

Eagle Asset Management (CP) Limited

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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 2011

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\$4,660,000,000 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 2011 and the Board has announced the final results for Champion REIT in respect of the year ended 31 December 2010, as more particularly set out in the attached announcement of Champion REIT dated 21 February 2011 (the "Announcement");
- (b) based on the total distributable amount for the year ended 31 December 2010 as stated in the Announcement, the distribution per Unit is HK\$0.2164 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 16 May 2011. Accordingly, the above adjustment is expected to take effect from 16 May 2011 (the "Adjustment Date");
- (c) as at the date hereof, the Conversion Price is HK\$3.69 per Unit. With effect from the Adjustment Date, the Conversion Price will be HK\$3.61 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 27 April 2011; and
- (f) the Register of Unitholders of Champion REIT will be closed from Wednesday, 20 April 2011 to Wednesday, 27 April 2011 (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 2010 and the attendance of the annual general meeting to be held on 27 April 2011.

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

2010 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 Asia's 10 largest REITs by market capitalization. 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 its financial results of the Trust for the year ended 31 December 2010 (“Year” or “Period”).

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2010

	FY2010	FY2009	% Change
Key Financial Figures	HK\$'000	HK\$'000	
Total Revenue	1,875,911	2,035,028	- 7.8%
Property Operating Expenses	(367,224)	(325,806)	+ 12.7%
Net Property Income	1,508,687	1,709,222	- 11.7%
Profit After Tax	4,439,937	3,744,553	+18.6%
Distributable Income	1,084,264	1,312,318	- 17.4%
Distribution Amount	1,066,870	1,241,947	- 14.1%
Gross Value of Portfolio	50,222,600	44,240,800	+ 13.5%

	FY2010	FY2009	% Change
Ratios and Per Unit Figures			
Distribution per Unit	HK\$0.2164	HK\$0.2609	- 17.1%
Net Asset Value per Unit	HK\$6.36	HK\$5.67	+ 12.2%
Gearing Ratio	28.4%	32.2%	- 3.8% ¹
Expense Ratio	19.6%	16.0%	+ 3.6% ¹
Payout Ratio ²	94.8%	94.6%	+ 0.2% ¹

1 Absolute change used for figures stated in percentages

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The 2010 financial results of Champion REIT largely reflect the lagged impact of the Global Financial Crisis of 2008/09. This is a feature of property portfolios such as Champion REIT's, where three year lease terms are typical. As there were negligible tenant defaults through the crisis, the momentum of high-rent leases signed before the crisis continued to support occupancy at Citibank Plaza as well as revenue for the Trust going into 2009. In fact revenue and net property income only peaked as recently as 2009, at the same time capital markets around the globe were hitting new lows. By the same token, the downsizing decisions made by tenants during the crisis led to significantly higher vacancies at Citibank Plaza in 2010, which marked the trough of the income cycle for the Trust, even as market occupancies and rental rates were recovering strongly.

Gross Revenue decreased 7.8% to HK\$1,876 million for the year of 2010 mainly due to higher vacancy rates and negative rental reversion at Citibank Plaza. Leases on 37% of the floor area expired in 2010. Leases on only 26% of the floor area were renewed as some tenants at Citibank Plaza vacated their premises, based on decisions made during the financial crisis. Over the course of 2010, occupancy decreased from 87.6% to 81.5%, and the average occupancy was 83.8%. Langham Place Office Tower, which was not directly impacted by the Global Financial Crisis, managed to keep its occupancy at a very high level during 2010 with only a minor decline in rental rates. Revenue at the Langham Place Mall continued to improve as 43% of the floor area was rolled over at higher rents towards the end of the Year. However, Langham Place was only able to partially make up for the fall in revenue at Citibank Plaza.

Net Property Income decreased by 11.7% to HK\$1,509 million. This percentage decline was more than the percentage decline in revenue because of a 12.7% increase in Property Operating Expenses. One of the key reasons for an increase in expenses was the significantly larger floor area expiring and rolling over this Year at both properties. This resulted in a corresponding increase in rental commissions and leasing service fees.

As a result of increases in the appraised value of the Trust's properties, the Gearing Ratio as of 31 December 2010 improved further to 28.4% from 32.2% a year ago. Net Asset Value increased correspondingly to HK\$6.36 per Unit, from HK\$5.67 a year ago. Net accounting gains of HK\$4,055 million from the revaluation of assets and liabilities allowed the Net Profit After Tax to increase to HK\$4,440 million for 2010. Excluding these revaluation gains, which are non-cash in nature, Distributable Income for the year was HK\$1,084 million, down 17.4% from 2009. The Distribution Amount for the year, after retention of HK\$56.8 million for future use, was HK\$1,066.9 million, representing a pay-out ratio of 94.8%. This was a 14.1% decrease from the Distribution Amount for 2009. The Distribution per Unit (DPU) for 2010 will be HK\$0.2164, comprising HK\$0.1076 per Unit already paid out as an interim distribution, and HK\$0.1088 per Unit to be paid out as the final distribution.

Operational Review

	FY 2010	FY 2009	% Change
Citibank Plaza	HK\$'000	HK\$'000	
Revenue	1,129,498	1,314,462	- 14.1%
Operating Expenses	187,304	171,406	+ 9.3%
Net Property Income	942,194	1,143,056	- 17.6%
Langham Place Office			
Revenue	267,506	269,550	- 0.8%
Operating Expenses	51,613	45,072	+ 14.5%
Net Property Income	215,893	224,478	- 3.8%
Langham Place Mall			
Revenue	478,907	451,016	+ 6.2%
Operating Expenses	128,307	109,328	+ 17.4%
Net Property Income	350,600	341,688	+ 2.6%

Citibank Plaza

Citibank Plaza is one of the largest Grade-A commercial complexes in Hong Kong's Central district with a lettable floor area of over 1.2 million sq. ft. It consists of two office towers, which are intelligent buildings that are capable of meeting the demanding technical specifications of global financial institutions, and a retail podium.

