv) PHL is a listed subsidiary of CCBVI, which held an approximately 62.28% shareholding interest in PHL as at 30th June, 2025, and its interests in Units are deemed to be the same interests held by CCBVI.
- (v) PDBVI is a wholly-owned subsidiary of PHL and its interests in Units are deemed to be the same interests held by PHL.
- (vi) The interests in 2,439,613,739 Units held by each of RHIHL and RBVI were the same parcel of Units, which were directly held by RBVI and its wholly-owned subsidiaries, respectively.
- (vii) RHIHL is a listed subsidiary of PDBVI, which held an approximately 69.25% shareholding interest in RHIHL as at 30th June, 2025, and its interests in Units are deemed to be the same interests held by PDBVI.
- (viii) RBVI is a wholly-owned subsidiary of RHIHL and its interests in Units are deemed to be the same interests held by RHIHL.
- (ix) These companies are wholly-owned subsidiaries of RBVI and their respective direct interests in Units are deemed to be the same interests held by RBVI.
- (x) The approximate percentages were calculated based on 3,257,431,189 Units in issue as at 30th June, 2025.

Save as disclosed herein and based on the information available to the REIT Manager, there were no other Substantial Unitholders of Regal REIT who, as at 30th June, 2025, had interests in Units which are required to be recorded in the Register.

## HOLDINGS OF THE REIT MANAGER, DIRECTORS AND CHIEF EXECUTIVES OF THE REIT MANAGER

As at 30th June, 2025, the interests of the REIT Manager, directors and chief executives of the REIT Manager in Units, as recorded in the Register, were as follows:

Name of Director of the REIT Manager	Total number of issued Units held (Long position)	Approximate percentage of the issued Units as at 30th June, 2025 <sup>(iii)</sup>
LO Yuk Sui	2,443,033,102 (Note i)	74.99%

Notes:

- (i) The interests in 2,443,033,102 Units were the same parcel of Units held through CCIHL in which Mr. Lo Yuk Sui held approximately 67.43% shareholding interest as at 30th June, 2025.
- (ii) The approximate percentages were calculated based on 3,257,431,189 Units in issue as at 30th June, 2025.

Save as disclosed herein, as at 30th June, 2025, none of the REIT Manager, the Directors and the chief executives of the REIT Manager had any interests in Units, which are required to be recorded in the Register.

## HOLDINGS OF OTHER CONNECTED PERSONS

Save for the interests of the Substantial Unitholders and the Director of the REIT Manager (also being the Connected Persons of the Regal REIT) in Units as disclosed herein, the REIT Manager is not aware of any other Connected Persons of Regal REIT holding any Units as at 30th June, 2025.

## PERFORMANCE TABLE

*As at 30th June, 2025*

	Notes	Six months ended 30th June, 2025	Six months ended 30th June, 2024	Six months ended 30th June, 2023	Six months ended 30th June, 2022	Six months ended 30th June, 2021
Net assets attributable to Unitholders (HK\$'million)		<b>12,348.0</b>	13,077.9	12,886.9	12,643.1	11,612.0
Net asset value per Unit attributable to Unitholders (HK\$)		<b>3.791</b>	4.015	3.956	3.881	3.565
The highest traded price during the period (HK\$)	1	<b>0.49</b>	0.72	1.39	1.52	1.78
The lowest traded price during the period (HK\$)		<b>0.34</b>	0.41	1.04	1.29	1.28
The highest discount of the traded price to net asset value per Unit attributable to Unitholders		<b>91.03%</b>	89.91%	73.71%	66.76%	64.10%
Distribution yield per Unit	2	<b>N/A</b>	N/A	N/A	3.95%	2.69%

Notes:

1. The highest traded price during all the relevant periods was lower than the net asset value per Unit attributable to Unitholders reported at the end of those periods. Accordingly, no premium for the traded price to net asset value per Unit attributable to Unitholders is presented.
2. This is not applicable as there is no interim distribution declared by the Board of Directors of the REIT Manager for the six months ended 30th June, 2025 (2024: Nil).

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June, 2025

	Notes	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
<b>Revenue</b>			
Gross rental revenue	4	339,181	335,876
Gross hotel revenue	4	15,182	14,480
		<u>354,363</u>	<u>350,356</u>
Property and hotel operating expenses		<u>(11,524)</u>	<u>(10,136)</u>
Net rental and hotel income	4	342,839	340,220
Interest income		272	472
Depreciation	10	(4,125)	(3,966)
Fair value changes on investment properties	11	(517,118)	16,548
REIT Manager fees	5	(46,328)	(46,693)
Trust, professional and other expenses	6	(4,384)	(5,918)
Finance costs - excluding distribution to Unitholders	7	<u>(266,931)</u>	<u>(326,113)</u>
<b>LOSS BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS</b>		<b>(495,775)</b>	<b>(25,450)</b>
Income tax credit/(expenses)	8	<u>(12,324)</u>	<u>5,646</u>
<b>LOSS FOR THE PERIOD, BEFORE DISTRIBUTION TO UNITHOLDERS</b>		<b>(508,099)</b>	<b>(19,804)</b>
Finance costs - distribution to Unitholders		<u>—</u>	<u>—</u>
<b>LOSS FOR THE PERIOD, AFTER DISTRIBUTION TO UNITHOLDERS</b>		<b><u>(508,099)</u></b>	<b><u>(19,804)</u></b>
<b>LOSS PER UNIT ATTRIBUTABLE TO UNITHOLDERS</b>			
Basic and diluted	9	<u><b>HK\$(0.156)</b></u>	<u><b>HK\$(0.006)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2025

		Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
	Notes		
<b>LOSS FOR THE PERIOD, BEFORE DISTRIBUTION TO UNITHOLDERS</b>		<b>(508,099)</b>	(19,804)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Changes in fair value of cash flow hedges		(50,055)	10,579
Transfer from hedging reserve to condensed consolidated statement of profit or loss		2,925	(3,949)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		(47,130)	6,630
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Gain/(loss) on revaluation of property	10	(5,064)	20,612
Income tax effect	21	836	(3,401)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		(4,228)	17,211
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>		<b>(51,358)</b>	23,841
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, BEFORE DISTRIBUTION TO UNITHOLDERS</b>		<b>(559,457)</b>	4,037



