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REGAL REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 1881)

Managed by



2023 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL AND BUSINESS HIGHLIGHTS

For the year ended 31st December, 2023

	2023 HK\$ million	2022 HK\$ million	% Change
Gross rental revenue	586.4	597.6	-1.9%
Gross hotel revenue	31.3	18.9	+65.6%
Net rental and hotel income	599.0	600.6	-0.3%
Profit for the year, before distributions to Unitholders*	265.7	929.9	-71.4%
Core operating profit/(loss), excluding fair value changes on investment properties	(101.2)	175.2	N/A
Distributable income/(adjusted loss) for the year attributable to Unitholders	<u>(127.6)</u>	<u>204.8</u>	N/A
Total assets	<u>24,392.3</u>	<u>23,848.5</u>	+2.3%
Net assets attributable to Unitholders	<u>13,073.9</u>	<u>12,807.9</u>	+2.1%
Final distribution per Unit	<u>–</u>	<u>HK\$0.010</u>	N/A
Total distributions per Unit	<u>–</u>	<u>HK\$0.061</u>	N/A
Net Asset Value per Unit attributable to Unitholders	<u>HK\$4.014</u>	<u>HK\$3.932</u>	+2.1%

* Includes revaluation surplus of HK\$366.9 million and HK\$754.7 million (after taking into account capital expenditures incurred) that arose from fair value changes on investment properties based on independent valuer appraisals as at 31st December, 2023 and 31st December, 2022, respectively.

- Net rental and hotel income amounted to HK\$599.0 million (2022 – HK\$600.6 million).
- Profit for the year, before distributions to Unitholders, amounted to HK\$265.7 million, as compared to a profit of HK\$929.9 million for the 2022 financial year.
- The profit recorded for the year under review was principally attributable to the gain of HK\$366.9 million arising from the increase in the fair value of Regal REIT's investment property portfolio, as compared to its appraised value as at 31st December, 2022, while for the 2022 financial year, a fair value gain of HK\$754.7 million was recorded.
- Core operating loss, excluding the fair value changes on investment properties, amounted to HK\$101.2 million (2022 – core operating profit of HK\$175.2 million), which was mainly due to the substantial increase in financial expenses, which amounted to HK\$611.2 million (2022 – HK\$281.8 million), as the Hong Kong Interbank Offered Rates, on which the borrowing costs of Regal REIT's bank loans are based, had risen rapidly in the second half of 2023.
- As at 31st December, 2023, net assets attributable to Unitholders amounted to HK\$13,073.9 million, representing a net asset value of HK\$4.014 per Unit (31st December, 2022 – HK\$3.932 per Unit).
- Regal REIT recorded an adjusted loss of HK\$127.6 million for 2023 (2022 – total distributable income of HK\$204.8 million), which precludes any distribution for the year.
- The aggregate annual base rent for the Initial Hotels for 2024 was determined to be HK\$544.0 million, which is approximately 13.3% or HK\$64.0 million, above the aggregate base rent for 2023. Variable rent will continue to be based on 50% sharing of the excess of the aggregate net property income of the Initial Hotels over their aggregate base rent.
- The aggregate annual base rent for three leased iclub Hotels for 2024 was determined to be HK\$118.0 million, which is approximately 28.3% or HK\$26.0 million, above the aggregate base rent in 2023, with variable rent similarly to be based on 50% sharing of the excess of the net property income over the base rent of each individual hotel.

- **Under the coordination of the Government, there will be over 80 mega events to be hosted in Hong Kong in just the first half of this year. These events can drive the businesses of multiple sectors, including tourism, hotels, catering and retail, and bring significant economic benefits to Hong Kong.**
- **Effective from 6th March, 2024, the Individual Visit Scheme was further expanded to a total of 51 Mainland China cities by adding Xi'an and Qingdao. Together with the potential resumption of “multiple-entry” endorsements for Shenzhen residents, these should give an extra boost to the business of the local tourist and hotel industries.**
- **The REIT Manager is optimistic that the tourist and hotel markets in Hong Kong will continue to recover. The REIT Manager is also optimistic that when the interest rates in Hong Kong gradually settle to more normal levels, Regal REIT will be able to resume distributions to Unitholders.**

FINANCIAL RESULTS

For the year ended 31st December, 2023, Regal Real Estate Investment Trust (“**Regal REIT**”) recorded a consolidated profit before distributions to unitholders of Regal REIT (the “**Unitholders**”) of HK\$265.7 million, as compared to a profit of HK\$929.9 million for the 2022 financial year. The profit recorded for the year under review was principally attributable to the gain of HK\$366.9 million arising from the increase in the fair value of Regal REIT’s investment property portfolio, as compared to its appraised value as at 31st December, 2022, while for the 2022 financial year, a fair value gain of HK\$754.7 million was recorded. However, if the effects of these fair value changes are excluded, Regal REIT would report a core operating loss of HK\$101.2 million for the year under review, as compared to a core operating profit of HK\$175.2 million for the preceding year. The core operating loss incurred was mainly due to the substantial increase in financial expenses, which amounted to HK\$611.2 million (2022 – HK\$281.8 million), as the Hong Kong Interbank Offered Rates (“**HIBOR**”), on which the borrowing costs of Regal REIT’s bank loans were based, had risen rapidly in the second half of 2023.