There was a recovery in the office leasing market in Central in 2010 as financial institutions gradually reversed their trend of downsizing. At the same time, there was virtually no new supply in the district for the entire year. The arrival of a significant number of fund management companies to capitalize on China investment opportunities, together with the supporting legal trade, generated substantial demand. Mainland Chinese listed companies also joined the fray as they sought to upgrade their office accommodation to better reflect their elevated corporate status. As a result the average occupancy for Grade-A offices in Central moved up from 95% at the beginning of the year to 98% at the end of 2010. The occupancy rate at Citibank Plaza however did not keep pace with the broad market trend. In fact occupancy decreased from 87.6% to 81.5%, because of earlier competition from some other landlords who offered long-term fixed-rate leases at relatively low rents. We continued to believe that it would not be in the interest of the REIT to lock in low rents for an extended term at the bottom of the rental cycle, especially when there will be no material new supply in the market for the foreseeable future. Our conviction appeared to be paying off towards the latter part of 2010. As other buildings were gradually filled up, the market turned in the landlords' favour especially in the second half. Tenants began to offer deals that would not limit the long-term rental upside for the landlords. Under these conditions, we were able to sign up a number of medium-size new tenancies in the second half of 2010 and early 2011. As of the end of January 2011, committed new leases scheduled to commence in the first and second quarters of 2011 amounted to 8.2% and 2.6% of the total floor area.

Average Monthly Office Passing Rents at Citibank Plaza

(HK\$ per sq. ft. of lettable area)

Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10
90.07	89.64	89.04	88.30	88.22	88.01	84.81	84.81	84.69	84.67	84.62	84.54	84.67

Spot rental rates achieved at Citibank Plaza improved from HK\$75 per sq. ft. at the beginning of 2010 to around HK\$100 per sq. ft. by the end of the Year, with most of the increase

occurring in the latter half of the Year. While spot rent rates have been strengthening, they generally remained below previously contracted rent rates up until mid year. Thus, passing rental rates (the average rental rate of existing contracted tenancies) at Citibank Plaza weakened in the first half of the Year but stabilized at the HK\$84-85 per sq. ft. level for the second half.

Net Property Income at Citibank Plaza fell by 17.6%. While revenue was lower, Net Property Income was also affected by a HK\$16 million increase in operating expenses. This increase was due to a number of factors, including higher vacancies, which led to the absorption of more expenses such as government rates by the landlord and the costs associated with the renewal of a major lease.

Langham Place Office Tower

The Langham Place Office Tower is a 700,000 gross sq. ft. 59-storey office tower located within the Langham Place mixed-use development. It is a Grade-A office property in Mongkok, a major transport hub in Kowloon and a busy shopping district. The building focuses on tenants involved in the services and lifestyle industries.

Average Monthly Office Passing Rents at Langham Place

(HK\$ per sq. ft. of gross floor area)

Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10
26.82	26.77	26.80	27.06	27.01	27.04	26.98	26.98	26.83	26.23	26.24	26.25	26.40

Leasing conditions for the offices at Langham Place have been stable. The Office Tower had a slightly higher occupancy rate of 99.4% as of 31 December 2010, as compared to 98.5% a year ago. This was notwithstanding the expiry of 35% of leases by floor area during the Year and the strong price competition from new supply in the peripheral districts in Kowloon East. Langham Place's MTR location and the outstanding quality of the building have been important factors in retaining tenants and maintaining a high occupancy. In the second half of the Year, we progressively raised the asking rents as competition from Kowloon East receded. At the end of 2010, the spot rents were between HK\$25-33 depending on the floor level and the users' location sensitivity, versus HK\$24-32 per sq. ft. a year earlier. For 2010, passing rents were stable and continued to remain within a narrow range centered around HK\$26.50 per sq. ft.

Revenue was stable at HK\$268 million, compared to HK\$270 million for 2009. Net Property Income at the Office Tower fell by 3.8% from HK\$224 million in 2009 to HK\$216 million in 2010 due mainly to an increase in leasing commissions. In 2009 leases involving only 6% of floor area expired while in 2010 this figure was increased almost six-fold.

Langham Place Mall

Langham Place Mall is a 15-level, 600,000 gross sq. ft. ‘vertical’ mall focusing on midpriced fashion, beauty products and food & beverage. It anchors the Langham Place development and offers a unique shopping experience through its distinct architectural features and its innovative promotion events. The Mall has built its reputation as a trendy social and retail destination for young and fashion-conscious shoppers, and is popular among tourists.

Average Monthly Retail Passing Rents at Langham Place (HK\$ per sq. ft. of lettable area, excluding turnover rent)

Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10
88.61	88.79	88.79	88.80	88.81	89.05	89.13	88.72	91.72	94.61	96.66	97.26	97.48

Despite the opening of a few new shopping malls in nearby Tsim Sha Tsui, the convenient location of the Langham Place Mall, its attractive shop offerings and its well conceived and executed marketing programmes ensured its status as one of the most popular shopping malls in Kowloon, among local shoppers and tourists alike. The Mall enjoyed very high levels of foot traffic and remained virtually fully let throughout 2010. Driven by a constantly improving mix of quality retailers and a robust retail market, the average sales per sq. ft. of the shops in the Mall improved by 18% year on year. The surge in spending by Mainland tourists, who now consider Langham Place one of their favourite destinations, on cosmetics and fashion has also been a major factor behind the growth. As a result, the vast majority of existing tenants willingly offered higher rents to retain their tenancies. Demand for retail space from new tenants has been strong, giving the landlord considerable pricing power. We have capitalized on this strong demand to bring in a number of quality specialty retailers with highly satisfactory results. The Average Passing Rent Rate increased from HK\$88.61 per sq. ft. at the beginning of 2010 to HK\$97.48 at year-end.

