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ChampionREIT

冠君產業信託

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

CONNECTED PARTY TRANSACTION IN RELATION TO A MINORITY INTEREST IN A JOINT VENTURE FORMED TO ACQUIRE AN OFFICE PROPERTY IN LONDON

On 26 February 2021 (after trading hours), Champion REIT (through the Champion SPV) entered into the MOA pursuant to which the JV Parties agreed to form the Joint Venture for the purpose of acquiring “66 Shoe Lane”, being an office building in The City of London. Pursuant to the MOA, shares of the JV Company were issued and allotted to each of the JV Parties. Following such issue and allotment of shares of the JV Company, the Champion SPV holds 27% of the total issued shares of the JV Company.

On the same day, the JV Company agreed to acquire the Target Company, which wholly-owns the Property, from the Sellers pursuant to the Sale and Purchase Agreement.

The aggregate capital commitment of Champion REIT in respect of the Joint Venture is expected to be £69.7 million (approximately HK\$764.3 million based on the Indicative Exchange Rate), after taking into account the Champion SPV's *pro rata* share, based on its Shareholding Proportion, of the consideration payable for the Acquisition (including the Acquisition Deposit paid by Champion REIT), stamp duty, transaction costs and expenses and the ongoing working capital needs of the JV Company and the Target Company.

The Manager will treat Champion REIT's 27% investment in the Property (through the Joint Venture) as a “Non-qualified Minority-owned Property” as permitted under the REIT Code.

As at the date of this announcement, Mr Christopher Cheng is a Director and therefore a connected person of Champion REIT under 8.1(e) of the REIT Code. As Wing Tai is an associate of Mr Christopher Cheng, it is therefore a connected person of Champion REIT under 8.1(f) of the REIT Code. As Wing Tai is one of the JV Parties, the establishment of the Joint Venture constitutes a connected party transaction of Champion REIT under the REIT Code and the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code).

Since the highest applicable percentage ratio in respect of the establishment of the Joint Venture exceeds 0.1% but is less than 5%, the establishment of the Joint Venture (via the entry into of the MOA and, subsequently, the JVA) is subject to the announcement and reporting requirements, but exempted from the Unitholders' approval requirement, under the REIT Code and the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of: (i) the Sellers; (ii) Top Paramount; and (iii) Sparkle Delight is a third party independent of Champion REIT and its connected persons.

Completion under the Sale and Purchase Agreement (i.e. the Acquisition Completion) is expected to take place on or around 9 April 2021. Upon the later of: (i) the Acquisition Completion; and (ii) the JV Parties agreeing to the final form of the JVA, the JV Parties will enter into the JVA, which will supersede the MOA, to govern the relationship between the JV Parties as shareholders of the JV Company.

This announcement is made pursuant to 10.3, 10.4(ga) and 10.5A of the REIT Code. The Manager will make further announcement(s) in relation to the Acquisition Completion and the entry into of the JVA in accordance with all applicable requirements of the REIT Code and the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code) as and when appropriate.

1. ESTABLISHMENT OF THE JOINT VENTURE

1.1 Overview

On 26 February 2021 (after trading hours), Champion REIT (through the Champion SPV) entered into the MOA pursuant to which the JV Parties agreed to form the Joint Venture for the purpose of acquiring "66 Shoe Lane", being an office building in The City of London. Pursuant to the MOA, shares of the JV Company were issued and allotted to each of the JV Parties.

On the same day, the JV Company agreed to acquire the Target Company, which wholly-owns the Property, from the Sellers pursuant to the Sale and Purchase Agreement.

Completion under the Sale and Purchase Agreement (i.e. the Acquisition Completion) is expected to take place on or around 9 April 2021.

Upon the later of: (i) the Acquisition Completion; and (ii) the JV Parties agreeing to the final form of the JVA, the JV Parties will enter into the JVA, which will supersede the MOA, to govern the relationship between the JV Parties as shareholders of the JV Company. The JVA is expected to include, among others, customary provisions relating to each JV Party's rights and remedies in the event of a default by another JV Party, deadlock resolution mechanism and exit rights.

