

Eagle Asset Management (CP) Limited

*Suite 3008, 30th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong*

Fair Vantage Limited

*The offices of
Offshore Incorporations (Cayman) Limited
Scotia Centre, 4th Floor
P.O. Box 2804, George Town
Grand Cayman KY1-1112
Cayman Islands*

21 February 2013

Citibank, N.A., London Branch
(as Bond Trustee)
14th Floor, Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Attn: Agency and Trust
Fax no. (44) 20 7500 5857 / (44) 20 7500 5877

with a copy to:
Citibank, N.A., Hong Kong Branch
39th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Central, Hong Kong

Attn: Agency and Trust
Fax no. (852) 2868 8048

and

Citibank, N.A., London Branch
(as Agents)
21st Floor, Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Attn: Agency and Trust – Bond Paying Agency Department
Fax no. (44) 20 7508 3878

and

The Bondholders

Dear Sirs,

HK\$4,680,000,000 1% Guaranteed Convertible Bonds due 2013 (the “Bonds”) issued by Fair Vantage Limited convertible into units (the “Unit(s)”) of Champion Real Estate Investment Trust (“Champion REIT”)

Reference is made to the trust deed dated 3 June 2008 constituting the Bonds ("Trust Deed"), the paying and conversion agency agreement dated 3 June 2008 in relation to the Bonds ("Agency

Agreement") and the terms and conditions of the Bonds ("T&C") (collectively, the "Bond Documents"). Unless otherwise defined, all capitalized terms used in this notice shall have the same meanings as defined in the Bond Documents.

Pursuant to Clauses 8.1, 8.2, 8.3 and 8.4 of the Trust Deed, Clauses 7.6, 7.7 and 17.2 of the Agency Agreement and Conditions 7.5.10, 7.7 and 18 of the T&C, we hereby give you (in your capacity as the Bond Trustee and the Agents) and the Bondholders notice that:

- (a) a meeting of the board of directors of the REIT Manager (the "Board") was held on 21 February 2013 and the Board has announced the final results for Champion REIT in respect of the year ended 31 December 2012, as more particularly set out in the attached announcement of Champion REIT dated 21 February 2013 (the "Announcement");
- (b) based on the total distributable amount for the year ended 31 December 2012 as stated in the Announcement, the distribution per Unit is HK\$0.2092 as determined in accordance with the T&C, which exceeds an amount equal to 2.5% of the Average Closing Price of one Unit for the relevant period as stipulated in Condition 7.5.5 of the T&C. Therefore, there will be an Excess Distribution within the meaning of the T&C, thereby giving rise to an adjustment to the Conversion Price under the T&C. The Excess Distribution is expected to be made on 21 May 2013. Accordingly, the above adjustment is expected to take effect from 21 May 2013 (the "Adjustment Date");
- (c) as at the date hereof, the Conversion Price is HK\$3.44 per Unit. With effect from the Adjustment Date, the Conversion Price will be HK\$3.34 per Unit;
- (d) should there be any further adjustment ("Further Adjustment") of the Conversion Price prior to the Adjustment Date, we will provide you with a revised notice in accordance with the Bond Documents, setting out (amongst other things) how the Conversion Price will be adjusted for the Further Adjustment, as well as how the Conversion Price will be adjusted for the Excess Distribution referred to in this notice;
- (e) the record date for determining the entitlement of the distribution as stated in the Announcement is 2 May 2013; and
- (f) the Register of Unitholders of Champion REIT will be closed from Friday, 26 April 2013 to Thursday, 2 May 2013 (the record date), both days inclusive, during which period no transfer of Units will be effected for the purpose of identifying those Unitholders who will be qualified for the distribution in respect of the six months ended 31 December 2012 and the attendance of the annual general meeting to be held on 2 May 2013.

If you require any further information, please do not hesitate to contact us.

Yours faithfully,
For and on behalf of
Eagle Asset Management (CP) Limited
(as manager of Champion Real Estate
Investment Trust)

Yours faithfully,
For and on behalf of
Fair Vantage Limited

Lee Ching Ming, Adrian
Executive Director and
Chief Executive Officer

Lee Ching Ming, Adrian
Director

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Champion 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: 2778)

Managed by

Eagle Asset Management
Eagle Asset Management (CP) Limited

2012 FINAL RESULTS ANNOUNCEMENT

Champion Real Estate Investment Trust is a trust formed to own and invest in income-producing office and retail properties and is one of the 10 largest REITs by market capitalization in Asia. The Trust's focus is on Grade-A commercial properties in prime locations. It currently offers investors direct exposure to 2.85 million sq ft. of prime office and retail floor area by way of two landmark properties in Hong Kong, Citibank Plaza and Langham Place, one on each side of the Victoria Harbour.

FINAL RESULTS

The board of directors (“Board”) of Eagle Asset Management (CP) Limited (“REIT Manager”) as manager of Champion Real Estate Investment Trust (“Champion REIT” or “Trust”) is pleased to announce financial results of the Trust for the year ended 31 December 2012 (“Year” or “Period”).

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2012

	FY2012	FY2011	% Change
Key Financial Figures	HK\$'000	HK\$'000	
Total Revenue	2,059,014	1,940,282	+ 6.1%
Property Operating Expenses	(393,214)	(377,995)	+ 4.0%
Net Property Income	1,665,800	1,562,287	+ 6.6%
Profit After Tax ¹	4,159,951	6,492,970	-35.9%
Distributable Income	1,253,865	1,170,311	+ 7.1%
Distribution Amount	1,186,217	1,110,520	+ 6.8%
Gross Value of Portfolio	58,297,000	54,857,300	+ 6.3%

	Dec 2012	Dec 2011	% Change
Ratios and Per Unit Figures			
Distribution per Unit (HK\$)	0.2092	0.2236	- 6.4%
Net Asset Value per Unit (HK\$)	7.80	7.82	- 0.3%
Gearing Ratio	20.4%	25.0%	- 4.6% ²
Expense Ratio	19.1%	19.5%	- 0.4% ²
Payout Ratio ³	94.6%	94.4%	+ 0.2% ²

1 Includes gains or losses upon revaluation

2 Absolute change used for figures stated in percentages

3 Distribution Amount (disregarding any discretionary distribution) as a percentage of Distributable Income

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Total Revenue for 2012 improved by 6.1% to HK\$2,059 million. This was an across-the-board improvement with income growth at each of our individual properties. Income at Citibank Plaza increased due to a higher average occupancy rate in spite of a challenging office leasing environment in Central. At the same time, our Langham Place Office Tower continued to capitalize on the buoyant office market outside of Central. The Langham Place Mall also turned in a strong performance on rising retail and tourist spending in Hong Kong. Total Net Property Income improved by 6.6% over the previous year, to HK\$1,666 million.