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2025

	Notes	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	663,000	672,000
Investment properties	11	22,766,000	23,271,000
Derivative financial instruments	20	—	2,671
Finance lease receivables	12	6,914	—
Total non-current assets		23,435,914	23,945,671
<b>Current assets</b>			
Accounts receivable	13	362	335
Prepayments, deposits and other receivables		7,454	9,642
Due from related companies	25(b)	2,866	3,401
Tax recoverable		3,598	2,661
Finance lease receivables	12	3,846	998
Restricted cash	14	218,493	259,015
Cash and cash equivalents	15	12,493	3,741
Total current assets		249,112	279,793
<b>Total assets</b>		23,685,026	24,225,464
<b>Current liabilities</b>			
Accounts payable	16	47,151	44,939
Deposits received		47	2,282
Derivative financial instruments	20	4,775	—
Due to related companies	25(b)	203,693	183,694
Other payables and accruals		34,281	61,585
Contract liabilities	17	567	482
Interest-bearing bank borrowings	19	698,563	697,656
Lease liabilities	18	3,846	998
Tax payable		9,858	14,092
Total current liabilities		1,002,781	1,005,728
<b>Net current liabilities</b>		(753,669)	(725,935)
<b>Total assets less current liabilities</b>		22,682,245	23,219,736

		<b>30th June, 2025 (unaudited) HK\$'000</b>	<b>31st December, 2024 (audited) HK\$'000</b>
	<b>Notes</b>		
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>			
Interest-bearing bank borrowings	19	<b>9,627,850</b>	9,656,447
Lease liabilities	18	<b>6,914</b>	—
Derivative financial instruments	20	<b>42,785</b>	682
Deposits received		<b>633</b>	633
Deferred tax liabilities	21	<b>656,021</b>	654,475
Total non-current liabilities		<b>10,334,203</b>	10,312,237
<b>Total liabilities, excluding net assets attributable to Unitholders</b>			
		<b>11,336,984</b>	11,317,965
<b>Net assets attributable to Unitholders</b>			
		<b>12,348,042</b>	12,907,499
<b>Number of Units in issue</b>			
	22	<b>3,257,431,189</b>	3,257,431,189
<b>Net asset value per Unit attributable to Unitholders</b>			
	23	<b>HK\$3.791</b>	HK\$3.962

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the six months ended 30th June, 2025

	Units (unaudited) HK\$'000	Capital reserve (unaudited) HK\$'000	Hedging reserve (unaudited) HK\$'000	Property revaluation reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	Total (unaudited) HK\$'000
Net assets as at 1st January, 2025	8,432,356	15,876	1,667	254,598	4,203,002	12,907,499
Loss for the period	—	—	—	—	(508,099)	(508,099)
Other comprehensive loss for the period:						
Cash flow hedges	—	—	(47,130)	—	—	(47,130)
Loss on revaluation of property, net of tax	—	—	—	(4,228)	—	(4,228)
Total comprehensive loss for the period, before distribution to Unitholders	—	—	(47,130)	(4,228)	(508,099)	(559,457)
Transfer of depreciation on hotel property	—	—	—	(1,220)	1,220	—
Net assets as at 30th June, 2025	<u>8,432,356</u>	<u>15,876</u>	<u>(45,463)</u>	<u>249,150</u>	<u>3,696,123</u>	<u>12,348,042</u>

For the six months ended 30th June, 2024

	Units (unaudited) HK\$'000	Capital reserve (unaudited) HK\$'000	Hedging reserve (unaudited) HK\$'000	Property revaluation reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	Total (unaudited) HK\$'000
Net assets as at 1st January, 2024	8,432,356	15,876	—	220,450	4,405,191	13,073,873
Loss for the period	—	—	—	—	(19,804)	(19,804)
Other comprehensive income for the period:						
Cash flow hedges	—	—	6,630	—	—	6,630
Gain on revaluation of property, net of tax	—	—	—	17,211	—	17,211
Total comprehensive income for the period, before distribution to Unitholders	—	—	6,630	17,211	(19,804)	4,037
Transfer of depreciation on hotel property	—	—	—	(1,066)	1,066	—
Net assets as at 30th June, 2024	<u>8,432,356</u>	<u>15,876</u>	<u>6,630</u>	<u>236,595</u>	<u>4,386,453</u>	<u>13,077,910</u>

## DISTRIBUTION STATEMENT

For the six months ended 30th June, 2025

		<b>Six months ended 30th June, 2025 (unaudited) HK\$'000</b>	Six months ended 30th June, 2024 (unaudited) HK\$'000
	<b>Notes</b>		
<b>Loss for the period, before distribution to Unitholders</b>		<b>(508,099)</b>	(19,804)
Adjustments:			
Amounts set aside for the furniture, fixtures and equipment reserve	(b)	<b>(13,720)</b>	(13,073)
Amortisation of debt establishment costs		<b>13,810</b>	13,943
Fair value changes on investment properties		<b>517,118</b>	(16,548)
Depreciation		<b>4,125</b>	3,966
Deferred tax charge/(credit)		<b>2,382</b>	(12,254)
<b>Distributable income/(adjusted loss) for the period</b>	(a)	<b>15,616</b>	(43,770)
<b>Distribution per Unit</b>	(a)	<b>—</b>	—

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 as defined in the Trust Deed ("Total Distributable Income") for each financial year and the current policy of the REIT Manager is to comply with such requirement.

The amount of distribution, if any, for the interim period of each financial year is at the discretion of the REIT Manager. The REIT Manager has decided not to declare an interim distribution for the six months ended 30th June, 2025 (six months ended 30th June, 2024: Nil).

- (b) Amounts set aside by Regal REIT for the furniture, fixtures and equipment reserve (the "FF&E Reserve") with respect to the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Kowloon Hotel, the Regal Oriental Hotel, the Regal Riverside Hotel (collectively, the "Initial Hotels" and each referred to as the "Initial Hotel"), the iclub Wan Chai Hotel, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel aggregated to HK\$13.7 million (six months ended 30th June, 2024: HK\$13.1 million).