1.2 Key Terms of the MOA

Key terms of the MOA are set out below:

Date : 26 February 2021

Parties : Following the issue and allotment of shares of the JV Company to each JV Party, the Shareholding Proportion of each JV Party is as follows:

	<u>Shareholding Proportion</u>
Top Paramount (or through its wholly-owned subsidiary)	31%
Champion SPV	27%
Wing Tai (or through its wholly-owned subsidiary)	21%
Sparkle Delight (or through its wholly-owned subsidiary)	21%
Total	100%

Purpose : The JV Company is a single purpose vehicle with the sole purpose of acquiring the Property (through the Acquisition).

Shareholder loan contribution : Each JV Party has contributed its *pro rata* share of the Acquisition Deposit by way of shareholder loan based on its Shareholding Proportion, in the following amounts:

	<u>Contribution to Acquisition Deposit</u>
Top Paramount	£6.2 million (approximately HK\$68.0 million based on the Indicative Exchange Rate)
Champion SPV	£5.4 million (approximately HK\$59.2 million based on the Indicative Exchange Rate)
Wing Tai	£4.2 million (approximately HK\$46.1 million based on the Indicative Exchange Rate)
Sparkle Delight	£4.2 million (approximately HK\$46.1 million based on the Indicative Exchange Rate)
Total	£20 million (approximately HK\$219.3 million based on the Indicative Exchange Rate)

The JV Company shall issue a notice to the JV Parties, which shall specify the further shareholder loan contribution required from each JV Party, being their respective *pro rata* share of the Initial Acquisition Consideration (and, if necessary, the post-completion adjustment payment under the Sale and Purchase Agreement) based on the Shareholding Proportion (the "**Further Contribution**"), and the date by which the Further Contribution shall be paid. Each JV Party shall make its Further Contribution by way of shareholder loan to the JV Company by such date, and if any JV Party (the "**Defaulting JV Party**") fails to make full payment of its Further Contribution by such date, the rights and remedies which the other JV Parties (the "**Non-defaulting JV Parties**") may have against the Defaulting JV Party in respect of such default include but are not limited to the following: (i) the Defaulting JV Party shall lose its voting right and its right to appoint a director to the board of directors of the JV Company; and (ii) the Non-defaulting JV Parties may (but shall not be obliged to) acquire the Defaulting JV Party's interest in the JV Company at a discount to fair market value and increase their respective shareholder loan contributions to the JV Company.

Financing : The JV Company shall obtain separate approvals from the respective boards of each JV Party prior to obtaining external loans from any banks or financial institutions. If such banks or financial institutions require guarantees, indemnities or securities, the JV Parties shall only provide the same on a several and *pro rata* basis based on their respective Shareholding Proportion.

In the event external loans are insufficient and additional financing is required, this shall be satisfied by shareholder loans on a *pro rata* basis based on the JV Parties' respective Shareholding Proportion, unless the JV Parties unanimously agree to other arrangements.

Board composition : The JV Company shall have four directors. Each JV Party shall be entitled to appoint one director to the board of directors of the JV Company for every whole 20% of the shareholding interest held by it. Based on the Shareholding Proportion, each JV Party will have the right to appoint one director.

Reserved matters : The following matters in relation to the JV Company or any of its subsidiaries shall require the unanimous consent of all JV Parties:

- change or cessation of the nature or scope of business
- mergers, acquisitions, disposals or winding up
- transactions which are not on an arm's length basis and in the ordinary and usual course of business

- change in equity capital structure or issuance of securities or options
- creation of encumbrances or provision of guarantees or indemnities
- change in the JVA or constitutional documents
- assignment of rights or benefits under the MOA
- borrowings (other than shareholder loans)
- incurring expenditure in respect of any line item that is 30% or more in excess of the amount of that line item in the approved annual budget
- incurring capital expenditure exceeding £500,000
- major acquisitions, transfers or disposals of assets exceeding £500,000
- changes to dividend distribution policy
- litigation, arbitration or administrative proceedings
- refund of shareholder loan previously advanced by one JV Party to another JV Party other than on a *pari passu* basis or in accordance with the JVA