In recent months, Champion REIT has taken steps to strengthen its capital structure. In August 2012, we issued an invitation to convertible bondholders to convert their bonds. As a result, bonds in a total nominal value of HK\$ 2,340 million were converted. The Trust's debt decreased from HK\$14,059 million to HK\$12,219 million as of 31 December 2012, primarily because of this exercise. The Gearing Ratio saw a corresponding improvement, decreasing from 25.0% to 20.4%. In addition, at the end of 2012 Champion REIT launched a new unsecured Medium Term Note ("MTN") platform. It will serve to diversify the Trust's sources of funding, lengthen debt maturities and lock in long term rates. Early in January 2013, taking advantage of a window of high liquidity, US\$400 million of 10-year notes at a coupon rate of 3.75% were issued.

The appraised value of the REIT's properties increased 6.3% to HK\$58,297 million. Net Asset Value per Unit however decreased marginally from HK\$7.82 to HK\$7.80 due to the new Units issued in association with the bond conversion.

Profit After Tax decreased to HK\$4,160 million for the year mainly due to lower net revaluation gains of only HK\$3,435 million as compared to HK\$4,635 million for 2011. Excluding revaluation gains and other items that are non-cash in nature, Distributable Income for the Period was up 7.1%, to HK\$1,254 million. The Distribution Amount, after retention of HK\$68 million, is HK\$1,186 million, an increase of 6.8% over that of 2011. The effective distribution ratio for 2012 is 94.6%. The Distribution Per Unit ("DPU") for the second half of the year is HK\$0.1074. Combined with the HK\$0.1018 paid out for the first half, the total

DPU for the year is HK\$0.2092, which is down 6.4% from HK\$0.2236 for 2011, due to the conversion of bonds.

Operational Review

	FY 2012	FY 2011	% Change
Citibank Plaza	HK\$'000	HK\$'000	
Revenue	1,205,962	1,154,144	+4.5%
Operating Expenses	205,403	208,509	- 1.5%
Net Property Income	1,000,559	945,635	+ 5.8%

Langham Place Office

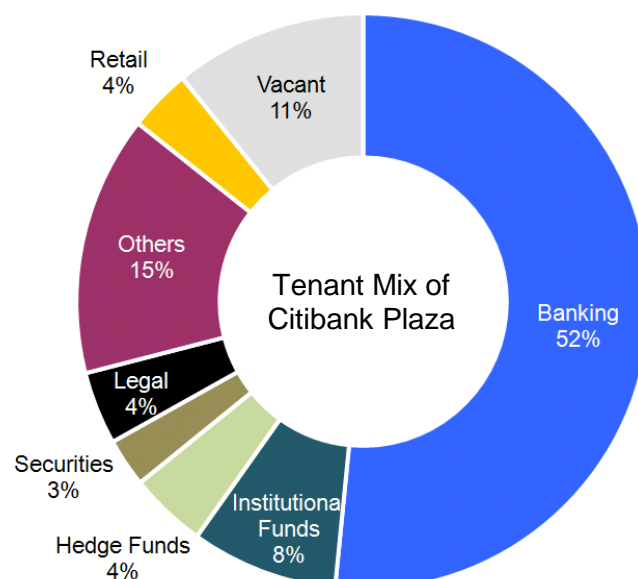
Revenue	263,927	254,314	+ 3.8%
Operating Expenses	48,382	49,476	- 2.2%
Net Property Income	215,545	204,838	+ 5.2%

Langham Place Mall

Revenue	589,125	531,824	+ 10.8%
Operating Expenses	139,429	120,010	+ 16.2%
Net Property Income	449,696	411,814	+ 9.2%

Citibank Plaza

During 2012 the Central Grade-A office market continued to be plagued by weak demand from banks, whose business scopes have been curtailed by tighter regulations. The lingering uncertainties associated with the Euro debt crisis and the looming U.S. Fiscal Cliff also did not help sentiments. Notwithstanding the limited new supply of office space, the



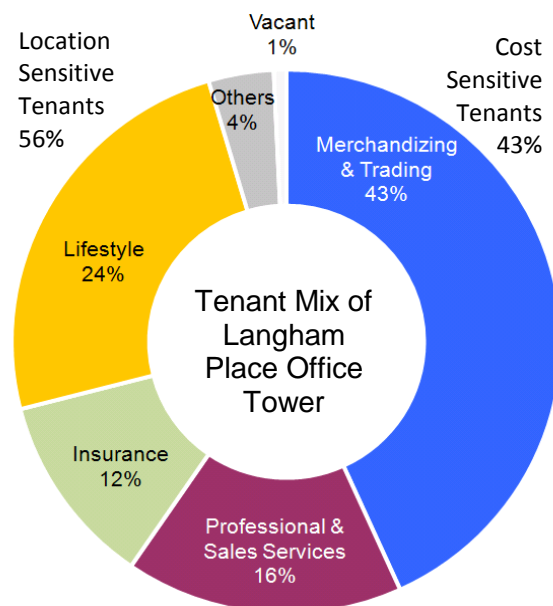
overall vacancy in Central went up during course of the year. Rental rates continued their downward trend of 2011 and saw further corrections in the early part of the year. However towards the end of the year the decline in rent rates began to moderate with the help of demand from Mainland-Chinese corporates as well as fund managers and law firms building an initial presence in Hong Kong.

Passing rental rates (the average rental rate of existing tenancies) have stayed around HK\$85 – 86 per sq. ft. throughout 2012 as rent rates achieved on new and renewal leases were as a whole more or less equal to the rates of expiring leases. The average monthly passing rent as of year end 2012 was HK\$85.12 per sq. ft. The occupancy rate at Citibank Plaza remained relatively steady through the year. It was 90.4% at the beginning of the year, 88.7% by midyear and 89.1% as of 31 December. The average occupancy for 2012 was 89.0%, which was higher than that of 87.6% for 2011. Because of that, revenue from Citibank Plaza increased by 4.5% to HK\$1,206 million.

Operating expenses fell 1.5% to HK\$205 million. While there was a HK\$27 million reduction in rental commissions because of the smaller amount of leases expiring this year, it was offset by increases in building management fees of HK\$9 million, Government rents and rates of HK\$8 million and promotion expenses of HK\$6 million. The Net Property Income of Citibank Plaza increased 5.8% to HK\$1,001 million.

Langham Place Office Tower

The resilience of the Hong Kong economy outside of the financial sector has sustained demand for office space across all office districts outside of the Central Financial District. Coupled with a relatively low level of new completions during the year, the market for Grade-A offices in Kowloon, including those along the Tsim Sha Tsui / Yau Ma Tei / Mongkok corridor where the Langham Place Office Tower is situated, was generally strong in 2012. As tenants in life-style trades took up more space, the occupancy

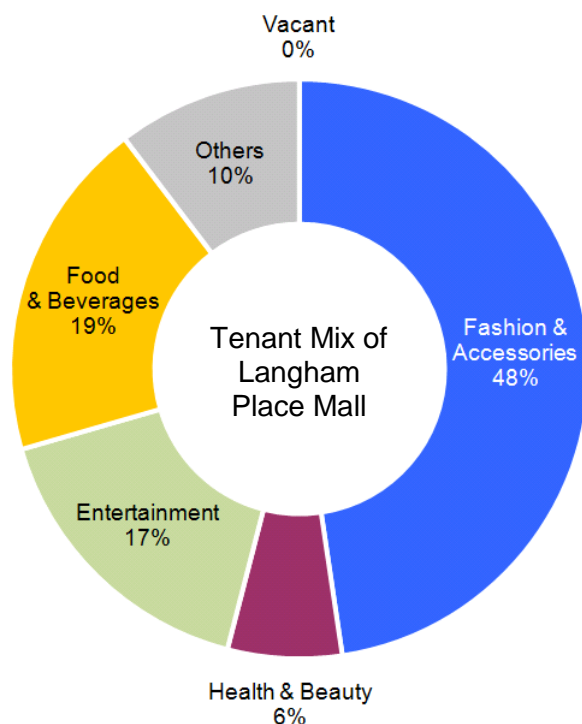


rate of Langham Place Office Tower improved from 96.8% at the end of 2011 to 99.2% as of 31 December 2012.