DISTRIBUTABLE INCOME AND FINAL DISTRIBUTION FOR 2023

Regal REIT recorded an adjusted loss of HK\$127.6 million for 2023 (2022 – total distributable income of HK\$204.8 million), which precludes any distribution for the year. Therefore, same as with the interim period, the board of directors (the “**Directors**”) of Regal Portfolio Management Limited (the “**REIT Manager**”) has decided not to declare any final distribution for the year ended 31st December, 2023 (2022 – final distribution of HK\$0.010 per unit of Regal REIT (the “**Unit**”) and total distributions for the year of HK\$0.061 per Unit).

HOTEL MARKET AND BUSINESS REVIEW

After a strong initial rebound from the depths of the COVID pandemic, the pace of recovery in the global economy in 2023 has overall moderated. Economic activity was still falling short of pre-pandemic projections, especially in the emerging market and developing economies. Aggregate economic growth in advanced economies was resilient for most of last year, slowing less than previously expected, which largely reflected the recovering status in the United States where consumer spending has remained fairly robust.

In spite of some domestic challenges and external pressures, China was able to accomplish the major targets set for 2023. Growth in its Gross Domestic Product (GDP) for the year picked up by 5.2%, which was in line with the official growth target and exceeded the 3% growth attained in 2022. In Hong Kong, the overall economic conditions have been very challenging under the high interest rates environment. The city recorded a 3.2% growth in its GDP in 2023, which was 0.8 percentage point below the low end of the Government’s growth forecast in August 2023.

Following the removal of all travel restrictions early last year, Hong Kong received a total of about 34 million visitors in 2023. Though this reflected an increase of 55 times year-on-year due to the low comparative base, it only represented about 55% of the aggregate visitor arrivals in the pre-COVID times. Visitors from China remained the most important market segment in the local tourism sector.

According to a hotel survey published by the Hong Kong Tourism Board, the average hotel occupancy rate for all the surveyed hotels in different categories in Hong Kong in 2023 was 82.0%, an increase of 16.0 percentage points from 2022, while the industry-wide average room rate improved by 30.7%, with the average Revenue per Available Room (“**RevPAR**”) having an overall increase of 62.3% year-on-year.

Being one of the major hotel owners in Hong Kong, Regal REIT presently owns a portfolio of nine operating hotels, comprising five hotels under the full-service “Regal” brand (the “**Initial Hotels**”) and four hotels under the select-service “iclub” brand, together commanding a total room count of over 4,900 guestrooms and suites.

Apart from the iclub Wan Chai Hotel which is owned and self-operated by Regal REIT, all the five Initial Hotels and the three other iclub Hotels are leased to a wholly-owned subsidiary of Regal Hotels International Holdings Limited (“**RHIHL**”), the immediate listed holding company of Regal REIT, for hotel operations.

As mentioned in the Chairman’s Statement in the 2023 Interim Report of Regal REIT, due to the different operating modes and revenue structures of the three Initial Hotels (namely, the Regal Airport Hotel, Regal Kowloon Hotel and Regal Oriental Hotel) and the two iclub Hotels (namely, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel) when they were operating under various government hotel quarantine schemes in 2022, the aggregate net operating income of these five hotels for 2023 was as a whole still below the level attained in 2022, despite the continuing improvements that have been achieved in their operating performance since the lifting of travel restrictions early last year. However, for those hotels that have all along been operating normal hotel business (namely, the Regal Hongkong Hotel, Regal Riverside Hotel, iclub Sheung Wan Hotel and iclub Wan Chai Hotel), their business operations in 2023 have strongly rebounded, recording significant increases in their aggregate net property income (“**NPI**”) of about 200.0% over the level attained in 2022.

In accordance with the terms of the 2023 market rental packages, the Initial Hotels generated aggregate base rent of HK\$480.0 million. The market rental reviews for the Initial Hotels for 2024 were completed in September 2023 and their aggregate annual base rent for 2024 was determined to be HK\$544.0 million, which is approximately 13.3%, or HK\$64.0 million, above the aggregate base rent for 2023. Variable rent will continue to be based on 50% sharing of the excess of the aggregate NPI of the Initial Hotels over their aggregate base rent.

The other three iclub Hotels (namely, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel) leased to the RHIHL lessee generated rental receipts of HK\$98.0 million for 2023, which included aggregate variable rent of HK\$6.0 million earned by the iclub Sheung Wan Hotel and iclub Fortress Hill Hotel.

Based on the market rental reviews determined by the independent professional property valuer under the terms of the leases, the aggregate base rent for these three iclub Hotels for 2024 was fixed at HK\$118.0 million, which is approximately 28.3%, or HK\$26.0 million, above the aggregate base rent in 2023, with variable rent similarly to be based on 50% sharing of the excess of the NPI over the base rent of each individual hotel.

The iclub Wan Chai Hotel was the first iclub hotel in Hong Kong and has been self-operated by Regal REIT since 2011. The NPI (including the lease rentals from the non-hotel portions) of this property has increased by 88.6% as compared to 2022.

