

【For Immediate Release】

# ChampionREIT

## 冠君產業信託

### Champion REIT Announces 2016 Final Results

- **Distributable income a record at HK\$1,408 million; Distribution per Unit up 16%**
- **Three Garden Road: Growth momentum in rental income continued**
- **Langham Place Mall: Sales again outperform Hong Kong retail market**

Hong Kong, 27 February 2017 – **Champion Real Estate Investment Trust (stock code: 2778)**, the owner of Three Garden Road and Langham Place, announces its financial results for year ended 31 December 2016.

#### Summary of financial results

	<b>FY 2016</b>	<b>FY 2015</b>	<b>% Change</b>
Total Rental Income (HK\$ mil)	2,299	2,063	+ 11.5%
Three Garden Road	1,157	966	+ 19.7%
Langham Place Office Tower	325	306	+ 6.1%
Langham Place Mall	817	790	+ 3.4%
Net Property Income (HK\$ mil)	2,027	1,784	+ 13.6%
Distributable Income (HK\$ mil)	1,408	1,212	+ 16.2%
Distribution per Unit (HK\$)	0.2295	0.1983	+ 15.7%

<b>Value as of</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>% Change</b>
Gross Value of Portfolio (HK\$ mil)	66,842	64,783	+ 3.2%
Net Asset Value per Unit (HK\$)	8.72	8.40	+ 3.8%
Gearing Ratio	21.7%	22.1%	- 0.4pp

#### Overview

The Trust achieved record high Distributable Income of HK\$1,408 million (up 16.2%) and solid growth in Distribution per Unit (DPU) of 15.7% to HK\$0.2295. This was driven by rental income increase from Three Garden Road and cost savings due to its improved occupancy.

### **Three Garden Road**

Three Garden Road's rental income for 2016 grew by 19.7% to HK\$1,157 million, mainly through the improved occupancy, but also via moderate growth in passing rents to HK\$78.20 per lettable sq. ft. compared with HK\$75.39 as at 31 December 2015. The current market rents remained well above the passing rents. Occupancy stood at 95.9% at year's end, up from 91.2% as at 31 December 2015.

### **Langham Place Mall**

The Mall's total rental income for full year 2016 increased by 3.4% to HK\$817 million through some moderate reversion in base rents. Overall tenants' sales in the Mall reduced 4.9% year-on-year; beat the overall HK retail sales figures which declined 8.1% in 2016.

### **Langham Place Office Tower**

Langham Place Office Tower remained top choice for location-sensitive segments looking for quality office premises. As well as maintaining 100.0% occupancy, the property saw total rental income increased 6.1% to HK\$325 million for 2016 due to rental reversion.

### **Financing**

To mitigate the impact of potential interest rate hike, the Trust is increasing the fixed rate portion of total debt. The Trust has commenced a hedging program to swap part of the floating-rate loan into fixed-rate. The percentage of fixed rate debt to total debt is currently at 25%.

### **Distribution**

Distributable Income increased 16.2% to HK\$1,408 million mainly because of rental income increase from Three Garden Road and cost savings due to its improved occupancy. Final Distribution per Unit ("DPU") is HK\$0.1201. Together with the Interim DPU of HK\$0.1094 paid, total DPU for the year is HK\$0.2295. The distribution yield is 5.5% p.a. using the closing Unit price of HK\$4.20 on 30 December 2016.

### **Asset Value**

The appraised value of the Trust's properties increased 3.2% to HK\$66.8 billion, driven primarily by higher rental assumptions. Net Asset Value per Unit increased 3.8% to HK\$8.72.

### **Outlook**

Three Garden Road should continue to achieve positive rental reversion in 2017, with spot rents still considerably higher than passing rents, given lack of new supply in Central in the

near future and continued solid demand from Chinese financial institutions.

Langham Place Mall's slowdown in retail sales has shown signs of stabilization, yet the retail market outlook is uncertain. To stay competitive in the ever-changing market, the Trust will continue its strategy to bring interesting brands to the Mall, coupled with targeted marketing activities to stimulate footfall and sales.

Langham Place Office Tower is expected to remain a hub for lifestyle trades and continue to deliver stable rental income growth.

In addition to optimizing rental income of the properties portfolio, monitoring interest rate movements will be one of our major focus this year. We will look for opportunities to further increase the fixed rate portion of our outstanding debt.

#### **About Champion REIT (stock code 2778)**

Champion Real Estate Investment Trust is a trust formed to own and invest in income-producing office and retail properties. The Trust focuses on Grade-A commercial properties in prime locations. It currently offers investors direct exposure to 2.93 million sq. ft. of prime office and retail properties by way of two landmark properties, Three Garden Road and Langham Place, one on each side of the Victoria Harbour.

Website : [www.championreit.com](http://www.championreit.com)

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