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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



ANNOUNCEMENT OF 2024 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2024 (unaudited) HK\$ million	Six months ended 30th June, 2023 (unaudited) HK\$ million	% Change
Gross rental revenue	335.9	290.1	+15.8%
Gross hotel revenue	14.5	13.9	+4.4%
Net rental and hotel income	340.2	294.3	+15.6%
Profit/(loss) for the period, before distribution to Unitholders*	(19.8)	105.2	N/A
Core operating loss, excluding fair value changes on investment properties	(36.3)	(14.8)	+145.5%
Adjusted loss for the period attributable to Unitholders	<u>(43.8)</u>	<u>(19.4)</u>	+125.2%
Distributable income per Unit	<u>HK\$0.0</u>	<u>HK\$0.0</u>	—
Distribution per Unit	<u>—</u>	<u>—</u>	—
Net Asset Value per Unit attributable to Unitholders	<u>As at 30th June, 2024 (unaudited) HK\$4.015</u>	<u>As at 31st Dec., 2023 (audited) HK\$4.014</u>	+0.02%

* Includes fair value gain of HK\$16.5 million and HK\$120.0 million (after taking into account capital expenditures incurred) as a result of revaluation changes on investment properties based on independent valuer appraisals as at 30th June, 2024 and 2023, respectively.

- Net rental and hotel income for the six months ended 30th June, 2024 amounted to HK\$340.2 million, which reflected an improvement of 15.6% over the same period in 2023.
- There was a gain of HK\$16.5 million 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, 2024, as compared to its last appraised value as of 31st December, 2023. For the corresponding period last year, a fair value gain of HK\$120.0 million was recorded.
- Core operating loss before distribution to the Unitholders for the interim period was HK\$36.3 million (2023 – HK\$14.8 million), which was mainly attributable to the increased financial expenses incurred, which amounted to HK\$326.1 million (2023 – HK\$260.9 million), as the Hong Kong Interbank Offered Rates, on which the borrowing costs of most of Regal REIT's bank loans are based, continued to remain at relatively high levels during the first half of this year.
- After taking into account the various non-cash adjustments, there is an adjusted loss of HK\$43.8 million for the period (2023 – HK\$19.4 million). Accordingly, no interim distribution was declared for the six months ended 30th June, 2024 (2023 – Nil).
- The five Regal Hotels which are leased to a wholly-owned subsidiary of Regal Hotels International Holdings Limited, the immediate listed holding company of Regal REIT, have all managed to achieve steadily improving performance. The combined average occupancy of these five hotels during the interim period was 65.6%, as compared to 66.8% for the same period last year. However, their combined average room rate has managed to increase by 12.4% and, consequently, there is an improvement in their combined average RevPAR of 10.4% year-on-year.
- Apart from the five Regal Hotels, Regal REIT also owns four other hotel properties in Hong Kong, all under the “iclub by Regal” brand name.
- The net property income from the iclub Wan Chai Hotel, the first iclub hotel in Hong Kong which has been self-operated by Regal REIT since 2011, has improved by 11.2% as compared to the same period in 2023.

- The other three iclub hotels, also leased to the same Regal lessee, have likewise operated satisfactorily during the interim period. Although their combined average occupancy level of 80.7% was 6.6% below that of the corresponding period in 2023, their combined average room rate has increased by 14.2% and, consequently, their combined average RevPAR has improved by 6.7% year-on-year.
- The Individual Visit Scheme was further extended in May 2024 to residents from eight other cities in the Mainland, which now covers a total of 59 cities, including all provincial capitals in China. In addition, effective from August this year, the duty-free allowance for luggage articles brought into China from Hong Kong by visitors who are Mainland residents has been increased from the previous level of RMB5,000 to RMB12,000. All these supportive initiatives will substantially benefit the tourist industry in Hong Kong by increasing the demands in the local hotel, retail and catering sectors.
- Over one hundred mega events are planned to be held in Hong Kong in the second half of this year, spanning a variety of theme areas, including conventions and exhibitions, finance and technology, cultural, arts, festivals and other related events. It is anticipated that these mega events will attract a large number of visitors to Hong Kong from this high-spending market segment, which will contribute significant economic value to the local economy.
- It is now widely forecasted that reductions in the interest rates in the United States will begin this coming September. Given the steady income stream generated by its hotel portfolio under the current leasing structure, the Directors are hopeful that, as the interest rates in Hong Kong return to normal levels, Regal REIT will be able to regain positive performance in its core operating results.