At the extraordinary general meeting (the “EGM”) held on 31st January, 2024, the independent Unitholders approved, among others, the extensions and amendments of the existing lease agreements and lease guarantees for the iclub Sheung Wan Hotel and iclub Fortress Hill Hotel for another ten years to 31st December, 2034, with the market rental packages for the extended terms continuing to be determined annually by a jointly appointed independent professional property valuer. At the same EGM, the independent Unitholders also approved the extensions and amendments of the existing hotel management agreements for these two hotels, which will also run through to 31st December, 2034.

Regal REIT concluded the refinancing exercises for the iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel in the second half of 2023, with the tenure of the refinancing loans staggered from 2 years to 5 years. Further information on the hotel properties owned by Regal REIT, including their detailed lease terms and their 2023 operating data, is contained in the Report of the REIT Manager in the 2023 Annual Report.

BUSINESS OUTLOOK

According to a recent research from the World Bank Group, global growth is expected to slow to 2.4% in 2024, the third consecutive year of deceleration, reflecting the lagged and ongoing effects of tight monetary policies to rein in inflation, restrictive credit conditions, and weak global trade and investment.

Despite the progress to date, there is still considerable distance before Hong Kong's economy can recover fully to the pre-pandemic level. Ongoing headwinds and challenges, including slackened global demand, increasing geoeconomic fragmentation and tightened monetary conditions, would continue to adversely impact on the pace and extent of its economic recovery.

In the 2023 Policy Address, tourism was stated to be one of the major driving forces of the Hong Kong economy and the Government is taking positive steps to enhance the attractions of Hong Kong as a major tourist city. Under the coordination of the Government, there will be over 80 mega events to be hosted in Hong Kong in just the first half of this year. These events can drive the businesses of multiple sectors, including tourism, hotels, catering and retail, and bring significant economic benefits to Hong Kong. In addition, effective from 6th March, 2024, the Individual Visit Scheme was further expanded to a total of 51 Mainland China cities by adding Xi'an and Qingdao. Together with the potential resumption of "multiple-entry" endorsements for Shenzhen residents, these should give an extra boost to the business of the local tourist and hotel industries.

On the financial front, the hike cycle of the United States interest rates should already be at its peak. It is now widely expected that its interest rates may start to ease in mid-2024, although this is set against the backdrop that the inflation will stabilise further. By the nature of its business and financial structure, the financial performance of Regal REIT is highly sensitive to fluctuations in interest rates. Although the interest rates in Hong Kong have slowly receded from their high levels that prevailed in late 2023, Regal REIT has entered into several interest rate swap transactions in early February 2024 to swap the interest expenses on parts of its outstanding bank loans from floating rates to fixed rates. It is anticipated this could reduce the financial expenses of Regal REIT in the near term, while at the same time hedge against any unexpected reversionary upward movements in the interest rates.

The REIT Manager is optimistic that the tourist and hotel markets in Hong Kong will continue to recover. The REIT Manager is also optimistic that when the interest rates in Hong Kong gradually settle to more normal levels, Regal REIT will be able to resume distributions to Unitholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

The combined average occupancy rate of the Initial Hotels in 2023 was 69.4%, as compared to 62.3% in the prior year. Their combined average room rate remained steady and their combined average RevPAR has risen by 11.1% year-on-year. During the year under review, Regal REIT received aggregate base rent in cash of HK\$480.0 million from Favour Link International Limited for the leases of the Initial Hotels. For the year, the aggregate NPI from hotel operations of the Initial Hotels amounted to HK\$382.8 million, which was below the aggregate base rent of HK\$480.0 million. Therefore, no variable rent was earned.

The year-round average occupancy rate of iclub Wan Chai Hotel was 94.3% in 2023, as compared to 92.6% in 2022. Over the same comparative period, its average room rate increased by 60.6%, with its average RevPAR consequently improved by 63.4% year-on-year. iclub Wan Chai Hotel – hotel portion contributed gross hotel revenue of HK\$31.3 million and incurred operating costs and expenses of HK\$14.9 million. iclub Wan Chai Hotel – non-hotel portions generated rental income of HK\$5.8 million for the year under review.

For 2023, the iclub Sheung Wan Hotel achieved an overall average occupancy rate of 90.5%, as compared to 86.6% in 2022. Its average room rate increased by 61.3%, resulting in a year-on-year growth of 68.7% in its average RevPAR. During the year ended 31st December, 2023, Regal REIT received base rent of HK\$32.0 million for the leasing of the iclub Sheung Wan Hotel. As the NPI from hotel operations was HK\$39.3 million, which exceeded the base rent of HK\$32.0 million, variable rent of HK\$3.6 million was earned.

For 2023, the iclub Fortress Hill Hotel achieved an overall average occupancy rate of 84.7%, as compared to 72.6% in 2022. Its average room rate decreased by 37.1%, resulting in a year-on-year contraction of 26.6% in its average RevPAR. During the year ended 31st December, 2023, Regal REIT received base rent of HK\$30.0 million for the leasing of the iclub Fortress Hill Hotel and, as the NPI from hotel operations was HK\$34.7 million, variable rent of HK\$2.4 million was earned for the year.