The following matters in relation to the JV Company or any of its subsidiaries shall require the consent of not less than three JV Parties holding in aggregate not less than 51% of the issued shares of the JV Company:

- (subject to the JV Parties having unanimously consented to the disposal) exercise of any discretion, power or authority or the giving of any consent in connection with the disposal of shares of the JV Company or any of its subsidiaries
- appointment of key consultants and advisers, including the Project Manager
- approval of annual budget
- incurring non-capital expenditure not set out in approved annual budget
- incurring capital expenditure equal to or less than £500,000

Distributions : Based on the Shareholding Proportion, each JV Party shall be entitled to a *pro rata* share of all dividends approved for distribution by the JV Company. The MOA contemplates that the JVA will provide that the JV Company will, after setting aside sufficient reserves to satisfy liabilities (such as any instalments of principal or interest due on external loans) and working capital requirements and subject to law, distribute its profits by way of dividend to the JV Parties at least annually.

Restriction on transfers : Each JV Party may transfer its shares of the JV Company subject to the other JV Parties' right of first offer and tag along rights in respect of such shares. The JV Parties shall have the right to disapprove a proposed transfer if the proposed transferee is not of comparable standing and/or reputation or otherwise acceptable.

- Termination : The MOA shall terminate upon the earliest of the following events to occur:
- termination of the Sale and Purchase Agreement, but such termination shall be without prejudice to each Party's rights and remedies for any antecedent breaches by the other Party(ies);
 - entry into the JVA; or
 - all of the JV Parties agreeing in writing to terminate the MOA.

If the Sale and Purchase Agreement is terminated due to the Sellers' failure to complete the Acquisition: (i) each of the JV Party's shareholder loans to the JV Company shall be repaid to it; and (ii) any and all damages received from the Sellers shall be apportioned among the JV Parties *pro rata* based on their respective Shareholding Proportion after having set aside a reasonable amount for: (a) paying off the outstanding liabilities of the JV Company to third parties; (b) meeting the maintenance costs of the JV Company until it is wound up; and (c) the winding up costs of the JV Company.

Governing law : Laws of Hong Kong

2. PURPOSE OF THE JOINT VENTURE

2.1 Acquisition of the Property

The JV Company is an existing single purpose vehicle with the sole purpose of acquiring the Property through the acquisition of the Target Company, which in turn is and will on the Acquisition Completion Date remain the legal and beneficial owner of the Property.

2.2 Information on the Sale and Purchase Agreement and the Property

Key terms of the Sale and Purchase Agreement are set out below:

- Date : 26 February 2021
- Parties : (1) HPREF Athene Holding S.à r.l. and Henderson Park Real Estate Fund I Finance Master Ltd as sellers
(2) Athene Investment (BVI) Limited as purchaser
- Subject of the Acquisition : 100% of the issued share capital of HPREF Athene Investment S.à r.l., being the legal and beneficial owner of the Property
- Consideration : The NAV of the Target Company as at the Acquisition Completion Date (which will be calculated based on the accounting principles set out in the Sale and Purchase Agreement), less the Sellers' contribution to the cost of the JV Company's warranties and indemnities insurance policy (subject to a cap of £150,000).

For the purposes of determining the NAV, the value of the Property has been fixed at the Agreed Property Value of £255 million (approximately HK\$2,796.4 million based on the Indicative Exchange Rate).

The amount of the Initial Acquisition Consideration shall be determined based on the estimated NAV and subject to customary completion accounts adjustments.

Acquisition Deposit : £20 million (approximately HK\$219.3 million based on the Indicative Exchange Rate), which shall be held by the Sellers' Solicitors as stakeholders pending the Acquisition Completion.

Expected Acquisition Completion Date : 9 April 2021

Governing law : Laws of England and Wales

Key information on the Property are set out below:

General description : The Property is an 11-storey (including one lower ground floor) building situated at 66 Shoe Lane, London EC4A 3BQ (formerly known as Athene Place), with approximately 153,462 square feet of office and ancillary space and approximately 4,196 square feet of retail space. The Property has undergone refurbishment works which were recently completed in the fourth quarter of 2020.