FINANCIAL RESULTS

For the six months ended 30th June, 2024, Regal Real Estate Investment Trust (“**Regal REIT**”) recorded an unaudited consolidated loss before distribution to unitholders (the “**Unitholders**”) of HK\$19.8 million, as compared to a profit of HK\$105.2 million for the corresponding period in 2023. During the period from 1st January, 2024 to 30th June, 2024 (the “**Interim Period**”), there was a gain of HK\$16.5 million 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, 2024, as compared to its last appraised value as of 31st December, 2023. For the corresponding period last year, a fair value gain of HK\$120.0 million was recorded. If these fair value changes are excluded, Regal REIT would record a core operating loss before distribution to Unitholders for the Interim Period of HK\$36.3 million, as compared to a loss of HK\$14.8 million for the same period in 2023. The loss for the Interim Period was mainly attributable to the increased financial expenses incurred, which amounted to HK\$326.1 million (2023 – HK\$260.9 million), as the Hong Kong Interbank Offered Rates (“**HIBOR**”), on which the borrowing costs of most of Regal REIT’s bank loans are based, continued to remain at relatively high levels during the first half of this year.

DISTRIBUTABLE INCOME AND INTERIM DISTRIBUTION FOR 2024

There is an adjusted loss of HK\$43.8 million for the Interim Period, after taking into account the various non-cash adjustments, as compared to an adjusted loss of HK\$19.4 million recorded for the corresponding period in 2023. The directors (the “**Directors**”) of Regal Portfolio Management Limited (the “**REIT Manager**”) have therefore decided not to declare any interim distribution for the six months ended 30th June, 2024 (2023 interim distribution – Nil).

HOTEL MARKET AND BUSINESS REVIEW

According to a recent report released by the World Bank Group, the global economy is stabilising and, despite elevated financing costs and heightened geopolitical tensions, is projected to hold a steady growth of 2.6% this year. Based on the preliminary estimates, the Gross Domestic Product (GDP) of China in the first half of 2024 was up by 5.0% year-on-year, with steady progress made in transformation and upgrading. However, faced with a complex external environment, the domestic consumption demand in China remains insufficient and the foundation for a sound economic recovery still needs to be strengthened. The Hong Kong economy continued to record moderate growth in the second quarter of 2024, with its real GDP having grown by 3.3% over the same quarter a year earlier, but its private consumption expenditure has turned to a slight decline.

Total visitors to Hong Kong in the first half of 2024 amounted to 21.2 million, representing an increase of 64.2% year-on-year, of which 16.1 million were visitors from Mainland China. Among all visitor arrivals, 49.8% were overnight visitors, with an average length of stay of 3.2 nights. Apart from the strong growth in Mainland visitors, there were also visible increases in the number of visitors from the traditional long haul, short haul as well as other new markets, as compared to the year before. However, despite these improvements, the number of total incoming visitors to Hong Kong during this Interim Period only represents about 60.7% of the peak level recorded in the first half of 2019. Therefore, more promotional efforts will be required from the Hong Kong Government and the tourism industry as a whole to restore full recovery.

According to the information published by the Hong Kong Tourism Board, the average hotel room occupancy level for all the surveyed hotels under different categories in Hong Kong for the half year ended 30th June was up from 80.0% in 2023 to 83.0% in 2024, while the average achieved room rate improved by 5.3%, resulting in an increment in the average Revenue per Available Room (“**RevPAR**”) of 9.2% year-on-year.

Due to the changes in the consumption patterns of the visitors from Mainland China, the impact of a relatively strong Hong Kong dollar as well as the shortage in the supply of service labour, the operating environment of the hospitality industry in Hong Kong during the period has been competitive and challenging. The combined average occupancy of the five Initial Hotels in Hong Kong, which operate as full-service hotels under the “Regal” brand name, during the Interim Period was 65.6%, as compared to 66.8% for the same period last year. However, their combined average room rate has managed to increase by 12.4% and, consequently, there is an improvement in their combined average RevPAR of 10.4% year-on-year. Aggregate net property income (“**NPI**”) for the Initial Hotels for the Interim Period amounted to HK\$164.9 million, which was 21.1% above the comparative amount of HK\$136.2 million attained in 2023.