Revenue increased by a moderate 6.2% from HK\$451 million to HK\$479 million. There was a sharp jump in passing rents going into the fourth quarter of 2010, caused by the coincident rollover of 43% of the Mall at substantially higher rents. As a large proportion of the lease renewals in 2010 only took effect towards the last quarter of the year, the full impact of the associated rental increases will only be seen in 2011. Net Property Income at the Mall only increased by 2.6% from HK\$342 million in 2009 to HK\$351 million in 2010, mainly because the immediate impact of the rollovers (In 2009 only 15% of the leases by floor area expired as compared to 44% in 2010) was offset by an increase in rental commissions, leasing fees and stamp duties associated with renewal of leases. These increased from HK\$4.9 million to HK\$14.2 million. The level of these expenses should go down in 2011 as again only 15% of the floor area will undergo lease renewal.

Outlook

2010 marked the beginning of a new office cycle, with rental rates across the spectrum of Hong Kong office sub-markets once again starting to climb. Financial institutions have reversed their downsizing trend as capital raising activities have returned with the rebound in the Hong Kong equities market. New companies are also arriving from both the Chinese mainland and overseas. These factors should continue to create substantial incremental demand for office space in 2011. Again, no large Grade-A office developments, especially buildings that offer large floor-plates suitable for occupancy by financial institutions, are scheduled for completion in Central in the coming few years. Therefore there is a strong likelihood that occupancy in the Central offices market will go up further during the course of 2011, leading to an upward squeeze in rent rates.

The market conditions are favourable to Champion REIT since Citibank Plaza, its biggest asset, is located in Central where the overall vacancy rate is about 3%. More than half of the existing vacant area in Citibank Plaza will see tenant occupation before mid 2011, based on contracts already signed. The rest of the available area has also been receiving a regular flow of enquiries and inspections, as Citibank Plaza is among the few buildings where some contiguous whole-floors floor spaces are still available at present. However, larger leasing transactions tend to have a longer lead time before actual lease commencement. There is also one tenancy, involving approximately 4% of total floor area, which will expire in the second quarter of 2011 and will not be renewed. Therefore there is a chance that the vacancy rate at the Property may temporarily stay above 10% at the end of the first half of 2011. These

factors will limit the growth in the gross rental income for the first months. Occupancy should however accelerate in the second half. We have reached an agreement with a major tenant, which accounts for approximate 15% of the total floor area, to renew its tenancy upon its expiry in the third quarter of 2011. The transaction is undergoing documentation at present. With the removable of this potential overhang, we will be in a position of strength in handling other leasing negotiations. It is our plan to progressive move the asking rents upward as further occupancy is achieved in the coming months. There should therefore be a larger increase in the gross rental income of Citibank Plaza in the second half.

At Langham Place we expect continued high levels of occupancy for the Office Tower. The oversupply in the Kowloon East district has been largely absorbed, and rents in Kowloon as a whole have strengthened. With 37% of the floor area slated for expiry in 2011, there is some latitude for improvement in the building's passing rent. At the minimum, we can expect a stable rental income from the Office Tower. We will continue to leverage on the subway location of Langham Place to gradually bring in more tenants from location-sensitive users in the lifestyle and services trades who can generally afford to pay higher rents.

The Langham Place Mall should continue to benefit from a robust retail market in 2011. Local consumers have been increasing their consumption as wages are being lifted. The arrival of Mainland tourists and their heavy spending are also showing no signs of slowing down. 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 mix-priced fashion and accessories retailers. While the higher base rents locked in during 2010 will have a full year's contribution in 2011, they may lead to some erosion on turnover rents, as the thresholds for extra rent assessment have been lifted as a result of the increases in base rents. While we should have considerable leverage in negotiating rents, the upside may be modest for 2011 as only 15% of the floor areas will be subject to lease renewal.

Debts with a principal amount of HK\$7,765 million secured on the Citibank Plaza property, which had an appraised value of HK\$33,747 million, is due for refinancing in May 2011. We are in the process of obtaining refinancing proposals. Given the low loan-to-value ratio of 23%, and based on the responses from bankers, we do not expect any major problems with the refinancing. HK\$765 million of the HK\$7,765 million debt is in the form of convertible

bonds, and if these are exercised before their maturity, the Trust has sufficient internal resources to completely settle the conversions in cash if desired.

Champion REIT's revenue for 2011 is likely to show an improvement over 2010. At Citibank Plaza all evidence points to a recovery at the operational level in the first half of 2011 and a recovery in income by the second half of 2011. At the same time, the performance of Langham Place Mall will see the benefits of the previous year's rental increases while a high level of occupancy and moderate gains in rents will be seen at Langham Place Office Tower. However, whether improvements at the property level translate into higher distributions will depend on a number of other factors, including the level of interest expenses upon debt refinancing. We will continue to prudently and pragmatically manage our leasing activity to maximize long-term return for our Unitholders.