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2025

	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
<b>Net cash flows from operating activities</b>	<b>24,159</b>	<b>17,321</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(189)	(354)
Additions to investment properties	(12,118)	(24,452)
Principal portion of finance lease received	2,377	3,220
Decrease in restricted cash	16,456	343
<b>Net cash flows from/(used in) investing activities</b>	<b>6,526</b>	<b>(21,243)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings, net of debt establishment costs	21,800	45,800
Repayment of bank borrowings	(63,300)	(64,400)
Principal portion of lease payments	(2,377)	(3,220)
Decrease/(increase) in restricted cash	21,944	(14,769)
<b>Net cash flows used in financing activities</b>	<b>(21,933)</b>	<b>(36,589)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>8,752</b>	<b>(40,511)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>3,741</b>	<b>45,877</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>12,493</b>	<b>5,366</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	12,493	5,366

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2025

### 1. GENERAL

Regal Real Estate Investment Trust ("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 (the "Units") were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30th March, 2007. Regal REIT is governed by a trust deed (the "Trust Deed") dated 11th December, 2006 (date of establishment), made between Regal Portfolio Management Limited (the "REIT Manager") and DB Trustees (Hong Kong) Limited (the "Trustee") (as amended and restated by the first amending and restating deed dated 23rd March, 2021 and the second amending and restating deed dated 31st January, 2024) and the Code on Real Estate Investment Trusts (the "REIT Code") as issued by the Securities and Futures Commission (the "SFC").

The principal activity of Regal REIT and its subsidiaries (collectively, the "Group") is to own and invest in income-producing hotels, serviced apartments or commercial properties (including office premises) with the objectives of producing stable and growing distributions to the unitholders of Regal REIT (the "Unitholders") and to achieve long-term growth in the net asset value per Unit.

The addresses of the registered office of the REIT Manager and the Trustee are Unit No. 2001, 20th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong and Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, respectively.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31st December, 2024. In addition, the condensed consolidated financial statements include applicable disclosures required by the REIT Code as issued by the SFC.



## 2.2 Basis of preparation

The condensed consolidated financial statements have been prepared on the historical cost basis, except for property, plant and equipment, investment properties and derivative financial instruments which have been measured at fair values. These condensed consolidated financial statements are presented in Hong Kong dollars, the functional currency of Regal REIT, and all values are rounded to the nearest thousand except when otherwise indicated.

As at 30th June, 2025, the Group's current liabilities exceeded its current assets by HK\$753,669,000. The net current liabilities position was mainly due to the term loans which are maturing within twelve months, amounted to HK\$700,000,000 and classified under current liabilities as at the end of the reporting period. Taking into account the stable operating cash inflows to be generated from rental income, the planned refinancing of the loan facility maturing within the next twelve months, the Group's unutilised revolving loan facilities and the financial support provided by the immediate listed holding company of the Group, the REIT Manager considers the Group has adequate resources to meet its liabilities, commitments and funding requirements as and when they fall due within one year from the end of the reporting period. Accordingly, the REIT Manager continues to adopt the going concern basis in preparing the condensed consolidated financial statements.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2024, except for the adoption of the following amended HKFRS Accounting Standard, for the first time for the current period's financial information.

Amendments to HKAS 21

*Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

Operating segments of the Group are identified on the basis of internal reports covering 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, is mainly focused on the segment results related to the nature of 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 invested in the Initial Hotels, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel; and (ii) the mixed use property segment which invested in the iclub Wan Chai Hotel and is made up of the hotel portion and non-hotel portions.

The operating segments of the Group for the six months ended 30th June, 2025 are as follows:

	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>Segment revenue</b>			
Gross rental revenue	338,385	796	339,181
Gross hotel revenue	—	15,182	15,182
Total	<u>338,385</u>	<u>15,978</u>	<u>354,363</u>
<b>Segment results</b>	<u>336,233</u>	<u>6,606</u>	342,839
Fair value changes on investment properties	(515,118)	(2,000)	(517,118)
Depreciation	—	(4,125)	(4,125)
Interest income			272
REIT Manager fees			(46,328)
Trust, professional and other expenses			(4,384)
Finance costs - excluding distribution to Unitholders			<u>(266,931)</u>
Loss before tax and distribution to Unitholders			<u>(495,775)</u>

The operating segments of the Group for the six months ended 30th June, 2024 were as follows:

	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>Segment revenue</b>			
Gross rental revenue	332,329	3,547	335,876
Gross hotel revenue	—	14,480	14,480
Total	<u>332,329</u>	<u>18,027</u>	<u>350,356</u>
<b>Segment results</b>	<u>330,710</u>	<u>9,510</u>	340,220
Fair value changes on investment properties	16,548	—	16,548
Depreciation	—	(3,966)	(3,966)
Interest income			472
REIT Manager fees			(46,693)
Trust, professional and other expenses			(5,918)
Finance costs - excluding distribution to Unitholders			<u>(326,113)</u>
Loss before tax and distribution to Unitholders			<u>(25,450)</u>

### Segment assets and liabilities

As part of the Group's performance assessment, the fair values of investment properties and property, plant and equipment are reviewed by the Group's chief operating decision-maker.

As at 30th June, 2025, the Group's segment assets, comprised of the aggregate fair values of the investment properties and property, plant and equipment in the hotel properties segment and the mixed use property segment, amounted to HK\$22,582,000,000 (31st December, 2024: HK\$23,085,000,000) and HK\$847,000,000 (31st December, 2024: HK\$858,000,000), respectively.

Save as set out above, no other assets and liabilities are included in the assessment of the Group's segment performance.

## Other segment information

	Six months ended 30th June, 2025		
	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
Capital expenditures	<u>12,118</u>	<u>189</u>	<u>12,307</u>

  

	Six months ended 30th June, 2024		
	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
Capital expenditures	<u>24,452</u>	<u>354</u>	<u>24,806</u>

Capital expenditures consist of additions to investment properties and property, plant and equipment.

## Information about a major customer

For the six months ended 30th June, 2025, revenue of HK\$338,385,000 (six months ended 30th June, 2024: HK\$332,329,000) was derived from the lease of hotel properties to a single lessee which is a related company.

## Geographical information

The Group's investment properties and property, plant and equipment are all located in Hong Kong.

#### 4. NET RENTAL AND HOTEL INCOME

Revenue represents the gross rental revenue received and receivable from its investment properties, and gross hotel revenue during the period.

The net rental and hotel income represents the aggregate of:

- (a) net rental income, being the gross rental revenue less property operating expenses; and
- (b) net hotel income, being the gross hotel revenue less hotel operating expenses.