Passing rents rose steadily over the course of 2012 from HK\$27.43 at the beginning of the year to HK\$28.36 per sq. ft. at the end as higher rent rates were achieved on rollover of leases. There was a relatively small portion of leases, amounting to no more than 10% of the total floor area, which expired this year. Therefore the rise in spot rent rates has not been proportionately reflected in the income. Revenue at the Office Tower was HK\$264 million, compared to HK\$254 million for 2011. Operating expenses fell marginally to HK\$48 million and Net Property Income grew at a slightly faster pace than revenue, from HK\$205 million to HK\$216 million.

Langham Place Mall

While retail sales in Hong Kong continued to grow in 2012, the rate of increase was slower than the previous year as visitors from Mainland China cut back their spending on luxury goods. The impact on Langham Place Mall was relatively small because of its mid-priced positioning with limited exposure to the luxury sector. In addition, mainland shoppers at the Mall tend to be frequent visitors from Southern China whose focus tend to be on name-brand cosmetics and mid-priced fashion/accessories as opposed to high-priced luxury items or watch and jewellery. The Mall continued to enjoy growth in foot traffic and remained virtually fully let throughout the year. Shop space in Langham Place continues to be keenly sought after by retailers, so much so that there is considerable leverage in selecting retailers that possess the best potential for sales growth.



The average passing rent rate increased from HK\$100.77 per sq. ft. at the end of 2011 to HK\$114.89 at year-end. This was driven by the growth in gross sales of tenants at the Mall, which improved by 12% year-on-year to HK\$955 per sq. ft. Even as base rents have been

increasing steadily, turnover rents have also been growing, indicating that the sales growth at the Mall has been outpacing the rise in base rents. Turnover rent income increased by 48% from HK\$64 million in 2011 to HK\$95 million in 2012, and the latter is equivalent to HK\$24.82 per sq. ft. per month in income over the base rents.

Revenue continued to be on an upward trajectory, increasing by 10.8% from HK\$532 million to HK\$589 million. Expenses increased by 16.2% from HK\$120 million in 2011 to HK\$139 million, mainly due to higher rental commissions as approximately 26% of the leases by floor area were rolled over in 2012, as compared to the 17% in 2011. Net property income for 2012 rose 9.2% to HK\$450 million.

Outlook

The operating environment will remain challenging at Citibank Plaza for the coming year as demand from banks would be weak. However there are some signs of improvement. Economic growth in China began picking up again in the last quarter of 2012 and strength of the Asian stock and debt markets over the past six months is pointing to a stronger year for financial activities in Hong Kong. In the early weeks of 2013, we have seen a higher level of enquiries at the property, with regional banks from China and fund managers from both China and overseas being the most active. At the same time, the lack of new supply in Central and the very low vacancy rates outside of Central have been supportive of rental rates. Only 6.6% out of the 12% of the floor area in Citibank Plaza expiring in 2013 remain outstanding, thereby curtailing the downside to existing occupancy levels. The weighted average rental rate of expiring tenants in 2013 is HK\$84.23 per sq. ft. as compared to HK\$97.70 per sq. ft. last year, greatly reducing the hurdle rate for maintaining revenue. In the mean time, we are sparing no efforts in improving the quality of hardware as well as customer service at Citibank Plaza to enhance its competitiveness in the market.

The low supply of Grade-A office space in Kowloon should continue in 2013. With renewed growth in the Chinese economy, the demand for office space on the Kowloon Peninsula should remain strong. We therefore are confident of maintaining a high level of occupancy for the Langham Place Office Tower in the coming year. The weighted average rental rate of expiring tenancies in 2013 is HK\$30.91 per sq. ft. as compared to the prevailing spot rents ranging from HK\$32 to \$40 per sq. ft. Combining lease expiries and rent reviews scheduled, there should be material positive rental reversion in 2013 when approximately 60% of the

building by floor area will have their rents marked to market. Up to the end of January 2013, binding commitments have been secured on 25% of the leases by floor area, with a weighted average rental increase of 19% over the existing rates. We therefore expect to see excellent growth in rental income from this property in 2013.

The Langham Place Mall should continue to benefit from robust retail sales in 2013. With its excellent location, its ever-improving tenant mix and successful marketing campaigns, Langham Place has remained a location of choice for popular cosmetics brands and mid-priced fashion and accessories retailers. In view of the increasing number of tourists coming to the Mall, more and more international fashion brands are also setting up shops in Langham Place. They tend to command higher sales per sq. ft. and therefore should help lift rental values in the future. In 2012, 26% of the leases by floor area were successfully rolled over with a weighted average increase in base rents of 48% over the old leases. The incremental base rents arising therefrom will be not less than HK\$35 million in 2013. A further 33% of the space in the Mall will have their leases due for rollover in 2013. Up to the end of January 2013, the renewal or re-letting of leases covering 20.8% in floor area has already been committed to. The related rent increases over the 2012 base will be not less than HK\$30 million in 2013. The full annual impact of not less than HK\$65 million should be seen in 2014. It should however be noted that as the base rents are raised, the threshold for calculating extra turnover rents will be higher. Unless tenants' sales continue to outpace the increase in base rents, the amount of turnover rents collectible in 2013 may actually be reduced from the 2012 level. We expect to conclude negotiation on the remaining 12.2% within the coming several months and should also see significantly higher rent rates. Therefore, there should continue to be excellent growth in rental income from Langham Place Mall in 2013.

On the financing side, we are expecting a higher cost of funding in 2013. We have taken steps to reduce our reliance on the banking market and secured some long-term funding by issuing medium-term notes. While the Hong Kong Interbank Offered Rates should remain low, the credit spreads charged by banks upon refinancing will be materially higher. The transition of a portion of our debt to a long term unsecured basis will also entail some higher interest costs in the short term, as the benefits of fixed-rate funding will be felt over a long period. Furthermore, the early drawdown of our MTN to take advantage of a liquidity window in the bond market will entail extra interest costs until refinancing takes place in

early June. Taking into account these factors, an increase in interest expenses for 2013 is expected.

Overall, there has yet to be any strong signals of a turnaround in the Central office market and there could be some moderate downside for the income of Citibank Plaza in the coming year. Fortunately, the strong rental growth at both the Langham Place Office Tower and Langham Place Mall should be able to offset any potential income weakness at Citibank Plaza. Nonetheless higher interest costs may hold back the growth in our Distributable Income. We will continue to monitor our various financing options to optimize our capital structure and funding costs. At the same time, we will continue to actively manage our two trophy assets to maximize rental income over the long term.