The prevailing aggregate base rent for 2024 for these Initial Hotels, which are leased to a wholly-owned subsidiary of Regal Hotels International Holdings Limited (“**RHIHL**”), the immediate listed holding company of Regal REIT, has been determined to be HK\$544.0 million. As the aggregate NPI of these five hotels for the Interim Period was below the pro-rated aggregate base rent of HK\$272.0 million, no variable rent was earned.

Regal REIT also owns four other hotel properties in Hong Kong, all under the “iclub by Regal” 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. The NPI for the Interim Period from this property, including the lease rentals from the non-hotel portions, has improved by 11.2% as compared to the same period in 2023.

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, with aggregate base rent of HK\$118.0 million for 2024. During the Interim Period, these three iclub Hotels recorded a combined average occupancy level of 80.7%, which was 6.6% below that of the corresponding period in 2023. However, as their combined average room rate has increased by 14.2%, their combined average RevPAR has consequently improved by 6.7% year-on-year. As the NPI of each of these three iclub Hotels was below the pro-rated base rent 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 2024, are contained in the section “Management Discussion and Analysis” in the Interim Report.

BUSINESS OUTLOOK

With the continuous support from the Central Government, the Individual Visit Scheme (“**IVS**”) was expanded in March this year by adding Xi’an and Qingdao. In 2 months’ time, the IVS was further extended in May 2024 to residents from eight other cities in the Mainland, which now covers a total of 59 cities, including all provincial capitals in China. In addition, effective from August this year, the duty-free allowance for luggage articles brought into China from Hong Kong by visitors who are Mainland residents has been increased from the previous level of RMB5,000 to RMB12,000. All these supportive initiatives will substantially benefit the tourist industry in Hong Kong by increasing the demands in the local hotel, retail and catering sectors.

One of the key goals of the Hong Kong Government this year is to leverage on the convening of major events to reinforce Hong Kong’s diversified tourism. It was announced that there would be over one hundred mega events to take place in Hong Kong in the second half of this year, spanning a variety of theme areas, including conventions and exhibitions, finance and technology, cultural, arts, festivals and other related events. It is anticipated that these mega events will attract a large number of visitors to Hong Kong from this high-spending market segment, which will contribute significant economic value to the local economy.

The Hong Kong Government expects that the economy in Hong Kong will see further growth in the second half of this year and is maintaining a growth forecast in the range of 2.5% to 3.5% for the whole year. Though the United States Federal Reserve has yet to initiate the process of interest rate cuts, it is now widely forecasted that reductions in the interest rates in the United States will begin this coming September. In any event, in order to hedge against any unexpected reversionary movements in the interest rates, Regal REIT has entered into several interest rate swap transactions in early February and July 2024 to swap the interest expenses on part of its outstanding bank loans from floating rates to fixed rates, as they can serve to reduce the financial expenses of Regal REIT in the near term.

Although Regal REIT has reported an adjusted loss for this Interim Period, given the steady income stream generated by its hotel portfolio under the current leasing structure, the Directors are hopeful that, as the interest rates in Hong Kong return to normal levels, Regal REIT will be able to regain positive performance in its core operating results.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

During the Interim Period, Regal REIT received aggregate base rent of HK\$272.0 million for the leasing of the Initial Hotels. For the period under review, as the aggregate NPI of HK\$164.9 million from hotel operations of the Initial Hotels was below the pro-rated base rent of HK\$272.0 million, no variable rent was earned.

For the six months ended 30th June, 2024, iclub Wan Chai Hotel – hotel portion contributed gross hotel revenue of HK\$14.5 million and incurred operating costs and expenses amounting to HK\$8.2 million. For the non-hotel portions comprising retail and commercial premises, rental income of HK\$3.5 million was generated under the leases for the period under review.

During the Interim Period, Regal REIT received base rent of HK\$21.0 million for the leasing of the iclub Sheung Wan Hotel. As the NPI from hotel operations of this hotel was HK\$17.7 million which fell short from the base rent amount, therefore, no variable rent was earned.

