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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

**ANNOUNCEMENT
DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF A PORTION OF THE THIRD FLOOR AND
THE WHOLE OF THE FOURTH, FIFTH AND SIXTH FLOORS OF
CITIBANK TOWER**

This announcement is made by Champion REIT pursuant to paragraphs 10.3 and 10.4 of the REIT Code.

On 16 May 2013, Champion REIT (through Shine Hill, a company indirectly wholly-owned and controlled by the Trustee) accepted an offer to acquire the Property (comprising a portion of the third floor and the whole of the fourth, fifth and sixth floors of Citibank Tower which Champion REIT does not currently own, other than common areas) from The Financial Secretary Incorporated for the Consideration (HK\$2,155,302,000, representing a premium of approximately 10.5% in relation to the Appraised Value of HK\$1,950,000,000).

The terms and conditions of the offer are set out in the SPA, which is to be executed by Shine Hill and The Financial Secretary Incorporated on or before 30 May 2013. Completion of the Acquisition is expected to take place 42 days after the execution of the SPA (which, assuming the SPA is executed on 30 May 2013, shall be 11 July 2013) or such other date agreed between the parties to the SPA.

The Consideration represents approximately: (a) 9.1% of the total market capitalisation of Champion REIT, based on the average closing price of Champion REIT on the Stock Exchange for the five business days immediately preceding the date of this announcement; and (b) 3.6% of the total assets (less distribution payable) of Champion REIT as at 31 December 2012. Accordingly, the Acquisition constitutes a discloseable transaction by Champion REIT for the purposes of the REIT Code. The Consideration also does not exceed 15% of the gross asset value of Champion REIT as at 31 December 2012, as shown in Champion REIT's latest annual report.

The REIT Manager is satisfied that no approval from the Unitholders is required for the Acquisition. Based on the information and confirmation given by the REIT Manager to the Trustee, the Trustee is also satisfied that no Unitholders' approval is required for the Acquisition.

THE PROPERTY

The Property comprises the parts of the remaining four floors of Citibank Tower which Champion REIT does not currently own (other than common areas), being a portion of the third floor and the whole of the fourth, fifth and sixth floors of Citibank Tower. It has a total floor area of approximately 78,316 square feet and a gross rentable area of approximately 54,896 square feet. Like the rest of Citibank Tower, the Property was completed for occupation in 1992.

The Independent Property Valuer has determined the appraised value of the Property to be HK\$1,950,000,000 as at 15 May 2013 (*Appraised Value*).

The Property is held under Conditions of Sale No. 12063 (as varied or modified by the Memorials) from the Government of Hong Kong for the term commencing from 3 August 1989 and ending on 30 June 2047. The 60,751/1,650,000 undivided shares allocated to the Property under the relevant deeds of mutual covenant, which represents the Property, are solely owned by The Financial Secretary Incorporated. The remaining undivided shares of and in Citibank Plaza, save for those allocated to the "common areas" as referred to in the relevant deeds of mutual covenant, are already held by Champion REIT. Upon completion of the Acquisition, the ownership of Citibank Plaza will be unified by Champion REIT, and as a result, such common areas will become beneficially vested in Champion REIT.

RIGHT OF FIRST REFUSAL

On 21 March 1996, Shine Hill and The Financial Secretary Incorporated entered into a sale and purchase agreement (*Original SPA*) pursuant to which Shine Hill sold the Property to The Financial Secretary Incorporated. The Financial Secretary Incorporated is a government body and an independent third party of Champion REIT.

Pursuant to the Original SPA, The Financial Secretary Incorporated agreed (among other things) that it shall not enter into an agreement with any third party for the sale of the Property unless it shall have given to Shine Hill a notice in writing offering to sell the Property to Shine Hill at such price and on such terms as shall be stipulated in such notice (*ROFR Notice*). If such an offer is accepted by Shine Hill within two working days from the service of the ROFR Notice, then The Financial Secretary Incorporated shall sell and Shine Hill shall purchase the Property at the price and on the terms stipulated in the ROFR Notice.

