

# investor relations

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## EXISTING STAKEHOLDERS

The success of Champion REIT is built upon the support of a variety of stakeholders and Champion REIT is committed to strengthening its relationships with unitholders, tenants and other stakeholders. To this end, regular, transparent and timely communication with stakeholders is one of the REIT Manager's priorities. This interaction will provide clarity on the investment trust's financial performance, as well as highlight growth areas and investment strategies.

Champion REIT has been maintaining a dialogue with stakeholders on many fronts. In the normal course of business, numerous one-on-one meetings with analysts and institutional investors have been conducted. To give foreign-based investors an appreciation of the premium quality of Citibank Plaza, building tours

are being conducted from time to time. In addition, Champion REIT's management has been a speaker or corporate participant at various overseas investor conferences sponsored by investment banks. As investors are the ultimate owners of the REIT's assets, the candid feedback of the investment community has been an important factor in the REIT Manager's decision making processes.

## POTENTIAL STAKEHOLDERS

Another priority is the raising of awareness and the promotion of a better understanding of Champion REIT. In this respect activities are targeted at potential investors through the media, investment analysts and other channels. To promote the name and potential of Champion REIT, the REIT Manager has capitalized on speaker or panelist opportunities at industry conferences as far away as Tokyo, London and Dubai.



The REIT Manager has also made efforts to lobby for inclusion as a constituent in various indices. Since its listing, Champion REIT has been added to real estate indices maintained by FTSE, Global Property Research, AME Capital and Bloomberg.

One IR challenge faced by Champion REIT since its listing is the negative connotation currently associated with the term 'financial engineering', with critics of financial engineering often fixating on the unrealistic proposition of valuing properties based on their passing yield, the so-called 'real yield'. Fortunately, efforts to educate the media and the public at large about the need for yield stabilization across property cycles are beginning to bear fruit.

### **CHAMPION REIT'S MESSAGE**

To the extent that is possible under the current regulatory framework ensuring fair disclosure, the investor relations team will rely on forward-looking statements when engaging stakeholders and potential stakeholders. Our four key messages hither to and going forward remain as follows:

- There is an utter lack of new grade 'A' office supply within the Central District in the next few years as evidenced by the dearth of building sites.
- The necessity for financial engineering stems from the fact that there is a huge gap between the rent Citibank Plaza is currently receiving and the rent Citibank Plaza is potentially capable of receiving. The average rent for the Relevant Period was HK\$34.30 per sq.ft. while the spot rent at the end of 2006 was approximately HK\$80 per sq.ft. This unique situation is a consequence of lease agreements with fixed rents, typically for three year durations, signed in 2003/04 after the outbreak of SARS.
- Approximately half of the floor space of Citibank Plaza is due for expiry or rental review in 2007 and average rent is set to improve dramatically. The aim of financial engineering is to support distributions and to tide the REIT through the 'rent catch-up' phase over the next few years.
- Any increases in revenue due to the current rental reversion cycle will be magnified at the profit and loss level due to relatively stable nature of certain cost items such as building management fees, interest payments and trustee fees.



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## WEBSITE

The Champion REIT website, [www.ChampionReit.com](http://www.ChampionReit.com), is a further source of information for stakeholders. It serves as a timely and convenient conduit whereby press releases, announcements, circulars, presentations and reports issued by the Trust can be viewed or downloaded.

The website's functionality goes beyond document dissemination and views regarding the Grade 'A' Office market in Hong Kong and hyperlinks to third-party trading and price quotation pages for Champion REIT are among the other features available. A Chinese mirror of the website has been launched for the convenience of domestic individual investors and this will broaden the reach of our internet platform.