For 2023, the iclub To Kwa Wan Hotel achieved an overall average occupancy rate of 80.8%, as compared to 70.0% in 2022. Its average room rate decreased by 42.3%, resulting in a year-on-year contraction of 33.4% in its average RevPAR. Regal REIT received base rent of HK\$30.0 million for the leasing of the iclub To Kwa Wan Hotel, as the NPI from hotel operations was HK\$29.3 million, which fell short of the base rent of HK\$30.0 million, no variable rent was earned.

Financial Review

As at 31st December, 2023, Regal REIT's loan facilities aggregating HK\$10,459.5 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\$2,900.0 million secured by Regal Kowloon Hotel; (c) a term loan facility of HK\$405.0 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.

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 and carries interest based on HIBOR. As at 31st December, 2023, the 2021 IH Facilities had an outstanding amount of HK\$4,965.4 million, representing the full amount of the term loan facility and an amount of HK\$465.4 million under the revolving loan facility.

On 8th March, 2018, Regal REIT arranged, through a wholly-owned subsidiary, a bilateral term loan facility of HK\$3,000.0 million (the “**2018 RKH Facility**”), secured by a mortgage over the Regal Kowloon Hotel. This facility bore HIBOR-based interest and had a term of five years to March 2023. In late June 2022, Regal REIT concluded a 5-year term loan facility of HK\$2,950.0 million (the “**2022 RKH Facility**”) with a new lender, similarly secured by the Regal Kowloon Hotel, which was used to refinance the 2018 RKH Facility. The 2022 RKH Facility carries interest based on HIBOR and has its loan maturity in June 2027. As at 31st December, 2023, the outstanding amount of the 2022 RKH Facility was HK\$2,900.0 million, after an installment repayment of HK\$50.0 million in June 2023, representing the full amount of the term loan facility.

A term loan facility agreement for a principal amount of HK\$440.0 million (the “**2019 WC Facility**”), with a term of five years to July 2024, was entered into by a wholly-owned subsidiary of Regal REIT on 19th July, 2019. The 2019 WC Facility was secured by the iclub Wan Chai Hotel and bears HIBOR-based interest throughout its term and its principal amount was revised to HK\$405.0 million on 22nd June, 2020 for compliance with the terms of the facility agreement. As at 31st December, 2023, the outstanding facility amount of the 2019 WC Facility remained at HK\$405.0 million.

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 maturing 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 31st December, 2023, the outstanding amount of the 2023 SW Facility was HK\$749.5 million, representing the full amount of the term loan.

On 27th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, another new bilateral term loan facility of HK\$755.0 million secured by the iclub Fortress Hill Hotel (the “**2023 FH Facility**”) to replace the maturing 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 31st December, 2023, the outstanding amount of the 2023 FH Facility was HK\$755.0 million, representing the full amount of the term loan.

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 maturing term loan facility of HK\$621.0 million. As at 31st December, 2023, the outstanding amount of the 2023 TKW Facility was HK\$650.0 million, representing the full amount of the term loan.

During the year under review, HIBOR was on an upward trend, with the 1-month rate fluctuating within a range of around 2.121% per annum to around 5.659% per annum and staying at 5.268% per annum on 31st December, 2023. The interest cost components in respect of all the loan facilities of Regal REIT were subject to floating HIBOR-based interest rates.

Although the interest rates in Hong Kong have slowly receded from their high levels that prevailed in late 2023, Regal REIT has entered into several interest rate swap transactions in early February 2024 to swap the interest expenses on parts of its outstanding bank loans from floating rates to fixed rates. It is anticipated this could reduce the financial expenses of Regal REIT in the near term, while at the same time hedge against any unexpected reversionary upward movements in the interest rates. The REIT Manager will continue to monitor the interest rate trends and to assess any further need to contain or hedge the exposure of the interest rate fluctuations.

As at 31st December, 2023, the gearing ratio of Regal REIT was 42.7% (2022: 43.1%), being the gross amount of the outstanding loans aggregating HK\$10,424.9 million, which takes into account: (a) the 2021 IH Facilities of HK\$4,965.4 million; (b) the 2022 RKH Facility of HK\$2,900.0 million; (c) the 2019 WC Facility of HK\$405.0 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\$24,392.3 million. The gearing ratio is below the maximum 50% permitted under the Code on Real Estate Investment Trusts (the “**REIT Code**”).

Regal REIT had a total of HK\$45.9 million in unrestricted and HK\$330.4 million in restricted cash balances and bank deposits, and unutilised revolving loan facilities of HK\$34.6 million as at 31st December, 2023. 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.

As at 31st December, 2023, all nine Regal REIT properties with an aggregate carrying value of HK\$23,988.0 million were pledged to secure its bank loan facilities.

Valuation of the Property Portfolio

As at 31st December, 2023, Regal REIT's overall property portfolio was valued at HK\$23,988.0 million (31st December, 2022: HK\$23,553.0 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 iclub Wan Chai Hotel that are classified as investment properties for an aggregate amount of HK\$23,352.0 million; and (ii) the owner-operated hotel portion of the iclub Wan Chai Hotel which is classified as property, plant and equipment for an amount of HK\$636.0 million.

Valuations of the properties as at 31st December, 2023 and 31st December, 2022 are tabulated below.