An analysis of the gross and net rental and hotel income is as follows:

	Notes	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
<b>Gross rental revenue</b>			
Rental income			
Initial Hotels	(a)	275,000	272,000
iclub Wan Chai Hotel - Non-hotel portions		796	3,547
iclub Sheung Wan Hotel	(b)	22,000	21,000
iclub Fortress Hill Hotel	(c)	21,000	20,000
iclub To Kwa Wan Hotel	(d)	18,500	18,000
Other income		1,885	1,329
		<b>339,181</b>	335,876
Property operating expenses		<b>(2,470)</b>	(1,938)
<b>Net rental income</b>		<b>336,711</b>	333,938
<b>Gross hotel revenue</b>		<b>15,182</b>	14,480
Hotel operating expenses		<b>(9,054)</b>	(8,198)
<b>Net hotel income</b>		<b>6,128</b>	6,282
<b>Net rental and hotel income</b>		<b>342,839</b>	340,220
<b>Revenue from contracts with customers</b>			
Gross hotel revenue	(e)	<b>15,182</b>	14,480
<b>Revenue from other sources</b>			
Gross rental income		<b>339,181</b>	335,876

Notes:

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

	<b>Six months ended 30th June, 2025 (unaudited) HK\$'000</b>	Six months ended 30th June, 2024 (unaudited) HK\$'000
Base Rent	<b>275,000</b>	272,000
Variable Rent	—	—
	<b><u>275,000</u></b>	<b><u>272,000</u></b>

(b) An analysis of the iclub Sheung Wan Hotel rental income is as follows:

	<b>Six months ended 30th June, 2025 (unaudited) HK\$'000</b>	Six months ended 30th June, 2024 (unaudited) HK\$'000
Base Rent	<b>22,000</b>	21,000
Variable Rent	—	—
	<b><u>22,000</u></b>	<b><u>21,000</u></b>

(c) An analysis of the iclub Fortress Hill Hotel rental income is as follows:

	<b>Six months ended 30th June, 2025 (unaudited) HK\$'000</b>	Six months ended 30th June, 2024 (unaudited) HK\$'000
Base Rent	<b>21,000</b>	20,000
Variable Rent	—	—
	<b><u>21,000</u></b>	<b><u>20,000</u></b>



(d) An analysis of the iclub To Kwa Wan Hotel rental income is as follows:

	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
Base Rent	18,500	18,000
Variable Rent	—	—
	<u>18,500</u>	<u>18,000</u>

(e) Gross hotel revenue is recognised over time.

## 5. REIT MANAGER FEES

	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
Base Fees	36,038	36,477
Variable Fees	10,290	10,216
	<u>46,328</u>	<u>46,693</u>

Under the Trust Deed, the REIT Manager is entitled to receive the following:

- a base fee (the “Base Fee”) of currently 0.3% (subject to a maximum of 0.5%) per annum of the value of the deposited property of Regal REIT which is payable monthly and subject to adjustments based on the value of the deposited property of Regal REIT as per published audited annual accounts for the relevant financial year; and
- a variable fee (the “Variable Fee”) of currently 3% (subject to a maximum of 5%) per annum of the net property income for the relevant financial year as defined in the Trust Deed in respect of each Initial Hotel, iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel, which is payable annually.

For the financial years 2025 and 2024, the REIT Manager elected to receive its Base Fees and Variable Fees in the form of cash, details of which can be referred to an announcement of Regal REIT published on 29th November, 2024.

## 6. TRUST, PROFESSIONAL AND OTHER EXPENSES

	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
Auditor's remuneration	884	818
Legal and other professional fees	607	2,431
Trustee fees	1,862	1,875
Other expenses	1,031	794
	<u>4,384</u>	<u>5,918</u>

## 7. FINANCE COSTS – EXCLUDING DISTRIBUTION TO UNITHOLDERS

	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest expense on interest-bearing bank borrowings	251,996	320,908
Amortisation of debt establishment costs	13,810	13,943
Interest income from restricted cash	(2,039)	(4,924)
Interest expense on lease liabilities	222	57
	<u>263,989</u>	<u>329,984</u>
Fair value changes on derivative financial instruments		
– cash flow hedges (transfer from hedging reserve)	2,925	(3,949)
Others	17	78
	<u>266,931</u>	<u>326,113</u>

## 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30th June, 2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	<b>Six months ended 30th June, 2025 (unaudited) HK\$'000</b>	<b>Six months ended 30th June, 2024 (unaudited) HK\$'000</b>
Charge for the period	<b>9,954</b>	6,615
Overprovision in prior years	<b>(12)</b>	(7)
Deferred (note 21)	<b>2,382</b>	(12,254)
Total tax charge/(credit) for the period	<b><u>12,324</u></b>	<b><u>(5,646)</u></b>

## 9. LOSS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The calculation of the basic loss per Unit attributable to Unitholders is based on the loss for the period before distribution to Unitholders of HK\$508,099,000 (six months ended 30th June, 2024: loss of HK\$19,804,000) and 3,257,431,189 Units in issue (six months ended 30th June, 2024: 3,257,431,189 Units). The basic loss per Unit attributable to Unitholders for the period amounted to HK\$0.156 (six months ended 30th June, 2024: basic loss per Unit of HK\$0.006).

The diluted loss per Unit attributable to Unitholders is the same as the basic loss per Unit attributable to Unitholders as there were no dilutive instruments in issue during the period (six months ended 30th June, 2024: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>Authorised investments</b>
	<b>Hotel properties HK\$'000</b>
At 1st January, 2024	636,000
Additions	470
Surplus on revaluation	43,543
Depreciation provided during the year	(8,013)
	<hr/>
At 31st December, 2024 (audited) and 1st January, 2025	<b>672,000</b>
Additions	<b>189</b>
Deficit on revaluation	<b>(5,064)</b>
Depreciation provided during the period	<b>(4,125)</b>
	<hr/>
At 30th June, 2025 (unaudited)	<b>663,000</b>
	<hr/>

The Group's property, plant and equipment represents the value of land and building together with furniture, fixtures and equipment of the iclub Wan Chai Hotel for the hotel portion. The REIT Manager has determined that the property, plant and equipment constitute a single class of asset (i.e. hotel property) based on the nature, characteristics and risks of the property. The property, plant and equipment was valued by Knight Frank Petty Limited ("Knight Frank"), an independent property valuer and the principal valuer of Regal REIT, at HK\$663,000,000 as at 30th June, 2025 (31st December, 2024: HK\$672,000,000). A revaluation deficit of HK\$5,064,000 (31st December, 2024: surplus of HK\$43,543,000) resulting from the valuation as at 30th June, 2025 has been charged to other comprehensive loss.