VALUATION OF PROPERTIES

According to the Property Valuation Reports issued by Savills Valuation and Professional Services Limited on 31 January 2013, the valuation of the properties of Champion REIT broken down by usage as of 31 December 2012 is as follows:

	Citibank Plaza	Langham Place	Sub-total
Dec 2012 Valuation	HK\$ mil	HK\$ mil	HK\$ mil
Office	35,484	7,184	42,668
Retail	431	14,138	14,569
Car Park	318	275	593
Miscellaneous	300	167	467
Total	36,533	21,764	58,297

Champion REIT's property portfolio is now valued at HK\$58.3 billion, an increase of HK\$3.4 billion from the December 2011 valuation of HK\$54.9 billion. Specifically, the appraised value of Citibank Plaza increased by 0.3% while that of Langham Place increased by 18.2%. Capitalization rates used in valuing the properties were 3.3% for Citibank Plaza, 4.0% for Langham Place. At Citibank Plaza the capitalization rates are lower than a year ago and this has offset the impact of lower rental assumptions. At Langham Place, the increase in property value stems principally from higher rental assumptions.

FINANCIAL REVIEW

Distributions

Distribution Amount

Total Distribution Amount of Champion REIT for the Year was HK\$1,186,217,000 (2011: HK\$1,110,520,000). Such Distribution Amount was calculated based on 90% (2011: 90%) of Champion REIT's total available distributable income for each of the first and second halves of the Year. Because of the compulsory inclusion of retained distributions from the first half of the Year into the Distributable Income of the second half (as required under the Trust Deed), the effective payout ratio for the full year was 94.6% (2011: 94.4%). While an additional amount of HK\$6,050,000 was distributed at the discretion of REIT Manager in 2011, there were no discretionary distributions this Year.

Distribution per Unit

The Distribution per Unit for the six months ended 31 December 2012 was HK\$0.1074. Such Distribution per Unit, however, is subject to adjustment upon the issuance of new Units between 1 January 2013 and the record date. Further announcement will be made to inform Unitholders of the final Distribution per Unit for the six months ended 31 December 2012.

With an interim Distribution per Unit of HK\$0.1018 and a final Distribution per Unit of HK\$0.1074, the total Distribution per Unit for the Year amounted to HK\$0.2092 (2011: HK\$0.2236). The Distribution per Unit of HK\$0.2092 represents a distribution yield of 5.64% based on the closing price of HK\$3.71 as at 31 December 2012.

Closure of Register of Unitholders

The Register of Unitholders will be closed from Friday, 26 April 2013 to Thursday, 2 May 2013 ("Record Date"), both days inclusive, during which period no transfer of Units will be effected. The payment of the 2012 Final Distribution will be made on 21 May 2013 to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2012 Final Distribution and be entitled to attend and vote at the 2013 Annual General Meeting to be held on 2 May 2013, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged with Champion REIT's

Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 25 April 2013.

Debt Profile

Total outstanding borrowings of the Trust amounted to HK\$12,218.6 million as at 31 December 2012, a decrease of HK\$1,840.4 million compared to twelve months ago. The borrowings comprise bank borrowings of HK\$9,954 million and convertible bonds of HK\$2,264.6 million in principal amount. The reduction in borrowings was due to the net effect of (a) the conversion of HK\$2,340.4 million aggregate principal amount of the convertible bonds issued in year 2008 (the "2008 Bonds") pursuant to an exchange offer; and (b) the drawdown of a new bilateral loan of HK\$500 million.

On 13 August 2012, Fair Vantage Limited, the issuer of the 2008 Bonds (the "Issuer") invited bondholders of the 2008 Bonds to convert their bonds in exchange for an incentive payment of HK\$2,215 for each HK\$10,000 in principal amount of the 2008 Bonds so converted. By end of the invitation period, the Issuer received valid applications in respect of HK\$2,340.4 million aggregate principal amount of the bonds. Accordingly, the Trust paid approximately HK\$518.4 million and issued approximately 680.3 million new Units to the converting bondholders on 24 August 2012. Immediately after the exchange offer, the outstanding principal amount of the 2008 Bonds was reduced to HK\$2,264.6 million and these will be due for redemption at a price of 123.94% in June 2013. As at 31 December 2012, the 2008 Bonds were convertible at a conversion price of HK\$3.44.

On 18 September 2012, a new bilateral term loan of HK\$500 million (the "2012 Term Loan") was arranged. The 2012 Term Loan bears interest at a floating rate of HIBOR plus 1.85% per annum and will be due in September 2015.

As at 31 December 2012, all bank loans of the Trust, representing 81.5% of the Trust's total debt, were on floating bases. The REIT Manager will monitor interest rate movements and may, depending on market conditions, consider putting in place interest rate swaps in respect of the loan facilities in place.

The maturity profile of the Trust's borrowings is as follows:

	31 December 2012	
	HK\$ million	% of total
Due in year 2013	4,718.6	38.6
Due in year 2014	7,000.0	57.3
Due in year 2015	500.0	4.1
Total	12,218.6	100.0

On 6 December 2012, Champion MTN Limited (the "MTN Issuer"), a wholly-owned subsidiary of the Trust, successfully established a US\$1,000,000,000 guaranteed medium term note programme (the "Programme"). On 17 January 2013, the MTN Issuer issued an aggregate principal amount of US\$400,000,000 notes (the "Issue Notes") to be due on 17 January 2023 under the Programme. The Issue Notes was issued at 99.185% of the aggregate nominal amount and bear interest at 3.75% per annum, payable semi-annually in arrears. Based on the issue price and the interest payable on the Issue Notes, the yield to maturity of the Issue Notes is 3.849%. The net proceeds from the Issue Notes were US\$394,940,000 and shall be used for the refinancing of the indebtedness of the Trust and/or other general corporate purpose of the Trust.

The valuation of the Trust's investment properties at 31 December 2012 was appraised at HK\$58,297 million, representing a 6.3% appreciation from HK\$54,857.3 million achieved at 31 December 2011. Together with the reduction in total borrowings of HK\$1,840.4 million in the Year, the Gearing Ratio, or total borrowings as a percentage of gross assets was 20.4% compared to 25.0% a year ago. The gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 26.1%.

Net Assets Attributable To Unitholders

Driven by an increase in the fair value of investment properties and the conversion of the 2008 Bonds in August 2012, net assets attributable to Unitholders was HK\$44,252.2 million as at 31 December 2012, an increase of 14.2% compared to HK\$38,755.6 million as at 31 December 2011. However, due to the dilutive effect of units converted from bonds, the Net Asset Value per Unit decreased slightly to HK\$7.80, as compared to HK\$7.82 a year ago.

The Net Asset Value per Unit of HK\$7.80 represented a 110.2% premium to the closing unit price of HK\$3.71 as at 31 December 2012.

