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VOLUNTARY ANNOUNCEMENT
MARKET RENTAL REVIEW IN RESPECT OF THE
INITIAL HOTEL PROPERTIES FOR THE YEAR OF 2012

This is a voluntary announcement made by the Company.

As previously disclosed in the Circular and the 2011 Rental Review Announcement, pursuant to the Lease Agreements, for each of the years from 2011 to 2015, a rent review by an independent professional property valuer jointly appointed by the Lessors and the Lessee will take place no later than 30 September of each of the years from 2010 to 2014 respectively, for the purposes of determining the Market Rental Package of the Initial Hotel Properties.

An independent professional property valuer jointly appointed by the Lessors and the Lessee was on 27 June 2011 instructed to conduct a rent review to determine the Market Rental Package for 2012. The Valuer's report on the determination of the Market Rental Package for 2012 was issued on 31 August 2011 and a summary of such determination is set out in this announcement.

Reference is made to the circular of Regal Hotels International Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 21 February 2007 (the "**Circular**") relating to the spin-off of Regal Real Estate Investment Trust ("**Regal REIT**"), the voluntary announcement dated 29 October 2010 made by the Company relating to the market rental review in respect of the Initial Hotel Properties for the year of 2011 ("**2011 Rental Review Announcement**"), the announcement of the interim results of the Group for the six months ended 30 June 2011 made by the Company on 24 August 2011 and the announcement dated 9 September 2011 made by Regal REIT relating to, among others, the summary of market rental package in respect of the Initial Hotel Properties for the year

of 2012. Unless stated otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

As previously disclosed in the Circular and the 2011 Rental Review Announcement, pursuant to the Lease Agreements, for each of the years from 2011 to 2015, a rent review by an independent professional property valuer jointly appointed by the Lessors and the Lessee will take place no later than 30 September of each of the years from 2010 to 2014 respectively, for the purposes of determining, based on the assumptions and disregards provided in the Lease Agreements, the followings:

- (a) the market rent (including base rent, variable rent and the Lessee's contribution to the FF&E Reserve) of the Initial Hotel Properties (namely, Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel) for the relevant years;
- (b) the amount of the security deposit payable by the Lessee, which shall be the highest of: (i) the amount which the valuer determines to be the market rate of security deposit, (ii) 50% of the Floor Rent, and (iii) 50% of the determined annual base rent;
- (c) the manner of payment proposed for the relevant years; and
- (d) the breakdown of the market rent for each of the Initial Hotel Properties under the Lease Agreements for the relevant years

(the "**Market Rental Package**").

Accordingly, Mr. David Faulkner, an independent professional property valuer (the "**Valuer**") jointly appointed by the Lessors and the Lessee, was on 27 June 2011 instructed to conduct a rent review to determine the Market Rental Package in respect of the year of 2012 (the "**Market Rental Package for 2012**"). Mr. Faulkner was appointed as the Valuer for determining the Market Rental Package in respect of the year of 2011. The Market Rental Package for 2012 has been determined based on the Valuer's professional opinion on the market situation for 2012 (including the assumptions and disregards provided in the Lease Agreements) and of certain factors relating to each of the Initial Hotel Properties, and with reference to the current market conditions of the hotel and tourism industry in Hong Kong. The Valuer's report on the determination of the Market Rental Package for 2012 was issued on 31 August 2011 and a summary of such determination is as follows:

	Market Rental Package for 2012	Market Rental Package for 2011
(a) Base Rent for Regal Airport Hotel:	HK\$190 million	HK\$176 million
(b) Base Rent for Regal Hongkong Hotel:	HK\$129 million	HK\$114 million
(c) Base Rent for Regal Kowloon Hotel:	HK\$130 million	HK\$115 million
(d) Base Rent for Regal Oriental Hotel:	HK\$65 million	HK\$50 million
(e) Base Rent for Regal Riverside Hotel:	HK\$131 million	HK\$105 million
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Aggregate amount payable by the Lessee as Base Rent:	HK\$645 million =====	HK\$560 million =====
Variable Rent for the Initial Hotel Properties:	50% of Collective NPI Excess receivable by the relevant Lessors	50% of Collective NPI Excess receivable by the relevant Lessors
Lessee's contribution to the FF&E Reserve:	No contribution required by the Lessee	No contribution required by the Lessee
Amount of security deposit (third party guarantee):	HK\$322.5 million	HK\$280 million

The Base Rent for the Initial Hotel Properties for both 2011 and 2012 is/will be payable to the Lessors on a monthly basis in an amount equivalent to one-twelfth of the annual Base Rent. The Variable Rent for the Initial Hotel Properties for both 2011 and 2012 is/will be payable to the Lessors on a semi-annual basis.

The existing security deposit of HK\$280 million for the Market Rental Package for 2011, which was paid by the delivery to the Lessors a third party guarantee, will expire on 30 June 2012. A replacement security deposit of HK\$322.5 million for the Market Rental Package for 2012 will be paid by the delivery to the Lessors of an extended or replacement

third party guarantee (or standby letter of credit or other equivalent form of security), effective on 1 January 2012, within 60 days after the determination of the Market Rental Package for 2012, that is, on or before 30 October 2011.

By Order of the Board
Regal Hotels International Holdings Limited
Eliza Lam Sau Fun
Secretary

Hong Kong, 14 September 2011

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui
(Chairman and Chief Executive Officer)
Ms. Belinda YEUNG Bik Yiu
(Chief Operating Officer)
Mr. Donald FAN Tung
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai
Mr. Allen WAN Tze Wai

Non-Executive Director:

Dr. Francis CHOI Chee Ming, GBS, JP
(Vice Chairman)

Independent Non-Executive Directors:

Ms. Alice KAN Lai Kuen
Mr. NG Siu Chan
Mr. WONG Chi Keung