The property, plant and equipment are categorised as Level 3 in the fair value hierarchy (note 26).

The iclub Wan Chai Hotel has been pledged to secure banking facilities granted to the Group (note 19).

The carrying amount of the Group's property, plant and equipment would have been HK\$364,620,000 (31st December, 2024: HK\$367,095,000) had such assets been stated in the condensed consolidated financial statements at cost less accumulated depreciation.

Further particulars of the Group's hotel properties are included on page 67.

## 11. INVESTMENT PROPERTIES

	Authorised investments		
	Hotel properties HK\$'000	Commercial properties HK\$'000	Total HK\$'000
At 1st January, 2024	23,155,000	197,000	23,352,000
Fair value changes	(117,814)	(11,000)	(128,814)
Capital expenditures for the year	47,384	—	47,384
Others	430	—	430
At 31st December, 2024 (audited) and 1st January, 2025	<b>23,085,000</b>	<b>186,000</b>	<b>23,271,000</b>
Fair value changes	<b>(515,118)</b>	<b>(2,000)</b>	<b>(517,118)</b>
Capital expenditures for the period	<b>12,118</b>	<b>—</b>	<b>12,118</b>
At 30th June, 2025 (unaudited)	<b>22,582,000</b>	<b>184,000</b>	<b>22,766,000</b>

The REIT Manager has determined that the investment properties constitute two classes of asset (i.e. hotel and commercial properties) based on the nature, characteristics and risks of each property.

The Group's investment properties were valued by Knight Frank at HK\$22,766,000,000 as at 30th June, 2025 (31st December, 2024: HK\$23,271,000,000). The investment properties are leased to a related company and other commercial tenants under operating leases, further details of which are included in note 18 to the condensed consolidated financial statements.

The investment properties are categorised as Level 3 in the fair value hierarchy (note 26).

Initial Hotels, together with iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel, have been pledged to secure banking facilities granted to the Group (note 19).

Further particulars of the Group's investment properties are included on pages 67 to 68.

## 12. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
Amounts receivable:				
Not later than one year	4,357	999	3,846	998
Later than one year and not later than five years	7,263	—	6,914	—
	<u>11,620</u>	<u>999</u>	<u>10,760</u>	<u>998</u>
Less: Unearned finance income	(860)	(1)		
	<u>10,760</u>	<u>998</u>		
Portion classified as current assets	(3,846)	(998)		
Non-current portion	<u>6,914</u>	<u>—</u>		

The effective interest rate of the finance leases of the premises as at 30th June, 2025 was 3.13% (31st December, 2024: 1.86%) per annum.

No finance lease receivable was past due at the end of the reporting period.

## 13. ACCOUNTS RECEIVABLE

	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
Other accounts receivable	<u>362</u>	<u>335</u>

The Group's accounts receivable as at the end of the reporting period, based on invoice date, are aged as being within 3 months. No accounts receivable are past due at the end of the reporting period.

The general credit terms for other accounts receivable are 30 days. The Group seeks to maintain control over the outstanding receivables and to minimise any credit risk associated thereon.



#### 14. RESTRICTED CASH

The restricted cash of the Group is kept in designated bank accounts in accordance with the relevant facility agreements and is restricted mainly for servicing finance costs on certain interest-bearing bank borrowings, funding and utilisation of furniture, fixtures and equipment expenditures for the Initial Hotels, iclub Wan Chai Hotel - Hotel portion, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel, and holding rental deposits from certain tenants.

#### 15. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

#### 16. ACCOUNTS PAYABLE

	<b>30th June, 2025 (unaudited) HK\$'000</b>	<b>31st December, 2024 (audited) HK\$'000</b>
Amounts due to related companies	<b>46,546</b>	43,818
Other accounts payable	<b>605</b>	1,121
	<b>47,151</b>	44,939

The amounts due to related companies are unsecured, interest-free and repayable on demand. Other accounts payable are unsecured, non interest-bearing and are normally settled within 90 days.

The Group's accounts payable as at the end of the reporting period, based on invoice date, are all aged within 3 months.

## 17. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
Advances from customers	<u>567</u>	<u>482</u>

Contract liabilities include the advance receipts from customers under hotel operations.

## 18. LEASES

### The Group as a lessee

The Group has lease contracts for various premises used in its operations. Leases of premises generally have lease terms between 1 and 3 years.

#### (a) Lease liabilities

The carrying amount of lease liabilities and the movements during the period/year are as follows:

	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
Carrying amount at 1st January	998	7,468
Additions	12,139	—
Accretion of interest recognised during the period/year	222	84
Payments	<u>(2,599)</u>	<u>(6,554)</u>
Carrying amount at 30th June/31st December	<u>10,760</u>	<u>998</u>
Analysed into:		
Current portion	3,846	998
Non-current portion	<u>6,914</u>	<u>—</u>
	<u>10,760</u>	<u>998</u>

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	<b>30th June, 2025 (unaudited) HK\$'000</b>	30th June, 2024 (unaudited) HK\$'000
Interest on lease liabilities	222	57
Expenses relating to short-term leases (included in property and hotel operating expenses)	180	180
Total amount recognised in profit or loss	<u>402</u>	<u>237</u>

(c) The total cash outflow for leases is HK\$2,779,000 (six months ended 30th June, 2024: HK\$3,457,000).