During the Interim Period, Regal REIT received base rent of HK\$20.0 million for the leasing of the iclub Fortress Hill Hotel. As the NPI from hotel operations of this hotel was HK\$12.6 million which fell short from the base rent amount, therefore, no variable rent was earned.

During the Interim Period, Regal REIT received base rent of HK\$18.0 million for the leasing of iclub To Kwa Wan Hotel. As the NPI from hotel operations of this hotel was HK\$11.0 million which fell short from the base rent amount, therefore, no variable rent was earned.

Financial Review

As at 30th June, 2024, Regal REIT's loan facilities aggregating HK\$10,409.5 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\$2,850.0 million secured by the 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 carry interest based on HIBOR. As at 30th June, 2024, the 2021 IH Facilities had an outstanding amount of HK\$4,996.8 million, representing the full amount of the term loan facility and an amount of HK\$496.8 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, 2024, the outstanding amount of the 2022 RKH Facility was HK\$2,850.0 million, after instalment repayment of HK\$50.0 million each in June 2023 and June 2024, respectively, representing the full amount of the outstanding 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 and its principal amount was revised to HK\$405.0 million on 22nd June, 2020 in compliance with the terms of the facility agreement. As at 30th June, 2024, the outstanding facility amount of the 2019 WC Facility was HK\$405.0 million.

After the end of the Interim Period, 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 2019 WC Facility that matured in July 2024. The 2024 WC Facility carries interest based on HIBOR and has a loan maturity of December 2027.

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 previous 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, 2024, 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 previous 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, 2024, 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 previous term loan facility of HK\$621.0 million. As at 30th June, 2024, the outstanding amount of the 2023 TKW Facility was HK\$650.0 million, representing the full amount of the term loan.

While the interest rates in Hong Kong have slowly receded from their high levels that prevailed in late 2023, the 1-month HIBOR fluctuated within a range of around 4.985% per annum at the start of the year to a low of 3.965% per annum and stayed at 4.610% per annum on 28th June, 2024. Due to the high level of interest rates, the increase in finance costs has continued to adversely impact the financial results of Regal REIT.

With a view to reducing the financial expenses in the near term and hedging against any unexpected reversionary movements in the interest rates, Regal REIT entered into several interest rate swap (“**IRS**”) transactions in early February 2024 to swap the interest expenses from floating rates to fixed rates of 3.27% per annum to 3.66% per annum with terms ranging from 2.0 years to 3.6 years. The notional amount of the IRS transactions aggregated to HK\$1,100.0 million, which represented about 10.7% of the outstanding bank loans of Regal REIT as at the end of the reporting period. For the six-month period ended 30th June, 2024, these IRS transactions generated savings in interest costs of approximately HK\$3.9 million.

As at this reporting date, the committed notional amount of the fixed rates IRS transactions has been further increased to HK\$1,749.5 million or 17.1% of Regal REIT's existing total loan amount. The REIT Manager will continue to monitor the interest rates trend and to assess any further hedging needs to manage the exposure of the interest rate fluctuations.

As at 30th June, 2024, the gearing ratio of Regal REIT was 42.6% (30th June, 2023: 42.8%), being the gross amount of the outstanding loans aggregating HK\$10,406.3 million, which took into account: (a) the 2021 IH Facilities of HK\$4,996.8 million; (b) the 2022 RKH Facility of HK\$2,850.0 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\$24,423.0 million. The gearing ratio is below the maximum 50% permitted under the Code on Real Estate Investment Trusts (the “**REIT Code**”).

As at 30th June, 2024, Regal REIT had a total of HK\$5.4 million in unrestricted and HK\$344.8 million in restricted cash balances and bank deposits, and unutilised revolving loan facilities of HK\$3.2 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.

As at 30th June, 2024, all nine Regal REIT's properties with an aggregate carrying value of HK\$24,046.0 million were pledged to secure bank loan facilities granted to Regal REIT.

Net Assets Attributable to Unitholders

As at 30th June, 2024, net assets attributable to Unitholders amounted to HK\$13,077.9 million (31st December, 2023: HK\$13,073.9 million), representing a net asset value (“**NAV**”) per unit of Regal REIT (the “**Unit**”) attributable to Unitholders of HK\$4.015, which was above the NAV of HK\$4.014 per Unit as at 31st December, 2023, mainly due to the slight increase in the fair value of the property portfolio.