The Property is located on the western edge of The City of London and is in close proximity to several underground and overground rail hubs.

Title description : The Target Company has the benefit (as tenant) of the Main Leasehold Interest and the Airspace Leasehold Interest in the Property.

The Main Leasehold Interest is subject to the Occupational Leases and charges (which will be discharged upon the Acquisition Completion).

The Airspace Leasehold Interest is not subject to the Occupational Leases. The Airspace Leasehold Interest is subject to charges (which will be discharged upon the Acquisition Completion).

Occupancy rate as at 15 December 2020 : Office - 100%
Retail - 0%

Tenancy	:	The entire office space has been leased to the Occupational Tenant under five Occupational Leases with tenors of 15 years (including rent-free periods) expiring on 28 September 2035 (with an option to renew for two further terms up to 13 October 2036 and 13 October 2041 respectively). The Occupational Tenant is a global Big Four accounting and professional services firm.
Value of the Property held by the Target Company (as appraised by the JV Valuer)	:	£260 million (approximately HK\$2,851.2 million based on the Indicative Exchange Rate) as at 15 December 2020.
Project Manager	:	The MOA provides that Wing Tai or a party nominated by it will be appointed by the JV Company as the Project Manager after the Acquisition Completion, on arm's length and normal commercial terms to be agreed by all the JV Parties.

2.3 Funding and Financial Impact of Champion REIT's Investment in the JV Company

The aggregate capital commitment of Champion REIT in respect of the Joint Venture is expected to be £69.7 million (approximately HK\$764.3 million based on the Indicative Exchange Rate), after taking into account the Champion SPV's *pro rata* share, based on its Shareholding Proportion, of the consideration payable for the Acquisition (including the Acquisition Deposit paid by Champion REIT), stamp duty, transaction costs and expenses and the ongoing working capital needs of the JV Company and the Target Company.

Pursuant to the Trust Deed, upon Acquisition Completion: (i) an acquisition fee of £688,500 (approximately HK\$7.6 million based on the Indicative Exchange Rate), being 1% of the Champion SPV's *pro rata* share of the acquisition price of the Property based on its Shareholding Proportion, is payable to the Manager in HK\$ in cash; and (ii) a one-off additional fee of £34,425 (approximately HK\$377,508 based on the Indicative Exchange Rate), being 0.05% of the Champion SPV's *pro rata* share of the acquisition price of the Property based on its Shareholding Proportion, is payable to the Trustee in HK\$ in cash.

The financing obligations of the Champion SPV to the JV Company, the fees payable to the Manager and the Trustee and other expenses will be satisfied using the internal resources and debt facilities of Champion REIT, with the intention to fully hedge foreign exchange fluctuations.

Based on the consolidated financial position of Champion REIT as at 31 December 2020 (as disclosed in the results announcement of Champion REIT for the year ended 31 December 2020), the gearing ratio of Champion REIT is anticipated to change from approximately 23.0% to approximately 23.8% (assuming a drawdown of £70.0 million (approximately HK\$767.6 million based on the Indicative Exchange Rate) from Champion REIT's debt facilities and including the value of Champion REIT's investment in the JV Company).

The Manager does not expect the investment by Champion REIT in the Joint Venture to have a material impact on the financial position of Champion REIT.

2.4 Reasons for and Benefits of Entering into the Joint Venture

The REIT Code allows REITs to invest in jointly owned properties via a joint venture entity where such joint ownership arrangement is in the best interests of the REIT's unitholders.

The Joint Venture will allow Champion REIT to diversify its existing portfolio of properties outside Hong Kong with a lower investment outlay than that required for 100% ownership, while at the same time leveraging on the existing experience and capabilities of Wing Tai (which will be appointed by the JV Company as the Project Manager) in owning and managing real estate in the UK. Wing Tai's property portfolio currently includes three wholly-owned commercial properties and three jointly owned commercial properties in the UK. As the Manager does not have experience in making real estate investments in the UK, the Manager considers the Joint Venture to be a valuable opportunity for Champion REIT to expand overseas in a prudent and measured manner.