VALUATION OF PROPERTIES

According to the Property Valuation Reports issued by Knight Frank Petty Limited on 8 February 2011, the valuation of the properties of Champion REIT broken down by usage as of 31 December 2010 is as follows:

	Citibank Plaza	Langham Place	Sub-total
Dec 2010 Valuation	HK\$ mil	HK\$ mil	HK\$ mil
Office	32,829.0	5,978.2	38,807.2
Retail	353.0	10,225.3	10,578.3
Car Park	265.8	187.5	453.3
Miscellaneous	299.3	84.5	383.8
Total	33,747.1	16,475.5	50,222.6

Champion REIT's property portfolio is now valued at HK\$50.2 billion, an increase of HK\$6 billion from the December 2009 valuation of HK\$44.2 billion. Specifically, the appraised value of Citibank Plaza increased by 15.3% while that of Langham Place increased by 10.0%. Capitalization rates used in valuing the properties were 4.0% for Citibank Plaza, 4.2% for the Langham Place Office Tower and 4.1% for Langham Place Mall. These capitalization rates are largely unchanged from a year ago and the increase in property value stems principally

from the strong recovery in rental rates at Citibank Plaza and the Langham Place Mall in 2010.

FINANCIAL REVIEW

Distributions

Distribution Amount

Total Distribution Amount for the Year was HK\$1,066,870,000 (2009: HK\$1,241,947,000). Such Distribution Amount was calculated based on 90% (2009: 90%) of Champion REIT's total available distributable income for each of the first and second halves of the Year, plus additional amounts of HK\$39,390,000 (2009: nil) at the discretion of REIT Manager. 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 94.8% (2009: 94.6%).

Distribution per Unit

The distribution per unit for the six months ended 31 December 2010 was HK\$0.1088. Such distribution per unit, however, is subject to adjustment upon the issuance of new units between 1 January 2011 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 2010.

With an interim distribution per unit of HK\$0.1076 and a final distribution per unit of HK\$0.1088, total distribution per unit for the Year amounted to HK\$0.2164 (2009: HK\$0.2609). The distribution per unit of HK\$0.2164 represents a distribution yield of 4.71% based on the closing price of HK\$4.59 as at 31 December 2010.

Closure of Register of Unitholders

The register of Unitholders will be closed from Wednesday, 20 April 2011 to Wednesday, 27 April 2011 ("Record Date"), both days inclusive, during which period no transfer of Units will be effected. The 2010 Final Distribution will be payable on 16 May 2011 to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2010 Final Distribution and be entitled to attend and vote at the 2011 Annual General Meeting, 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, not later than 4:30 p.m. on Tuesday, 19 April 2011.

Debt Profile

As at 31 December 2010, total outstanding borrowings of the Trust amounted to HK\$14,879 million. The total borrowings comprised of:

- HK\$7,000 million term loan which is repayable in full in May 2011
- HK\$765 million of convertible bonds in principal amount which will mature in May 2011
- HK\$2,454 million term loan which is repayable in full in June 2013
- HK\$4,660 million convertible bonds in principal amount which will mature in June 2013

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

	31 December 2010	
Due in the ...	HK\$ million	% of total
first year	7,765	52.2
second year	-	-
third year	7,114	47.8
Total	14,879	100

The term loan and convertible bonds that are falling due in 2011 are secured by properties with a conservative loan to value ratio of 23%. Refinancing arrangements are now in progress.

During the year, Champion REIT has interest rate swaps ("IRS") with a total notional amount of HK\$7,000 million in order to swap the Trust's floating rate interest payments under the HK\$7,000 million term loan into fixed rate interest payments. The fixed rate for these IRS is 2.8225% per annum and both the loan and IRS will mature in May 2011. The HK\$2,454 million term loan has an interest rate of HIBOR plus 0.59% per annum. As at 31 December 2010, 84% of the Trust's debt (including the convertible bonds) had fixed interest rates.

As at 31 December 2010, the two outstanding convertible bonds issued by two controlled entities of the Trust have the following features:

	Issued in 2006	Issued in 2008
Convertible Bond Features		
Principal amount:	HK\$765 million	HK\$4,660 million
Yield to maturity:	4.15%	5.25%
Coupon rate:	2% per annum	1% per annum
Maturity date:	23 May 2011	3 June 2013
Redemption price:	110.328%	123.94%
Latest adjusted conversion price:	HK\$4.26	HK\$3.69

As at 31 December 2010, total gross assets of the REIT were HK\$52,436 million. Therefore, the gearing ratio, or total borrowings as a percentage of gross assets was 28.4%. The gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 40.2%.

Net Assets Attributable To Unitholders

As at 31 December 2010, net assets attributable to unitholders was HK\$31,377.3 million or HK\$6.36 per unit, a 38.6% premium to the closing unit price of HK\$4.59 as at 31 December 2010.

Cash Position

As at 31 December 2010, Champion REIT had total undrawn bank loan facilities of HK\$700 million and a cash balance of HK\$2,038.1 million. HK\$1,081 million of the cash balance is not subject to future distribution requirements. Taking into consideration the financial resources available to the REIT, Champion has sufficient liquid assets to satisfy its working capital and operating requirements.

Pledge Assets

As at 31 December 2010, properties of Champion REIT with a fair value of HK\$50,222.6 million, together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the properties, were mortgaged to the bond trustees to secure the obligations of the issuer of the convertible bonds or pledged to secure the banking facilities granted to the REIT.

Commitments

As at 31 December 2010, the Trust did not have any significant commitments.