Valuation of the Property Portfolio

As at 30th June, 2024, Regal REIT's overall property portfolio was valued at HK\$24,046.0 million (31st December, 2023: HK\$23,988.0 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, 2024 and 31st December, 2023 are tabulated below.

Property	Location	30 Jun 2024 Valuation HK\$ million	31 Dec 2023 Valuation HK\$ million	% Change
<i>Initial Hotels:</i>				
Regal Airport Hotel	Lantau Island	1,279	1,429	-10.5%
Regal Hongkong Hotel	HK Island	4,356	4,322	0.8%
Regal Kowloon Hotel	Kowloon	6,006	5,953	0.9%
Regal Oriental Hotel	Kowloon	1,809	1,805	0.2%
Regal Riverside Hotel	New Territories	5,173	5,146	0.5%
		18,623	18,655	-0.2%
<i>iclub Hotels:</i>				
iclub Wan Chai Hotel	HK Island	850	833	2.0%
iclub Sheung Wan Hotel	HK Island	1,629	1,579	3.2%
iclub Fortress Hill Hotel	HK Island	1,574	1,560	0.9%
iclub To Kwa Wan Hotel	Kowloon	1,370	1,361	0.7%
Overall property portfolio		24,046	23,988	0.2%

The valuations of the property portfolio as at 30th June, 2024 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June, 2024

	Notes	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Revenue			
Gross rental revenue	5	335,876	290,139
Gross hotel revenue	5	14,480	13,872
		<u>350,356</u>	<u>304,011</u>
Property and hotel operating expenses		<u>(10,136)</u>	<u>(9,709)</u>
Net rental and hotel income	5	340,220	294,302
Interest income		472	1,184
Depreciation	10	(3,966)	(3,908)
Fair value changes on investment properties	11	16,548	120,029
REIT Manager fees	6	(46,693)	(44,295)
Trust, professional and other expenses		(5,918)	(3,641)
Finance costs – excluding distribution to Unitholders	7	<u>(326,113)</u>	<u>(260,854)</u>
Profit/(loss) before tax and distribution to Unitholders		(25,450)	102,817
Income tax credit	8	<u>5,646</u>	<u>2,404</u>
Profit/(loss) for the period, before distribution to Unitholders		(19,804)	105,221
Finance costs – distribution to Unitholders		<u>–</u>	<u>(32,574)</u>
Profit/(loss) for the period, after distribution to Unitholders		<u>(19,804)</u>	<u>72,647</u>
Earnings/(loss) per Unit attributable to Unitholders			
Basic and diluted	9	<u>HK\$(0.006)</u>	<u>HK\$0.032</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2024

	Notes	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Profit/(loss) for the period, before distribution to Unitholders		(19,804)	105,221
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Change in fair value of cash flow hedges		10,579	—
Transfer from hedging reserve to condensed consolidated statement of profit or loss		(3,949)	—
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		6,630	—
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gain on revaluation of property	10	20,612	7,691
Income tax effect	16	(3,401)	(1,269)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		17,211	6,422
Other comprehensive income for the period, net of tax		23,841	6,422
Total comprehensive income for the period, before distribution to Unitholders		4,037	111,643

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2024

	Notes	30th June, 2024 (unaudited) HK\$'000	31st December, 2023 (restated) HK\$'000
Non-current assets			
Property, plant and equipment	10	653,000	636,000
Investment properties	11	23,393,000	23,352,000
Derivative financial instruments		7,040	—
Finance lease receivables		—	998
Total non-current assets		24,053,040	23,988,998
Current assets			
Accounts receivable	12	334	6,511
Prepayments, deposits and other receivables		9,652	9,369
Due from related companies		2,181	2,228
Tax recoverable		3,365	2,532
Finance lease receivables		4,248	6,470
Restricted cash		344,798	330,360
Cash and cash equivalents		5,366	45,877
Total current assets		369,944	403,347
Total assets		24,422,984	24,392,345
Current liabilities			
Accounts payable	13	46,976	40,242
Deposits received		48	182
Due to related companies		223,831	183,722
Other payables and accruals		66,150	72,125
Contract liabilities		592	461
Interest-bearing bank borrowings		454,224	453,960
Lease liabilities		4,248	6,470
Tax payable		3,067	600
Total current liabilities		799,136	757,762
Net current liabilities		(429,192)	(354,415)
Total assets less current liabilities		23,623,848	23,634,583