### The Group as a lessor

The Group leases its investment properties (note 11) consisting of hotel properties, commercial properties and premises in Hong Kong under operating lease arrangements. The terms of the leases generally require the RHIHL Lessee and tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants were as follows:

	<b>30th June, 2025 (unaudited) HK\$'000</b>	31st December, 2024 (audited) HK\$'000
Within one year	342,187	675,283
After one year but within two years	4,357	455
After two years but within three years	2,905	—
	<u>349,449</u>	<u>675,738</u>

## 19. INTEREST-BEARING BANK BORROWINGS

	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
Interest-bearing bank borrowings	10,370,500	10,412,000
Debt establishment costs	(44,087)	(57,897)
	<b>10,326,413</b>	10,354,103
Portion classified as current liabilities	<b>(698,563)</b>	(697,656)
Non-current portion	<b>9,627,850</b>	9,656,447
Principal amounts repayable based on original maturity terms:		
Within one year	700,000	1,191,000
In the second year	7,749,500	4,550,000
In the third to fifth years, inclusive	1,921,000	4,671,000
	<b>10,370,500</b>	10,412,000

The interest-bearing bank borrowings are subject to loan covenants including interest coverage ratio and loan to value ratio which are tested on periodic basis. As at 30th June, 2025, the loan covenants under relevant loan agreements were complied with. The Group considers there is no indication that it will have difficulties in complying with these covenants.

On 10th August, 2021, Regal REIT, through wholly-owned subsidiaries, Bauhinia Hotels Limited and Rich Day Investments Limited, entered into a facility agreement for a term loan facility of HK\$4,500.0 million and a revolving loan facility of up to HK\$500.0 million (the "2021 IH Facilities"), for a term of five years to August 2026. The 2021 IH Facilities are secured by four of the five Initial Hotels, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Oriental Hotel and the Regal Riverside Hotel. As at 30th June, 2025, the 2021 IH Facilities had an outstanding amount of HK\$4,999.5 million, representing the full amount of the term loan facility and an amount of HK\$499.5 million under the revolving loan facility.

On 24th June, 2022, Regal REIT concluded a 5-year term loan facility of HK\$2,950.0 million (the “2022 RKH Facility”) with a lender, secured by the Regal Kowloon Hotel. The 2022 RKH Facility has repayment obligations of HK\$50.0 million on each of its anniversary date to maturity. As at 30th June, 2025, the outstanding amount of the 2022 RKH Facility was HK\$2,800.0 million, after instalment repayment of HK\$50.0 million each in June 2023, June 2024 and June 2025, respectively, representing the full amount of the term loan facility. The Group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2022 RKH Facility for a notional amount of HK\$900.0 million, details of which are set out in note 20.

On 18th July, 2024, a new term loan facility of HK\$416.5 million (the “2024 WC Facility”) was arranged with a new lender, similarly secured by the iclub Wan Chai Hotel, which was used primarily to refinance the previous term loan facility of HK\$405.0 million that matured in July 2024. The 2024 WC Facility carries interest based on HIBOR and has a loan maturity of December 2027. As at 30th June, 2025, the outstanding facility amount of the 2024 WC Facility was HK\$416.5 million, representing the full amount of the term loan facility. The Group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2024 WC Facility for a notional amount of HK\$416.5 million, details of which are set out in note 20.

On 17th October, 2023, Regal REIT arranged, through a wholly-owned subsidiary, a new bilateral term loan facility of HK\$749.5 million, secured by the iclub Sheung Wan Hotel (the “2023 SW Facility”) to replace the then term and revolving loan facilities of HK\$790.0 million. The 2023 SW Facility bears HIBOR-based interest with a four-year term to October 2027. As at 30th June, 2025, the outstanding amount of the 2023 SW Facility was HK\$749.5 million, representing the full amount of the term loan. The Group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2023 SW Facility for a notional amount of HK\$749.5 million, details of which are set out in note 20.

On 27th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, another new bilateral term loan facility of HK\$755.0 million and secured by the iclub Fortress Hill Hotel (the “2023 FH Facility”) to replace the then term and revolving loan facilities of HK\$825.0 million. The 2023 FH Facility bears HIBOR-based interest and has a term of five years to November 2028. As at 30th June, 2025, the outstanding amount of the 2023 FH Facility was HK\$755.0 million, representing the full amount of the term loan. The Group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2023 FH Facility for a notional amount of HK\$755.0 million, details of which are set out in note 20.

On 15th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, a new term loan facility of HK\$650.0 million, secured by the iclub To Kwa Wan Hotel (the “2023 TKW Facility”), with a term of two years to November 2025 and bearing HIBOR-based interest, to replace the then term loan facility of HK\$621.0 million. As at 30th June, 2025, the outstanding amount of the 2023 TKW Facility was HK\$650.0 million, representing the full amount of the term loan.

As at 30th June, 2025, the outstanding loan facilities bore interest at the Hong Kong Interbank Offered Rate plus an interest margin ranging from 1.05% per annum to 1.80% per annum (31st December, 2024: ranging from 1.05% per annum to 1.80% per annum).

Bank borrowings under the 2021 IH Facilities, the 2022 RKH Facility, the 2024 WC Facility, the 2023 SW Facility, the 2023 FH Facility and the 2023 TKW Facility are guaranteed by Regal REIT and/or certain individual companies of the Group on a joint and several basis.

The Group's interest-bearing bank borrowings are also secured by, amongst others:

- (i) legal charges and debentures over the corresponding properties;
- (ii) an assignment of rental income and all other proceeds arising from and including all rights, titles and interests under all hotel management agreements and lease agreements, where appropriate, relating to the relevant properties;
- (iii) charges over each relevant rental account, sales proceeds account and other control accounts of the Group, if any;
- (iv) a floating charge over all of the undertakings, properties, assets and rights of each of the relevant companies of the Group; and
- (v) an equitable charge over the shares in the relevant companies of the Group.

## 20. DERIVATIVE FINANCIAL INSTRUMENTS

	30th June, 2025 (unaudited)		31st December, 2024 (audited)	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps – cash flow hedges	—	47,560	2,671	682
Analysed into:				
Current portion	—	4,775	—	—
Non-current portion	—	42,785	2,671	682
	—	47,560	2,671	682

The Group uses interest rate swaps to minimise its exposure to movements in interest rates in relation to a certain portion of its floating rate term loans. As at 30th June, 2025, the interest rate swaps had an aggregate notional amount of HK\$2,821.0 million (31st December, 2024: HK\$1,849.5 million).