The Property is located in The City of London, which is the capital and largest city in the UK and home to more than 100 of Europe's 500 largest companies. The London market is one of the most liquid real estate markets in the world supported by a sound and transparent legal framework. As a global financial centre, the London office market offers resilient capital value to investors.

Having regard to the above, the Manager believes that the terms of the Joint Venture are fair and reasonable and the entry into of the Joint Venture is in the best interests of the Unitholders as a whole.

2.5 Risks of Entering into the Joint Venture

The Manager does not expect Champion REIT's entry into the Joint Venture and holding of the Property (through the Joint Venture) following the Acquisition Completion to result in a material change to the overall risk profile of Champion REIT. However, such activities may involve certain risks which are inherent in investments with joint ownership arrangements, including the Manager not having management control and oversight over the daily operations and financial condition of, and reliance on the Project Manager to manage the affairs of, the Property, the Target Company and the JV Company and the potential for disputes with the other JV Parties. These disputes may lead to legal proceedings, and serious disputes may also lead to Champion REIT prematurely disposing of its interest in the Joint Venture (for example, in the event that a deadlock cannot be resolved), and there is no assurance that the Champion SPV will be able to dispose of its minority interest in the JV Company at fair market value under such circumstances. Also, there is no assurance that the other JV Parties will not commit a default under the JVA. The JV Parties will seek to mitigate such risks by clearly setting out the respective rights, obligations and responsibilities of each JV Party in the JVA and mechanisms for resolving any dispute or deadlock and (if necessary) effecting any exits. The risk of overreliance on Wing Tai as the Project Manager is also mitigated by: (i) periodic reporting obligations on the part of the Project Manager on the financial and operational performance of the JV Company, the Target Company and the Property; (ii) an annual review process pursuant to which the continuous appointment or termination of the Project Manager shall be reviewed and decided by all the JV Parties on an annual basis; and (iii) if necessary, the availability of professional service providers in the market to replace Wing Tai as the Project Manager (with such appointment requiring the consent of not less than three JV Parties holding in aggregate not less than 51% of the issued shares of the JV Company).

There is also the risk of one or more JV Parties defaulting on the obligation to make the Further Contribution. Since none of the Non-defaulting JV Parties is obliged to contribute the shortfall in the event of such default, there is a risk that the JV Company may, in such event, be unable to fulfil its obligation under the Sale and Purchase Agreement to complete the Acquisition, in which case the Acquisition Deposit will be forfeited and retained by the Sellers. While the Non-defaulting JV Parties may commence proceedings against the Defaulting JV Party(ies) to claim for their losses, there is a risk that the Defaulting JV Party(ies) may not have sufficient assets to satisfy such claims.

There are also risks involved in investing in the real estate market in the UK. Such risks include political risks, such as a possible decrease in the credit rating of the UK, changes in monetary and/or economic policies by the UK government, deterioration of macroeconomic conditions in the UK in general or London in particular and/or changes in policies in the UK resulting in increased foreign investment controls, expropriation of assets and/or restriction in repatriation of profits, changes in taxation and/or property laws in the UK and foreign exchange risks. The recent outbreak of the global COVID-19 pandemic may result in prolonged measures to contain the spread of COVID-19, such as regulatory lock-down, quarantine of people, suspension of operation or delayed resumption of work and production and global travel restrictions imposed by the UK and/or other countries.

3. REGULATORY IMPLICATIONS

3.1 Joint Ownership Arrangement

The Manager will treat Champion REIT's 27% investment in the Property (through the Joint Venture) as a "Non-qualified Minority-owned Property" as permitted under the REIT Code.

Under the REIT Code: (i) the value of Champion REIT's holding of a Non-qualified Minority-owned Property shall not exceed 10% of the gross asset value of Champion REIT at all times; and (ii) the combined value of all Relevant Investments, Non-qualified Minority-owned Properties, other ancillary investments of Champion REIT, and Property Development Costs together with the aggregate contract value of uncompleted units of real estate, shall not exceed 25% of the gross asset value of Champion REIT. The Manager will comply with these REIT Code requirements, as well as other requirements applicable to Non-qualified Minority-owned Properties, having regard to any relevant guidance published by the SFC, as well as the terms of the Trust Deed.

