

【For Immediate Release】

ChampionREIT

冠君產業信託

Champion REIT Announces 2022 Interim Results

- Challenging business environment amid the pandemic with uncertain recovery path
- Adopted a flexible leasing strategy to cope with the everchanging office and retail market landscape
- Progressively fulfilling 2030 ESG goals with stakeholders' collaborative efforts

Hong Kong, 19 August 2022 – **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 2022.

Summary of financial results

	1H 2022	1H 2021	Change
Total Rental Income (HK\$ million)	1,196	1,260	- 5.0%
Net Property Income (HK\$ million)	1,044	1,137	- 8.2%
Distributable Income (HK\$ million)	704	790	- 10.9%
Distribution per unit (HK\$)	0.1064	0.1197	- 11.1%

	30 Jun 2022	31 Dec 2021	Change
Gross Value of Portfolio (HK\$ million)	64,761	65,296	- 0.8%
Net Asset Value per unit (HK\$)	8.15	8.25	- 1.2%
Gearing Ratio	22.3%	22.9%	- 0.6pp

Overview

As Hong Kong saw an overwhelming surge of the highly transmissible Omicron variant in early 2022, tenants under the Trust also experienced substantial disruptions in their operations in the first half of the year. Amid the fifth wave of the COVID-19 pandemic, the already subdued office and retail leasing activities were further dampened due to prolonged and tightened social distancing measures imposed by the government since early January. While we observed signs of recovery in tenants' sales and footfall after the relaxation of social distancing measures in the

middle of the second quarter, the income of the Trust in the interim period was inevitably affected. Distributable income fell 10.9% to HK\$704 million (2021: HK\$790 million) and distribution per unit (“DPU”) dropped by 11.1% to HK\$0.1064 (2021: HK\$0.1197).

Three Garden Road

Responding to the more contagious Omicron variant, tenants in Three Garden Road reversed to adopting the work-from-home arrangement more widely. Occupancy of the property was affected by relocation and downsizing of tenants, falling to 83.8% as at 30 June 2022. Total rental income of the property was HK\$689 million (2021: HK\$735 million).

Langham Place Office Tower

The higher average occupancy in the first half of 2022 compared with last year offset the impact of negative rental reversion, resulting in a growth of 1.6% in rental income to HK\$181 million (2021: HK\$178 million). Occupancy stood at 94.5% as at 30 June 2022.

Langham Place Mall

The mall remained fully occupied as at 30 June 2022 notwithstanding the difficult operating environment of the retail market. But retailers by and large stayed cost cautious with their plans to renew leases or open new stores. Total rental income decreased by 6.0% to HK\$326 million (2021: HK\$347 million).

Distribution

Distributable income fell 10.9% to HK\$704 million (2021: HK\$790 million) and DPU for the six months ended 30 June 2022 was HK\$0.1064 (2021: HK\$0.1197). Based on the closing unit price of HK\$3.49 as at 30 June 2022, the total DPU represented an annualised distribution yield of 6.1%.

Asset Value

The appraised value of the Trust’s properties decreased slightly to HK\$64.8 billion as at 30 June 2022, compared with HK\$65.3 billion as at 31 December 2021.

Sustainability

With the post-COVID-19 new normal unfolding, we responded nimbly with a series of initiatives to offer timely assistance to our valuable stakeholders. Contributing to climate resilience, we continued to devote efforts to optimise the efficiency of the properties through amenity upgrades, and wider use of sustainable resources and technologies. We are delighted to report that we are making progress weaving sustainability into the fabric of the Trust’s operation in our efforts to achieve our 2030 Environmental, Social and Governance (ESG) targets.

Outlook

The progressive easing of social distancing measures and the new round of the Consumption Voucher Scheme are expected to provide support to the retail sector in the second half of the year. However, the overall recovery path of the economy remains uncertain in view of geopolitical

tensions and global inflation as well as the ongoing cross-border travel controls and quarantine requirements.

The business performance of the Trust remains challenging against the backdrop of volatile market conditions and potential global economic recession. We will continue to take a prudent approach towards acquisition opportunities arising in the slowing economy and the turbulent periods ahead. We will also leverage stakeholder collaboration to cement our unwavering commitment to sustainable development.

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 nearly 3 million sq. ft. of prime office and retail floor area. These include two Hong Kong landmark properties, Three Garden Road and Langham Place, as well as joint venture stake in 66 Shoe Lane in Central London. Since 2015, the Trust has been included in the Constituent of Hang Seng Corporate Sustainability Benchmark Index of Hang Seng Indexes.

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