Cash Position

As at 31 December 2012, the Trust had total undrawn bank loan facilities of HK\$500 million (31 December 2011: HK\$500 million) and a cash balance of HK\$1,397.1 million (31 December 2011: HK\$1,292.8 million). Taking into consideration the financial resources available to the Trust, the Trust has sufficient liquid assets to satisfy its working capital and operating requirements.

Pledge Assets

As at 31 December 2012, properties of the Trust with a fair value of HK\$53,771 million (31 December 2011: HK\$49,072.3 million) were mortgaged to the bond trustee to secure the obligations of the issuer of the convertible bonds or pledged to secure the banking facilities granted to the Trust. The value of unpledged property assets is HK\$4,526 million.

Commitments

Except for the capital commitment of approximately HK\$56.3 million in respect of the addition of investment properties contracted for but not provided in the consolidated financial statements, the Trust did not have any other significant commitments as at 31 December 2012.

NEW UNITS ISSUED

As at 31 December 2012, the total number of issued Units of Champion REIT was 5,671,360,403. As compared with the position of 31 December 2011, a total of 714,770,400 new Units were issued during the year as follows:-

- On 28 August 2012, 17,736,555 new Units were issued to the REIT Manager at HK\$3.37 per Unit (being the Market Price ascribed in the Trust Deed) as payment of 60% of the Manager's Fee of approximately HK\$59,772,000 for the first half of 2012.
- On 24 August 2012, 680,348,837 new Units were issued at HK\$3.44 per Unit pursuant to an Invitation Memorandum issued by the REIT Manager and Fair Vantage Limited jointly on 13 August 2012 inviting all eligible bondholders to convert their 1% Guaranteed Convertible Bonds due 2013 and to receive an incentive payment.
- On 6 March 2012, 16,685,008 new Units were issued to the REIT Manager at HK\$3.441 per Unit (being the Market Price ascribed in the Trust Deed) as payment of 60% of the Manager's Fee of approximately HK\$57,413,000 for the second half of 2011.

REAL ESTATE SALE AND PURCHASE

Champion REIT did not enter into any real estate sales and purchases transactions during the year ended 31 December 2012.

MANAGERS AND EMPLOYEES

Champion REIT is managed by the REIT Manager and does not directly employ any staff itself. The properties of the Trust are managed by various operating entities, including the REIT Manager, the Property Manager, and the DMC/Estate Managers etc. The following table summarizes the personnel establishment of the respective operating entities in connection with the operations of the properties of the Trust as of 31 December 2012:

Area of Operation	Locations		
	Citibank Plaza	Langham Place	Others
General management	-	-	13
Leasing	4	12	-
Marketing and promotion	1	9	-
Property management	74	146	-
Contractors/technical staff	139	310	-
Total	218	477	13

CORPORATE GOVERNANCE

Champion REIT is committed to attaining global best practices and standards for all activities and transactions conducted in relation to the Trust and any matters arising out of its listing or trading on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The current corporate governance framework adopted by the REIT Manager emphasizes accountability to all Unitholders, resolution of conflict of interest issues, transparency in reporting, compliance with relevant regulations and sound operating and investing procedures.

Champion REIT is a collective investment scheme authorised by the Securities and Futures Commission (the “SFC”) under section 104 of the Securities and Futures Ordinance (“SFO”) and regulated by the SFC pursuant to the provisions of the SFO and the Code on Real Estate Investment Trusts issued by the SFC (the “REIT Code”) and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The REIT Manager also has in place a comprehensive set of compliance procedures and guidelines which set out the key processes, systems and measures used to implement this corporate governance framework.

During the year ended 31 December 2012, the REIT Manager and Champion REIT have complied with the provisions of the REIT Code, the Trust Deed of Champion REIT, the relevant provisions and requirements of the SFO and the Listing Rules applicable to Champion REIT.

The REIT Manager and Champion REIT have complied with the provisions of the Compliance Manual and all code provisions, where applicable, as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2012.

The REIT Manager has adopted the Code Governing Dealings in Securities by the Management Persons (“Securities Dealings Code”) on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. The Management Persons include directors, executive officers and the company secretary of the REIT Manager.

The REIT Manager has made specific enquiry of the Management Persons who have confirmed that they have complied with the required standard set out in the Securities Dealings Code during the year ended 31 December 2012.

REPURCHASE, SALE OR REDEMPTION OF CHAMPION REIT’S SECURITIES

A general mandate for repurchase of Units in the open market was given by Unitholders at the annual general meeting held on 3 May 2012. During the year ended 31 December 2012, neither the Manager nor any of Champion REIT’s special purpose vehicles had purchased, sold or redeemed any Units pursuant to this mandate.

Fair Vantage Limited, the issuer of the HK\$4,680,000,000 1% Coupon Guaranteed Convertible Bonds due 2013 issued in 2008 (the “2008 Convertible Bonds”), had on 13 August 2012 issued an Invitation Memorandum to all eligible bondholders inviting them to submit applications to convert their bonds and to receive an incentive payment (being an amount equal to HK\$2,215 for each HK\$10,000 in principal amount of the bonds so converted). In relation to the said Invitation, a total of HK\$2,340.4 million aggregate principal amount of the bonds were converted by eligible bondholders, a total of 680,348,837 conversion units were issued to eligible bondholders and a total cash incentive payment of approximately HK\$518.4 million was paid by Fair Vantage Limited to eligible bondholders in respect of the converted bonds.

Save as disclosed above, there was no repurchase, sale or redemption of Champion REIT's securities by the Manager or its special purpose vehicles during the year ended 31 December 2012.

PUBLIC FLOAT

As far as the REIT Manager is aware, as at the date of this announcement, the Trust has maintained a sufficient public float with more than 25% of the issued and outstanding Units of Champion REIT being held by the public.

REVIEW OF ANNUAL RESULTS

The final results of Champion REIT for the year ended 31 December 2012 have been reviewed by the Audit Committee and Disclosures Committee of the REIT Manager.

ANNUAL GENERAL MEETING

The 2013 Annual General Meeting of Champion REIT will be held on Thursday, 2 May 2013 at 3:30 p.m. Notice of the meeting will be published and despatched to Unitholders in due course.

ISSUANCE OF ANNUAL REPORT

The Annual Report 2012 of Champion REIT will be despatched to Unitholders and published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and Champion REIT (www.ChampionReit.com) on or about 19 March 2013.

SCOPE OF WORK OF MESSRS. DELOTTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, distribution statement and the related notes thereto for the year ended 31 December 2012 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong

Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises four Non-executive Directors, namely Dr. Lo Ka Shui (*Chairman*), Mr. Cheng Wai Chee, Christopher, Mr. Ho Shut Kan and Mr. Lo Kai Shui; one Executive Director, Mr. Lee Ching Ming, Adrian (*Chief Executive Officer*) and three Independent Non-executive Directors, namely Mr. Cha Mou Sing, Payson, Mr. Shek Lai Him, Abraham and Mr. Ip Yuk Keung, Albert.