3.2 Connected Party Transaction

As at the date of this announcement, Mr Christopher Cheng is a Director and therefore a connected person of Champion REIT under 8.1(e) of the REIT Code. As Wing Tai is an associate of Mr Christopher Cheng, it is therefore a connected person of Champion REIT under 8.1(f) of the REIT Code. As Wing Tai is one of the JV Parties, the establishment of the Joint Venture constitutes a connected party transaction of Champion REIT under the REIT Code and the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code).

Since the highest applicable percentage ratio in respect of the establishment of the Joint Venture exceeds 0.1% but is less than 5%, the establishment of the Joint Venture (via the entry into of the MOA and, subsequently, the JVA) is subject to the announcement and reporting requirements but exempted from the Unitholders' approval requirement under the REIT Code and the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of: (i) the Sellers; (ii) Top Paramount; and (iii) Sparkle Delight is a third party independent of Champion REIT and its connected persons.

3.3 Opinion of the Board

The Board, including the INEDs (other than Mr Christopher Cheng):

- (a) is of the view that: (i) the Joint Venture and the Acquisition are consistent with Champion REIT's investment policy and in compliance with the REIT Code and the Trust Deed; (ii) the terms of the Joint Venture as set out in the MOA are fair and reasonable; (iii) the Joint Venture is on normal commercial terms and in the ordinary and usual course of business of Champion REIT; and (iv) the Joint Venture is in the interests of Champion REIT and the Unitholders as a whole; and
- (b) confirms that no Unitholders' approval is required under the REIT Code and the Trust Deed for the Champion SPV to enter into the MOA and the transactions contemplated thereunder.

As Mr Christopher Cheng has shareholding interest in Wing Tai, Mr Christopher Cheng has a material interest in the Joint Venture and, accordingly, has abstained from voting on the Board resolution to approve the Joint Venture.

Save as disclosed, none of the other Directors has a material interest in the Joint Venture and/or is required to abstain from voting on the resolution of the Board to approve the Joint Venture.

3.4 Opinion of the Trustee

Based and in sole reliance on the information and assurances provided by the Manager including in this announcement, and the opinion of the Audit Committee (in respect of the terms of the connected party transactions), which is consistent with the opinion of the Board, the Trustee, having taken into account its duties set out in the REIT Code and the Trust Deed, is of the view that:

- (a) the transactions contemplated by the Joint Venture include connected party transactions of Champion REIT with Wing Tai;
- (b) the terms of such connected party transactions are: (i) consistent with Champion REIT's investment policy and in compliance with the REIT Code and the Trust Deed; (ii) in the interests of the Unitholders as a whole; and (iii) normal commercial terms which are fair and reasonable; and
- (c) no Unitholders' approval is required under the REIT Code and the Trust Deed for such connected party transactions.

Accordingly, and on the above basis, the Trustee has no objection to such connected party transactions.

The above views are expressed solely to comply with 8.7D of the REIT Code.

4. INFORMATION ON THE JV PARTIES

4.1 Information on Champion REIT and the Champion SPV

Champion REIT is a collective investment scheme constituted as a unit trust and authorised by the SFC under section 104 of the SFO, whose Units are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The principal business activities of Champion REIT are to invest in and own income-producing office and retail properties with the objective of providing Unitholders with stable and sustainable distributions and to achieve long-term capital growth through proactive management of the properties in Champion REIT's portfolio and the selective acquisition of properties.

The Champion SPV is a special purpose vehicle of Champion REIT established in the British Virgin Islands for the purpose of holding Champion REIT's interest in the JV Company which will, upon the Acquisition Completion, hold the Property through the Target Company.

4.2 Information on Top Paramount, Wing Tai and Sparkle Delight

The principal business of Top Paramount is investment holding. The ultimate beneficial owner of Top Paramount is Mr Chee Chen Tung.