Property	Location	31 Dec 2023 Valuation HK\$ million	31 Dec 2022 Valuation HK\$ million	% Change
<i>Initial Hotels:</i>				
Regal Airport Hotel	Lantau Island	1,429	1,710	-16.4%
Regal Hongkong Hotel	HK Island	4,322	4,250	+1.7%
Regal Kowloon Hotel	Kowloon	5,953	5,808	+2.5%
Regal Oriental Hotel	Kowloon	1,805	1,790	+0.8%
Regal Riverside Hotel	New Territories	5,146	4,920	+4.6%
		18,655	18,478	+1.0%
<i>iclub Hotels:</i>				
iclub Wan Chai Hotel	HK Island	833	800	+4.1%
iclub Sheung Wan Hotel	HK Island	1,579	1,472	+7.3%
iclub Fortress Hill Hotel	HK Island	1,560	1,503	+3.8%
iclub To Kwa Wan Hotel	Kowloon	1,361	1,300	+4.7%
Overall property portfolio		23,988	23,553	+1.8%

The valuations of the properties in the portfolio as at 31st December, 2023 were conducted by Colliers International (Hong Kong) Limited (“Colliers”), the principal valuer of Regal REIT appointed by the trustee of Regal REIT, for a term of three years commencing from December 2021 pursuant to the provisions of the REIT Code.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue			
Gross rental revenue	5	586,439	597,566
Gross hotel revenue	5	31,323	18,875
		<u>617,762</u>	<u>616,441</u>
Property and hotel operating expenses		<u>(18,724)</u>	<u>(15,842)</u>
Net rental and hotel income	5	599,038	600,599
Interest income		875	438
Depreciation	10	(7,726)	(7,935)
Fair value changes on investment properties	11	366,920	754,688
REIT Manager fees	6	(91,053)	(89,595)
Trust, professional and other expenses		(10,547)	(10,249)
Finance costs – excluding distributions to Unitholders	7	<u>(611,183)</u>	<u>(281,849)</u>
Profit before tax and distributions to Unitholders		246,324	966,097
Income tax credit/(expense)	8	<u>19,412</u>	<u>(36,201)</u>
Profit for the year, before distributions to Unitholders		265,736	929,896
Finance costs – distributions to Unitholders		<u>(32,574)</u>	<u>(299,684)</u>
Profit for the year, after distributions to Unitholders		233,162	630,212
Earnings per Unit attributable to Unitholders			
Basic and diluted	9	<u>HK\$0.082</u>	<u>HK\$0.285</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Profit for the year, before distributions to Unitholders		265,736	929,896
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gain on revaluation of property	10	39,338	36,815
Income tax effect	16	(6,491)	(6,074)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		32,847	30,741
Other comprehensive income for the year, net of tax		32,847	30,741
Total comprehensive income for the year, before distributions to Unitholders		298,583	960,637

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment	10	636,000	604,000
Investment properties	11	23,352,000	22,949,000
Finance lease receivables		998	7,468
Total non-current assets		<u>23,988,998</u>	<u>23,560,468</u>
Current assets			
Accounts receivable	12	6,511	884
Prepayments, deposits and other receivables		9,369	6,500
Due from related companies		2,228	2,747
Tax recoverable		2,532	5,871
Finance lease receivables		6,470	6,351
Restricted cash		330,360	124,354
Cash and cash equivalents		45,877	141,336
Total current assets		<u>403,347</u>	<u>288,043</u>
Total assets		<u>24,392,345</u>	<u>23,848,511</u>
Current liabilities			
Accounts payable	13	40,242	70,028
Deposits received		182	10,151
Due to related companies		183,722	521
Other payables and accruals		72,125	60,775
Contract liabilities		461	1,096
Interest-bearing bank borrowings		919,360	5,727,031
Lease liabilities		6,470	6,351
Tax payable		600	6,726
Total current liabilities		<u>1,223,162</u>	<u>5,882,679</u>
Net current liabilities		<u>(819,815)</u>	<u>(5,594,636)</u>
Total assets less current liabilities		<u>23,169,183</u>	<u>17,965,832</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)*As at 31st December, 2023*

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current liabilities, excluding net assets attributable to Unitholders			
Interest-bearing bank borrowings		9,421,072	4,454,189
Lease liabilities		998	7,468
Deposits received		2,867	–
Deferred tax liabilities	16	670,373	696,311
Total non-current liabilities		10,095,310	5,157,968
Total liabilities, excluding net assets attributable to Unitholders			
		11,318,472	11,040,647
Net assets attributable to Unitholders			
		13,073,873	12,807,864
Number of Units in issue			
	14	3,257,431,189	3,257,431,189
Net asset value per Unit attributable to Unitholders			
	15	HK\$4.014	HK\$3.932

DISTRIBUTION STATEMENT

For the year ended 31st December, 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Profit for the year, before distributions to Unitholders		265,736	929,896
Adjustments:			
Difference in accounting rental income and contractual cash rental income		–	4,675
Amounts set aside for the furniture, fixtures and equipment reserve	(d)	(28,120)	(24,104)
Amortisation of debt establishment costs		26,395	24,713
Fair value changes on investment properties		(366,920)	(754,688)
Depreciation		7,726	7,935
Deferred tax charge/(credit)		(32,429)	16,332
Distributable income/(adjusted loss) for the year	(a) & (c)	<u>(127,612)</u>	<u>204,759</u>
		HK\$	HK\$
Distributions per Unit:			
Interim	(b)	–	0.051
Final	(c)	–	0.010
		<u>–</u>	<u>0.061</u>