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30th June, 2024

	Notes	30th June, 2024 (unaudited) HK\$'000	31st December, 2023 (restated) HK\$'000
Non-current liabilities, excluding net assets attributable to Unitholders			
Interest-bearing bank borrowings		9,881,551	9,886,472
Lease liabilities		—	998
Deposits received		2,867	2,867
Deferred tax liabilities	16	661,520	670,373
Total non-current liabilities		10,545,938	10,560,710
Total liabilities, excluding net assets attributable to Unitholders		11,345,074	11,318,472
Net assets attributable to Unitholders		13,077,910	13,073,873
Number of Units in issue	14	3,257,431,189	3,257,431,189
Net asset value per Unit attributable to Unitholders	15	HK\$4.015	HK\$4.014

DISTRIBUTION STATEMENT

For the six months ended 30th June, 2024

	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Profit/(loss) for the period, before distribution to Unitholders	(19,804)	105,221
Adjustments:		
Amounts set aside for the furniture, fixtures and equipment reserve ^(b)	(13,073)	(12,192)
Amortisation of debt establishment costs	13,943	13,106
Fair value changes on investment properties	(16,548)	(120,029)
Depreciation	3,966	3,908
Deferred tax credit	(12,254)	(9,452)
Adjusted loss for the period ^(a)	(43,770)	(19,438)
Distribution per Unit ^(a)	—	—

Notes:

- (a) Pursuant to the Trust Deed, Regal REIT is required to ensure that the total amount distributed to Unitholders shall not be less than 90% of Regal REIT's total distributable income for each financial year 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, 2024 (six months ended 30th June, 2023: Nil).

- (b) Amounts set aside by Regal REIT for the furniture, fixtures and equipment reserve 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 aggregated to HK\$13.1 million (six months ended 30th June, 2023: HK\$12.2 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 the Unitholders and to achieve long-term growth in the net asset value per Unit.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards (“**HKASs**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. In addition, the condensed consolidated financial statements include applicable disclosures required by the REIT Code issued by the Securities and Futures Commission of Hong Kong.

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. The 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, 2024, the Group's current liabilities exceeded its current assets by HK\$429,192,000. The net current liabilities position was mainly due to the term loans which mature within twelve months, amounted to HK\$454,224,000 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 facilities, 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.

3. ACCOUNTING POLICIES AND ADOPTION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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, 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs"), for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs that are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1st January, 2023 and 2024 upon initial application of the amendments. As at 1st January, 2023 and 2024, the Group had an interest-bearing bank borrowing with carrying amount of HK\$301.0 million and HK\$465.4 million, respectively, which was repayable within 12 months. The borrowing was drawn down from 5-year banking facility expiring on 9th August, 2026 and the Group has the right to roll over the loan for another year subject to the compliance with certain covenant tests. Prior to the initial application of the amendments, the interest-bearing bank borrowing was classified as a current liability as the Group did not have an unconditional right to defer the settlement for at least 12 months after the reporting period. Upon initial application of the amendments, the loan was reclassified as a non-current liability since the Group has the right to roll over the interest-bearing bank borrowing for at least twelve months after 1st January, 2023 and 2024 under its existing loan facility. The quantitative impact on the condensed consolidated statement of financial position is summarised below.

	Increase/(decrease)		
	As at 30th June, 2024 HK\$'000	As at 31st December, 2023 HK\$'000	As at 1st January, 2023 HK\$'000
Current liabilities			
Interest-bearing bank borrowings	(496,800)	(465,400)	(301,000)
Net current liabilities	<u>(496,800)</u>	<u>(465,400)</u>	<u>(301,000)</u>
Total assets less current liabilities	<u>496,800</u>	<u>465,400</u>	<u>301,000</u>
Non-current liabilities			
Interest-bearing bank borrowings	496,800	465,400	301,000

The adoption of the amendments did not have any impact on the basic and diluted earnings/(loss) per unit attributable to Unitholders, profit or loss, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30th June, 2024 and 2023.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the condensed consolidated 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, 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, 2024 are as follows:

	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenue			
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>
Segment results	<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>

The operating segments of the Group for the six months ended 30th June, 2023 were as follows:

