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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 2025 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2025 (unaudited) HK\$ million	Six months ended 30th June, 2024 (unaudited) HK\$ million	% Change
Gross rental revenue	339.2	335.9	+1.0%
Gross hotel revenue	15.2	14.5	+4.8%
Net rental and hotel income	342.8	340.2	+0.8%
Loss for the period, before distribution to Unitholders*	(508.1)	(19.8)	24.7 times
Core operating profit/(loss), excluding fair value changes on investment properties	9.0	(36.3)	N/A
Distributable income/(adjusted loss) for the period attributable to Unitholders	15.6	(43.8)	N/A
Distributable income per Unit	HK\$0.0048	HK\$0.0	N/A
Distribution per Unit	—	—	—
Net Asset Value per Unit attributable to Unitholders	As at 30th June, 2025 (unaudited) HK\$3.791	As at 31st Dec., 2024 (audited) HK\$3.962	-4.3%

* Includes fair value loss of HK\$517.1 million and fair value gain of HK\$16.5 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, 2025 and 2024, respectively.

- Net rental and hotel income for the six months ended 30th June, 2025 amounted to HK\$342.8 million, which reflected an improvement of 0.8% over the same period in 2024.
- There was a loss of HK\$517.1 million arising from the decrease in the fair value of Regal REIT's investment property portfolio, based on the market valuations appraised by the principal valuer as of 30th June, 2025, as compared to its last appraised value as of 31st December, 2024. While for the corresponding period last year, a fair value gain of HK\$16.5 million was recorded.
- Core operating profit before distribution to the Unitholders for the interim period was HK\$9.0 million (2024 – core operating loss of HK\$36.3 million), which was mainly attributable to the decrease in financial expenses incurred, which came down to HK\$266.9 million (2024 – HK\$326.1 million), as the Hong Kong Interbank Offered Rates, on which the borrowing costs of most of Regal REIT's bank loans are based, has dropped significantly since mid-May this year.
- Total distributable income, after taking into account various non-cash adjustments, amounted to HK\$15.6 million for the period, reversing from an adjusted loss of HK\$43.8 million recorded for the comparative period in 2024. However, having considered the relatively modest amount of the available distributable income, no interim distribution was declared for the six months ended 30th June, 2025 (2024 interim distribution – Nil).
- The five Regal Hotels owned by Regal REIT, which are under lease to a wholly-owned subsidiary of Regal Hotels International Holdings Limited, the immediate listed holding company of Regal REIT, continued to perform steadily, with their combined average room rate and combined average RevPAR both having improved year-on-year.
- The total 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, fell short of the same period in 2024, as the upper floor non-hotel commercial portions, which were previously leased to a third-party tenant, are temporarily vacant after the lease termination.

- The other three iclub hotels have also been leased to the same Regal lessee and overall managed to achieve satisfactory increases in their combined average occupancy, their combined average room rate and, consequently, their combined RevPAR and such increases were all above the industry averages.
- Benefiting from its close ties with China, Hong Kong will be able to overcome the macro challenges and enhance its unique position in the Greater Bay Area as a world class financial centre, major travel hub and key regional service centre.
- It is now widely expected that the United States Federal Reserve may have certain interest rate cuts in the second half of this year, which could bring forth positive impact on the interest rate environment in Hong Kong. In the meanwhile, the Directors of the REIT Manager will closely watch out for any appropriate deleveraging opportunities as the investment sentiment gradually revives.
- Barring any unforeseen circumstances, the Directors are hopeful that the core operating profit of Regal REIT in the second half of 2025 will continue to improve, as the financial expenses to be incurred are anticipated to be further reduced, and that the distribution to Unitholders could be resumed.

FINANCIAL RESULTS

For the six months ended 30th June, 2025, Regal Real Estate Investment Trust (“**Regal REIT**”) recorded a consolidated loss before distribution to unitholders (the “**Unitholders**”) of HK\$508.1 million, as compared to a loss of HK\$19.8 million for the same period in 2024. During the period from 1st January, 2025 to 30th June, 2025 (the “**Interim Period**”), there was a loss of HK\$517.1 million arising from the decrease in the fair value of Regal REIT’s investment property portfolio, based on the market valuations appraised by the principal valuer as of 30th June, 2025, as compared to its last appraised value as of 31st December, 2024. While for the corresponding period last year, a fair value gain of HK\$16.5 million was recorded. If these fair value changes are excluded, Regal REIT would record a core operating profit before distribution to Unitholders for the Interim Period of HK\$9.0 million, as compared to a loss of HK\$36.3 million for the same period in 2024. The profit attained for the Interim Period was mainly attributable to the decrease in financial expenses incurred, which came down to HK\$266.9 million (2024 – HK\$326.1 million), as the Hong Kong Interbank Offered Rates (“**HIBOR**”), on which the borrowing costs of most of Regal REIT’s bank loans are based, has dropped significantly since mid-May this year.

