

【For Immediate Release】

# ChampionREIT

## 冠君產業信託

### Champion REIT Announces 2020 Annual Results

- The office portfolio delivered a mild growth in rental income
- Retail environment continued to be impacted by COVID-19 pandemic
- Remain cautious on the outlook for 2021

Hong Kong, 18 February 2021 – **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 2020.

#### Summary of financial results

	<b>FY 2020</b>	<b>FY 2019</b>	<b>Change</b>
Total Rental Income (HK\$ mil)	2,633	2,778	- 5.2%
Net Property Income (HK\$ mil)	2,347	2,481	- 5.4%
Distributable Income (HK\$ mil)	1,554	1,648	- 5.7%
Distribution per unit (HK\$)	0.2500	0.2662	- 6.1%

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>Change</b>
Gross Value of Portfolio (HK\$ mil)	67,318	81,178	- 17.1%
Net Asset Value per unit (HK\$)	8.61	11.04	- 22.0%
Gearing Ratio	23.0%	18.0%	+ 5.0pp

#### **Overview**

The unprecedented and protracted COVID-19 pandemic had put our business as well as that of our tenants in a precarious situation. Against the backdrop of a global economic downturn, Champion REIT recorded a decline in distributable income by 5.7% to HK\$1,554 million and distribution per unit (“DPU”) dropped 6.1% to HK\$0.2500.

### **Three Garden Road**

Three Garden Road maintained the rental income at the stable level of HK\$1,518 million in 2020, (2019: HK\$1,512 million) and achieved a mild positive rental reversion. Average passing rent increased to HK\$110.4 per sq. ft. (based on lettable area) as at 31 December 2020. Occupancy of the property was 86.8% as at 31 December 2020.

### **Langham Place Office Tower**

Despite the challenging business environment, total rental income of Langham Place Office Tower remained stable at HK\$378 million in 2020 (2019: HK\$375 million), and passing rent of the property slightly increased to HK\$47.7 per sq. ft. (based on gross floor area) as at 31 December 2020. Occupancy of the property was 88.7% as at 31 December 2020.

### **Langham Place Mall**

The operating environment was extremely challenging for the Hong Kong retail market in 2020. Given the significant drop in tenants sales, total rental income of the Langham Place Mall recorded a 17.3% decline to HK\$738 million, mainly dragged by a significant decline in turnover rent. The average passing rent dropped to HK\$179.3 per sq. ft. (based on lettable area) as at 31 December 2020. Amid the challenging environment, the mall remained fully occupied as at 31 December 2020.

### **Distribution**

Distributable income of the Trust declined 5.7% to HK\$1,554 million (2019: HK\$1,648 million) and DPU dropped 6.1% to HK\$0.2500 (2019: HK\$0.2662). Based on the closing unit price of HK\$4.53 recorded on 31 December 2020, the total DPU represented a distribution yield of 5.5%.

### **Asset Value**

The appraised value of the Trust's property portfolio was HK\$67.3 billion as at 31 December 2020, sliding 17.1% from HK\$81.2 billion as at 31 December 2019.

### **Outlook**

We remain cautious on the outlook of our business for 2021. Although the availability of COVID-19 vaccines gives hope for people's daily lives and economic activities to return to normal, the process is likely lengthy. The real estate industry could potentially be disrupted in the post-pandemic era because of behavioural changes, such as work-from-home policy. Issues on various fronts – namely social distancing measures, Sino-US trade under a new US president, pending resumption of global travel and local unemployment – will all have a bearing on the office rental and retail markets.

In the coming year, we will endeavour to maintain occupancy for all the properties in the portfolio. We will also continue to adopt flexible leasing strategies to retain existing tenants and attract new tenants. The overall operating environment of our business will remain very difficult in 2021, we will continue to work closely with tenants and stakeholders in collaboration for the sustainable development of the Trust. Furthermore, we will take a prudent approach in identifying diversification opportunities globally for external growth for the Trust.

**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's focus is 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 in Hong Kong, 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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