By Order of the Board
Eagle Asset Management (CP) Limited
(as manager of Champion Real Estate Investment Trust)
Lo Ka Shui
Chairman

Hong Kong, 21 February 2013

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>NOTES</u>	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Rental income	5	1,863,443	1,757,980
Building management fee income		172,817	164,436
Rental related income	6	<u>22,754</u>	<u>17,866</u>
Total revenue		2,059,014	1,940,282
Property operating expenses	7	<u>(393,214)</u>	<u>(377,995)</u>
Net property income		1,665,800	1,562,287
Interest income		7,231	10,548
Manager's fee	8	(199,896)	(187,474)
Trust and other expenses		(21,147)	(15,980)
Increase in fair value of investment properties		3,435,451	4,634,700
Change in fair value of derivative components of convertible bonds		(192,663)	1,246,398
Change in fair value of rental stabilisation arrangement		-	17
Gain on repurchase of convertible bonds		-	1,895
Gain on settlement of convertible bonds		-	219
Gain relating to convertible bonds converted in conjunction with exchange offer		90,107	-
Finance costs	9	<u>(404,703)</u>	<u>(575,238)</u>
Profit before tax and distribution to unitholders	10	4,380,180	6,677,372
Income taxes	11	<u>(220,229)</u>	<u>(184,402)</u>
Profit for the year, before distribution to unitholders		4,159,951	6,492,970
Distribution to unitholders		<u>(1,186,217)</u>	<u>(1,110,520)</u>
Profit for the year, after distribution to unitholders		<u>2,973,734</u>	<u>5,382,450</u>
Basic earnings per unit	12	<u>HK\$0.80</u>	<u>HK\$1.31</u>
Diluted earnings per unit	12	<u>HK\$0.72</u>	<u>HK\$0.88</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Profit for the year, after distribution to unitholders	<u>2,973,734</u>	<u>5,382,450</u>
Cash flow hedges:		
Gain arising during the year	-	59,353
Reclassification adjustments for amounts recognised in profit or loss	<u>-</u>	<u>63,019</u>
	-	122,372
Total comprehensive income for the year	<u>2,973,734</u>	<u>5,504,822</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	<u>NOTES</u>	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Non-current assets			
Investment properties		<u>58,297,000</u>	<u>54,857,300</u>
Current assets			
Trade and other receivables	14	196,247	180,034
Tax recoverable		1,257	1,798
Bank balances and cash		<u>1,397,082</u>	<u>1,292,752</u>
Total current assets		<u>1,594,586</u>	<u>1,474,584</u>
Total assets		<u>59,891,586</u>	<u>56,331,884</u>
Current liabilities			
Trade and other payables	15	1,167,146	1,169,976
Deposits received		426,356	405,131
Tax liabilities		120,828	73,988
Distribution payable		608,833	592,565
Secured term loans		2,452,646	-
Convertible bonds		<u>3,051,344</u>	<u>-</u>
Total current liabilities		<u>7,827,153</u>	<u>2,241,660</u>
Non-current liabilities, excluding net assets attributable to unitholders			
Secured term loans		7,472,192	9,407,481
Convertible bonds		-	5,632,722
Deferred tax liabilities		<u>340,041</u>	<u>294,454</u>
Total non-current liabilities, excluding net assets attributable to unitholders		<u>7,812,233</u>	<u>15,334,657</u>
Total liabilities, excluding net assets attributable to unitholders		<u>15,639,386</u>	<u>17,576,317</u>
Net assets attributable to unitholders		<u>44,252,200</u>	<u>38,755,567</u>
Number of units in issue ('000)	16	<u>5,671,360</u>	<u>4,956,590</u>
Net asset value per unit	17	<u>HK\$7.80</u>	<u>HK\$7.82</u>

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>NOTE</u>	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Interim Distribution Period			
Total distributable income		641,538	568,784
Percentage of distributable income for distribution (note (i))		<u>90%</u>	<u>90%</u>
Distributable income for Interim Distribution Period		577,384	511,905
Additional amounts (note (i))		-	6,050
Total distribution amount paid		<u>577,384</u>	<u>517,955</u>
Final Distribution Period			
Total distributable income	13	1,253,865	1,170,311
Less: distributable income paid in Interim Distribution Period		<u>(577,384)</u>	<u>(511,905)</u>
Distributable income available for Final Distribution Period		676,481	658,406
Percentage of distributable income for distribution (note (i))		<u>90%</u>	<u>90%</u>
Distributable income for Final Distribution Period		<u>608,833</u>	<u>592,565</u>
Total distribution amount to be paid		<u>608,833</u>	<u>592,565</u>
Total distribution amounts for the year		<u>1,186,217</u>	<u>1,110,520</u>
Distributions per unit to unitholders			
Interim distribution per unit paid (note (ii))		HK\$0.1018	HK\$0.1045
Final distribution per unit to be paid (note (iii))		<u>HK\$0.1074</u>	<u>HK\$0.1191</u>
		<u>HK\$0.2092</u>	<u>HK\$0.2236</u>

Notes:

- (i) It is the policy of the Manager to distribute 90% (2011: 90%) of available distributable income as distributions for each of the six month periods ended 30 June (the "Interim Distribution Period") and 31 December (the "Final Distribution Period").

For the Interim Distribution Period in 2011, additional amounts of HK\$6,050,000 were distributed at the discretion of Manager for the amount received according to the Rental Stabilisation Arrangement.

DISTRIBUTION STATEMENT- continued
FOR THE YEAR ENDED 31 DECEMBER 2012

Notes: - continued

- (ii) The interim distribution per unit of HK\$0.1018 for the Interim Distribution Period in 2012 was calculated based on the interim distribution paid of HK\$577,384,000 for the period and 5,671,360,403 units as of 24 September 2012, which was the record date for the period. The distribution was paid to unitholders on 9 October 2012.

The interim distribution per unit of HK\$0.1045 for the Interim Distribution Period in 2011 was calculated based on the interim distribution paid of HK\$517,955,000 for the period and 4,956,590,003 units as of 14 September 2011, which was the record date for the period.

- (iii) The final distribution per unit of HK\$0.1074 for the Final Distribution Period in 2012 is calculated based on the final distribution to be paid of HK\$608,833,000 for the period and 5,671,360,403 units. Such final distribution will be subject to further adjustments upon the issuance of units between 1 January 2013 and 2 May 2013, which is the record date set for such period. The final distribution will be paid to unitholders on or about 21 May 2013.

The final distribution per unit of HK\$0.1191 for the Final Distribution Period in 2011 was calculated based on the final distribution paid of HK\$592,565,000 for the period and 4,973,275,011 units as of 3 May 2012, which was the record date for the period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. GENERAL

Champion 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 are listed on The Stock Exchange of Hong Kong Limited (the "HKSE"). Champion REIT is governed by the deed of trust dated 26 April 2006, as amended from time to time (the "Trust Deed"), entered into between the Manager and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "Code") issued by the Securities and Futures Commission of Hong Kong.

The principal activity of Champion REIT and its subsidiaries (the "Group") is to own and invest in income-producing commercial properties in Hong Kong with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit. The address of the registered office of the Manager and the Trustee, is Suite 3008, 30th Floor, Great Eagle Centre, 23 Harbour Road, Hong Kong, and 1 Queen's Road Central, Hong Kong, respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of Champion REIT.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 7

Disclosures – Transfer of Financial Assets

In prior year, the Group early adopted the Amendments to HKAS 12 "Deferred Taxes: Recovery of Underlying Assets" in respect of the recognition of deferred tax on investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" and are presumed to be recovered through sale.