	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenue			
Gross rental revenue	287,328	2,811	290,139
Gross hotel revenue	—	13,872	13,872
Total	<u>287,328</u>	<u>16,683</u>	<u>304,011</u>
Segment results	<u>285,741</u>	<u>8,561</u>	294,302
Fair value changes on investment properties	120,029	—	120,029
Depreciation	—	(3,908)	(3,908)
Interest income			1,184
REIT Manager fees			(44,295)
Trust, professional and other expenses			(3,641)
Finance costs – excluding distribution to Unitholders			<u>(260,854)</u>
Profit before tax and distribution to Unitholders			<u>102,817</u>

Segment assets and liabilities

As at 30th June, 2024, 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\$23,196,000,000 (31st December, 2023: HK\$23,155,000,000) and HK\$850,000,000 (31st December, 2023: HK\$833,000,000), 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, 2024

	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
Capital expenditures	24,452	354	24,806

Six months ended 30th June, 2023

	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
Capital expenditures	11,971	217	12,188

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, 2024, revenue of HK\$332,329,000 (six months ended 30th June, 2023: HK\$287,328,000) 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	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Gross rental revenue			
Rental income			
Initial Hotels	(a)	272,000	240,000
iclub Wan Chai Hotel – Non-hotel portions		3,547	2,811
iclub Sheung Wan Hotel	(b)	21,000	16,000
iclub Fortress Hill Hotel	(c)	20,000	15,000
iclub To Kwa Wan Hotel	(d)	18,000	15,000
Other income		1,329	1,328
		<u>335,876</u>	<u>290,139</u>
Property operating expenses		<u>(1,938)</u>	<u>(1,910)</u>
Net rental income		<u>333,938</u>	<u>288,229</u>
 Gross hotel revenue			
		14,480	13,872
Hotel operating expenses		<u>(8,198)</u>	<u>(7,799)</u>
Net hotel income		<u>6,282</u>	<u>6,073</u>
Net rental and hotel income		<u>340,220</u>	<u>294,302</u>
 Revenue from contracts with customers			
Gross hotel revenue	(e)	<u>14,480</u>	<u>13,872</u>
 Revenue from other sources			
Gross rental income		<u>335,876</u>	<u>290,139</u>

Notes:

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

	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Base rent	272,000	240,000
Variable rent	—	—
	<u>272,000</u>	<u>240,000</u>

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

	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Base rent	21,000	16,000
Variable rent	—	—
	21,000	16,000

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

	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Base rent	20,000	15,000
Variable rent	—	—
	20,000	15,000

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

	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Base rent	18,000	15,000
Variable rent	—	—
	18,000	15,000

(e) Gross hotel revenue is recognised over time.

6. REIT MANAGER FEES

	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Base fees	36,477	35,458
Variable fees	10,216	8,837
	46,693	44,295

For the financial years 2024 and 2023, the REIT Manager elected to receive its base fees and variable fees in the form of cash.

7. FINANCE COSTS – EXCLUDING DISTRIBUTION TO UNITHOLDERS

	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest expense on interest-bearing bank borrowings	320,908	247,138
Amortisation of debt establishment costs	13,943	13,106
Interest income from restricted cash	(4,924)	–
Interest expense on lease liabilities	57	117
	329,984	260,361
Fair value changes on derivative financial instruments - cash flow hedges (transfer from hedging reserve)	(3,949)	–
Others, net of compensation income	78	493
	326,113	260,854

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30th June, 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 30th June, 2024 (unaudited) HK\$'000	Six months ended 30th June, 2023 (unaudited) HK\$'000
Charge for the period	6,615	7,058
Overprovision in prior years	(7)	(10)
Deferred	(12,254)	(9,452)
Total tax credit for the period	(5,646)	(2,404)

9. EARNINGS/(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\$19,804,000 (six months ended 30th June, 2023: profit of HK\$105,221,000) and 3,257,431,189 Units in issue (six months ended 30th June, 2023: 3,257,431,189 Units). The basic loss per Unit attributable to Unitholders for the period amounted to HK\$0.006 (six months ended 30th June, 2023: basic earnings per Unit of HK\$0.032).