## 21. DEFERRED TAX

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

	Fair value adjustments arising from revaluation of property, plant and equipment HK\$'000	Depreciation allowances in excess of related depreciation HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
Gross deferred tax assets/(liabilities) at 1st January, 2024	(43,562)	(686,614)	59,803	(670,373)
Deferred tax charged to other comprehensive income during the year	(7,184)	—	—	(7,184)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	437	(18,178)	40,823	23,082
Gross deferred tax assets/(liabilities) at 31st December, 2024 (audited)	<u>(50,309)</u>	<u>(704,792)</u>	<u>100,626</u>	<u>(654,475)</u>
Gross deferred tax assets/(liabilities) at 1st January, 2025	<b>(50,309)</b>	<b>(704,792)</b>	<b>100,626</b>	<b>(654,475)</b>
Deferred tax credited to other comprehensive income during the period	836	—	—	836
Deferred tax credited/(charged) to the condensed consolidated statement of profit or loss during the period (note 8)	241	(6,188)	3,565	(2,382)
Gross deferred tax assets/(liabilities) at 30th June, 2025 (unaudited)	<u><b>(49,232)</b></u>	<u><b>(710,980)</b></u>	<u><b>104,191</b></u>	<u><b>(656,021)</b></u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the condensed consolidated statement of financial position.



## 22. NUMBER OF UNITS IN ISSUE

	<b>Number of Units</b>	
	<b>30th June, 2025</b>	<b>31st December, 2024</b>
	<b>(unaudited)</b>	<b>(audited)</b>
At beginning and end of the period/year	<b><u>3,257,431,189</u></b>	<b><u>3,257,431,189</u></b>

## 23. 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 30th June, 2025 of HK\$12,348,042,000 (31st December, 2024: HK\$12,907,499,000) by the number of Units in issue of 3,257,431,189 (31st December, 2024: 3,257,431,189) as at that date.

## 24. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	<b>Lease liabilities HK\$'000</b>	<b>Interest-bearing bank borrowings HK\$'000</b>
At 1st January, 2024	7,468	10,340,432
Changes from financing cash flows	(6,470)	(14,316)
Non-cash change:		
Amortisation of debt establishment costs	—	27,987
	<b>998</b>	<b>10,354,103</b>
At 31st December, 2024 (audited) and at 1st January, 2025	<b>(2,377)</b>	<b>(41,500)</b>
Changes from financing cash flows		
Non-cash changes:		
Additions	12,139	—
Amortisation of debt establishment costs	—	13,810
	<b>10,760</b>	<b>10,326,413</b>
At 30th June, 2025 (unaudited)		

## 25. CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with connected and/or related parties during the period:

Connected/related parties	Relationship with the Group
DB Trustees (Hong Kong) Limited	The Trustee of Regal REIT
Deutsche Bank AG and its associates (the "Deutsche Bank Group")	Connected persons of the Trustee
Regal Hotels International Holdings Limited and other members of its group (collectively, the "RHIHL Group")	Substantial Unitholder of Regal REIT
Regal Portfolio Management Limited	The REIT Manager of Regal REIT and a member of the RHIHL Group
Paliburg Holdings Limited and other members of its group (collectively, the "PHL Group")	Controlling shareholders of the RHIHL Group

(a) Transactions with connected/related parties:

		<b>Six months ended 30th June, 2025 (unaudited) HK\$'000</b>	Six months ended 30th June, 2024 (unaudited) HK\$'000
	<b>Notes</b>		
Contractual rental income received/receivable from the RHIHL Group	(i)	<b>340,983</b>	335,606
Hotel management fees charged by the RHIHL Group	(ii)	<b>(626)</b>	(620)
Marketing fees charged by the RHIHL Group	(iii)	<b>(152)</b>	(145)
Building management fees charged by the PHL Group	(iv)	<b>(316)</b>	(316)
REIT Manager fees	(v)	<b>(46,328)</b>	(46,693)
Trustee fees	(vi)	<b>(1,862)</b>	(1,875)

Notes:

- (i) The rental income earned by the Group was in accordance with the relevant lease agreements with respect to the Initial Hotels, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel.
- (ii) The hotel management fees in respect of iclub Wan Chai Hotel - Hotel portion were comprised of (a) a base fee, for an amount based on 2% of the gross hotel revenue, and (b) an incentive fee based on 5% of the excess of the gross operating profit over the base fee and fixed charges in accordance with the corresponding hotel management agreement.
- (iii) The marketing fees in respect of iclub Wan Chai Hotel - Hotel portion were charged at 1% of the gross hotel revenue of iclub Wan Chai Hotel - Hotel portion in accordance with the corresponding hotel management agreement.
- (iv) The building management fees were charged at a mutually agreed amount payable on a monthly basis in respect of iclub Wan Chai Hotel - Non-hotel portions.
- (v) The REIT Manager is entitled to receive Base Fees and Variable Fees, details of which, including the terms, are set out in note 5 to the condensed consolidated financial statements.
- (vi) The Trustee is entitled to receive trustee fees (calculated and payable quarterly) at rates ranging from 0.015% per annum to 0.025% per annum based on the value of the deposited property of Regal REIT as at the end of the reporting period subject to a minimum of HK\$66,000 per month.

The above transactions have been entered into in the ordinary course of business and on normal commercial terms.

(b) Balances with connected/related parties were as follows:

		30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
	Notes		
Net amounts due from/(to) the RHIHL Group:			
Accounts payable to related companies	(i)	(46,546)	(43,818)
Amounts due from related companies	(i)	2,866	3,401
Amounts due to related companies	(i)	(203,693)	(183,694)
Net amounts due from the PHL Group:			
Deposits paid	(i)	1,212	1,212
Net amounts due to:			
The Trustee	(ii)	(936)	(928)
Restricted and non-restricted bank balances with the Deutsche Bank Group	(iii)	<u>153</u>	<u>153</u>

Notes:

- (i) The amounts are unsecured, interest-free and repayable on demand/within one year.
  - (ii) The amount is unsecured and repayable in accordance with the terms of the Trust Deed.
  - (iii) The bank balances earn interest at prevailing market rates.
- (c) The RHIHL Group has guaranteed to pay all amounts from time to time owing or payable by the lessee of the Initial Hotels to the Group under the respective lease agreements, when the same become due, together with other charges and outgoings, interest, default interest, fees and costs. In this connection, the RHIHL Group undertook to maintain a minimum consolidated tangible net worth (as defined in the relevant agreements) of HK\$4.0 billion. Under the Market Rental Package for 2025, the RHIHL Group provided a third party guarantee or other equivalent form of security as security deposit for an amount of HK\$137.5 million (2024: HK\$136.0 million), which is equivalent to three-month base rent for the year 2025, issued by a licensed bank in Hong Kong.
- (d) Under a deed of trademark licence, the RHIHL Group granted the REIT Manager and companies holding the Initial Hotels within the Group a non-exclusive and non-transferable licence at nil consideration to use its registered trademark or service marks for the purpose of describing the ownership of the Initial Hotels and/or use in connection with the business of the Initial Hotels.
- (e) On 10th February, 2014, the Group entered into a hotel management agreement with a member of the RHIHL Group in respect of the management of iclub Sheung Wan Hotel for a 10-year term commencing on 10th February, 2014 and extended its term to 31st December, 2034 (amended by the supplemental deeds dated 11th January, 2024).