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle issued in June 2012 ¹
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 9	Financial Instruments ²
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ⁴
Amendment to HKAS 1	Presentation of Items of Other Comprehensive Income ³
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁴
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2015

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

HKFRS 9 "Financial Instruments" - continued

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Manager anticipates that HKFRS 9 will be adopted in the Group's financial statements for the annual period beginning 1 January 2015 but that the application of HKFRS 9 may not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Manager anticipates that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will not affect the Group's financial position, however the application will result in more extensive disclosures in the consolidated financial statements.

The Manager anticipates that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include the relevant provisions of the Trust Deed, the Code and the Rules Governing the Listing of Securities on the HKSE.

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), management of the Manager, for the purpose of resource allocation and performance assessment is more specifically focused on the operating results of the two investment properties, namely Citibank Plaza and Langham Place.

Segment revenue and results

The following is an analysis of the Group's revenue and results by the two investment properties for the year under review.

For the year ended 31 December 2012

	Citibank Plaza HK\$'000	Langham Place HK\$'000	<u>Consolidated</u> HK\$'000
Revenue	<u>1,205,962</u>	<u>853,052</u>	<u>2,059,014</u>
Segment results - Net property income	<u>1,000,559</u>	<u>665,241</u>	1,665,800
Interest income			7,231
Manager's fee			(199,896)
Trust and other expenses			(21,147)
Increase in fair value of investment properties			3,435,451
Change in fair value of derivative components of convertible bonds			(192,663)
Gain relating to convertible bonds converted in conjunction with exchange offer			90,107
Finance costs			(404,703)
Profit before tax and distribution to unitholders			4,380,180
Income taxes			(220,229)
Profit for the year, before distribution to unitholders			4,159,951
Distribution to unitholders			(1,186,217)
Profit for the year, after distribution to unitholders			<u>2,973,734</u>

4. **SEGMENT INFORMATION** - continued

Segment revenue and results - continued

For the year ended 31 December 2012 - continued

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:

Manager's fee	(120,067)	(79,829)	(199,896)
Increase in fair value of investment properties	<u>90,951</u>	<u>3,344,500</u>	<u>3,435,451</u>

For the year ended 31 December 2011

	Citibank Plaza HK\$'000	Langham Place HK\$'000	<u>Consolidated</u> HK\$'000
Revenue	<u>1,154,144</u>	<u>786,138</u>	<u>1,940,282</u>
Segment results - Net property income	<u>945,635</u>	<u>616,652</u>	1,562,287
Interest income			10,548
Manager's fee			(187,474)
Trust and other expenses			(15,980)
Increase in fair value of investment properties			4,634,700
Change in fair value of derivative components of convertible bonds			1,246,398
Change in fair value of rental stabilisation arrangement			17
Gain on repurchase of convertible bonds			1,895
Gain on settlement of convertible bonds			219
Finance costs			<u>(575,238)</u>
Profit before tax and distribution to unitholders			6,677,372
Income taxes			<u>(184,402)</u>
Profit for the year, before distribution to unitholders			6,492,970
Distribution to unitholders			<u>(1,110,520)</u>
Profit for the year, after distribution to unitholders			<u>5,382,450</u>

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:

Manager's fee	(113,476)	(73,998)	(187,474)
Increase in fair value of investment properties	<u>2,690,700</u>	<u>1,944,000</u>	<u>4,634,700</u>

4. SEGMENT INFORMATION - continued

Other segment information

	Citibank Plaza HK\$'000	Langham Place HK\$'000	Consolidated HK\$'000
<u>For the year ended 31 December 2012</u>			
Additions to non-current assets	<u>4,249</u>	<u>-</u>	<u>4,249</u>

Segment assets and liabilities

For the purpose of performance assessment, fair values of investment properties are reviewed by the CODM. As at 31 December 2012, the fair value of Citibank Plaza and Langham Place was HK\$36,533,000,000 (2011: HK\$36,437,800,000) and HK\$21,764,000,000 (2011: HK\$18,419,500,000), respectively.

Save as abovementioned, no other assets or liabilities are included in the measures of the Group's segment reporting.

Geographical information

The Group's activities are all carried out in Hong Kong.

The Group's revenue from external customers and information about its non-current assets are all located in Hong Kong.

Information about major tenants

Revenue from tenants contributing over 10% of the total revenue of the Group consists of two tenants of Citibank Plaza with revenue amounting to HK\$209,956,000 and HK\$235,883,000 (2011: HK\$212,065,000 and HK\$234,413,000) respectively.

5. RENTAL INCOME

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Rental income	1,831,279	1,728,358
Car park income	<u>32,164</u>	<u>29,622</u>
	<u>1,863,443</u>	<u>1,757,980</u>

6. RENTAL RELATED INCOME

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Interest income from tenants	204	550
Promotional levy income	7,217	7,141
Surplus on forbearance fee	653	-
Sundry income	<u>14,680</u>	<u>10,175</u>
	<u>22,754</u>	<u>17,866</u>

7. PROPERTY OPERATING EXPENSES

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Building management expenses	198,882	184,306
Car park operating expenses	8,504	7,718
Government rent and rates	69,408	60,488
Legal cost and stamp duty	2,948	5,375
Promotion expenses	23,052	15,085
Property and lease management service fee	56,545	51,177
Property miscellaneous expenses	2,996	2,270
Rental commission	26,052	49,855
Repairs and maintenance	<u>4,827</u>	<u>1,721</u>
	<u>393,214</u>	<u>377,995</u>

8. MANAGER'S FEE

Pursuant to the Trust Deed, as the net property income of Champion REIT exceeds HK\$200 million for each of the six months ended 30 June 2012 and 31 December 2012, the Manager is entitled to receive 12% of the net property income for each of the six months ended 30 June 2012 and 31 December 2012 as remuneration.

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Manager's fee:		
In the form of units	119,938	112,484
In the form of cash	<u>79,958</u>	<u>74,990</u>
	<u>199,896</u>	<u>187,474</u>

8. MANAGER'S FEE - continued

Pursuant to election allowed by the Trust Deed on 14 January 2011 and applied to the financial year 2012 as no further election was made since then, 60% of Manager's fee for each of the six months ended 30 June 2012 and 2011 and 31 December 2012 and 2011 shall be settled in the form of units calculated based on the issue price per unit as determined in accordance with the Trust Deed, and the balance of 40% will be received in cash.