DISTRIBUTABLE INCOME AND INTERIM DISTRIBUTION FOR 2025

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

HOTEL MARKET AND BUSINESS REVIEW

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

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

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

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

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

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

Further details on the hotel properties owned by Regal REIT, including their detailed lease terms and their operating data for the first half of 2025, are contained in the section “Management Discussion and Analysis” in the Interim Report of Regal REIT for the six months ended 30th June, 2025.

BUSINESS OUTLOOK

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

During the Interim Period, Regal REIT received aggregate base rent of HK\$275.0 million for the leasing of the Initial Hotels. For the period under review, as the aggregate NPI of HK\$172.4 million from hotel operations of the Initial Hotels was below the pro-rated base rent of HK\$275.0 million, no variable rent was earned.

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

During the Interim Period, Regal REIT received base rent of HK\$22.0 million for the leasing of the iclub Sheung Wan Hotel. As the NPI from hotel operations of this hotel was HK\$16.8 million which fell short of the base rent amount, no variable rent was earned.

During the Interim Period, Regal REIT received base rent of HK\$21.0 million for the leasing of the iclub Fortress Hill Hotel. As the NPI from hotel operations of this hotel was HK\$15.1 million which fell short of the base rent amount, no variable rent was earned.

During the Interim Period, Regal REIT received base rent of HK\$18.5 million for the leasing of iclub To Kwa Wan Hotel. As the NPI from hotel operations of this hotel was HK\$13.6 million which fell short of the base rent amount, no variable rent was earned.

Financial Review

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Net Assets Attributable to Unitholders

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

Valuation of the Property Portfolio

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

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

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

The valuations of the property portfolio as at 30th June, 2025 were conducted by Knight Frank Petty Limited (“**Knight Frank**”), the principal valuer of Regal REIT appointed by the trustee of Regal REIT for a term of three years commencing from December 2024 pursuant to the provisions of the REIT Code.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June, 2025

	Notes	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
Revenue			
Gross rental revenue	5	339,181	335,876
Gross hotel revenue	5	15,182	14,480
		354,363	350,356
Property and hotel operating expenses		(11,524)	(10,136)
Net rental and hotel income	5	342,839	340,220
Interest income		272	472
Depreciation	10	(4,125)	(3,966)
Fair value changes on investment properties	11	(517,118)	16,548
REIT Manager fees	6	(46,328)	(46,693)
Trust, professional and other expenses		(4,384)	(5,918)
Finance costs – excluding distribution to Unitholders	7	(266,931)	(326,113)
Loss before tax and distribution to Unitholders		(495,775)	(25,450)
Income tax credit/(expenses)	8	(12,324)	5,646
Loss for the period, before distribution to Unitholders		(508,099)	(19,804)
Finance costs – distribution to Unitholders		–	–
Loss for the period, after distribution to Unitholders		(508,099)	(19,804)
Loss per Unit attributable to Unitholders			
Basic and diluted	9	HK\$(0.156)	HK\$(0.006)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2025

	Notes	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
Loss for the period, before distribution to Unitholders		(508,099)	(19,804)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Changes in fair value of cash flow hedges		(50,055)	10,579
Transfer from hedging reserve to condensed consolidated statement of profit or loss		<u>2,925</u>	<u>(3,949)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<u>(47,130)</u>	<u>6,630</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Gain/(loss) on revaluation of property	10	(5,064)	20,612
Income tax effect	16	<u>836</u>	<u>(3,401)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		<u>(4,228)</u>	<u>17,211</u>
Other comprehensive income/(loss) for the period, net of tax		<u>(51,358)</u>	<u>23,841</u>
Total comprehensive income/(loss) for the period, before distribution to Unitholders		<u><u>(559,457)</u></u>	<u><u>4,037</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2025

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30th June, 2025

	Notes	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
Non-current liabilities, excluding net assets attributable to Unitholders			
Interest-bearing bank borrowings		9,627,850	9,656,447
Lease liabilities		6,914	—
Derivative financial instruments		42,785	682
Deposits received		633	633
Deferred tax liabilities	16	656,021	654,475
Total non-current liabilities		10,334,203	10,312,237
Total liabilities, excluding net assets attributable to Unitholders		11,336,984	11,317,965
Net assets attributable to Unitholders		12,348,042	12,907,499
Number of Units in issue	14	3,257,431,189	3,257,431,189
Net asset value per Unit attributable to Unitholders	15	HK\$3.791	HK\$3.962

