

【For Immediate Release】

# ChampionREIT

## 冠君產業信託

### Champion REIT Announces 2021 Interim Results

- Overall business performance impacted by the pandemic but sentiments are improving
- Accomplished the Trust's first overseas acquisition
- Secured the Trust's first-ever sustainability-linked loan

Hong Kong, 10 August 2021 – **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 2021.

#### Summary of financial results

	1H 2021	1H 2020	Change
Total Rental Income (HK\$ mil)	1,260	1,342	- 6.2%
Net Property Income (HK\$ mil)	1,137	1,194	- 4.8%
Distributable Income (HK\$ mil)	790	804	- 1.8%
Distribution per unit (HK\$)	0.1200	0.1225	- 2.0%

	30 Jun 2021	31 Dec 2020	Change
Gross Value of Portfolio (HK\$ mil)	65,509	67,318	- 2.7%
Net Asset Value per unit (HK\$)	8.32	8.61	- 3.4%
Gearing Ratio	23.2%	23.0%	+ 0.2pp

#### **Overview**

The operating environment of the Trust continued to be impacted by the COVID-19 pandemic in the first half of 2021. Although silver linings are beginning to emerge in the retail sector after the relaxation of social distancing measures, business activities have not recovered to pre-pandemic levels fully. Under such circumstances, the income of the Trust continued to be hampered. Distributable income dropped 1.8% to HK\$790 million (2020: HK\$804 million) and distribution per unit (“DPU”) fell by 2.0% to HK\$0.1200 (2020: HK\$0.1225).

### **Three Garden Road**

Uncertainties surrounding the pandemic have continued to overshadow the Central office market. Total rental income of Three Garden Road declined by 4.6% to HK\$735 million (2020: HK\$770 million), mainly due to lower average occupancy. Office passing rents remained steady at HK\$111.1 per sq. ft. (based on lettable area) as at 30 June 2021. Office occupancy of the property was 85.0% as at 30 June 2021.

### **Langham Place Office Tower**

Sentiments of some lifestyle tenants have improved gradually following the re-opening of their business operations. Pent-up demand from lifestyle occupiers boosted occupancy of Langham Place Office Tower to 91.0%. However, negative rental reversion and lower average occupancy pushed down rental income of the property by 8.2% to HK\$178 million (2020: HK\$194 million). Passing rents slid slightly to HK\$47.6 per sq. ft. (based on gross floor area) as at 30 June 2021.

### **Langham Place Mall**

Retail sales rebounded from a low base but it was still below the peak level. Total rental income declined 8.4% to HK\$347 million (2020: HK\$378 million). Turnover rent portion increased to HK\$15 million but is insufficient to offset the drop in base rent. The average passing rents slipped to HK\$167.9 per sq. ft. (based on lettable area) as at 30 June 2021. The mall remained fully occupied as at 30 June 2021.

### **Overseas Acquisition**

The Trust has completed its first overseas acquisition of a Grade A Office building located in the heart of City of London, 66 Shoe Lane, through a 27% stake in a joint venture.

### **Financing**

In the first half of 2021, the Trust secured its first HK\$3.0 billion sustainability-linked loan to reinforce our commitment to drive sustainability performance.

### **Distribution**

The Distribution Amount of the Trust for the six months ended 30 June 2021 was HK\$711 million (2020: HK\$724 million), calculated as 90% of Champion REIT's total available distributable income of HK\$790 million (2020: HK\$804 million). DPU for the six months ended 30 June 2021 was HK\$0.1200 (2020: HK\$0.1225). Based on the closing unit price of HK\$4.37 recorded on 30 June 2021, the total DPU represented an annualised distribution yield of 5.8%.

### **Asset Value**

The appraised value of the Trust's properties was HK\$65.5 billion as at 30 June 2021, lessening by 2.7% from HK\$67.3 billion as at 31 December 2020.

### **Sustainability**

More than a year into the COVID-19 pandemic, profound changes are unfolding in various aspects. Nonetheless, we have been unrelenting in adapting to the new normal and growing partnership with our tenants. Our approach to sustainable development not only focuses on riding

out current challenges, but also stresses on our influencer role to inspire and empower our stakeholders to take action for a better future.

### **Outlook**

The prospect of our business in the second half of the year largely depends on the long-awaited border reopening and easing of quarantine requirements in Hong Kong. The government Consumption Voucher Scheme is also expected to give a temporary boost to the retail sector.

While the operating environment is improving in the second half of the year, Sino-US tension and volatilities in financial markets could prolong the downward trend of market rents for our properties. We will continue to optimise the performance of the Trust and remain dedicated to fulfilling our 2030 ESG goals for our unitholders and stakeholders.

### **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.

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

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