NEW UNITS ISSUED

As at 31 December 2010, the total number of issued Units of Champion REIT was 4,930,584,756. As compared with the position of 31 December 2009, a total of 107,049,967 new Units were issued during the year in the following manner:

- On 31 August 2010, 15,485,825 new Units were issued to the REIT Manager at the price of HK\$3.83 per Unit (being the Market Price ascribed in the trust deed constituting Champion REIT) as payment in full of the manager's fee in respect of Citibank Plaza of approximately HK\$59,311,000 payable by Champion REIT for the six months ended 30 June 2010.
- On 25 May 2010, 63,733,460 new Units were issued at the price of HK\$3.4884 per Unit pursuant to the distribution reinvestment arrangement (the "Arrangement") in respect of the 2009 Final Distribution. Details of the Arrangement were set out in the announcement published by Champion REIT on 26 April 2010 and the circular to Unitholders dated 29 April 2010.
- On 9 March 2010, 27,830,682 new Units were issued to the REIT Manager at the price of HK\$3.59 per Unit (being the Market Price ascribed in the trust deed constituting Champion REIT) as payment in full of the manager's fee of approximately HK\$99,912,000 payable by Champion REIT for the six months ended 31 December 2009.

REAL ESTATE SALE AND PURCHASE

Champion REIT did not enter into any real estate sales and purchases transactions during the year ended 31 December 2010.

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 2010:

Area of Operation	Locations		
	Citibank Plaza	Langham Place	Others
General management	-	-	13
Leasing	4	11	-
Marketing and promotion	-	9	-
Property management	54	139	-
Contractors/technical staff	132	281	-
Total	190	440	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 2010, 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 Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2010.

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 2010.

REPURCHASE, SALE OR REDEMPTION OF CHAMPION REIT’S UNITS

A general mandate for repurchase of Units in the open market was given by Unitholders at the annual general meeting held on 26 April 2010. During the year ended 31 December 2010, neither the Manager nor any of Champion REIT’s special purpose vehicles had purchased, sold or redeemed any Units pursuant to this mandate.

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 2010 have been reviewed by the Audit Committee and Disclosures Committee of the REIT Manager.

ANNUAL GENERAL MEETING

It is proposed that the 2011 Annual General Meeting (“2011 AGM”) of Champion REIT will be held on Wednesday, 27 April 2011 and the notice of 2011 AGM will be published and issued to the Unitholders in due course.

ISSUANCE OF ANNUAL REPORT

The Annual Report 2010 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 18 March 2011.

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 2010 as set out in the Preliminary 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 the Preliminary 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. David Gordon Eldon and Mr. Shek Lai Him, Abraham.

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 2011

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>NOTES</u>	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Rental income	5	1,702,786	1,856,480
Building management fee income		155,824	165,614
Rental related income	6	17,301	12,934
Total revenue		1,875,911	2,035,028
Property operating expenses	7	(367,224)	(325,806)
Net property income		1,508,687	1,709,222
Interest income		4,969	2,532
Manager's fee	8	(181,042)	(205,107)
Trust and other expenses		(13,896)	(15,762)
Increase in fair value of investment properties		5,867,385	4,156,335
Change in fair value of derivative components of convertible bonds		(943,423)	(597,242)
Change in fair value of rental stabilisation arrangement		483	2,810
Gain on repurchase of own convertible bonds		-	2,062
Finance costs	9	(756,238)	(754,766)
Profit before tax and distribution to unitholders	10	5,486,925	4,300,084
Income taxes	11	(1,046,988)	(555,531)
Profit for the year, before distribution to unitholders		4,439,937	3,744,553
Distribution to unitholders		(1,066,870)	(1,241,947)
Profit for the year, after distribution to unitholders		3,373,067	2,502,606
Basic earnings per unit	12	HK\$0.91	HK\$0.81
Diluted earnings per unit	12	HK\$0.90	HK\$0.78

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Profit for the year, after distribution to unitholders	<u>3,373,067</u>	<u>2,502,606</u>
Cash flow hedges:		
Gain (losses) arising during the year	90,607	(42,821)
Less: Reclassification adjustments for amounts recognised in profit or loss	<u>172,757</u>	<u>173,696</u>
	<u>263,364</u>	<u>130,875</u>
Total comprehensive income for the year	<u>3,636,431</u>	<u>2,633,481</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	<u>NOTES</u>	<u>2010</u> <u>HK\$'000</u>	<u>2009</u> <u>HK\$'000</u>
Non-current assets			
Investment properties		50,222,600	44,240,800
Rental stabilisation arrangement		6,033	44,943
Loan receivables		-	52,737
Total non-current assets		<u>50,228,633</u>	<u>44,338,480</u>
Current assets			
Loan receivables		54,566	-
Trade and other receivables	14	107,709	103,107
Tax recoverable		6,561	-
Bank balances and cash		2,038,090	1,832,105
Total current assets		<u>2,206,926</u>	<u>1,935,212</u>
Total assets		<u>52,435,559</u>	<u>46,273,692</u>
Current liabilities			
Trade and other payables	15	1,153,065	1,050,000
Deposits received		368,347	331,380
Tax liabilities		11,654	48,224
Distribution payable		536,508	633,339
Secured term loans		6,997,329	-
Convertible bonds		900,765	-
Derivative financial instruments		59,353	-
Total current liabilities		<u>10,027,021</u>	<u>2,062,943</u>
Non-current liabilities, excluding net assets attributable to unitholders			
Secured term loans		2,446,147	9,433,278
Convertible bonds		6,597,729	6,261,830
Derivative financial instruments		-	149,960
Deferred tax liabilities	16	1,987,379	1,006,379
Total non-current liabilities, excluding net assets attributable to unitholders		<u>11,031,255</u>	<u>16,851,447</u>
Total liabilities, excluding net assets attributable to unitholders		<u>21,058,276</u>	<u>18,914,390</u>
Net assets attributable to unitholders		<u>31,377,283</u>	<u>27,359,302</u>
Number of units in issue ('000)	17	<u>4,930,585</u>	<u>4,823,535</u>
Net asset value per unit	18	<u>HK\$6.36</u>	<u>HK\$5.67</u>