Notes:

- (a) Pursuant to the Trust Deed, Regal REIT is required to ensure that the total amount distributed to Unitholders shall be no less than 90% of Regal REIT's total distributable income for each financial year. The current policy of the REIT Manager is to distribute to Unitholders no less than 90% of Regal REIT's total distributable income for each financial year.
- (b) The amount of any distribution for the interim period of each financial year is at the discretion of the REIT Manager. Regal REIT recorded an adjusted loss of HK\$19.4 million for the six months ended 30th June, 2023, while there was a total distributable income of HK\$183.1 million for the six months ended 30th June, 2022.
 - (i) The REIT Manager decided not to declare an interim distribution for the six months ended 30th June, 2023.
 - (ii) An interim distribution of HK\$0.051 per Unit for the six months ended 30th June, 2022 was made, involving a distribution amount of HK\$166.1 million.
- (c) Regal REIT recorded an adjusted loss of HK\$127.6 million for the year under review, while there was a total distributable income of HK\$204.8 million in 2022.
 - (i) The REIT Manager decided not to declare any final distribution for the year ended 31st December, 2023.
 - (ii) The final distribution of HK\$0.010 per Unit for the period from 1st July, 2022 to 31st December, 2022 amounted to HK\$32.6 million. Together with the interim distribution of HK\$0.051 per Unit, the total distribution for the financial year 2022 was HK\$0.061 involving a total distribution amount of HK\$198.7 million which was equivalent to a payout ratio of 97.0% for that year.
- (d) Amounts set aside by Regal REIT for the furniture, fixtures and equipment reserve with respect to the Initial Hotels, iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel aggregated HK\$28.1 million (2022: HK\$24.1 million).

Notes:

1. GENERAL

Regal REIT is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its Units were listed on The Stock Exchange of Hong Kong Limited on 30th March, 2007. Regal REIT is governed by a trust deed dated 11th December, 2006 (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) constituting Regal REIT (the “**Trust Deed**”) and the REIT Code.

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code. The consolidated financial statements have been prepared under the historical cost convention, except for property, plant and equipment and investment properties which have been measured at fair value. The 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 31st December, 2023, the Group's current liabilities exceeded its current assets by HK\$819,815,000. The net current liabilities position was mainly due to the term loans which mature within twelve months and the revolving loan that could be rolled-over on a monthly basis, which in aggregate amounted to HK\$920,400,000 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 and the Group's unutilised revolving loan facility, 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 consolidated financial statements.

The basis of preparation and accounting policies adopted in the financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31st December, 2023 except for the adoption of the revised standards as disclosed in note 3 below.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below.

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments, therefore, did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and input to develop accounting estimates. Since the Group's approach and policies align with the amendments, the amendments had no impact on the Group financial statements.

4. 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, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and 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 year ended 31st December, 2023 are as follows:

	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
Segment revenue			
Gross rental revenue	580,644	5,795	586,439
Gross hotel revenue	—	31,323	31,323
Total	<u>580,644</u>	<u>37,118</u>	<u>617,762</u>
Segment results	<u>577,469</u>	<u>21,569</u>	<u>599,038</u>
Fair value changes on investment properties	365,920	1,000	366,920
Depreciation	—	(7,726)	(7,726)
Interest income			875
REIT Manager fees			(91,053)
Trust, professional and other expenses			(10,547)
Finance costs – excluding distributions to Unitholders			<u>(611,183)</u>
Profit before tax and distributions to Unitholders			<u>246,324</u>

The operating segments of the Group for the year ended 31st December, 2022 are as follows:

	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
Segment revenue			
Gross rental revenue	592,102	5,464	597,566
Gross hotel revenue	—	18,875	18,875
Total	<u>592,102</u>	<u>24,339</u>	<u>616,441</u>
Segment results	<u>589,220</u>	<u>11,379</u>	600,599
Fair value changes on investment properties	750,688	4,000	754,688
Depreciation	—	(7,935)	(7,935)
Interest income			438
REIT Manager fees			(89,595)
Trust, professional and other expenses			(10,249)
Finance costs – excluding distributions to Unitholders			<u>(281,849)</u>
Profit before tax and distributions to Unitholders			<u>966,097</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 31st December, 2023, 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\$23,155,000,000 (2022: HK\$22,753,000,000) and HK\$833,000,000 (2022: HK\$800,000,000), 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

	Year ended 31st December, 2023		
	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
Capital expenditures	<u>36,080</u>	<u>388</u>	<u>36,468</u>

	Year ended 31st December, 2022		
	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
Capital expenditures	<u>44,999</u>	<u>120</u>	<u>45,119</u>

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

Information about a major customer

For the year ended 31st December, 2023, revenue of HK\$580,644,000 (2022: HK\$592,102,000) 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.