Shine Hill was subsequently acquired by Champion REIT on 26 April 2006, as part of the reorganisation to facilitate the listing and initial public offering of the Units, and is indirectly wholly-owned and controlled by the Trustee.

THE ACQUISITION

On 15 March 2013, The Financial Secretary Incorporated invited tenders for the purchase of the Property. Bidders were required to submit their tenders by 5 April 2013.

On 14 May 2013, The Financial Secretary Incorporated made Champion REIT (through Shine Hill) an offer to acquire the Property pursuant to a ROFR Notice for a consideration of HK\$2,155,302,000. On 16 May 2013, Champion REIT (through Shine Hill) confirmed its acceptance of this offer in writing. In compliance with the acceptance terms stated in the ROFR Notice, Shine Hill and The Financial Secretary Incorporated shall execute a non-negotiable form of the SPA accompanying the ROFR Notice on or before 30 May 2013. The SPA sets out the terms of the offer, with the key terms being summarised below:

- Consideration: HK\$2,155,302,000, payable in the following manner:
- (1) a deposit (being HK\$215,530,200, and representing 10% of the Consideration), which shall be paid upon the signing of the SPA; and
 - (2) the balance (being HK\$1,939,771,800, and representing 90% of the Consideration) to be paid on the Completion Date.
- The Consideration represents a premium of approximately 10.5% in relation to the Appraised Value.
- Vacant Possession: The Property will be vacant at Completion.
- Expected Date of Completion: 42 days after the execution of the SPA (which, assuming the SPA is executed on 30 May 2013, shall be 11 July 2013) or such other date agreed between the parties to the SPA.
- Stamp Duty and Indemnity: Shine Hill to pay stamp duty (if any) and shall indemnify The Financial Secretary Incorporated against all actions, claims and demands made by the appropriate government authority for payment of such stamp duty.
- Other Customary Terms: The SPA contains indemnities, representations, warranties, undertakings and other provisions in customary terms for transactions of this nature and scale.

INTENTION WITH REGARDS TO USE OF THE PROPERTY

Following Completion, in line with its overall asset management strategy, the REIT Manager intends to work closely with the Property Manager to conduct asset enhancement and reinstatement works on such vacant space, so as to meet the demands of incoming tenants while maximising rental and occupancy rates. The REIT Manager and Property Manager will also select tenants with regards to the overall tenant mix strategy for Citibank Plaza.

FEES AND CHARGES

On Completion, the REIT Manager will be entitled, under the Trust Deed, to receive an acquisition fee of HK\$21,553,020 (*REIT Manager Acquisition Fee*) which is equal to 1.0% of the Consideration and which shall be paid to the REIT Manager in cash.

Also, pursuant to the Trust Deed, the Trustee is entitled to charge additional fees for duties undertaken by the Trustee which are of an exceptional nature or otherwise outside the scope of the Trustee's normal duties in the ordinary course of Champion REIT's normal day-to-day business operations. The Trustee has agreed with the REIT Manager that it will charge Champion REIT a one-time additional fee based on the time and costs incurred by it for duties undertaken by the Trustee in connection with the Acquisition, with such additional fee expected to be approximately HK\$100,000 (*Trustee's Additional Fee*).

After Completion, pursuant to the Trust Deed and in addition to the fees payable to the REIT Manager and Trustee in respect of Champion REIT's existing property portfolio:

- (a) the REIT Manager will be entitled to receive management fees attributable to the Property equal to 12% of the net property income generated from the Property - half of which the REIT Manager will elect to receive in the form of Units (with the other half payable in cash); and
- (b) the Trustee will receive fees, not exceeding 0.03% per annum of the value of the Property, which may be further increased to a maximum of 0.06% per annum subject to, in all cases, a minimum amount of HK\$200,000 per month in respect of the Value of the Deposited Property (as defined in the Trust Deed).

FINANCING OF THE ACQUISITION

The payment of the Consideration, and other acquisition costs such as ad valorem stamp duty, the REIT Manager Acquisition Fee and the Trustee's Additional Fee, will be mainly financed with bank borrowings at prevailing commercial terms.