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>NOTE</u>	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Interim Distribution Period			
Total distributable income		573,803	676,231
Percentage of distributable income for distribution (note (i))		90%	90%
Distributable income for Interim Distribution Period		516,423	608,608
Additional amounts (note (i))		13,939	-
Total distribution amount paid		530,362	608,608
Final Distribution Period			
Total distributable income	13	1,084,264	1,312,318
Less: distributable income paid in Interim Distribution Period		(516,423)	(608,608)
Distributable income available for Final Distribution Period		567,841	703,710
Percentage of distributable income for distribution (note (i))		90%	90%
Distributable income for Final Distribution Period		511,057	633,339
Additional amounts (note (i))		25,451	-
Total distribution amount to be paid		536,508	633,339
Total distribution amounts for the year		1,066,870	1,241,947
Distributions per unit to unitholders			
Interim distribution per unit paid (note (ii))		HK\$0.1076	HK\$0.1304
Final distribution per unit to be paid (note (iii))		HK\$0.1088	HK\$0.1305
		HK\$0.2164	HK\$0.2609

Notes:

- (i) The Manager has stated that it will distribute 90% (2009: 90%) of available distributable income as distributions for each of the six month periods ended 30 June 2010 (the "Interim Distribution Period") and 31 December 2010 (the "Final Distribution Period"), respectively.

For the Interim Distribution Period and Final Distribution Period in 2010, additional amounts of HK\$13,939,000 and HK\$25,451,000, respectively, 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 2010

Notes: - continued

- (ii) The interim distribution per unit of HK\$0.1076 for the Interim Distribution Period in 2010 was calculated based on the interim distribution paid of HK\$530,362,000 for the period and 4,930,584,756 units as of 9 September 2010, which was the record date for the period. The distribution was paid to unitholders on 4 October 2010.

The interim distribution per unit of HK\$0.1304 for the interim distribution period in 2009 was calculated based on the interim distribution paid of HK\$608,608,000 for the period and 4,666,721,106 units as of 4 September 2009, which was the record date for the period.

- (iii) The final distribution per unit of HK\$0.1088 for the Final Distribution Period in 2010 is calculated based on the final distribution to be paid of HK\$536,508,000 for the period and 4,930,584,756 units. Such final distribution will be subject to further adjustments upon the issuance of units on or before 27 April 2011, which is the record date set for such period. The final distribution will be paid to unitholders on or about 16 May 2011.

The final distribution per unit of HK\$0.1305 for the final distribution period in 2009 was calculated based on the final distribution paid of HK\$633,339,000 for the period and 4,851,365,471 units as of 26 April 2010, which was the record date for the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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 amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK - Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand

The adoption of the new and revised HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustments have been recognised.

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

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁶
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification to Rights Issues ²
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ⁵
HKFRS 9	Financial Instruments ⁷
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual period beginning on or after 1 February 2010

³ Effective for annual period beginning on or after 1 July 2010

⁴ Effective for annual period beginning on or after 1 January 2011

⁵ Effective for annual period beginning on or after 1 July 2011

⁶ Effective for annual period beginning on or after 1 January 2012

⁷ Effective for annual period beginning on or after 1 January 2013

HKFRS 9 “Financial Instruments”

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 “Financial Instruments” (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either 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 accounting periods.
- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 presentation 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

HKFRS 9 "Financial Instruments" – continued

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Manager anticipates that the application of HKFRS 9 will have no material impact on the results and the financial position of the Group.

HKAS 12 (Amendments) "Deferred Tax: Recovery of Underlying Assets"

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The Manager anticipates that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. Had the amendments been adopted for the year ended 31 December 2010, the deferred tax liabilities for investment properties would have been decreased by HK\$1,764,624,000 and the profit for the current year would have been increased by HK\$869,389,000.

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, as explained in the accounting policies set out below.

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 ended 31 December 2010

	Citibank Plaza HK\$'000	Langham Place HK\$'000	Consolidated HK\$'000
Revenue	<u>1,129,498</u>	<u>746,413</u>	<u>1,875,911</u>
Segment results - Net property income	<u>942,194</u>	<u>566,493</u>	1,508,687
Interest income			4,969
Manager's fee			(181,042)
Trust and other expenses			(13,896)
Increase in fair value of investment properties			5,867,385
Change in fair value of derivative components of convertible bonds			(943,423)
Change in fair value of rental stabilisation arrangement			483
Finance costs			<u>(756,238)</u>
Profit before tax and distribution to unitholders			5,486,925
Income taxes			<u>(1,046,988)</u>
Profit for the year, before distribution to unitholders			4,439,937
Distribution to unitholders			<u>(1,066,870)</u>
Profit for the year, after distribution to unitholders			<u>3,373,067</u>

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

Manager's fee	<u>(113,063)</u>	<u>(67,979)</u>	<u>(181,042)</u>
Increase in fair value of investment properties	<u>4,374,285</u>	<u>1,493,100</u>	<u>5,867,385</u>