5. NET RENTAL AND HOTEL INCOME

	Notes	2023 HK\$'000	2022 HK\$'000
Gross rental revenue			
Rental income			
Initial Hotels	(a)	480,000	475,000
iclub Wan Chai Hotel – Non-hotel portions		5,795	5,464
iclub Sheung Wan Hotel	(b)	35,628	27,000
iclub Fortress Hill Hotel	(c)	32,358	37,757
iclub To Kwa Wan Hotel	(d)	30,000	50,000
Other income		2,658	2,345
		<u>586,439</u>	<u>597,566</u>
Property operating expenses		<u>(3,831)</u>	<u>(3,521)</u>
Net rental income		<u>582,608</u>	<u>594,045</u>
Gross hotel revenue			
Hotel operating expenses	(f)	<u>(14,893)</u>	<u>(12,321)</u>
Net hotel income		<u>16,430</u>	<u>6,554</u>
Net rental and hotel income		<u>599,038</u>	<u>600,599</u>
Revenue from contracts with customers			
Gross hotel revenue	(e)	<u>31,323</u>	<u>18,875</u>
Revenue from other sources			
Gross rental income		<u>586,439</u>	<u>597,566</u>

Notes:

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

	2023 HK\$'000	2022 HK\$'000
Base Rent	480,000	475,000
Variable Rent	–	–
	<u>480,000</u>	<u>475,000</u>

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

	2023	2022
	HK\$'000	HK\$'000
Base Rent	32,000	27,000
Variable Rent	3,628	–
	35,628	27,000

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

	2023	2022
	HK\$'000	HK\$'000
Base Rent	30,000	27,000
Variable Rent	2,358	10,757
	32,358	37,757

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

	2023	2022
	HK\$'000	HK\$'000
Contractual cash rental income	–	45,900
Difference in accounting rental income and contractual cash rental income	–	(4,675)
Base Rent	30,000	8,775
Variable Rent	–	–
	30,000	50,000

(e) Gross hotel revenue is recognised over time.

(f) Included subsidies of HK\$668,000 granted by the Government of the Hong Kong Special Administrative Region under the Anti-epidemic Fund during the year ended 31st December, 2022. There were no unfulfilled conditions related to these grants.

6. REIT MANAGER FEES

	2023 HK\$'000	2022 HK\$'000
Base Fees	73,155	71,504
Variable Fees	17,898	18,091
	<u>91,053</u>	<u>89,595</u>

For the financial year 2023, the REIT Manager elected to receive its Base Fees and Variable Fees in the form of cash.

7. FINANCE COSTS – EXCLUDING DISTRIBUTIONS TO UNITHOLDERS

	2023 HK\$'000	2022 HK\$'000
Interest expense on interest-bearing bank borrowings	586,134	260,064
Amortisation of debt establishment costs	26,395	24,713
Interest income from restricted cash	(4,172)	–
Others, net of compensation income	2,622	(3,250)
Interest expense on lease liabilities	204	322
	<u>611,183</u>	<u>281,849</u>

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2023 HK\$'000	2022 HK\$'000
Charge for the year	13,045	19,939
Overprovision in prior years	(28)	(70)
Deferred	(32,429)	16,332
Total tax charge/(credit) for the year	<u>(19,412)</u>	<u>36,201</u>

9. EARNINGS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The calculation of the basic earnings per Unit attributable to Unitholders is based on the profit for the year before distributions to Unitholders of HK\$265,736,000 (2022: HK\$929,896,000) and 3,257,431,189 Units in issue (2022: 3,257,431,189 Units). The basic earnings per Unit attributable to Unitholders for the year amounted to HK\$0.082 (2022: HK\$0.285).

The diluted earnings per Unit attributable to Unitholders is the same as the basic earnings per Unit attributable to Unitholders as there were no dilutive instruments in issue during the year (2022: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Authorised investments
	Hotel properties HK\$'000
At 1st January, 2022	575,000
Additions	120
Surplus on revaluation	36,815
Depreciation provided during the year	<u>(7,935)</u>
At 31st December, 2022 and 1st January, 2023	604,000
Additions	388
Surplus on revaluation	39,338
Depreciation provided during the year	<u>(7,726)</u>
At 31st December, 2023	<u>636,000</u>

The Group's property, plant and equipment represents the value of land and building together with furniture, fixtures and equipment of 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 Colliers, an independent property valuer and the principal valuer of Regal REIT, at HK\$636,000,000 as at 31st December, 2023 (2022: HK\$604,000,000). A revaluation surplus of HK\$39,338,000 (2022: HK\$36,815,000) resulting from the valuation as at 31st December, 2023 has been credited to other comprehensive income.

The carrying amount of the Group's property, plant and equipment would have been HK\$371,990,000 (2022: HK\$377,083,000) had such assets been stated in the consolidated financial statements at cost less accumulated depreciation.

11. INVESTMENT PROPERTIES

	Authorised investments		
	Hotel properties HK\$'000	Commercial properties HK\$'000	Total HK\$'000
At 1st January, 2022	21,957,000	192,000	22,149,000
Fair value changes	750,688	4,000	754,688
Capital expenditures for the year	44,999	–	44,999
Others	313	–	313
At 31st December, 2022 and 1st January, 2023	22,753,000	196,000	22,949,000
Fair value changes	365,920	1,000	366,920
Capital expenditures for the year	36,080	–	36,080
At 31st December, 2023	23,155,000	197,000	23,352,000

The Group's investment properties were valued by Colliers at HK\$23,352,000,000 as at 31st December, 2023 (2022: HK\$22,949,000,000).