FINANCIAL IMPACT OF THE ACQUISITION

The Acquisition is not expected to have any material impact on the financial position of Champion REIT as compared to that as at 31 December 2012 (as disclosed in the 2012 Annual Report). The payment of the Consideration, the REIT Manager Acquisition Fee and the Trustee's Additional Fee will not affect the payment on 21 May 2013 by Champion REIT of the distribution for the six months ended 31 December 2012.

Upon Completion, based on the consolidated financial position of Champion REIT as disclosed in the 2012 Annual Report, the pro-forma adjusted ratio of debt to total assets of Champion REIT is anticipated to change from approximately 20.4% to approximately 22.8% assuming: (i) additional bank borrowings of HK\$1,900 million; and (ii) an adjustment to include the Appraised Value of the Property in the total assets of Champion REIT as if the Acquisition took place on 31 December 2012.

REASONS FOR THE ACQUISITION

Notwithstanding the Consideration being at a 10.5% premium to Appraised Value, the REIT Manager considers the Acquisition to be in line with the REIT Manager's stated acquisition strategy to invest in high quality income-producing office and retail property assets in Hong Kong, and in the interests of Champion REIT for the following reasons.

Champion REIT currently owns 95.7% of the gross rentable area of Citibank Plaza, which will be increased to 100.0% on Completion. The REIT Manager believes that owning the entire Citibank Plaza will provide Champion REIT with greater operational control of the Grade A office building, for example, the ability to unilaterally implement improvement and refurbishment works which would enhance the rental value of Citibank Plaza. In the long term, the capital value and resale value of Citibank Plaza may also be enhanced with unified title.

Alternatively, if the Property were to be purchased by a third party (which is likely to be the case if Champion REIT declines the offer stated in the ROFR Notice), competition from a second or more landlords in Citibank Plaza could hamper the REIT Manager's leasing strategy and possibly depress the rent rates for Citibank Plaza as a whole. Furthermore, the quality and nature of the business of the eventual occupants of the Property will not be under the control of the REIT Manager, which in turn may affect the image of Citibank Plaza.

OPINION OF THE REIT MANAGER BOARD

The REIT Manager Board is satisfied that the Acquisition is at arm's length, on normal commercial terms, fair and reasonable and in the interests of Champion REIT and its Unitholders as a whole. Further, the REIT Manager Board is satisfied that no approval from the Unitholders is required for the Acquisition.

CONFIRMATION BY THE REIT MANAGER

The REIT Manager confirms that due diligence has been carried out in accordance with the relevant provisions under the REIT Code and the REIT Manager's compliance manual. The REIT Manager is satisfied that Champion REIT (through Shine Hill) will hold good, marketable, legal and beneficial title in the Property immediately upon Completion.

OPINION OF THE TRUSTEE

Based on the opinion of the REIT Manager Board and the information and confirmation given by the REIT Manager to the Trustee, the Trustee is satisfied that: (i) the Acquisition is consistent with Champion REIT's investment policy and in compliance with the REIT Code and the Trust Deed; and (ii) no Unitholders' approval is required for the Acquisition.

REGULATORY IMPLICATIONS

This announcement is made by Champion REIT pursuant to paragraphs 10.3 and 10.4 of the REIT Code.

The Consideration represents approximately: (a) 9.1% of the total market capitalisation of Champion REIT, based on the average closing price of Champion REIT on the Stock Exchange for the five business days immediately preceding the date of this announcement; and (b) 3.6% of the total assets (less distribution payable) of Champion REIT as at 31 December 2012. Accordingly, the Acquisition constitutes a discloseable transaction by Champion REIT for the purposes of the REIT Code. The Consideration also does not exceed 15% of the gross asset value of Champion REIT as at 31 December 2012, as shown in Champion REIT's latest annual report.

FURTHER ANNOUNCEMENT

The REIT Manager will make a further announcement in respect of the Acquisition on the Completion Date.

