

【For Immediate Release】

ChampionREIT

冠君產業信託

Champion REIT Announces 2019 Interim Results

- **Distributable income grew 7.0%, Distribution per Unit up 6.8%**
- **Office portfolio was the growth driver and continued to enjoy solid rental reversion**
- **Improved credit profile by refinancing the existing secured loan with new unsecured loan facilities**

Hong Kong, 14 August 2019 – **Champion Real Estate Investment Trust (stock code: 2778)**, the owner of Three Garden Road and Langham Place, announces its financial results for the six months ended 30 June 2019.

Summary of financial results

	1H 2019	1H 2018	Change
Total Rental Income (HK\$ mil)	1,400	1,303	+ 7.5%
Net Property Income (HK\$ mil)	1,263	1,177	+ 7.3%
Distributable Income (HK\$ mil)	869	812	+ 7.0%
Distribution per unit (HK\$)	0.1335	0.1250	+ 6.8%

Value as at	30 Jun 2019	31 Dec 2018	Change
Gross Value of Portfolio (HK\$ mil)	85,616	83,135	+ 3.0%
Net Asset Value per Unit (HK\$)	11.82	11.42	+ 3.5%
Gearing Ratio	17.1%	17.6%	- 0.5pp

Overview

For the first half of 2019, Champion REIT recorded solid results with distributable income increasing by 7.0% to HK\$869 million and distribution per unit (“DPU”) increasing by 6.8% to HK\$0.1335. The growth was achieved against the backdrop of geopolitical volatilities and stagnant economic growth of Hong Kong.

Three Garden Road

Leasing demand was mainly fueled by business expansion of existing tenants, while some occupiers maintained a cautious approach. Three Garden Road continued to sustain solid rental income growth in the first half of 2019, which went up 9.9% to HK\$738 million, primarily due to positive rental reversion. The passing rents of the property further increased to HK\$105.35 per sq. ft. (based on lettable area). Occupancy was 95.8% as at 30 June 2019.

Langham Place Office Tower

Positioned as a lifestyle hub, demand for Langham Place Office Tower from lifestyle tenants remained solid. While existing beauty tenants continued to show interest in expanding their footprint, new healthcare and medical operators also opted to set up their presence in the property. Total rental income of Langham Place Office Tower went up 10.8% to HK\$185 million. The growth was mainly attributable to positive rental reversion with passing rents rising to HK\$44.73 per sq. ft. (based on gross floor area). Occupancy stood at a high level of 98.8% as at 30 June 2019.

Langham Place Mall

While Hong Kong retail sales weakened in the first half of 2019, Langham Place Mall’s total rental income went up 2.8% to HK\$477 million mainly driven by the growth in base rents from overall positive rental reversion. Tenant sales remained resilient and recorded a mild decrease of 0.6%, compared with 2.6% decrease in Hong Kong retail sales. The Mall maintained 100% occupancy as at 30 June 2019.

Financing

During the first half of 2019, the Trust has drawn new unsecured loan facilities of HK\$5,814 million to refinance the secured bank loan maturing in 2019 and to partially repay the secured bank loan due in 2021. The refinancing would enhance the credit profile, where the secured debt portion was lowered significantly to 24.5% as at 30 June 2019. Gearing ratio further reduced to 17.1% due to increase in appraised value of investment properties.

Distribution

For the first half of 2019, the Trust's distributable income increased by 7.0% to HK\$869 million and distribution per unit ("DPU") increased by 6.8% to HK\$0.1335 (2018: HK\$0.1250). This represents an annualized distribution yield of 4.3% based on the closing price of HK\$6.51 as at 28 June 2019.

Asset Value

The Trust's investment properties were appraised at a total value of HK\$85.6 billion, representing a 3.0% increase from HK\$83.1 billion as at 31 December 2018.

Outlook

The global macroeconomic environment is expected to remain unclear in the second half of 2019. Underlined by the US-China trade tensions, recent local protests and other macro factors, both office and retail sectors' leasing demand will be affected. Nonetheless, given the considerable gap between passing rents and market rents for the office portfolio, positive rental reversion should continue. The Trust will continue to adopt an agile leasing management strategy to drive sustainable growth.

Volatilities in the market may bring viable investment opportunities for the Trust. We will continue to take a prudent approach in evaluating potential opportunities globally in the uncertain market environment.

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.

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