12. ACCOUNTS RECEIVABLE

	2023 HK\$'000	2022 HK\$'000
Variable rent receivable	5,986	–
Other accounts receivable	525	884
	6,511	884

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

The Variable rent receivable represents amounts due from a related company which are unsecured, interest-free and repayable within one year in accordance with the terms of the respective agreements.

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.

13. ACCOUNTS PAYABLE

	2023	2022
	HK\$'000	HK\$'000
Amounts due to related companies	39,524	69,780
Other accounts payable	718	248
	<u>40,242</u>	<u>70,028</u>

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 dates, are all aged within 3 months.

14. NUMBER OF UNITS IN ISSUE

	Number of Units	
	2023	2022
At beginning and end of the year	<u>3,257,431,189</u>	<u>3,257,431,189</u>

15. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per Unit attributable to Unitholders is calculated by dividing the net assets attributable to Unitholders as at 31st December, 2023 of HK\$13,073,873,000 (2022: HK\$12,807,864,000) by the number of Units in issue of 3,257,431,189 (2022: 3,257,431,189) as at that date.

16. DEFERRED TAX

The movements in deferred tax assets and liabilities during the 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, 2022	(31,686)	(650,228)	8,009	(673,905)
Deferred tax charged to other comprehensive income during the year	(6,074)	–	–	(6,074)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	319	(20,134)	3,483	(16,332)
Gross deferred tax assets/(liabilities) at 31st December, 2022	<u>(37,441)</u>	<u>(670,362)</u>	<u>11,492</u>	<u>(696,311)</u>
Gross deferred tax assets/(liabilities) at 1st January, 2023	(37,441)	(670,362)	11,492	(696,311)
Deferred tax charged to other comprehensive income during the year	(6,491)	–	–	(6,491)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	370	(16,252)	48,311	32,429
Gross deferred tax assets/(liabilities) at 31st December, 2023	<u>(43,562)</u>	<u>(686,614)</u>	<u>59,803</u>	<u>(670,373)</u>

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

EMPLOYEES

Regal REIT is managed by the REIT Manager and DB Trustees (Hong Kong) Limited as the trustee of Regal REIT. By contracting out such services, Regal REIT does not employ any staff in its own right.

NEW UNITS ISSUED

There were no new Units allotted and issued during the year.

BUY-BACK, SALE OR REDEMPTION OF UNITS

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

CORPORATE GOVERNANCE

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

During the year ended 31st December, 2023, Regal REIT and the REIT Manager have 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PUBLIC FLOAT

As at 31st December, 2023, based on the information that is publicly available to the REIT Manager and as reported to the Directors of the REIT Manager, more than 25% of the issued Units were held by independent public Unitholders.

SCOPE OF WORK OF THE AUDITORS OF REGAL REIT IN RESPECT OF THIS PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of Regal REIT’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, distribution statement and the related notes thereto for the year ended 31st December, 2023 as set out in this preliminary results announcement have been agreed by the auditors of Regal REIT to the amounts set out in Regal REIT’s draft consolidated financial statements for the year. The work performed by the auditors of Regal REIT in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditors of Regal REIT on this preliminary results announcement.

REVIEW OF RESULTS

The Disclosure Committee and the Audit Committee of the REIT Manager have reviewed Regal REIT’s draft consolidated financial statements for the year ended 31st December, 2023, including the accounting principles and practices adopted by Regal REIT, in conjunction with the auditors of Regal REIT.

ISSUANCE OF ANNUAL REPORT

The Annual Report of Regal REIT for the year ended 31st December, 2023 is expected to be despatched to Unitholders on or about 19th April, 2024.

ANNUAL GENERAL MEETING

An Annual General Meeting of Regal REIT will be convened on Wednesday, 22nd May, 2024 (the “**2024 AGM**”). The Notice of the 2024 AGM will be published and sent to Unitholders, together with the 2023 Annual Report of Regal REIT, in due course.

CLOSURE OF REGISTER OF UNITHOLDERS

For the purpose of ascertaining Unitholders' entitlement to attend and vote at the 2024 AGM, the Register of Unitholders will be closed from Friday, 17th May, 2024 to Wednesday, 22nd May, 2024, both days inclusive, during which period no transfers of Units will be effected. In order to be entitled to attend and vote at the 2024 AGM, all Unit certificates with completed transfer forms must be lodged with Regal REIT's Unit registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Thursday, 16th May, 2024.

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

Hong Kong, 27th March, 2024

As at the date of this announcement, the Board of Directors of the REIT Manager comprised Mr. LO Yuk Sui as Chairman and Non-executive Director; Miss LO Po Man as Vice Chairman and Non-executive Director; Mr. Johnny CHEN Sing Hung and Mr. Simon LAM Man Lim as Executive Directors; Mr. Jimmy LO Chun To and Mr. Kenneth NG Kwai Kai as Non-executive Directors; and Mr. John William CRAWFORD, JP, Mr. Bowen Joseph LEUNG Po Wing, GBS, JP, Mr. Kai Ole RINGENSON and Mr. Abraham SHEK Lai Him, GBS, JP as Independent Non-executive Directors.