

【For Immediate Release】

ChampionREIT

冠君產業信託

Champion REIT Announces 2023 Annual Results

- **Langham Place Mall achieved an above-market average performance with tenants' sales growing significantly by 50.5%**
- **The office leasing market remained challenging**
- **Langham Place Office Tower achieved BEAM Plus Existing Building Platinum Certification**

Hong Kong, 21 February 2024 – **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 2023.

Summary of financial results

	FY 2023	FY 2022	Change
Total Rental Income (HK\$ million)	2,312	2,359	-2.0%
Net Property Income (HK\$ million)	1,946	2,031	-4.2%
Distributable Income (HK\$ million)	1,122	1,298	-13.6%
Distribution per unit (HK\$)	0.1683	0.1954	-13.9%

	31 Dec 2023	31 Dec 2022	Change
Gross Value of Portfolio (HK\$ million)	62,950	63,555	-1.0%
Net Asset Value per unit (HK\$)	7.72	7.91	-2.4%
Gearing Ratio	22.8%	22.5%	+0.3 pp

Overview

The return of tourists following full border reopening in 2023 helped revive the Hong Kong retail market. Although the overall tourism and consumer demand still lagged behind the pre-COVID levels, the Trust's retail rental income has shown satisfactory growth due to improved footfall and tenants' sales. However, Hong Kong office leasing remained sluggish as occupiers continued to be cost cautious. Rental income of the Trust slightly decreased by 2.0% to HK\$2,312 million. Net property income of the Trust decreased by 4.2% to HK\$1,946 million. The high interest rate environment resulted in a surge in cash finance costs by 41.3% to HK\$590 million. The Trust recorded a drop in distributable income by 13.6 % to HK\$1,122 million and distribution per unit ("DPU") declined 13.9 % to HK\$0.1683.

Three Garden Road

While we saw a rise in the number of enquiries after the full border reopening, the overall leasing momentum for the Central office market remained slow in 2023. Despite challenging market environment, occupancy of Three Garden Road maintained at stable level of 82.8% as at 31 December 2023. Rental income dropped to HK\$1,222 million (2022: HK\$1,346 million) as a result of negative rental reversion. In addition to the completion of a comprehensive lift modernisation project to improve the efficiency of elevators, new electric vehicle chargers were installed to further enhance amenities and accommodate an increasing number of electric vehicles in Hong Kong.

Langham Place Office Tower

Demand from the healthcare and beauty segments for establishing new operations in Langham Place Office Tower continued. Occupancy of the property remained stable at 93.3% as at 31 December 2023. Lifestyle tenants continued to be the major occupiers of the property, accounting for 74% of the area as at 31 December 2023. Rental income declined 3.7% to HK\$350 million (2022: HK\$363 million).

Langham Place Mall

The overall Hong Kong retail market recorded satisfactory recovery in the post pandemic era with total retail sales increased by 16.2% in 2023. Langham Place Mall achieved an above-market average performance with tenants' sales growing significantly by 50.5%, thanks to the strong recovery in the beauty segment following the full border reopening. The total rental income of the mall increased by 13.9% to HK\$740 million (2022: HK\$650 million). Occupancy of the mall stood at 98.6% as at 31 December 2023 due to tenant turnover.

Distribution

Distributable income of the Trust dropped 13.6% to HK\$1,122 million (2022: HK\$1,298 million) and DPU dropped 13.9% to HK\$0.1683 (2022: HK\$0.1954). Based on the closing unit price of HK\$2.45 recorded as at 29 December 2023, the total DPU represented a distribution yield of 6.9%.

Asset Value

The appraised value of the Trust's property portfolio was HK\$62.9 billion as at 31 December 2023, declining 1.0% from HK\$63.6 billion as at 31 December 2022.

Sustainability

Our initiatives around climate resilience, stakeholder engagement and community well-being foster a strong and inclusive environment. Langham Place Office Tower's attainment of BEAM Plus Existing Building Platinum Certification is another accomplishment in reaching our 2030 green building targets. During the year, we launched the first ESG Forum and encouraged our tenants to join the "Green Champion Challenge" in energy and waste reduction. We strive to promote a balanced and sustainable lifestyle among our staff, tenants and music lovers through engaging them in initiatives such as the waste-to-farm-to-table project, Christmas social enterprise pop-up market and the flagship "Musica del Cuore" classical concerts.

Outlook

Despite that the uncertainties in the outlook of the global economy in 2024 against the backdrop of geopolitical tensions and wars in certain regions, the moderation of inflation and potential interest rate cuts could ease the pressure on commercial real estate valuation and interest expenses. For the domestic retail market, the strong local currency may hinder the growth this year following a solid recovery in 2023. We will continue our efforts in optimising the rental income of the properties portfolio and managing the risks under the challenging market conditions.

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.

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