Wing Tai is an investment holding company. The principal subsidiaries of Wing Tai are engaged in property development, property investment and management and hospitality investment and management.

The principal business of Sparkle Delight is investment holding. The ultimate beneficial owner of Sparkle Delight is Mr Lui, Francis Yiu-tung.

5. GENERAL

This announcement is made pursuant to 10.3, 10.4(ga) and 10.5A of the REIT Code. The Manager will make further announcement(s) in relation to the Acquisition Completion and the entry into of the JVA in accordance with all applicable requirements of the REIT Code and the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code) as and when appropriate.

The Acquisition Completion and the entry into of the JVA may or may not take place. Unitholders and potential investors of Champion REIT are advised to exercise caution when dealing in the Units.

6. DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

Acquisition	means the proposed acquisition by the JV Company of the Property through the acquisition of the Target Company.
Acquisition Completion	means the completion of the Acquisition under the Sale and Purchase Agreement.
Acquisition Completion Date	means the date on which the Acquisition Completion takes place in accordance with the Sale and Purchase Agreement.
Acquisition Deposit	means the deposit in the amount of £20 million (approximately HK\$219.3 million based on the Indicative Exchange Rate), which has been paid to and shall be held by the Sellers' Solicitors as stakeholders pending the Acquisition Completion.
Agreed Property Value	means the value attributable to the Property as agreed between the JV Company and the Sellers, being £255 million (approximately HK\$2,796.4 million based on the Indicative Exchange Rate).
Airspace Leasehold Interest	<p>means the leasehold estate in the Property (forming an area of airspace) for a term of 50 years from 31 October 2000 up to 12:00pm on 31 October 2050 with an option to renew (subject to payment of a premium based on the open market value as determined in accordance with the terms of the lease) for a further term of 50 years from 12:00pm on 31 October 2050 up to 12:00pm on 31 October 2100 as granted by The Queen's Most Excellent Majesty and as registered at HM Land Registry under title number NGL794153.</p> <p>The head rent is fixed at a peppercorn for the term of the lease.</p>
associate	bears the meaning as defined in the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code).
Audit Committee	means the audit committee of the Manager.
Board	means the board of Directors of the Manager.
BVI	means the British Virgin Islands.

Champion REIT	means Champion Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised by the SFC under section 104 of the SFO subject to applicable conditions from time to time.
Champion SPV	means CP Investments (UK) Limited, a special purpose vehicle of Champion REIT established in the British Virgin Islands for the purpose of holding Champion REIT's interest in the JV Company.
connected party transaction	bears the meaning as defined in the REIT Code.
connected person	bears the meaning as defined in the REIT Code.
Defaulting JV Party	has the meaning ascribed to it in section 1.2 of this announcement.
Directors	means the directors of the Manager.
Further Contribution	has the meaning ascribed to it in section 1.2 of this announcement.
HK\$	means Hong Kong dollar, the lawful currency of Hong Kong.
Hong Kong	means the Hong Kong Special Administrative Region of the People's Republic of China.
Indicative Exchange Rate	means the exchange rate of £1 to HK\$10.9661 quoted by Bloomberg as at 24 February 2021.
INEDs	means the independent non-executive Directors of the Manager.
Initial Acquisition Consideration	means the amount payable by the JV Company to the Sellers on the Acquisition Completion Date.
Joint Venture	means the joint venture established by the JV Parties for the purpose of acquiring and owning the Property (through the JV Company acquiring the Target Company).
JV Company	means Athene Investment (BVI) Limited, being the purchaser of the Target Company.
JV Parties	means Top Paramount, the Champion SPV, Wing Tai and Sparkle Delight.
JV Valuer	means Knight Frank LLP.