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, 2023: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Authorised investments
	Hotel properties HK\$'000
At 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 (audited) and 1st January, 2024	636,000
Additions	354
Surplus on revaluation	20,612
Depreciation provided during the period	<u>(3,966)</u>
At 30th June, 2024 (unaudited)	<u>653,000</u>

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 Colliers, an independent property valuer and the principal valuer of Regal REIT, at HK\$653,000,000 as at 30th June, 2024 (31st December, 2023: HK\$636,000,000). A revaluation surplus of HK\$20,612,000 (31st December, 2023: HK\$39,338,000) resulting from the valuation as at 30th June, 2024 has been credited to other comprehensive income.

The carrying amount of the Group's property, plant and equipment would have been HK\$369,655,000 (31st December, 2023: HK\$371,990,000) had such assets been stated in the condensed 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, 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 (audited) and 1st January, 2024	23,155,000	197,000	23,352,000
Fair value changes	16,548	—	16,548
Capital expenditures for the period	24,452	—	24,452
At 30th June, 2024 (unaudited)	23,196,000	197,000	23,393,000

The Group's investment properties were valued by Colliers at HK\$23,393,000,000 as at 30th June, 2024 (31st December, 2023: HK\$23,352,000,000).

12. ACCOUNTS RECEIVABLE

	30th June, 2024 (unaudited) HK\$'000	31st December, 2023 (audited) HK\$'000
Variable rent receivable	—	5,986
Other accounts receivable	334	525
	334	6,511

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 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

	30th June, 2024 (unaudited) HK\$'000	31st December, 2023 (audited) HK\$'000
Amounts due to related companies	46,196	39,524
Other accounts payable	780	718
	<u>46,976</u>	<u>40,242</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	
	30th June, 2024 (unaudited)	31st December, 2023 (audited)
At beginning and end of the period/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 30th June, 2024 of HK\$13,077,910,000 (31st December, 2023: HK\$13,073,873,000) by the number of Units in issue of 3,257,431,189 (31st December, 2023: 3,257,431,189) as at that date.

16. 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, 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 (audited)	<u>(43,562)</u>	<u>(686,614)</u>	<u>59,803</u>	<u>(670,373)</u>
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 period	(3,401)	—	—	(3,401)
Deferred tax credited/(charged) to the condensed consolidated statement of profit or loss during the period	<u>211</u>	<u>(8,608)</u>	<u>20,651</u>	<u>12,254</u>
Gross deferred tax assets/(liabilities) at 30th June, 2024 (unaudited)	<u>(46,752)</u>	<u>(695,222)</u>	<u>80,454</u>	<u>(661,520)</u>

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

17. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on 18th July, 2024, the Group concluded a new 3.4-year term loan facility of HK\$416.5 million with Chong Hing Bank Limited and is secured by the iclub Wan Chai Hotel. The new term loan was wholly used to repay the 2019 WC Facility that matured in July 2024.

EMPLOYEES

Regal REIT is managed by the REIT Manager and DB Trustees (Hong Kong) Limited acts 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 Interim Period.

BUY-BACK, SALE OR REDEMPTION OF UNITS

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

CORPORATE GOVERNANCE

The REIT Manager has adopted a compliance manual (the “**Compliance Manual**”) 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PUBLIC FLOAT

As at 30th June, 2024, 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.

REVIEW OF INTERIM RESULTS

Regal REIT's condensed consolidated financial statements for the Interim Period have not been audited, but have been reviewed by Ernst & Young, the external auditors of Regal REIT, whose review report is contained in the Interim Report of Regal REIT for the six months ended 30th June, 2024.

The Disclosure Committee and the Audit Committee of the REIT Manager have reviewed Regal REIT's condensed consolidated financial statements for the Interim Period, including the accounting principles and practices adopted by Regal REIT, in conjunction with the external auditors of Regal REIT.

ISSUANCE OF INTERIM REPORT

The Interim Report of Regal REIT for the Interim Period is expected to be despatched to Unitholders (who have elected to receive printed copies) and published on the websites of The Stock Exchange of Hong Kong Limited and Regal REIT, respectively, on or before 11th September, 2024.

By Order of the Board

Regal Portfolio Management Limited
(as manager of Regal Real Estate Investment Trust)

LO Yuk Sui

Chairman

Hong Kong, 28th August, 2024

As at the date of this announcement, the Board of Directors of the REIT Manager comprises 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.