DISTRIBUTION STATEMENT

For the six months ended 30th June, 2025

	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
Loss for the period, before distribution to Unitholders	(508,099)	(19,804)
Adjustments:		
Amounts set aside for the furniture, fixtures and equipment reserve ^(b)	(13,720)	(13,073)
Amortisation of debt establishment costs	13,810	13,943
Fair value changes on investment properties	517,118	(16,548)
Depreciation	4,125	3,966
Deferred tax charge/(credit)	2,382	(12,254)
Distributable income/(adjusted loss) for the period ^(a)	15,616	(43,770)
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, 2025 (six months ended 30th June, 2024: 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\$13.7 million (six months ended 30th June, 2024: HK\$13.1 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 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 Standard (“**HKAS**”) 34 *Interim Financial Reporting* as 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, 2025, the Group's current liabilities exceeded its current assets by HK\$753,669,000. The net current liabilities position was mainly due to the term loans which are maturing within twelve months, amounted to HK\$700,000,000 and classified under current liabilities as at the end of the reporting period. Taking into account the stable operating cash inflows to be generated from rental income, the planned refinancing of the loan facility maturing within the next twelve months, the Group's unutilised revolving loan facilities and the financial support provided by the immediate listed holding company of the Group, the REIT Manager considers the Group has adequate resources to meet its liabilities, commitments and funding requirements as and when they fall due within one year from the end of the reporting period. Accordingly, the REIT Manager continues to adopt the going concern basis in preparing the condensed consolidated financial statements.

3. ACCOUNTING POLICIES AND ADOPTION OF AMENDED HKFRS ACCOUNTING STANDARD

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

Amendments to HKAS 21

Lack of Exchangeability

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

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

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, 2025 are as follows:

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

The operating segments of the Group for the six months ended 30th June, 2024 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>

Segment assets and liabilities

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

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

Other segment information

Six months ended 30th June, 2025

	Hotel Properties (unaudited) HK\$'000	Mixed Use Property (unaudited) HK\$'000	Total (unaudited) HK\$'000
Capital expenditures	12,118	189	12,307

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

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

Information about a major customer

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

Geographical information

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

5. NET RENTAL AND HOTEL INCOME

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

Notes:

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

	Six months ended 30th June, 2025 (unaudited) HK\$'000	Six months ended 30th June, 2024 (unaudited) HK\$'000
Base rent	275,000	272,000
Variable rent	–	–
	275,000	272,000

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

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

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

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

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

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

(e) Gross hotel revenue is recognised over time.

6. REIT MANAGER FEES

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

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

8. INCOME TAX

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

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

9. LOSS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

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

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

10. PROPERTY, PLANT AND EQUIPMENT

	Authorised investments
	Hotel properties HK\$'000
At 1st January, 2024	636,000
Additions	470
Surplus on revaluation	43,543
Depreciation provided during the year	<u>(8,013)</u>
At 31st December, 2024 (audited) and 1st January, 2025	672,000
Additions	189
Deficit on revaluation	(5,064)
Depreciation provided during the period	<u>(4,125)</u>
At 30th June, 2025 (unaudited)	<u>663,000</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 Knight Frank, an independent property valuer and the principal valuer of Regal REIT, at HK\$663,000,000 as at 30th June, 2025 (31st December, 2024: HK\$672,000,000). A revaluation deficit of HK\$5,064,000 (31st December, 2024: surplus of HK\$43,543,000) resulting from the valuation as at 30th June, 2025 has been charged to other comprehensive loss.

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

11. INVESTMENT PROPERTIES

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

The Group's investment properties were valued by Knight Frank at HK\$22,766,000,000 as at 30th June, 2025 (31st December, 2024: HK\$23,271,000,000).

12. ACCOUNTS RECEIVABLE

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

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

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

13. ACCOUNTS PAYABLE

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

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

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

14. NUMBER OF UNITS IN ISSUE

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

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

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, 2024	(43,562)	(686,614)	59,803	(670,373)
Deferred tax charged to other comprehensive income during the year	(7,184)	—	—	(7,184)
Deferred tax credited/ (charged) to the consolidated statement of profit or loss during the year	437	(18,178)	40,823	23,082
Gross deferred tax assets/(liabilities) at 31st December, 2024 (audited)	<u>(50,309)</u>	<u>(704,792)</u>	<u>100,626</u>	<u>(654,475)</u>
Gross deferred tax assets/(liabilities) at 1st January, 2025	(50,309)	(704,792)	100,626	(654,475)
Deferred tax credited to other comprehensive income during the period	836	—	—	836
Deferred tax credited/(charged) to the condensed consolidated statement of profit or loss during the period	241	(6,188)	3,565	(2,382)
Gross deferred tax assets/(liabilities) at 30th June, 2025 (unaudited)	<u>(49,232)</u>	<u>(710,980)</u>	<u>104,191</u>	<u>(656,021)</u>

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

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, 2025, 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, 2025.

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, 2025.

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

Hong Kong, 27th August, 2025

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. Bowen Joseph LEUNG Po Wing, GBS, JP, Mr. Kai Ole RINGENSON and Mr. Abraham SHEK Lai Him, GBS, JP as Independent Non-executive Directors.