9. FINANCE COSTS

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Finance costs represent:		
Interest expense on bank borrowings wholly repayable within five years	130,704	163,089
Interest expense on convertible bonds wholly repayable within five years	272,705	344,988
Release of cumulative loss on hedging instrument	-	66,075
Other borrowing costs	1,294	1,086
	<u>404,703</u>	<u>575,238</u>

10. PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Profit before tax and distribution to unitholders has been arrived at after charging:		
Auditors' remuneration	1,800	2,000
Trustee's remuneration	9,978	9,442
Principal valuer's fee	285	355
Other professional fees and charges	8,874	3,063
Roadshow and public relations expenses	29	16
Bank charges	123	106
	<u>123</u>	<u>106</u>

11. INCOME TAXES

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Hong Kong Profits Tax:		
Current tax		
- Current year	174,769	112,677
- (Over)underprovision in prior year	(127)	26
	<u>174,642</u>	<u>112,703</u>
Deferred tax		
- Current year	45,587	71,699
	<u>220,229</u>	<u>184,402</u>

12. BASIC AND DILUTED EARNINGS PER UNIT

The calculation of the basic and diluted earnings per unit before distribution to unitholders is based on the following data:

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
<u>Earnings</u>		
Profit for the year, before distribution to unitholders for the purpose of basic earnings per unit	4,159,951	6,492,970
Effect of dilutive potential units:		
Interest on convertible bonds (net of tax effect)	272,705	333,036
Change in fair value of derivative components of convertible bonds	192,663	(1,246,398)
Gain relating to convertible bonds converted in conjunction with exchange offer	(90,107)	-
Gain on repurchase of convertible bonds	-	(1,895)
Gain on settlement of convertible bonds	-	(219)
	<u>4,535,212</u>	<u>5,577,494</u>
Profit for the year, before distribution to unitholders for the purpose of diluted earnings per unit		
	<u>4,535,212</u>	<u>5,577,494</u>
	<u>2012</u>	<u>2011</u>
<u>Number of units</u>		
Weighted average number of units for the purpose of basic earnings per unit	5,222,103,929	4,950,030,693
Effect of dilutive potential units:		
Convertible bonds	1,091,429,295	1,359,418,518
	<u>6,313,533,224</u>	<u>6,309,449,211</u>
Weighted average number of units for the purpose of diluted earnings per unit		
	<u>6,313,533,224</u>	<u>6,309,449,211</u>

13. TOTAL DISTRIBUTABLE INCOME

The total distributable income is profit for the year, before distribution to unitholders as adjusted to eliminate the effects of Adjustments (as set out in the Trust Deed) which have been recorded in the consolidated income statement for the relevant period. The Adjustments to arrive at total distributable income for the year are set out below:

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Profit for the year, before distribution to unitholders	4,159,951	6,492,970
Adjustments:		
Manager's fee paid and payable in units	119,938	112,484
Increase in fair value of investment properties	(3,435,451)	(4,634,700)
Change in fair value of derivative components of convertible bonds	192,663	(1,246,398)
Change in fair value of rental stabilisation arrangement	-	(17)
Non-cash gain	(90,107)	(741)
Non-cash finance costs	261,284	375,014
Deferred tax	45,587	71,699
Total distributable income	<u><u>1,253,865</u></u>	<u><u>1,170,311</u></u>

14. TRADE AND OTHER RECEIVABLES

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Trade receivables	21,873	16,788
Deferred rent receivables	106,105	112,445
Deposits, prepayments and other receivables	68,269	50,801
	<u><u>196,247</u></u>	<u><u>180,034</u></u>

Rental receivables from tenants are payable on presentation of invoices. The collection is closely monitored to minimise any credit risk associated with these receivables.

Aging analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
0 - 3 months	<u><u>21,873</u></u>	<u><u>16,788</u></u>

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$21,873,000 (2011: HK\$16,788,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

15. TRADE AND OTHER PAYABLES

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Trade payables	51,517	64,124
Rental received in advance	11,553	18,251
Other payables	140,601	124,126
Accrued stamp duty	963,475	963,475
	<u>1,167,146</u>	<u>1,169,976</u>

The accrual for stamp duty is based on the current stamp duty rate of 4.25% (2011: 4.25%) and the stated consideration of HK\$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the property interest in Citibank Plaza upon listing.

Aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
0 - 3 months	<u>51,517</u>	<u>64,124</u>

16. ISSUED UNITS

	<u>Number of units</u>	HK\$'000
Balance at 1 January 2011	4,930,584,756	21,033,383
Payment of Manager's fee through issuance of new units during the year (note (i))	26,002,477	108,825
Units issued upon the conversion of convertible bonds	2,770	13
Balance at 31 December 2011	4,956,590,003	21,142,221
Payment of Manager's fee through issuance of new units during the year (note (i))	34,421,563	117,185
Units issued upon the conversion of convertible bonds pursuant to an exchange offer	680,348,837	2,405,714
Balance at 31 December 2012	<u>5,671,360,403</u>	<u>23,665,120</u>

16. ISSUED UNITS - continued

Notes:

(i) Details of units issued during the year as payment of Manager's fee are as follows:

<u>Issue date</u>	<u>Payment of the Manager's fees for the period</u>	<u>Average issue price per unit determined based on the Trust Deed</u> HK\$	<u>Aggregate issue price</u> HK\$'000	<u>Number of units issued</u>
In 2012				
6 March 2012	1.7.2011 to 31.12.2011	3.441	57,413	16,685,008
28 August 2012	1.1.2012 to 30.6.2012	3.37	59,772	17,736,555
			<u>117,185</u>	<u>34,421,563</u>
In 2011				
8 March 2011	1.7.2010 to 31.12.2010	4.62	53,753	11,634,743
26 August 2011	1.1.2011 to 30.6.2011	3.833	55,072	14,367,734
			<u>108,825</u>	<u>26,002,477</u>

17. NET ASSET VALUE PER UNIT

The net asset value per unit is calculated by dividing the net assets attributable to unitholders as at 31 December 2012 of HK\$44,252,200,000 (2011: HK\$38,755,567,000) by the number of units in issue of 5,671,360,403 (2011: 4,956,590,003) as at 31 December 2012.

18. NET CURRENT LIABILITIES

At 31 December 2012, the Group's net current liabilities, calculated as current liabilities less current assets, amounted to HK\$6,232,567,000 (2011: HK\$767,076,000).

19. TOTAL ASSETS LESS CURRENT LIABILITIES

At 31 December 2012, the Group's total assets less current liabilities amounted to HK\$52,064,433,000 (2011: HK\$54,090,224,000).

20. CAPITAL COMMITMENT

	<u>2012</u> HK\$'000	<u>2011</u> HK\$'000
Capital expenditure in respect of the addition of investment properties contracted for but not provided in the consolidated financial statements	<u>56,328</u>	<u>-</u>

21. EVENT AFTER THE REPORTING PERIOD

On 17 January 2013, Champion MTN Limited, an entity directly wholly-owned and controlled by Champion REIT, issued an aggregate principal amount of US\$400,000,000 3.75% Guaranteed Notes due 2023 ("Issue Notes") under its US\$1,000,000,000 guaranteed medium term note programme at an issue price of 99.185% of the aggregate principal amount. The Hongkong and Shanghai Banking Corporation Limited, a connected person of Champion REIT as defined under the REIT Code, and other external parties were joint lead managers for the issue. The Issue Notes bears a fixed interest rate of 3.75% per annum, payable semi-annually in arrear and due on 17 January 2023. Summary of the principal terms of the Issue Notes is set out in Champion REIT's announcement on 17 January 2013.