4. SEGMENT INFORMATION - continued

Segment revenue and results - continued

For the year ended 31 December 2009

	Citibank <u>Plaza</u> HK\$'000	Langham <u>Place</u> HK\$'000	<u>Consolidated</u> HK\$'000
Revenue	<u>1,314,462</u>	<u>720,566</u>	<u>2,035,028</u>
Segment results - Net property income	<u>1,143,056</u>	<u>566,166</u>	1,709,222
Interest income			2,532
Manager's fee			(205,107)
Trust and other expenses			(15,762)
Increase in fair value of investment properties			4,156,335
Change in fair value of derivative components of convertible bonds			(597,242)
Change in fair value of rental stabilisation arrangement			2,810
Gain on repurchase of own convertible bonds			2,062
Finance costs			<u>(754,766)</u>
Profit before tax and distribution to unitholders			4,300,084
Income taxes			<u>(555,531)</u>
Profit for the year, before distribution to unitholders			3,744,553
Distribution to unitholders			<u>(1,241,947)</u>
Profit for the year, after distribution to unitholders			<u>2,502,606</u>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:			
Manager's fee	(137,167)	(67,940)	(205,107)
Increase in fair value of investment properties	<u>2,743,935</u>	<u>1,412,400</u>	<u>4,156,335</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 2010</u>			
Additions to non-current assets	<u>114,415</u>	<u>-</u>	<u>114,415</u>
<u>For the year ended 31 December 2009</u>			
Additions to non-current assets	<u>35,465</u>	<u>-</u>	<u>35,465</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 2010, the fair value of Citibank Plaza and Langham Place was HK\$33,747,100,000 (2009: HK\$29,258,400,000) and HK\$16,475,500,000 (2009: HK\$14,982,400,000), 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.

5. RENTAL INCOME

	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Rental income	<u>1,675,597</u>	<u>1,829,181</u>
Car park income	<u>27,189</u>	<u>27,299</u>
	<u>1,702,786</u>	<u>1,856,480</u>

6. RENTAL RELATED INCOME

	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Interest income from tenants	558	671
Promotional levy income	7,170	7,171
Surplus on forbearance fee	2,489	59
Sundry income	7,084	5,033
	<u>17,301</u>	<u>12,934</u>

7. PROPERTY OPERATING EXPENSES

	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Building management expenses	183,630	180,468
Car park operating expenses	7,312	6,234
Government rent and rates	61,293	53,454
Legal cost and stamp duty	5,111	1,073
Promotion expenses	16,552	14,658
Property and lease management service fee	50,986	55,967
Property miscellaneous expenses	3,960	3,992
Rental commission	36,912	8,222
Repairs and maintenance	1,468	1,738
	<u>367,224</u>	<u>325,806</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 2010 and 31 December 2010, the Manager is entitled to receive 12% of the net property income for each of the six months ended 30 June 2010 and 31 December 2010 as remuneration.

In relation to certain properties of Citibank Plaza acquired upon listing, the fee payable to the Manager shall be paid in the form of units until 31 December 2010. For certain properties of Citibank Plaza acquired in January 2007 and Langham Place acquired in June 2008, the Manager has elected to receive 12% of its fee in the form of units and cash, respectively, for each of the six months ended 30 June 2010 and 31 December 2010. In last year, the Manager's fee was settled by issue of units.

9. FINANCE COSTS

	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Finance costs represent:		
Interest expense on bank borrowings wholly repayable within five years	226,448	242,108
Interest expense on convertible bonds wholly repayable within five years	355,141	338,009
Release of cumulative loss on hedging instrument	173,099	173,099
Other borrowing costs	1,550	1,550
	<u>756,238</u>	<u>754,766</u>

10. PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Profit before tax and distribution to unitholders has been arrived at after charging:		
Auditors' remuneration	2,600	2,700
Trustee's remuneration	8,292	7,668
Principal valuer's fee	350	328
Other professional fees and charges	2,437	5,198
Roadshow and public relations expenses	231	24
Bank charges	71	62
	<u>71</u>	<u>62</u>

11. INCOME TAXES

	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Hong Kong Profits Tax:		
Current tax		
- Current year	65,172	88,694
- Under(over)provision in prior year	816	(165)
	<u>65,988</u>	<u>88,529</u>
Deferred tax (note 16)		
- Current year	981,000	467,002
	<u>1,046,988</u>	<u>555,531</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>2010</u> HK\$'000	<u>2009</u> HK\$'000
<u>Earnings</u>		
Profit for the year, before distribution to unitholders for the purpose of basic earnings per unit	4,439,937	3,744,553
Effect of dilutive potential units:		
Interest on convertible bonds (net of tax effect)	349,255	338,009
Change in fair value of derivative components of convertible bonds	943,423	597,242
Gain on repurchase of own convertible bonds	-	(2,062)
Profit for the year, before distribution to unitholders for the purpose of diluted earnings per unit	<u>5,732,615</u>	<u>4,677,742</u>
	<u>2010</u>	<u>2009</u>
<u>Number of units</u>		
Weighted average number of units for the purpose of basic earnings per unit	4,890,064,636	4,607,273,895
Effect of dilutive potential units:		
Units to be issued in respect of Manager's fee	2,903,634	7,631,314
Convertible bonds	1,442,450,094	1,398,226,201
Weighted average number of units for the purpose of diluted earnings per unit	<u>6,335,418,364</u>	<u>6,013,131,410</u>
Basic earnings per unit before distribution to unitholders	<u>HK\$0.91</u>	<u>HK\$0.81</u>
Diluted earnings per unit before distribution to unitholders	<u>HK\$0.90</u>	<u>HK\$0.78</u>