ABOUT CHAMPION REIT AND THE FINANCIAL SECRETARY INCORPORATED

Champion REIT is a collective investment scheme authorised by the SFC and the Units are listed on the Main Board of the Stock Exchange (stock code: 2778). The manager and trustee of Champion REIT is Eagle Asset Management (CP) Limited and HSBC Institutional Trust Services (Asia) Limited, respectively. Champion REIT has a property portfolio comprising grade A office space and prime retail space in Hong Kong.

The Financial Secretary Incorporated is a government entity incorporated under the Financial Secretary Incorporation Ordinance (Cap 1015 of the Laws of Hong Kong). The Financial Secretary Incorporated is an independent third party of Champion REIT.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“2012 Annual Report”	the annual report of Champion REIT for the twelve months ended 31 December 2012
“Acquisition”	the acquisition of the Property by Shine Hill pursuant to the terms and conditions set out in the SPA
“Appraised Value”	HK\$1,950,000,000, being the value of the Property as at 15 May 2013 as appraised by the Independent Property Valuer
“Champion REIT”	Champion Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
“Citibank Plaza”	the entire commercial development comprising a Grade A office building located at No. 3 Garden Road, Central, Hong Kong, and comprising Citibank Tower, ICBC Tower, a retail podium and a carpark
“Citibank Tower”	a 47-storey office building which forms part of Citibank Plaza
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the SPA
“Completion Date”	42 days after the execution of the SPA (which, assuming the SPA is executed on 30 May 2013, shall be 11 July 2013) or such other date agreed between the parties to the SPA
“Consideration”	HK\$2,155,302,000 being the purchase price for the Property

“Hong Kong” and “HK\$”	the Hong Kong Special Administrative Region of the People’s Republic of China, and Hong Kong dollars (the lawful currency of Hong Kong), respectively
“ICBC Tower”	a 37-storey building which forms part of Citibank Plaza
“Independent Property Valuer”	Savills Valuation and Professional Services Limited, the current Principal Valuer (as defined in the REIT Code) of Champion REIT
“Memorials”	Modification Letters Memorial Nos. UB4596900, UB5211008 and UB5261559 and the No-Objection Letter Memorial No.UB5863821
“Original SPA”	means the sale and purchase agreement as described under the section headed “Right of First Refusal” of this announcement
“Property”	means the property as described under the section headed “Property” of this announcement
“Property Manager”	means Eagle Property Management (CP) Limited
“REIT Code”	the Code on Real Estate Investment Trusts published by the SFC, as amended, supplemented or otherwise modified for the time being
“REIT Manager”	Eagle Asset Management (CP) Limited, as manager of Champion REIT
“REIT Manager Acquisition Fee”	the acquisition fee payable to the REIT Manager as described under the heading “Fees and Charges” of this announcement
“REIT Manager Board”	the board of directors of the REIT Manager
“ROFR Notice”	means the notice as described in the section headed “Right of First Refusal” of this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being
“Shine Hill”	Shine Hill Development Limited, a company incorporated in Hong Kong which is indirectly wholly-owned and controlled by the Trustee
“SPA”	the agreement for sale and purchase of the Property to be executed on or before 30 May 2013 between Shine Hill as purchaser and The Financial Secretary Incorporated as the vendor

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Financial Secretary Incorporated”	The Financial Secretary Incorporated, a government entity incorporated under the Financial Secretary Incorporation Ordinance (Cap 1015 of the Laws of Hong Kong)
“Trust Deed”	the trust deed entered into between the Trustee and the REIT Manager constituting Champion REIT, originally dated 26 April 2006 and as amended and restated from time to time
“Trustee”	HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of Champion REIT
“Trustee’s Additional Fee”	the additional fee payable to the Trustee as described under the heading “Fees and Charges” of this announcement
“Unit”	one undivided unit in Champion REIT
“Unitholder”	any person registered as holding a Unit

By Order of the Board
EAGLE ASSET MANAGEMENT (CP) LIMITED
(as manager of Champion Real Estate Investment Trust)
LO Ka Shui
Chairman

Hong Kong, 16 May 2013

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