JVA	means the joint venture agreement to be entered into by and between the JV Parties to govern their relationship as shareholders of the JV Company.
Listing Rules	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time.
Main Leasehold Interest	<p>means the leasehold estate in the Property (excluding the area demised under the Airspace Leasehold Interest) for a term of 99 years from 1 October 2002 up to 30 September 2101 with an option to renew (at nil cost) for a further term of 51 years from 1 October 2101 up to 30 September 2152 as granted by The Mayor and Commonalty and Citizens of The City of London and as registered at HM Land Registry under title number NGL824031.</p> <p>The head rent is fixed at a peppercorn for the term of the lease.</p>
Manager	means Eagle Asset Management (CP) Limited, in its capacity as manager of Champion REIT.
MOA	means the binding memorandum of agreement dated 26 February 2021 entered into by and between the JV Parties which sets out the principal terms of the Joint Venture.
Mr Christopher Cheng	means Mr Cheng Wai Chee, Christopher.
NAV	means net asset value.
Non-defaulting JV Parties	has the meaning ascribed to it in section 1.2 of this announcement.
Non-qualified Minority-owned Property	bears the meaning as defined in the REIT Code.
Occupational Leases	means the occupational leases to which the Main Leasehold Interest is subject.
Occupational Tenant	means Deloitte LLP or its affiliate, being the tenant under the Occupational Leases.
Project Manager	means the project coordinator and manager of the JV Company. The MOA contemplates that the initial Project Manager will be Wing Tai or a party nominated by it.

Property	means the property situated at 66 Shoe Lane, London EC4A 3BQ and comprising the Main Leasehold Interest and the Airspace Leasehold Interest.
Property Development Costs	bears the meaning as defined in the REIT Code.
REIT	means real estate investment trust.
REIT Code	means the Code on Real Estate Investment Trusts issued by the SFC, as amended, supplemented or otherwise modified from time to time.
Relevant Investments	bears the meaning as defined in the REIT Code.
Sale and Purchase Agreement	means the sale and purchase agreement dated 26 February 2021 in relation to the Acquisition.
Sellers	means HPREF Athene Holding S.à r.l. and Henderson Park Real Estate Fund I Finance Master Ltd.
Sellers' Solicitors	means Bryan Cave Leighton Paisner LLP, being the legal advisers to the Sellers in the Acquisition.
SFC	means the Securities and Futures Commission as stated in section 3 of the SFO.
SFO	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time.
Shareholding Proportion	means the shares of the JV Company held by each JV Party expressed as a percentage of the total number of issued shares of the JV Company. The Shareholding Proportion as at the date hereof is set out in section 1.2 of this announcement.
Sparkle Delight	means Sparkle Delight Limited.
Target Company	means HPREF Athene Investment S.à r.l., being the legal and beneficial owner of the Property as at the date hereof.
Top Paramount	means Top Paramount Limited.

Trust Deed	means the deed of trust constituting Champion REIT dated 26 April 2006 entered into between the Trustee and the Manager, as amended by: (i) a first supplemental deed dated 5 December 2006; (ii) a second supplemental deed dated 4 February 2008; (iii) a third supplemental deed dated 9 March 2009; (iv) a fourth supplemental deed dated 23 July 2010; (v) a fifth supplemental deed dated 13 March 2012; (vi) a sixth supplemental deed dated 23 January 2015; and (vii) a seventh supplemental deed dated 1 June 2017, and as may be amended or supplemented from time to time.
Trustee	means HSBC Institutional Trust Services (Asia) Limited, in its capacity as trustee of Champion REIT. All references to the Trustee in this announcement are, as the context may require, to the Trustee acting on behalf of Champion REIT and on the instructions of the Manager.
UK	means the United Kingdom of Great Britain and Northern Ireland.
Unit	means one undivided unit in Champion REIT.
Unitholder	means any person registered as holding a Unit.
Wing Tai	means Wing Tai Properties Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 369).
%	means percent or percentage.
£	means pound sterling, the lawful currency of the UK.

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

Hong Kong, 28 February 2021

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

Non-executive Directors:

Dr Lo Ka Shui (*Chairman*), Mr Ip Yuk Keung, Albert and Ms Wong Mei Ling, Marina

Executive Director:

Ms Wong Ka Ki, Ada (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr Cheng Wai Chee, Christopher, Mr Ho Shut Kan and Mr Shek Lai Him, Abraham