13. TOTAL DISTRIBUTABLE INCOME

The total distributable income is the 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>2010</u> HK\$'000	<u>2009</u> HK\$'000
Profit for the year, before distribution to unitholders	4,439,937	3,744,553
Adjustments:		
Manager's fee paid and payable in units	113,063	205,107
Increase in fair value of investment properties	(5,867,385)	(4,156,335)
Change in fair value of derivative components of convertible bonds	943,423	597,242
Change in fair value of rental stabilisation arrangement	(483)	(2,810)
Non-cash gain	(1,829)	(1,768)
Non-cash finance costs	476,538	459,327
Deferred tax	981,000	467,002
Total distributable income	<u><u>1,084,264</u></u>	<u><u>1,312,318</u></u>

14. TRADE AND OTHER RECEIVABLES

	<u>2010</u> HK\$'000	<u>2009</u> HK\$'000
Trade receivables	10,096	11,744
Deferred rent receivables	50,131	37,269
Deposits, prepayments and other receivables	47,482	54,094
	<u><u>107,709</u></u>	<u><u>103,107</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>2010</u> HK\$'000	<u>2009</u> HK\$'000
0 - 3 months	<u><u>10,096</u></u>	<u><u>11,744</u></u>

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$10,096,000 (2009: HK\$11,744,000) 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>2010</u> HK\$'000	<u>2009</u> HK\$'000
Trade payables	52,602	37,904
Rental received in advance	17,069	29,887
Other payables	119,919	132,084
Accrued stamp duty	963,475	850,125
	<u>1,153,065</u>	<u>1,050,000</u>

The accrual for stamp duty is based on the current stamp duty rate of 4.25% (2009: 3.75%) 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>2010</u> HK\$'000	<u>2009</u> HK\$'000
0 - 3 months	<u>52,602</u>	<u>37,904</u>

16. DEFERRED TAX LIABILITIES

The followings are the major component of deferred tax liabilities and assets recognised and the movements thereon during the year:

	<u>Accelerated</u> <u>tax</u> <u>depreciation</u> HK\$'000	<u>Investment</u> <u>properties</u> HK\$'000	<u>Tax</u> <u>losses</u> HK\$'000	<u>Total</u> HK\$'000
As at 1 January 2009	116,933	442,486	(20,042)	539,377
Charge (credit) to consolidated income statement during the year	<u>87,022</u>	<u>452,749</u>	<u>(72,769)</u>	<u>467,002</u>
As at 31 December 2009	203,955	895,235	(92,811)	1,006,379
Charge to consolidated income statement during the year	<u>71,197</u>	<u>869,389</u>	<u>40,414</u>	<u>981,000</u>
As at 31 December 2010	<u>275,152</u>	<u>1,764,624</u>	<u>(52,397)</u>	<u>1,987,379</u>

17. ISSUED UNITS

	<u>Number of units</u>	<u>HK\$'000</u>
Balance at 1 January 2009	4,434,597,819	19,759,751
Payment of Manager's fee through issuance of new units during the year (note (i))	87,306,349	203,320
Units issued under distribution reinvestment scheme (note (ii))	<u>301,630,621</u>	<u>688,762</u>
Balance at 31 December 2009	4,823,534,789	20,651,833
Payment of Manager's fee through issuance of new units during the year (note (i))	43,316,507	159,223
Units issued under distribution reinvestment scheme (note (ii))	<u>63,733,460</u>	<u>222,327</u>
Balance at 31 December 2010	<u>4,930,584,756</u>	<u>21,033,383</u>

Notes:

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

<u>Issue date</u>	<u>Payment of the Manager's fees for the period</u>	Average issue price per unit determined based on the <u>Trust Deed</u> HK\$	Aggregate issue price HK\$'000	Number of units issued
In 2010				
9 March 2010	1.7.2009 to 31.12.2009	3.59	99,912	27,830,682
31 August 2010	1.1.2010 to 30.6.2010	3.83	<u>59,311</u>	<u>15,485,825</u>
			<u>159,223</u>	<u>43,316,507</u>
In 2009				
3 April 2009	1.7.2008 to 31.12.2008	1.920	98,126	51,107,281
21 August 2009	1.1.2009 to 30.6.2009	2.906	<u>105,194</u>	<u>36,199,068</u>
			<u>203,320</u>	<u>87,306,349</u>

(ii) Details of units issued during the current year under distribution reinvestment scheme (i.e. unitholders electing to receive scrip units in lieu of cash distribution) are as follows:

<u>Issue date</u>	<u>Distribution period</u>	Scrip price HK\$	Number of units issued
In 2010			
25 May 2010	1.7.2009 to 31.12.2009	3.4884	<u>63,733,460</u>
In 2009			
27 May 2009	1.7.2008 to 31.12.2008	1.7708	144,816,938
13 October 2009	1.1.2009 to 30.6.2009	2.7569	<u>156,813,683</u>
			<u>301,630,621</u>

18. 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 2010 of HK\$31,377,283,000 (2009: HK\$27,359,302,000) by the number of units in issue of 4,930,584,756 (2009: 4,823,534,789) as at 31 December 2010.

19. NET CURRENT LIABILITIES

At 31 December 2010, the Group's net current liabilities, defined as current liabilities less current assets, amounted to HK\$7,820,095,000 (2009: HK\$127,731,000).

20. TOTAL ASSETS LESS CURRENT LIABILITIES

At 31 December 2010, the Group's total assets less current liabilities amounted to HK\$42,408,538,000 (2009: HK\$44,210,749,000).