

【For Immediate Release】

ChampionREIT

冠君產業信託

Champion REIT Announces 2023 Interim Results

- Strong retail rebound with Langham Place Mall's sales largely outperformed HK retail market
- The overall operating environment remained challenging amid uncertain global economic conditions and high interest rates
- Inaugural ESG Forum and Green Champion Challenge actively engaged tenants in carbon reduction

Hong Kong, 18 August 2023 – **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 2023.

Summary of financial results

	1H 2023	1H 2022	Change
Total Rental Income (HK\$ million)	1,168	1,196	- 2.4%
Net Property Income (HK\$ million)	995	1,044	- 4.7%
Distributable Income (HK\$ million)	617	704	- 12.3%
Distribution per unit (HK\$)	0.0927	0.1061	- 12.6%

	30 Jun 2023	31 Dec 2022	Change
Gross Value of Portfolio (HK\$ million)	63,126	63,555	- 0.7%
Net Asset Value per unit (HK\$)	7.81	7.91	- 1.3%
Gearing Ratio	22.7%	22.5%	+ 0.2pp

Overview

The full reopening with mainland China and a new round of the government's Consumption Voucher Scheme helped revive the Hong Kong retail market in the first half of 2023. While a return of tourists boosted the footfall and tenants' sales, the number of arrivals was still below pre-

pandemic levels. The Hong Kong office market remained challenging in the first half due to geopolitical tensions and a softening global economy. Results of the Trust continued to be impacted by the leases committed during the pandemic and the increase in interest expense during the reporting period. Distributable income dropped 12.3% to HK\$ 617 million (2022: HK\$704 million) and distribution per unit (“DPU”) dropped by 12.6% to HK\$0.0927 (2022: HK\$0.1061).

Three Garden Road

The occupancy of Three Garden Road was relatively stable in the first half of 2023 and an anchor tenant in the financial sector expanded its operations in Three Garden Road. Occupancy of the property was 82.2% as at 30 June 2023. Total rental income of the property lowered to HK\$627 million (2022: HK\$689 million).

Langham Place Office Tower

Rental income slightly decreased to HK\$174 million (2022: HK\$181 million). Occupancy of the property remained stable at 93.2% as at 30 June 2023. Lifestyle tenants remained the major segment of the property, representing 73% of the tenants mix as at 30 June 2023.

Langham Place Mall

The recovery of tourist spending and growth in domestic consumption delivered a remarkable growth of 66.3% in tenants’ sales of Langham Place Mall, outperforming the overall Hong Kong retail sales which increased by 20.7% in the first six months of 2023. The substantial above-market performance of the mall was largely attributable to the considerable growth in the beauty sector. Although occupancy of the property receded to 95.0% as at 30 June 2023 due to the time gap in tenant turnover, all the unoccupied areas had been committed. The total rental income of the mall grew 12.3% to HK\$366 million (2022: HK\$326 million).

Distribution

Distributable income of the Trust dropped 12.3% to HK\$617 million (2022: HK\$704 million) and DPU dropped by 12.6% to HK\$0.0927 (2022: HK\$0.1061). Based on the closing unit price of HK\$2.84 recorded as at 30 June 2023, the total DPU represented a distribution yield of 6.5%.

Asset Value

The appraised value of the Trust’s property portfolio was HK\$63.1 billion as at 30 June 2023, declining 0.7% from HK\$63.6 billion as at 31 December 2022.

Sustainability

We made significant progress towards our 2030 Environmental, Social, and Governance (“ESG”) targets and 2045 Net Zero Commitment. In addition to pursuing international green building standards, we also step up our sustainability efforts by adding more electric vehicle charging stations. Our inaugural ESG Forum provided opportunities for exchange among our stakeholders to facilitate a greener transition. We also launched the innovative Green Champion Challenge to encourage tenants’ involvement in combating climate risks. Other wellness events include International Women’s Day celebration, Love · Play · Farm project and Musica del Cuore musical

concerts. Furthermore, we have arranged a total of HK\$1,000 million of sustainability-linked credit facilities during the reporting period.

Outlook

The growth momentum for retail sales may slow down a bit in the remaining part of this year following a strong rebound in the first half, because of the relatively higher base in the second half of last year. We stay cautiously optimistic of the retail market outlook as the number of tourists picked up gradually. On the other hand, we remain cautious on the outlook for Central office in view of the rising availability in the district and uncertainties in the global economy. Retaining tenants and occupancy will remain a priority for the property.

The overall operating environment of the Trust will remain challenging under the uncertain global economic situations. Facing the high interest rate environment, we will look for an optimal market window to increase the fixed rate portion. We will continue to look for opportunities in a prudent manner for the long-term growth of 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 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 a 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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