- (f) On 28th July, 2014, the Group entered into a hotel management agreement with a member of the RHIHL Group in respect of the management of iclub Fortress Hill Hotel for a 10-year term commencing on 28th July, 2014 and extended its term to 31st December, 2034 (amended by the supplemental deeds dated 11th January, 2024).
- (g) On 4th September, 2017, the Group entered into a hotel management agreement with a member of the RHIHL Group in respect of the management of iclub To Kwa Wan Hotel for a 10-year term commencing on 4th September, 2017.
- (h) On 20th December, 2019, the Group entered into a hotel management agreement with a member of the RHIHL Group in respect of the management of iclub Wan Chai Hotel for a 10-year term commencing on 1st January, 2021.

## 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities represent the amounts for which the instruments that could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Derivative financial instruments, including interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of interest rate swaps are the same as their fair values.

The REIT Manager considers that the carrying amounts of the financial assets and financial liabilities recorded in the condensed consolidated financial statements approximated to their fair values at the end of the reporting period.

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments and non-financial assets:

*Assets measured at fair value:*

**As at 30th June, 2025**

	Fair value measurement using			Total (unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (unaudited) HK\$'000	Significant observable inputs (Level 2) (unaudited) HK\$'000	Significant unobservable inputs (Level 3) (unaudited) HK\$'000	
Property, plant and equipment	—	—	663,000	663,000
Investment properties	—	—	22,766,000	22,766,000
	—	—	23,429,000	23,429,000

As at 31st December, 2024

	Fair value measurement using			Total (audited) HK\$'000
	Quoted prices in active markets (Level 1) (audited) HK\$'000	Significant observable inputs (Level 2) (audited) HK\$'000	Significant unobservable inputs (Level 3) (audited) HK\$'000	
Property, plant and equipment	—	—	672,000	672,000
Investment properties	—	—	23,271,000	23,271,000
Derivative financial instruments	—	2,671	—	2,671
	—	2,671	23,943,000	23,945,671

Liabilities measured at fair value:

As at 30th June, 2025

	Fair value measurement using			Total (unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (unaudited) HK\$'000	Significant observable inputs (Level 2) (unaudited) HK\$'000	Significant unobservable inputs (Level 3) (unaudited) HK\$'000	
Derivative financial instruments	—	47,560	—	47,560

As at 31st December, 2024

	Fair value measurement using			Total (audited) HK\$'000
	Quoted prices in active markets (Level 1) (audited) HK\$'000	Significant observable inputs (Level 2) (audited) HK\$'000	Significant unobservable inputs (Level 3) (audited) HK\$'000	
Derivative financial instruments	—	682	—	682

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (31st December, 2024: Nil).

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**To the board of directors of Regal Portfolio Management Limited  
(as manager of Regal Real Estate Investment Trust)**

### INTRODUCTION

We have reviewed the interim financial information set out on pages 33 to 65, which comprises the condensed consolidated statement of financial position of Regal Real Estate Investment Trust ("Regal REIT") and its subsidiaries as at 30th June, 2025, and the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in net assets and statement of cash flows and the distribution statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Manager of Regal REIT is responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

#### **Ernst & Young**

*Certified Public Accountants*

27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

27th August, 2025



## SUMMARY OF PROPERTY PORTFOLIO

As at 30th June, 2025

Description		Use	Lease	Gross Floor Area (sq.m.)	Approx. Covered Floor Area (sq.m.)	Percentage interest attributable to Regal REIT
(1)	Regal Airport Hotel 9 Cheong Tat Road Hong Kong International Airport Chek Lap Kok New Territories Hong Kong	Hotel	Medium term	71,988	83,400	100
(2)	Regal Hongkong Hotel 88 Yee Wo Street Causeway Bay Hong Kong	Hotel	Long term	25,090	32,000	100
(3)	Regal Kowloon Hotel 71 Mody Road Tsimshatsui Kowloon Hong Kong	Hotel	Long term	31,746	43,500	100
(4)	Regal Oriental Hotel 30-38 Sa Po Road and Shops 3-11 on G/F including Cockloft of Shops 5-7 and the whole of 1/F Po Sing Court 21-25 Shek Ku Lung Road 40-42 Sa Po Road and 15-29 Carpenter Road Kowloon City Kowloon Hong Kong	Hotel	Medium term	22,601	27,300	100

As at 30th June, 2025

	Description	Use	Lease	Gross Floor Area (sq.m.)	Approx. Covered Floor Area (sq.m.)	Percentage interest attributable to Regal REIT
(5)	Regal Riverside Hotel 34-36 Tai Chung Kiu Road Shatin, New Territories Hong Kong	Hotel	Medium term	59,668	69,100	100
(6)	iclub Wan Chai Hotel Shops A, B and C on G/F, Flat Roof on 3/F, Whole of 5-12/F, 15-23/F and 25-29/F Eastern and Western Elevations of External Walls Architectural Feature at Roof Top and Upper Roof 211 Johnston Road Wan Chai Hong Kong	Hotel/ commercial	Long term	5,326	5,530	100
(7)	iclub Sheung Wan Hotel 138 Bonham Strand Sheung Wan Hong Kong	Hotel	Long term	7,197	9,600	100
(8)	iclub Fortress Hill Hotel 18 Merlin Street North Point Hong Kong	Hotel	Long term	6,849	9,400	100
(9)	iclub To Kwa Wan Hotel 8 Ha Heung Road Kowloon Hong Kong	Hotel	Long term	6,298	9,490	100



